



Independence through Innovation

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Annual
Report
2021/22

(ASX:M7T)
ABN 007 817 192
www.mach7t.com



Mach7 Technologies is a medical imaging company that develops innovative visualisation and data management solutions that connect patient information and clinicians, promoting high quality care and better health outcomes.

We help healthcare providers drive enterprise imaging forward in a strategic way, moving beyond technology deployment to achieving a mature strategy that includes all the structural building blocks of success.

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Key Achievements in FY22

SALES ORDERS

Record Sales Orders; Up 30% to \$33.2M

- 58% SaaS sales
- 26% CAGR since FY14
- \$151M sold to date

REVENUE

Record Revenue Up 42% TO \$27.1M

- Capital software & professional services revenue \$13.7M
- Recognised annual recurring revenue \$13.4M
- Gross Margin of 96%

CARR ARR

Record Recurring Revenue

- CARR 30 June \$17.3M; up 9.5%
- ARR 30 June run-rate \$14.4M; up 7.5%

CARR = Contracted Annual Recurring Revenue; ARR = Annual Recurring Revenue

CASHFLOWS

Third Consecutive Year of Positive Cashflows

- Third consecutive year of positive operating cashflows; up 320% to \$6.3M
- Highest ever cash receipts from customers of \$28.2M



Industry Recognition

Following the accolades received in FY21 by noted analysts and publications *Frost & Sullivan*, *CIO Review*, and *Industry Tech Insights*, this fiscal year Mach7 received recognition from KLAS Research as a high performer in the **2022 Best in KLAS Software and Services Report** for the VNA and Universal Viewer product categories and from CIO Bulletin as one of their **Top 50 Most Admired Companies to Watch in 2022**.

Best in KLAS 2022 Software and Services Report: High Performer for VNA and Universal Viewer Product Categories¹



Mach7 eUnity Viewer Ranked #2 overall in "Solution Comparison" listing for **Universal Viewer**.

Notable performance is a 95% score for "Would you buy again." Industry average is 84%.



Mach7 VNA Ranked #3 overall in "Solution Comparison" listing for **Vendor Neutral Archive**.

Outperforming large legacy vendors.

¹ Best in KLAS Software & Services 2022 Report

CIO Bulletin



2022 50 Most Admired
Companies to Watch

CIO Bulletin named Mach7 in their list of the **Top 50 Most Admired Companies to Watch in 2022**. CIO Bulletin is a preeminent leadership platform that serves as a central resource for information on Business & Information Technology (IT) leaders and their entrepreneurial ventures. CIO Bulletin aspires to inform its readers about how technology businesses, governments, and consumers are innovating in the business and IT world.

Operational Updates

- Added 8 customer-facing Implementation and Support resources to existing team.
- Created new service offerings for Hanging Protocol Optimization, Workflow Optimization, End User Adoption, and Mammography.
- Built Mach7 University with over 100 training sessions and videos to expand training past implementation.
- Cross-trained implementation and support resources on VNA and eUnity to better serve customers who have both product lines, including consolidation of HelpDesk phone lines into one 800 number.
- Go Live Announcements: Nine distinct customer site implementations with clinical use of Mach7 products in live production environments with high customer satisfaction.
- These Go Live implementations span our entire product suite and include large Integrated Delivery Networks (IDNs), community hospitals, academic medical institutions and an academic veterinary hospital.

Global Market Expansion

- Addition of a Global Channel Manager in Asia Pacific focused on market expansion and growth.
- Hong Kong Health Authority Gateway Implementation Go Live to address referral expediency and capacity control in public hospitals.
- Hong Kong Health Authority MyRecord/MyHealth Implementation Go Live designed for non-DICOM storage using Mach7's VNA.
- Hong Kong Health Authority Radiology Viewer Advanced Vis implementation Go Live incorporating expanded use of the Mach7 eUnity Diagnostic Viewer to support 3D/Advanced Visualisation.
- Launched initiatives to expand into the Middle East markets.



Significant Contract Wins - Highlights of our FY22 contract agreements include:

- Major IDN Health System with a Total Contract Value (TCV) of \$7.4M subscription for Mach7 Platform. Includes the eUnity Diagnostic Viewer and Universal Worklist as an add-on to the eUnity solution. Deployment to be staged in 6 waves across 92 hospitals in 22 states.
- Large IDN Health System with 28 hospitals and 500 outpatient locations. With a TCV of \$4.3M, the contract includes a new subscription licence for eUnity Universal Viewer, adding to the existing Mach7 VNA solution.
- Large Hospital contract renewal with a TCV of \$2.8M; represents ARR of \$0.56M.
- Prestigious Academic Medical centre with a TCV of \$1.5M. This is a VNA capital contract renewal and licence volume expansion.
- Major Regional Medical centre. A new subscription customer for the eUnity universal viewer with TCV of \$2.4M.

Partnership Agreements in FY22

Mach7 works with prestigious industry partners to augment product and service capabilities to ensure customers are offered best-in-market solutions that meet their expanding needs in image visualisation, clinical workflow and data management. In FY22, Mach7 was pleased to sign agreements with multiple healthcare IT organisations to continue to grow our presence in new market segments and drive sales growth opportunities in specialty technology areas.

AdvaHealth Solutions

<https://advahealthsolutions.com>



This agreement was finalised in FY22 to provide next-generation healthcare solutions that deliver better value, data durability, scalability and redundancy.

AdvaHealth Solutions is focused on utilising next-generation technologies in a practical way to deliver real-world solutions to real-world challenges that ultimately reduce the costs of healthcare while improving access.

ImageMoverMD

<https://www.imagemovermd.com/>



In December 2021, Mach7 and ImageMoverMD announced a partnership to deliver encounter-based imaging within the Mach7 Enterprise Imaging Solution. As part of this agreement, ImageMover strengthens the Mach7 Vendor Neutral Archive and Enterprise Diagnostic Viewer with a workflow solution to capture unscheduled and non-radiology images and videos at the point-of-care.

See Press Release here: https://www.prnewswire.com/news-releases/mach7-technologies-partners-with-imagemover-to-deliver-encounter-based-imaging-within-its-enterprise-imaging-solution-301437185.html?tc=eml_clear_time

Bialogics Analytics, Inc.



<https://bialogics.com/>

In March 2022, Mach7 announced its partnership with Bialogics Analytics, Inc. to deliver analytics and operational insights within its Enterprise Imaging Solution.

The partnership gives Mach7 customers access to world-class analytics that provide key insights across the healthcare enterprise. This will help users measure and improve patient outcomes, gain insight into operational costs for diagnostic imaging, drive greater efficiencies, manage patient follow-up exams, and support clinical research.

See Press Release here: https://www.prnewswire.com/news-releases/mach7-technologies-partners-with-bialogics-to-deliver-analytics-and-operational-insights-within-its-enterprise-imaging-solution-301502144.html?tc=eml_cleartime

Althea



ALTHEA

<https://www.althea-group.com/profile/>

Althea was added as an important market sales channel partner to grow and expand Mach7's footprint and product utilisation in the European markets. Althea is a large integrated healthcare technology management group offering multi-vendor biomedical services and equipment with a presence in 14 countries globally. Mach7's initial focus within the agreement is to work on expansion into targeted European markets.



Mr. David Chambers,
Chairman, Mach7

"Mach7 has delivered strong year on year growth and is well positioned to continue to deliver solid ongoing sales order growth with its strengthened team underpinning its highly differentiated imaging software portfolio. The Company is on a clear pathway to profitability."

– David Chambers,
Chairman

Letter from the Chairman

Dear Shareholders,

Fiscal year 2022 was an exceptional year for Mach7 Technologies in many ways and a pivotal year of success in our continued strategy of growing our business financially and operationally while focusing on customer satisfaction. At the forefront of these success factors are several key highlights. We are pleased to announce that Mach7 has enjoyed a second year in a row of record sales order growth coming in at \$33.2M (TCV¹); up \$7.6M or 30% year on year (yoy).

In addition, we recognised record cash receipts of \$28.2M, up \$7.2M or 34% yoy; positive operating cashflow of \$6.4M, up \$4.9M or 320% yoy; cash on hand as at 30 June 2022 of \$25.7M, up \$7.4M or 40% yoy; and record revenue of \$27.1M, up \$8.1M or 42%.

The year saw major contract wins with several existing customers, notably Trinity Health, and Penn State Milton S. Hershey Medical Center. The year also saw Mach7 license our eUnity universal viewing solution to Advocate Aurora Health (AAH) as well as to St. Luke's Health System for St. Luke's Boise Medical Center. Pleasingly, customer attrition remains very low (<1% of revenue, and <2% of customer numbers). Our customers continue to remain committed to Mach7 and have confirmed that our Enterprise Imaging focus aligns well with their long term enterprise health initiatives as well as their clinical and operational strategic plans into the future.

¹ Total Contract Value (TCV) means capital software licence fees, professional service fees, and annual subscription and annual support over the life of the contract.

Record-Setting Results

Sales orders continue to be the best measure of the Company's financial progress from year to year, as the timing of cash receipts and revenue can vary over the course of the year.

We share with you a positive prognosis for the upcoming year with the FY23 Sales Orders target of \$36 million. This is 20% more than the FY22 target of \$30 million.

Another hallmark of the Company's success has been the delivery of our highest ever cash receipts from customers in a single year. Significantly, it must be noted that this measure of financial health and success has been achieved every year for the past five years, with FY22's \$28.2 million outcome representing 34% growth over the prior year (FY21: \$21.0 million). This is a result of the advance upfront nature of customer payments for software and professional services. The Company has also achieved its third consecutive year of positive operating cashflows and a four-fold increase year on year, and forecasts continued positive operating cashflows for FY23 and beyond. Mach7 maintains a strong financial position, with cash on hand of \$25.7 million, up \$7.4 million or 40% on prior year (FY21: \$18.4 million), and no debt.

Revenues for FY22 were a record \$27.1 million, up \$8.1 million (FY21: \$19.0 million) and represents 42% growth year over year. Looking forward to FY23, the Company expects to see strong double-digit growth again.

The Annual Recurring Revenue (ARR) run rate is now \$14.4 million – comprising revenue from Support & Maintenance contracts and Subscription Licences on an annualised basis. ARR has increased by 7.5% since the prior year (FY21: \$13.4 million) and will continue to grow as existing customers become fully deployed and as new customers license and install the software and purchase mandatory support. ARR is now covering approximately 65% of the Company's annual operating costs.

Contracted Annual Recurring Revenue (CARR) comprises the ARR run rate plus the annual Subscription and Support & Maintenance fees where First Productive Use (FPU) is yet to occur. When customers achieve FPU in their production systems, Mach7 begins to recognise the Support & Maintenance and Subscription fees as revenue. CARR was \$17.3 million in FY22 and comprised \$14.4 million of Annual Recurring Revenue from customers that had achieved FPU as of 30 June 2022, plus \$2.9 million of contracts where FPU has not been achieved and revenue recognition for the Support/Subscription fees has not yet begun.

Positive Market Factors

It bears mentioning that an important next step in the evolution of value-based care has been incorporating Enterprise Imaging (EI) into the Electronic Medical Record (EMR). This enables healthcare enterprises to seamlessly leverage longitudinal imaging records into clinical workflows. The vast adoption of EMRs, most concentrated in the United States but gaining traction globally, is fuelling growth opportunities for EI and thereby ongoing opportunities for Mach7.

Linked to this, we are seeing an industry trend away from a single vendor owning a customer's entire technology stack, to solutions that provide flexibility and interoperability. Mach7's products are designed with these very features at their core, making Mach7 ideally positioned to capture a greater share of the \$3 billion addressable market.

Industry Award Recognition

Our unique technology and innovations continue to achieve high levels of value differentiation from other competitors in our markets. KLAS and other highly credible independent industry analysts continue to recognise our technology as high performing and market leading. In the 2022 *Best in KLAS* Report, Mach7's eUnity viewer was ranked #2 and Mach7's Vendor Neutral Archive was

ranked #3. Mach7 was also featured in the CIO Bulletin as one of the *Top 50 Most Influential Companies of the Year in 2022*.

Enhanced Leadership Team

Since June 2021, the Company's leadership team was infused with established industry talent in sales, operations, finance and engineering. This has provided the company with a solid foundation of highly skilled and talented professionals to position the company for immediate and broad success into the future. Of note, we announced in June 2021 that David Madaffri had joined the Company as its new Senior Vice President of Global Sales.

Dave had worked for Philips Healthcare in a variety of sales leadership roles, more recently serving as the Vice President of Sales for Enterprise Diagnostic Informatics for North America. Dave had a very positive impact on Mach7's sales performance over the ensuing 12 months aided by the addition of highly experienced regional sales directors.

The leadership team was further enhanced and expanded by the appointments of a new and highly experienced executive leader for our Professional Services Team, Lisa Thompson, our new US-based CFO, Steve Parkes, and our VP of Engineering, Brent Glover.

Partnerships and Expansion of Geographical Footprint

Steps have also been taken to expand our global geographic footprint. We have forged a partnership with Althea Health in Europe, a company that holds a strong position in the imaging arena in Italy, France, and the UK. This should allow Mach7 to make positive strides into the European market. We have also appointed AdvaHealth as a strong partner for the Australian and New Zealand markets. We have confidence that by placing further emphasis on partnerships and channel partners in underserved segments of the market, we will accelerate growth in

volume, taking full advantage of our partners' market positioning and overcoming barriers to resourcing. Our proactive steps in this direction have been augmented through the appointment of a Global Channel Manager to help guide these partner discussions and strategic decisions going forward.

Outlook

Mach7 is well positioned to continue to deliver strong ongoing sales order growth with its strengthened team underpinning its highly differentiated imaging software portfolio. Following our strong year of sales orders, Mach7 has good visibility on FY23 revenues, and is well placed to deliver a strong pathway to profitability with \$25.4 million of cash on hand and no debt.

I would like to again acknowledge the work of our Managing Director and CEO, Mike Lampron, his leadership team, and all our staff across our five key locations - US, Canada, Singapore, Malaysia, and Australia. COVID-19 continued to present challenges this last year, both professionally and personally to our employees and our clients. However, we are seeing the light at the end of the tunnel as customers return to their "new" normal of business operations. The hard work throughout this period deserves full praise as it has enabled Mach7 to deliver success despite these difficult times. To our customers and shareholders, thank you for your ongoing support in our drive to fulfill our vision of being the world's leading enterprise imaging provider.

Sincerely,



David Chambers
Chairman

About Mach7

Mach7 is a medical imaging and data management company whose primary goal is to provide healthcare professionals with the tools they need to deliver high-quality, cost-effective care to their patients, improve health outcomes, and drive clinical care pathways.

At the heart of our company is our employees' commitment to solving the pervasive challenges healthcare providers face daily. By cultivating a culture of partnership and dialogue, we are able to listen and respond to our customers' needs with an emphasis on building trust and long-lasting relationships. Our employees help customers achieve success through a distinct focus on our core values of customer engagement, discovery, and trust. This allows Mach7 to meet the challenges faced by healthcare decision makers around image visualisation, diagnostic confidence, clinical workflow and data management.

Mach7 is one of the most independent and forward-thinking medical imaging and data management companies in the industry, serving over 150 customers in 15 countries. Since 2007, Mach7 has delivered innovative solutions which allow medical professionals and healthcare IT decision makers to deploy and utilise impactful technologies that improve user and patient satisfaction, enhance clinical efficiencies, reduce costs, and support high quality patient care across the healthcare continuum.

From the beginning, our company has taken a different approach in the development and delivery of medical imaging and data management applications. The Mach7 approach is built upon an **enterprise first** strategy that gives medical professionals tools and capabilities that span across the healthcare network, regardless of geographies, service lines and clinical care specialties. This approach differs from a typical antiquated legacy PACS infrastructure that offers a system developed primarily for the radiology department. Instead, Mach7's products deliver capabilities that go far beyond a single imaging specialty or department and offer technologies that consider the healthcare entity holistically in order to support enterprise health initiatives across provider groups and clinical care practices.

Mach7 accomplishes this through a true "Enterprise" Imaging Solution that provides advanced clinical workflow tools, future-proof scalability, enterprise-wide breadth, intuitive usability, unique deployment flexibility, and a robust interoperability platform with

in-depth administrative data access and control. We round out a high quality customer experience through personalized service and support based on engagement, communication, and trust.

Our unique business model promotes independence by allowing healthcare purchasing decision makers the flexibility to deploy individual aspects of Mach7's Enterprise Imaging Solution to suit specific needs, or deploy it as one comprehensive end-to-end imaging solution. Mach7's interoperability platform also allows for image enablement of the Electronic Health Record (EHR) and integration of advanced clinical and operational applications and tools, including Artificial Intelligence (AI). Further, Mach7's robust data management architecture gives healthcare IT professionals the option to host their system on-premise or via connection to the cloud.

*To learn more about Mach7,
see the videos linked below:*

Mach7 Corporate Documentary



mach7t.com/mach7-technologies-corporate-documentary

Mach7 Corporate Commercial



mach7t.com/mach7-technologies-corporate-commercial

Why Customers Choose Mach7

Healthcare providers are increasingly reliant on medical imaging to aid in the diagnosis and treatment of a myriad of patient medical conditions. They are striving to adopt the advanced imaging technologies and tools to do this most effectively. Historically, providers have allowed the various hospital departments to choose the solutions that best suit their needs. Over time this has resulted in the use of systems that fail to effectively work together - leading to inefficiency, redundancy, wasted resources, and a poor patient experience.

One of the key challenges faced by healthcare organizations is the need to utilise technologies that can unite a patient's clinical history with medical imaging records and make this data available where and when it is needed. Healthcare decision makers know that starting with the right Enterprise Imaging Solution is the key to building a foundation that enables the delivery of higher quality patient care.

Mach7's answer to these problems is to develop high performing, flexible, and innovative medical imaging and data management solutions that promote true interoperability across the healthcare enterprise.

Mach7 is a true Enterprise Imaging company that provides best-in-market clinical solutions and applications that help healthcare organisations manage and control patient data. We do this by developing

technologically advanced clinical workflow and viewing applications that span the entire enterprise and are designed with strong standards-based interoperability. This approach allows healthcare providers to image-enable the electronic medical record, drive cloud-enablement and utilise advanced technologies like AI algorithms.

Our core offering is Mach7's Enterprise Imaging Solution, which consists of our industry-leading zero-footprint eUnity Enterprise Diagnostic Viewer, powerful Vendor Neutral Archive (VNA), and advanced Departmental Workflow Applications – all designed to support clinicians across the healthcare system drive better patient care while reducing complexity and costs.

eUnity allows healthcare organisations to provide a single comprehensive universal viewing experience for all clinicians while also, within the same viewing platform, providing diagnostic tools for radiologists and other physicians performing primary diagnosis. In addition, it allows organisations to simply and quickly image-enable their Electronic Medical Record (EMR). eUnity is easy to deploy, highly intuitive, and enables rapid speed and performance regardless of location – differentiating it as a true anytime, anywhere universal diagnostic viewer.

Next, the Mach7 VNA offers healthcare professionals an advanced data management platform to efficiently



and safely handle the massive amount of patient data produced by modern healthcare entities. Unlike competitors' offerings, the Mach7 VNA allows for fast storage, routing and retrieval of image and patient data for a wide variety of clinical uses and processes all updates in real time to ensure data accuracy. Through Mach7's unique administrative and management capabilities, customers have true ownership of their data to ensure studies and associated information are distributed as needed across their enterprise.

Rounding out Mach7's Enterprise Imaging Solution are Departmental Workflow Applications, including

a dynamic Universal Worklist, Quality Control (QC) tools and other workflow applications designed with rich interoperability to improve workflow efficiencies, enhance diagnostic confidence, and support patient care decisions.

Through our unique mix of innovative products and services, we provide healthcare professionals with the independence to adopt and use the tools, workflows and services to improve diagnostic confidence, advance operational efficiencies, better inform clinical decision-making, reduce costs, and enhance care pathways and patient health outcomes.



INNOVATION

We have grown from a culture of innovation. We believe in taking a fresh look at our industry and its challenges, in learning from our customers, and in improving patient care.



EXPERTISE

Our development and integration team consists of pioneers in the field of healthcare informatics. Participating in DICOM, HL7, and IHE working group committees since the early 1990's.



RELATIONSHIPS

We pride ourselves on forming lasting partnerships with each of our customers where we are able to understand and deliver on commitments, learn from one another, and improve patient care.

People and Locations

Mach7 employs a diverse group of industry experts from a variety of different backgrounds. Our global team all share a passion for developing innovative medical technologies that will improve the lives of physicians and clinicians while positively impacting patient outcomes. Our teams are centred around offices in five locations:



United States
(Global HQ)



Canada



Australia
(ASX Listing)

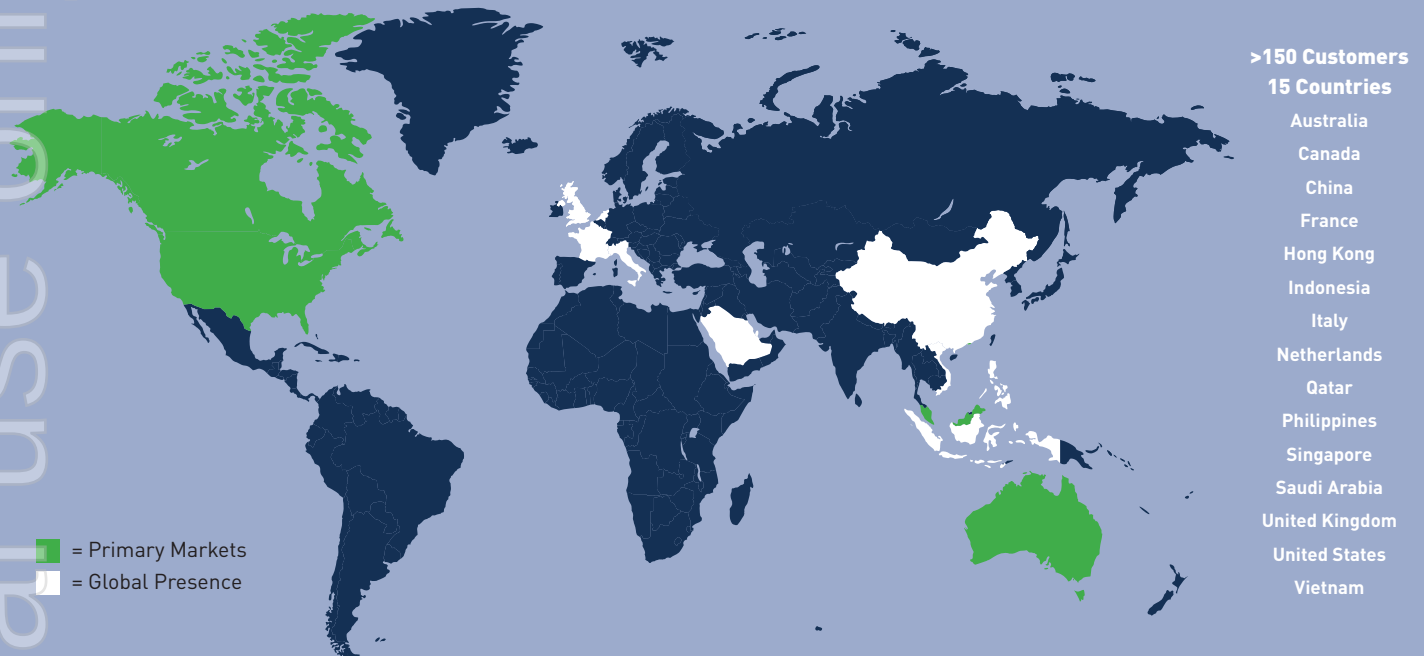


Singapore

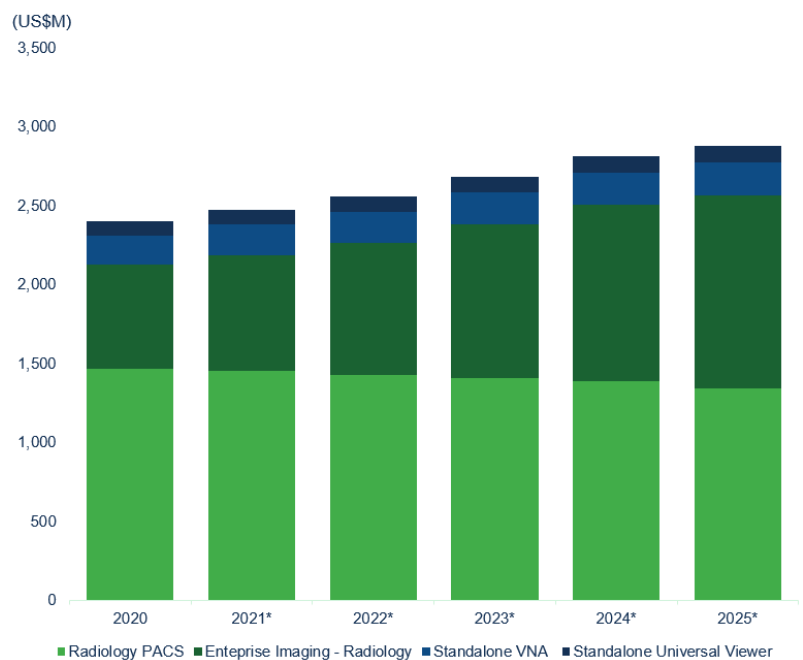


Malaysia

Patient-Centric Enterprise Imaging with a Global Presence



World Market for Radiology IT – Select Product Markets



* Forecast market size; Data for Standalone RIS and Standalone Image Exchange not Included
Source: Signify Research Aug-21

EMR=Electronic Medical Record; VR=Virtual Reality; HIE=Health Information Exchange;
RIS=Radiology Information System

A Global Customer Network

More than 150 Customers Spanning 15 Countries

Hospitals and healthcare entities around the world deploy Mach7's solutions and innovative technologies.

We have built a global network of diverse customers that range from expansive Integrated Delivery Networks, National Health Systems, medical research facilities, and large academic medical institutions, to regional community hospitals, children's health centres and independent provider groups.



Our Partners

Partnerships focused on Meaningful Value to Support Patient Care

We have strong partnerships with solutions augmenting Mach7's Enterprise Imaging Solution with AI, Analytics, System Integration, Cloud, and Health Information Exchange (HIE) capabilities, all designed to enhance value to healthcare providers.



The Mach7 Value Proposition

Fits Individual Needs

We can fit into a customer's existing technology infrastructure or adapt as it changes, such as in the number of servers at a customer site or whether they are centralised, in the cloud, or a hybrid.

Flexible Workflows

Flexibility of workflows – with an intuitive and graphical interface, users can customise workflows to meet the needs of individual departments and users.

Solves Immediate Needs

The modularity of the solution allows users to implement only the features they absolutely need, and its software-only design is capable of being used on customers' existing IT infrastructure.

Flexible Contract Terms

Mach7's modular solution allows us to offer flexible contractual agreements that fit the varying budgetary needs of healthcare organisations.

Creates Foundational Building Blocks for AI

Mach7 touches all clinical information and data across the patient journey and has the tools to extract the hidden data insights to provide users with advance business and clinical analysis. This sets the foundational building blocks for the integration of AI applications to drive patient care.

Designed for the Enterprise

The foundation is in the enterprise, not individual departmental systems. The Mach7 platform and its modular software solutions have focused on integration, workflow, scalability, and performance.

Lasting Technology

Our software-only solution can stay with customers even as their hardware changes over time. It easily scales to adapt to the customer's changing environment, such as additional sites acquired due to mergers.

Customer Partnerships

We value our customers' input and have taken measures to ensure open lines of communication to ensure their feedback reaches us.

Cutting Edge of Technology

Our solutions give organisations a connected, vendor neutral infrastructure built on a modern technology stack that allows them to grow, adapt and innovate.

Global Company

Mach7 is a global company with a focus on healthcare imaging. Because of our size relative to the biggest industry players, we have the agility and flexibility to adapt quickly.

Clinical Outcomes

Mach7 provides point of care information when and where it's needed. By ensuring patient information and images are in the hands of healthcare providers, patients are treated faster with better health outcomes.

Mach7 Product Suite – Enterprise Imaging Solution

Mach7's Enterprise Imaging Solution addresses the major challenges and limitations associated with a high-performance enterprise-wide platform for storing, retrieving, and visualising all medical imaging data in one vendor neutral ecosystem. Mach7's solution centralises, stores, organises and displays patient data across the healthcare enterprise - connecting healthcare networks and facilitating data flow between departments and clinicians everywhere.

The product suite works with or replaces a healthcare enterprise's existing medical imaging infrastructure to:

- Affordably fill the connectivity gaps created by siloed departmental imaging solutions;
- eliminate IT complexity, and;
- ensure clinicians have a complete and comprehensive view of their patients' imaging history.

The Company offers a true **Enterprise Imaging Solution** that addresses three distinct facets of enterprise imaging:

- **Enterprise Data Management**
- **Enterprise Diagnostic Viewing**
- **Departmental Workflows**

The following pages briefly outline each of these three facets:



Enterprise Data Management (Vendor Neutral Archive)

Mach7's Enterprise Data Management (Vendor Neutral Archive) solution allows healthcare organisations to drive consistent cross-department and cross-enterprise workflows to capture, index, manage, store, distribute, view, exchange, and analyse all clinical imaging and multimedia content, ultimately enhancing the patient's electronic health record. With a single investment, organisations can control their imaging data and deliver value to their users without dependence on legacy or proprietary systems.

We provide a single, comprehensive location for all patient imaging data that acts as the single source of truth for the entire enterprise. Intuitive management tools and a secure web-based application ensures users have permissions-based access to all patient data anytime, anywhere. Further, the Mach7 VNA applies data updates in real-time, ensuring the accuracy and integrity of the patient record.

Our Vendor Neutral Archive (VNA) solution reduces infrastructure complexity by consolidating, normalising and archiving all imaging data in one place. We give organisations full control over their imaging data, including previously 'locked down' metadata attributes so organisations have total control and flexibility over their IT investments.

Enterprise Diagnostic Viewing

The eUnity Enterprise Diagnostic Viewer is a one-of-a-kind, industry-leading, zero-footprint viewer that allows medical professionals to remotely access patients' medical images at any location, from any device, in a secure and efficient manner without loss of image quality at unparalleled speeds. eUnity is a best-in-market viewing platform designed both for reading radiologists performing primary diagnosis and clinical staff who need to view images, reports, and other relevant patient information to plan optimal patient care pathways and treatment. It may be integrated into the EMR as well as ancillary or third-party systems to image enable the entire health system's network with a comprehensive view of the patient's imaging history. eUnity supports diagnostic and clinical image analysis with one intuitive, standards-based universal viewer – providing a singular, true enterprise diagnostic viewing and visualisation experience for all users.



Departmental Workflow Applications

Mach7's Departmental Workflow applications are designed to promote better clinical decision-making by giving users tools and worklists that provide access to contextual patient data and images. Core components of these applications include a Universal Worklist; QC tools designed for technologists' workflows; image sharing and exchange capabilities; teleradiology services; and additional specialised tools to best serve radiology departmental workflow needs. We further augment these capabilities through 3rd party partnership solutions that support encounter-based imaging workflows as well as deliver business intelligence and analytical insights.



Executive Leadership Team



Mike Lampron

Chief Executive Officer

Mike is the CEO of Mach7 Technologies. With over 20 years of experience in business and operational management for Healthcare IT companies, Mike brings a broad experience ranging from private start-up organisations to established companies such as IBM and GE. Mike was previously the Chief Executive Officer for a National Teleradiology Company and has a proven ability to drive results through a combination of astute analysis, innovative execution, and cross-functional teamwork. Mike is responsible for our customers' success while driving excellence throughout Mach7.



Steve Parkes

Global Chief Financial Officer

Steve is the Global CFO of Mach7 Technologies. He is a growth-focused and dynamic global Finance Executive with deep financial, commercial, and strategic acumen in Technology, Healthcare, and Media & Advertising. Steve has significant global finance and public company experience having previously held senior finance roles at WPP and Omnicom, both of which are listed on the NYSE. Steve has also held CFO roles for middle-market, privately-held and start-up technology companies. Steve is a CPA and has been based in New York for the past 22 years.



Lisa Thompson

Vice President, Services

Lisa is the Vice President of Services for Mach7, including Professional Services and Client Support. Lisa brings over 18 years of experience in the healthcare software industry working with radiology, cardiology, patient access and enterprise software. Before joining Mach7, Lisa was Senior Director of Professional Services at GE Healthcare and VP Services and Support for QuadraMed/Harris Healthcare. In her extensive career, Lisa has led teams responsible for professional services, support, implementation quality, operational excellence, business integration, and process management. Lisa holds a Black Belt in Six Sigma and is experienced in Lean and Change Management.

Executive Leadership Team



Bob Tranchida

Vice President, Marketing

Bob is Mach7's Vice President of Marketing. With over 25 years of experience in the direct medical provider and healthcare IT space, he is a seasoned expert with vast experience and knowledge in many types of organisations, from IT startups to Fortune 500 organisations like Philips. Bob has held many leadership roles within these organisations, spanning product management, program management, strategic account management and marketing. He brings a deep well of knowledge, passion and energy to the leadership team and is focused on building out Mach7's strategic global marketing programs.



Andrew Volkening

Vice President, Product

Andrew Volkening is a veteran imaging informatics leader with a sincere drive to help healthcare organisations develop and implement forward-thinking imaging strategies.

A thoughtful and creative problem solver, Andrew has deep industry knowledge gained from over 20 years in healthcare imaging. He began his career as a Field Service Engineer and worked his way to become PACS Administrator at Sunnybrook Health Sciences Center, one of Canada's foremost teaching and research hospitals as well as the nation's largest trauma center. Andrew's direct experience managing PACS has given him the unique ability to understand the customer perspective and focus on relevant solutions that address their specific clinical imaging needs.

Adding to his impressive profile, Andrew is also an imaging researcher who has earned awards for his work developing Canadian guidelines for lossy compression.

Executive Leadership Team



Ravi Krishnan

General Manager, APAC

Ravi is a founding partner of Mach7 Technologies and is an accomplished image management professional with nearly 2 decades of domain-based experience with the technology intricacies which drive medical imaging.

Ravi is a Medical Imaging Informatics and image workflow expert. He has been instrumental in the growth of industry-leading healthcare teams in Asia Pacific including GE Healthcare and Agfa Healthcare.

As one of the two co-founders of Mach7, Ravi has built the design philosophy and technical strategy for Mach7.



David Madaffri

Global Vice President, Sales

David is the Global Vice President of Sales for Mach7. David began his career as a Radiologic Technologist and later managed the Imaging Services at Sharp Memorial Hospital in San Diego, CA. After leaving Sharp, he worked in Process Improvement Consulting, Implementation Services, and later Sales for both IDX and GE. For the past 12 years, David has worked for Philips Healthcare in a variety of sales leadership roles. Just prior to joining Mach7, David served as Philips' Vice President of Sales for Enterprise Diagnostic Informatics for North America.

Board of Directors



Mike Lampron

Managing Director, CEO

Director since 20 June 2019

Mike is the CEO and Managing Director of Mach7 Technologies. With over 20 years of experience in business and operational management for Healthcare IT companies, Mike brings a broad experience ranging from private start-up organisations to established companies such as IBM and GE. Mike was previously the Chief Executive Officer for a National Teleradiology Company and has a proven ability to drive results through a combination of astute analysis, innovative execution, and cross-functional teamwork. Mike is responsible for our customers' success while driving excellence throughout Mach7.

Other current listed company Directorships: None



David Chambers

Chairman

Director since 3 August 2018

Mr. David Chambers has more than 30 years' extensive experience in the Healthcare and Life Science industry and a proven track record in healthcare IT systems through a series of senior executive roles in Australia, North America, Europe, and Asia. David up until recently acted as Managing Director, Asia-Pacific, of Allscripts Healthcare Solutions, a NASDAQ listed billion-dollar global leader in Healthcare Technology, retired on 30th June 2020. Prior to that David was General Manager, Asia and ANZ with Carestream Health. He was former chief executive of ASX-Listed health software business Pro Medicus Limited. David also served eleven years with Agfa Healthcare, including managing their Informatics group in Asia Pacific, and culminating in his elevation to Vice President of Agfa North America. David is also a Board member and Chair of Hills Limited, a long established Australian based manufacturer and supplier of Health care and IT products and services.

Other current listed company Directorships: Hills Limited (ASX:HIL)



Philippe Houssiau

Non-Executive Director

Director since 1 January 2021

Mr. Philippe Houssiau held a variety of executive roles as Partner with PriceWaterhouse and PwC, CEO of Agfa Healthcare, where he transitioned the business from being an Analog Film manufacturing outfit to become a world leader in Imaging and Health IT, CEO of Alliance Medical, the leading European Imaging Services Provider and CEO/ Chairman of the Rhapsody Healthcare Interoperability business, now Lyniate. Philippe also ran the CSC/DxC Healthcare business in the UK and Netherlands and held many board and Chair positions in Imaging and Healthcare. He currently serves as the CEO of MAK-System, the leading Blood Management Software company and as Chairman of Corilus (Primary Care). Philippe is based in Antwerp, Belgium.

Other current listed company Directorships: Althea Group (Rome) and Corilus (Belgium)

Board of Directors



Eliot Siegel, MD

Non-Executive Director

Director since 3 August 2018

Dr. Eliot Siegel is a well-known thought leader in the world of radiology and imaging informatics and artificial intelligence applications in medicine. He is currently Professor and Vice Chair of information systems at the University of Maryland School of Medicine, Department of Diagnostic Radiology, and the Chief of Radiology and Nuclear Medicine for the Veterans Affairs Maryland Healthcare System, both in Baltimore, MD as well as adjunct professor of computer science and biomedical engineering at the undergraduate campuses of the University of Maryland. Under his guidance, the VA Maryland Healthcare System became the first filmless healthcare enterprise in the World. He has written over 300 articles and book chapters about PACS (Picture Archiving and Communication Systems) and digital imaging, and has edited six books on the topic, including Filmless Radiology and Security Issues in the Digital Medical Enterprise. He has given more than 1,000 presentations throughout the world on a broad range of topics involving the use of computers in medicine and artificial intelligence. Dr. Siegel was symposium chairman for the Society of Photo-optical and Industrial Engineers (SPIE) Medical Imaging Meeting for three years and has been honored as a fellow in that organization as well as the American College of Radiology. He is also a Board member of Carestream Health, a billion-dollar global company in digital radiography and computed radiography systems and serves on numerous advisory boards in medical imaging.

Other current listed company Directorships: None



Robert Bazzani

Non-Executive Director

Director since 1 January 2020

Mr. Robert Bazzani spent 20 years with the global consulting firm KPMG, where he rose to the top and served as Chairman of KPMG Victoria, National Managing Partner for KPMG Australia's Enterprise Division and National Managing Partner for KPMG's M&A Division. Whilst in these roles, Rob was a member of KPMG's National Executive Committee (NEC), which oversees and is responsible for the Firm's turnover, strategic decision making, profitability and operations. Rob has a demonstrated track record of leading and growing large scale and complex businesses. He has played a significant role in advising clients (public, private, and global subsidiaries) on commercial matters, public transitions, corporate governance, investment banking and law, M&A and has engaged with Government and Regulators. With extensive experience in corporate advisory, Rob has deep commercial and industry knowledge across financial services, asset and wealth management, technology, property, insurances and consumer & industrial markets.

Other current listed company Directorships: Keypath Education International, Inc. (ASX:KED)

Mach7 at a Glance

Who We Are

Mach7 is a developer and supplier of enterprise imaging and data management software to global healthcare enterprises including integrated delivery networks (IDN's), hospitals, diagnostic imaging centers, and other healthcare providers in North America, Asia Pacific, Middle East and Australia.

Corporate Structure

Mach7 Technologies Limited is an Australian incorporated company, listed in the Australian Stock Exchange (ASX) with operating subsidiaries in North America and Asia Pacific (collectively referred to as 'consolidated entity', 'Group' or 'Mach7').

Principal Activities

The principal activity of the Company is the development and commercialisation of medical imaging and data management software solutions for global healthcare enterprises.

Key Business Activities

Our key business activities consist of the following functional areas:

- **Research & Development (Engineering)** – software development, innovation, enhancements, upgrades, analytics, artificial intelligence integration
- **Sales** – including direct and channel partnership sales
- **Product** – strategy and road-map
- **Professional Services** – support & maintenance, training & project management
- **Administration** – finance, people & culture (human resources), IT, risk management, governance

Mach7 Technologies develops innovative image management and viewing solutions for healthcare providers globally. Our product innovations form the core of an integrated enterprise imaging ecosystem that allows for unique independence in ease of use and deployment while also incorporating industry leading interoperability across the healthcare enterprise.

Mach7's **Enterprise Imaging Solution** includes:

- **The Mach7 eUnity Enterprise Diagnostic Viewer** – a one-of-a-kind, industry leading, zero-footprint viewer that allows medical professionals to remotely access patients' medical images at any location, from any device, in a secure and efficient manner without loss of image quality at unparalleled speeds. eUnity is a best-in-market viewing platform designed for reading radiologists performing primary diagnosis or clinical staff viewing images, reports and other patient information to plan patient care pathways and treatment plans. It may be integrated into an Electronic Health Record as well to image enable the entire health system's network with a comprehensive view of the patient's imaging history.
- **The Mach7 Vendor Neutral Archive (VNA)** – a powerful vendor agnostic data management solution that includes administration tools that allow for the fast storage, access, retrieval and viewing of images across a healthcare network. Mach7's VNA is unique in that it gives customers ultimate control to consolidate and standardise all of their imaging data across the enterprise in a single platform. The VNA enhances the patient's electronic health record and allows healthcare organisations to incorporate advanced applications such as AI and provides connectivity to the cloud for efficiency and impactful cost savings.
- **Mach7's Departmental Workflow Applications** – designed to promote better clinical decision-making by giving users tools and worklists that provide access to contextual patient data and images. Core components of these applications include a Universal Worklist, QC tools designed for technologist workflows; image sharing and exchange capabilities; teleradiology services; and additional specialised tools to best serve departmental patient care needs.

Financial Performance

Mach7 is delighted to report that 2022 has been the most successful year in the company's history. Record results were achieved in all areas, and these are summarized in the sub-sections below where further details are provided on Sales Orders, Cash and Cashflows, Revenue, Expenses and Profitability. The following table also provides a snapshot of important balances from the Group's statement of financial position as 30 June:

	30 June 2022	30 June 2021	Change	Change
	\$	\$	\$	%
Cash	25,747,608	18,363,398	7,384,210	40%
Deferred Revenue - yet to be recognised	(7,030,020)	(5,580,346)	(1,449,674)	26%
Net current assets/(liabilities)	21,813,012	16,908,539	4,904,473	29%
Net tangible assets	24,087,192	18,807,695	5,279,497	28%
Intangible assets net of associated deferred tax liability	34,288,024	39,106,595	(4,818,571)	(12%)
Net assets	58,375,216	57,914,290	460,926	1%

Sales Orders

For the second year in a row Mach7 hit the highest annual sales order on record of \$33.2 million. Up \$7.6 million or 30% on prior year with continued low churn.

Mach7 has produced its most successful year in its history for sales orders of \$33.2 million Total Contract Value (TCV¹) (FY21 \$25.6 million TCV), showing 30% sales order growth over the prior year. Pleasingly, customer churn remains very low (<1% of revenue, and <2% of number of customers). Sales orders are in indication of strong future revenue streams across all products and services and continues to be the best measure of financial progress from year to year. This is because both cash and revenue can be affected by contract milestones, revenue recognition rules and the continued diversity between capital and subscription agreements.

FY22 Sales Orders of \$33.2 million TCV comprised of \$19.4 million (or 58%) in annual recurring revenue (ARR) sales (Support & Maintenance contracts and Subscription licenses (recognised as revenue upon the customer achieving first productive use (FPU)), \$10.5 million (or 32%) in Capital Software sales (recognised as revenue upfront for the term of the license upon electronic delivery of software), and \$3.3 million (or 10%) of Professional Services sales (recognised upon the achievement of implementation milestones and when training services are delivered).

FY22 was markedly high in sales orders from existing customers of \$15.3 million (or 46%), demonstrating an increase in usage by existing customers as well as the Mach7 software showing true value to the install base over time. This also validates the long-standing land and expand approach and its effectiveness. Sales Orders from new customers were even higher at \$17.9 million (54%) demonstrating how Mach7's enterprise imaging solutions are resonating in the market and provides a platform for future sales order growth from these new customers.

The overall sales orders were \$17.9 million from new customers (or 54%), and from existing customers a further \$15.3 million (or 46%) being \$8.0 million (or 24%) in Renewals, \$5.2 million (or 16%) of Add-on orders, and \$2.1 million (or 6%) of Expansions, for a total of \$33.2 million TCV in sales orders for FY22, as follows:

¹ Total Contract Value (TCV) means capital software license fees, professional service fees, and annual subscription and annual support over the life of the contract.

FY22 Sales orders (TCV)	ARR Sales (Subscription licenses and Support & Maintenance contracts)	Capital Software Sales	Professional Services Sales	FY22 Total Sales orders (TCV)	%
New customers	\$8.9 million	\$6.8 million	\$2.2 million	\$17.9 million	54%
Renewals	\$6.0 million	\$1.8 million	\$0.1 million	\$8.0 million	24%
Add-on orders	\$2.9 million	\$1.4 million	\$0.9 million	\$5.2 million	16%
Expansions	\$1.6 million	\$0.5 million	\$0.1 million	\$2.1 million	6%
Existing customers	\$10.5 million	\$3.7 million	\$1.1 million	\$15.3 million	46%
TOTAL	\$19.4 million	\$10.5 million	\$3.3 million	\$33.2 million	
	58%	32%	10%		100%

Mach7's incoming sales orders from Annual Recurring Revenue (ARR) Sales has increased to 58% in FY22 (as indicated in the above table) from 49% in the prior year. This signals a shift of procurement preference by Mach7 customers from term capital software license sales (a capex purchase) to subscription license sales (an opex purchase), as more customers lean towards spreading the cost of software over the term of usage rather than paying 100% upfront. This also benefits Mach7 by increasing its ARR. This is an industry-wide trend and one that Mach7 believes will continue over time.

Cash and Cashflows

For the fifth year in a row Mach7 achieved record cash receipts from customers of \$28.2 million and its highest on record. Up \$7.2 million or 34% on prior year.

For the third year in a row Mach7 delivered positive operating cashflows of \$6.3 million and its highest on record. Up \$4.8 million or 320% on prior year.

The company has continued to deliver its highest ever cash receipts from customers this year and has done so every year for the past five years, FY22 \$28.2 million with 35% growth over the prior year (FY21: \$21.0 million). This is a result of the advance upfront nature of customer payments for software and professional services where revenue has yet to be recognised. The Company has also achieved its third consecutive year of positive operating cashflows, FY22 \$6.3 million with 320% growth over the prior year (FY21: \$1.5 million), and forecasts continued positive operating cashflows for FY23 and beyond. Mach7 maintains a strong financial position with cash on hand of \$25.8 million, up \$7.4 million or 40% on prior year (FY21: \$18.3 million), and no debt.

Revenue

Highest revenue on record of \$27.1 million. Up \$8.1 million or 42% on prior year.

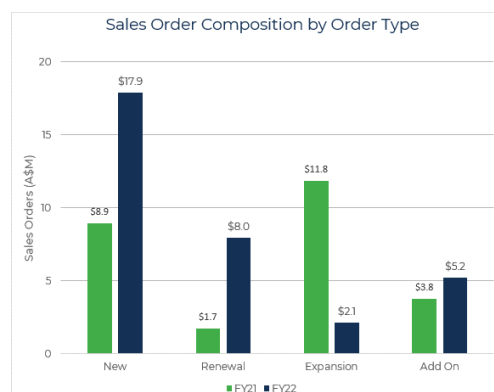
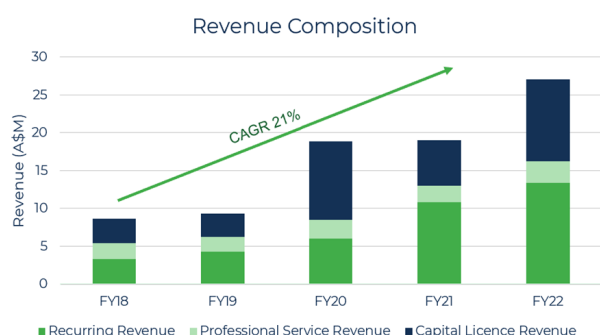
The Group reported its highest ever revenue from operations of \$27.1 million (2021: \$19.0 million), an increase of \$8.1 million or 42% on the prior year. Pleasingly the Group's annual recurring revenue (ARR) recognised for the year (that is Support & Maintenance revenue and Subscription revenue) has increased by 23% over the prior year, to \$13.4 million (2021: \$10.9 million), and accounted for 49% of total revenue (2021: 57%). Capital Software License revenue has increased by 80% to \$10.8 million (2021: \$6.0 million). Professional services revenue has increased by 34% to \$2.9 million (2021: \$2.2 million).

The table below provides a breakdown of revenue recognised by revenue type:

	30 June 2022	30 June 2021	Change	Change
	\$	\$	\$	%
Subscription Revenue *	4,886,062	3,729,777	1,156,285	31%
Support & Maintenance Revenue	8,470,920	7,132,272	1,338,648	19%
Total Recurring Revenue	13,356,982	10,862,049	2,494,933	23%
Capital Software License Revenue *	10,822,260	6,001,722	4,820,538	80%
Professional Services Revenue **	2,900,903	2,163,322	737,581	34%
TOTAL REVENUE	27,080,145	19,027,093	8,053,052	42%

* The aggregate of Subscription Revenue and Capital Software Licence Revenue comprises the Total Software Licence Revenue amounting to \$15,708,322 as disclosed in note 5 to these financial statements.

** Professional Services Revenue includes implementations & training services, migration services and other custom services disclosed in note 5 to these financial statements.



Expenses

Scalability is increasing with revenues growing by \$8.1 million or 42%, while expenses increased by a lesser amount \$4.8 million or 28%, reflective of Operating leverage upside and rigorous cost management.

Operating expenditure from operations (excluding interest expense, share-based payments expense, unrealised foreign exchange losses, one-off integration costs, and depreciation & amortisation) presents in the following table:

	30 June 2022	30 June 2021	Change	Change
	\$	\$	\$	%
Employment and related expenses	18,156,444	14,743,755	3,412,689	23%
Corporate and professional fees	1,227,844	1,323,999	(96,155)	(7%)
Marketing expenses	687,335	143,753	543,582	378%
Travel and related expenses	696,867	28,039	668,828	2385%
General administration and office expenses	1,517,870	1,229,425	288,445	23%
TOTAL OPERATING EXPENDITURE	22,286,360	17,468,971	4,817,389	28%

Profitability

Strong Adjusted EBITDA of \$3.8 million. Up \$2.5 million or 209% on prior year. Return to pre-COVID levels.

The Group continues to deliver strong Gross Margin of \$26.1 million or 96% (2021: \$18.4 million or 97%), an increase of \$7.7 million or 42%. Gross margins have increased significantly since the acquisition of Client Outlook Inc on 13 July 2020 (2020: 87%) due to the elimination of reseller fees owing to Client Outlook on eUnity solution sales.

The Group has delivered EBITDA (on an adjusted basis) of \$3.8 million, which is an increase of \$2.5 million or 209% growth on prior year (2021: \$1.2 million), which is a return to pre-COVID levels (2020: \$3.9 million). The increase in EBITDA (adjusted) is due to a significant increase in revenue (up \$8.1 million or 42% on prior year) with a less significant increase in operating expenditure (up \$4.8 million or 28% on prior year). The Group finished the year with an equally strong EBITDA of \$2.8 million, which represents an increase of \$4.6 million or 253% growth on prior year. Contributing factors for EBITDA growth included Foreign Exchange Gains of \$0.7 million for the year compared to Foreign Exchange Losses in the prior year of \$1.1 million, largely due to the strengthening of the USD against the AUD and CAD, and the reduction of Share Based Payment expense by \$0.2 million on prior year.

The Group reported a net loss for the year of \$4.2 million, which represents an improvement of \$5.2 million or 55% on prior year (2021: net loss \$9.4 million). This is largely comprised of the EBITDA increase of \$4.6 million being recognised at the bottom line, together with a reduction of \$0.6 million to Depreciation and Amortisation on prior year as per the table below:

	30 June 2022	30 June 2021	Change	Change
	\$	\$	\$	%
Revenue from continuing operations	27,080,145	19,027,093	8,053,052	42%
Distributor and license fees	(958,149)	(585,821)	(372,328)	64%
Gross Margin	26,121,996	18,441,272	7,680,724	42%
	96%	97%		
Operating expenditure	(22,286,360)	(17,468,971)	(4,817,389)	28%
Other income/(expenses) (net)	(69,834)	244,916	(314,750)	(129%)
Adjusted EBITDA	3,765,802	1,217,217	2,548,585	209%
Share-based payments expense (non-cash)	(1,695,463)	(1,931,548)	236,085	(12%)
Foreign exchange gain/(loss)	726,433	(1,111,583)	1,838,016	(165%)
EBITDA	2,796,772	1,825,914	4,622,686	(253%)
	10%	(10%)		
Depreciation and amortisation (non-cash)	(9,075,976)	(9,762,327)	686,351	(7%)
Finance Cost	(55,243)	(46,601)	(8,642)	19%
	(9,131,219)	(9,808,928)	677,709	(7%)
Loss before income tax benefit	(6,334,447)	(11,634,842)	5,300,395	(46%)
Income tax benefit (non-cash)	2,166,597	2,277,646	(111,049)	(5%)
Profit/(loss) for the half-year	(4,167,850)	(9,357,196)	5,189,346	(55%)

Organisational Overview and External Environment

Organisational Overview

Global operations

The structure of our global operations and how they impact financial outcomes is summarized below:

Australia	North America	Asia Pacific/Middle East
The majority of the Mach7's shareholder base is located in Australia. Certain regulatory and governance activities are undertaken by the Board of Directors and other administration functions in Australia. Mach7 does not derive any revenue from customers based in Australia.	North America is where the Mach7's executive team resides and where the vast majority of Mach7's employees reside including sales, marketing, Research & Development (engineering), product and professional services teams. Operations are conducted in both the US and Canada. Research & Development (engineering) teams are located in both the US & Canada, each having a principal product focus of Mach7 Vendor Neutral Archive (US) and Mach7 eUnity Viewer (Canada). Revenue has increased in the US by 58% compared to the prior year. This is attributed to growth in all product areas and revenue categories including an increasing ARR, higher Capital Software License revenue and higher Professional Services Revenue. Growth is also attributed to new customers, and from existing customers from expansions, renewals and add-ons, and organic growth from price increases. Revenue has increased in Canada by 26% compared to the prior year, which is largely attributed to customer expansion and organic growth from price increases.	Mach7's Asia Pacific team undertakes the sales and support activities in the Asia Pacific and Middle East Regions. Our team is mainly located in Singapore and Malaysia. Revenue has increased in Asia Pacific by 3% compared to the prior year. This growth of this region was impacted by the effects of the COVID-19 pandemic that placed many technology projects on hold and restricted travel between countries, however, this has now returned to normal levels. Pleasingly the region achieved growth in ARR which is expected to continue.

External Environment

Adoption of Electronic Medical Records (EMR)

The mandate in the US that all medical records be converted to and stored in an electronic format continues to drive investment in software and technology across the healthcare industry and demand for Mach7 products. Medical images are the largest component of the medical record and the necessity to store and provide diagnostic reading and viewing capabilities both inside and outside the walls of the hospital is an essential operational function that is becoming more complex with ever increasing volumes, file types, file sizes and data repositories. As these complexities increase for healthcare providers, the full enterprise solution of medical imaging solutions provided by Mach7 empowers our customers with the functionality, inter-operability and efficiencies that they need to provide the best possible patient care.

Volume-based business model - capital and subscription pricing options

Mach7 has a volume-based business model and offers all customers the flexibility of procuring their software as either a term capital software license (a capex purchase) or a subscription license (an opex purchase). This allows our customers full procurement flexibility to suit their individual business needs and provides them with multiple options to suit their budgetary requirements.

Mach7's incoming sales orders are showing a gradual shift of procurement preference by its customers from term capital software license sales (a capex purchase) to subscription license sales (an opex purchase), as more customers lean towards spreading the cost of software over the term of usage rather than paying 100% upfront. This also benefits Mach7 by increasing its ARR. This is an industry-wide trend and one that Mach7 believes will continue over time.

COVID-19 & remote capabilities

The COVID-19 pandemic has fundamentally changed our customers operations and has created the ongoing need for medical images to be accessible outside the walls of the hospital. Mach7's eUnity Viewer is a one-of-a-kind industry leading zero footprint viewer allows medical professionals to remotely access their patients' medical images on any device (home computer, laptop, iPad, mobile phone) in a secure and efficient way without loss of speed or image quality. Furthermore, Mach7's Vendor Neutral Archive performs data connectivity of medical imaging across our customers entire enterprise allowing all departmental imaging data to be easily accessible in one place and linked to the Electronic Medical Record (EMR). This provides our customers with the entire view of the patient's medical images in one place. Mach7's solutions can be deployed either together or separately, and they allow our customers the flexibility of managing their organisations workflow from their office or from their home which increases their overall productivity.

Furthermore, as our customers emerge from the COVID-19 pandemic and return to their "new" normal of business operations, they are moving forward with delayed projects and activating technology purchasing decisions and evaluations. This has allowed Mach7 to further progress its sales and customer engagement strategies including in-person meetings and on-site travel, which has translated to more opportunity for consideration and growth. This has equated to growth in our sales funnel pipeline as well as the addition of new channel partnerships and third-party distribution agreements. In fact, the Group recorded its highest sales order intake in its history and the sales pipeline of opportunities remains strong.

Our Business Strategies

The Group continues to focus on gaining market share in the enterprise imaging market within its core regions of North America, Asia Pacific and the Middle East. This past year, the Group has increased its sales, marketing and services expertise in support of further revenue growth. Furthermore, the Group was recognised in the healthcare industry as a top performer in the 2022 *Best in KLAS* Report by achieving the number 2 spot for its Universal Viewer and the number 3 spot for its Vendor Neutral Archive. These industry achievements are a testament to the Group's world-class software products and customer service and has resulted in a significant uptick of inbound sales opportunities (Request for Proposals (RFP's)).

The Group continues to invest in internal product development and innovation, with a major focus on enterprise imaging and interoperability. Mach7 prides itself on providing leading-edge products and services to its customers and product development remains a core focus of the Group.

Risk Management

The Board takes a proactive approach to risk management. The Board oversees the Audit and Risk Management Committee, which is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

Key Business Risks

The Group's operations are subject to several risks. The Board, through its Audit and Risk Management Committee, regularly reviews the possible impact of these risks and seeks to minimise this impact through a commitment to its corporate governance principles and its various risk management functions. A number of specific risk factors that may impact the future performance of the Company are described below.

Shareholders should note that this list is not exhaustive, and only includes risks that could affect the Group's financial prospects, taking into account the nature and business of the Group and its business strategy.

Commercialisation and new technology risk

The principal activity of the Group is the provision of enterprise imaging data storage sharing, storage and interoperability for healthcare enterprises. There is a risk that the Group will be unable to attract sufficient customers to be sufficiently profitable to fund future operations. In addition, commercial success of new technology is subject to inherent uncertainty due to unknown variables.

Competition and new technologies

The industry in which the Group is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. Whilst the Group will undertake all business decisions and operations with reasonable care and diligence, it will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of its business. For instance, the image management platform may be superseded by new and cheaper technology creating competitive pressures, in which case, the Group's revenues and profitability could be adversely affected.

Risks associated with the regulatory environment

The Group operates in a highly regulated market both in Australia and internationally. Success can be impacted by changes to the regulatory environment. Mach7 continues to monitor changes and proposed changes to the regulatory environment to which it is exposed.

Financial Report 2021/22

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Directors' Report

30 June 2022

The directors of Mach7 Technologies Limited are pleased to present their report for the year ended 30 June 2022 (hereafter referred to as the 'consolidated entity', 'Group' or 'Mach7') consisting of Mach7 Technologies Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controls.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr David Chambers	Chairman
Mr Michael Lampron	Managing Director and Chief Executive Officer
Mr Eliot Siegel, MD	Non-Executive Director
Mr Robert Bazzani	Non-Executive Director
Mr Philippe Houssiau	Non-Executive Director

Board of Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows:

Name:	David Chambers
Title:	Chairman
Qualifications:	Graduate Diploma Business Management, MBA Program and Bachelor of Science
Experience and Expertise:	Mr. David Chambers has more than 30 years' extensive experience in the Healthcare and Life Science industry and a proven track record in healthcare IT systems through a series of senior executive roles in Australia, North America, Europe, and Asia. David up until recently acted as Managing Director, Asia-Pacific, of Allscripts Healthcare Solutions, a NASDAQ listed billion-dollar global leader in Healthcare Technology, retired on 30th June 2020. Prior to that David was General Manager, Asia and ANZ with Carestream Health. He was former chief executive of ASX-Listed health software business Pro Medicus Limited. David also served eleven years with Agfa Healthcare, including managing their Informatics group in Asia Pacific, and culminating in his elevation to Vice President of Agfa North America. David is also a Board member and Chair of Hills Limited, a long established Australian based manufacturer and supplier of Health care and IT products and services.
Other current directorships:	Hills Limited (ASX:HIL)
Former directorships (last 3 years):	Allscripts
Special responsibilities:	Audit & Risk Management - member; Remuneration & Nomination - Chair
Interests in shares:	160,000
Interests in options:	330,000
Interests in rights:	None

Name:	Michael Lampron
Title:	Managing Director and Chief Executive Officer
Qualifications:	B.S. Health Science, Sports Medicine
Experience and Expertise:	Mr. Michael Lampron is the CEO of Mach7 Technologies. With over 20 years of experience in business and operational management for Healthcare IT companies, Mike brings a broad experience ranging from private start-up organizations as well as long established companies such as IBM and GE. Mike was previously the Chief Executive Officer for a National Teleradiology Company and has a proven ability to drive results through a combination of astute analysis, innovative execution and cross-functional teamwork. Michael is responsible for our customers' success while driving excellence throughout Mach7.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	85,208
Interests in options:	1,333,333
Interests in rights:	780,299

Name:	Eliot Siegel, MD
Title:	Non-Executive Director
Qualifications:	Doctor of Medicine
Experience and Expertise:	Dr. Eliot Siegel is a well-known thought leader in the world of radiology and imaging informatics and artificial intelligence applications in medicine. He is currently Professor and Vice Chair of information systems at the University of Maryland School of Medicine, Department of Diagnostic Radiology, and the Chief of Radiology and Nuclear Medicine for the Veterans Affairs Maryland Healthcare System, both in Baltimore, MD as well as adjunct professor of computer science and biomedical engineering at the undergraduate campuses of the University of Maryland. Under his guidance, the VA Maryland Healthcare System became the first filmless healthcare enterprise in the World. He has written over 300 articles and book chapters about PACS (Picture Archiving and Communication Systems) and digital imaging, and has edited six books on the topic, including Filmless Radiology and Security Issues in the Digital Medical Enterprise. He has given more than 1,000 presentations throughout the world on a broad range of topics involving the use of computers in medicine and artificial intelligence. Dr. Siegel was symposium chairman for the Society of Photo-optical and Industrial Engineers (SPIE) Medical Imaging Meeting for three years and has been honored as a fellow in that organization as well as the American College of Radiology. He is also a Board member of Carestream Health, a billion-dollar global company in digital radiography and computed radiography systems and serves on numerous advisory boards in medical imaging.
Other current directorships:	None
Former directorships (last 3 years):	Carestream Health Inc.
Special responsibilities:	Audit & Risk Management - member
Interests in shares:	21,100
Interests in options:	300,000
Interests in rights:	None

Name:	Robert Bazzani
Title:	Non-Executive Director
Qualifications:	Master of Business, Bachelor of Laws and Bachelor of Science
Experience and Expertise:	Mr. Robert Bazzani spent 20 years with the global consulting firm KPMG, where he rose to the top and served as Chairman of KPMG Victoria, National Managing Partner for KPMG Australia's Enterprise Division and National Managing Partner for KPMG's M&A Division. Whilst in these roles, Rob was a member of KPMG's National Executive Committee (NEC), which oversees and is responsible for the Firm's turnover, strategic decision making, profitability and operations. Rob has a demonstrated track record of leading and growing large scale and complex businesses. He has played a significant role in advising clients (public, private, and global subsidiaries) on commercial matters, public transitions, corporate governance, investment banking and law, M&A and has engaged with Government and Regulators. With extensive experience in corporate advisory, Rob has deep commercial and industry knowledge across financial services, asset and wealth management, technology, property, insurances and consumer & industrial markets.
Other current directorships:	Keypath Education International Inc. (ASX:KED)
Former directorships (last 3 years):	None
Special responsibilities:	Audit & Risk Management - Chair and Remuneration & nomination - member
Interests in shares:	89,900
Interests in options:	275,000
Interests in rights:	None

Name:	Philippe Houssiau
Title:	Non-Executive Director
Qualifications:	Engineer: Chemical/Biotechnology and BsC, Pharmaceutical Sciences
Experience and Expertise:	Mr. Philippe Houssiau held a variety of executive roles as Partner with PriceWaterhouse and PwC, CEO of Agfa Healthcare, where he transitioned the business from being an Analog Film manufacturing outfit to become a world leader in Imaging and Health IT, CEO of Alliance Medical, the leading European Imaging Services Provider and CEO/ Chairman of the Rhapsody Healthcare Interoperability business, now Lyniate. Philippe also ran the CSC/DxC Healthcare business in the UK and Netherlands and held many board and Chair positions, in Imaging and Healthcare. He currently serves as the CEO of MAK-System, the leading Blood Management Software company and as Chairman of Corilus (Primary Care). Philippe is based in Antwerp, Belgium.
Other current directorships:	Althea Group (Rome) and Corilus (Belgium)
Former directorships (last 3 years):	MAK-System International Group, Corepoint Health, Rhapsody
Special responsibilities:	Remuneration & nomination - member
Interests in shares:	None
Interests in options:	250,000
Interests in rights:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company Secretary

Name:	Ms Véronique Morgan-Smith
Title:	Company Secretary
Appointment Date:	1 October 2021 (upon resignation of Ms Jenni Pilcher as Company Secretary on the same day)
Qualifications:	LLB Hons (UK), MBDE (Fr), CAPA (Fr), Law Dip. (Aus), Member of the NSW Law Society, Fellow of the Governance Institute of Australia.
Experience and Expertise:	Having trained with major international law firms, Véronique Morgan-Smith has more than 20 years' experience as a corporate transactions lawyer and company secretary, both in private practice and in-house and in various legal systems. Acting as key support for Boards, she uses her varied legal expertise to assist Australian and foreign companies or subsidiaries in corporate governance and compliance matters, IPOs, capital raisings, project acquisitions and other transactions. She has particular expertise in the resources and energy sectors in Australia and internationally.

Directors' Meetings

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Management Committee		Remuneration and Nomination Committee	
	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend
Mr David Chambers	11	11	6	6	3	3
Eliot Siegel, MD	11	11	6	6	-	-
Mr Robert Bazzani	11	11	6	6	3	3
Mr Michael Lampron	11	11	-	-	3	3
Mr Philippe Houssiau	10	11	-	-	1	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Outlook

Mach7's award-winning products are uniquely positioned to meet the enterprise imaging and data management needs of healthcare organisations by providing connectivity and interoperability throughout the enterprise and 24/7 access to the patient medical record.

Market share gains and brand recognition are evident for Mach7 in the post-COVID environment. The Healthcare Industry has become dependent upon technology to enable their clinicians to continue work outside the walls of the hospital. Ongoing merger and acquisition activity in the healthcare sector, together with the constant quest of its participants to maintain and improve their technology systems, continues to create strong demand for Mach7's products and services.

Mach7 has seen an increase in opportunities to provide solutions to a larger global customer base in a high-growth industry. This increase in demand is translating to an uptick of inbound RFP's and sales opportunities, and the organic growth and expansion plans of our existing global customer base continues to be very positive.

Following the successful acquisition of Client Outlook (eUnity) in July 2020, other opportunities to deliver value to shareholders are regularly evaluated including potential mergers and acquisitions (M&A), partnerships and other related joint ventures.

Mach7 is uniquely positioned to capitalise on these opportunities and execute on a global scale as a market leader in enterprise imaging and data management. The company is confident and optimistic about its future and the ability to disrupt and secure market share from competitors.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Indemnity and Insurance of Auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in **Note 27** to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in **Note 27** to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

Matters Subsequent to the End of the Financial Year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

The Group will continue to announce material contract wins as and when they occur. In addition, it will aim to grow its revenues from smaller product sales via its customer install base and community hospitals, which the Group will endeavour to keep the market updated on a regular basis. The Group will continue its product development strategy to ensure its product is at the forefront of medical imaging software to meet the customers' needs.

Environmental Regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia, or any of the regions where it operates.

Remuneration Report (Audited)

The Remuneration Report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The KMP included in this report are as follows:

Non-executive Directors (NED)	Role	Period covered for remuneration
Mr David Chambers	Independent, Non-Executive Chairman	Full year
Dr Eliot Siegel, MD	Independent, Non-Executive Director	Full year
Mr Robert Bazzani	Independent, Non-Executive Director	Full year
Mr Philippe Houssiau	Independent, Non-Executive Director	Full year
Executives	Role	Period covered for remuneration
Mr Michael Lampron	CEO, Managing Director	Full year
Mr Steve Rankin	Chief Product Officer	Till 29 October 2021
Ms Jenni Pilcher	Chief Financial Officer & Company Secretary	Till 18 October 2021
Mr Steven Parkes	Chief Financial Officer	From 27 September 2021

Remuneration Philosophy

The performance of the Group depends on the quality of its directors and executives. The Group's remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Remuneration Structure

The Board, through its Nomination and Remuneration Committee, is responsible for determining and reviewing remuneration arrangements for the Group's directors and executives. In accordance with best practice corporate governance, the structure of Non-Executive Directors and executive remunerations are separate.

Principles Used to Determine the Nature and Amount of Remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and value creation for shareholders, and is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Company. The framework is designed to:

- Ensure that coherent remuneration policies and practices are observed which enable the attraction and retention of directors and management who will create value for shareholders;
- Fairly and responsibly reward directors and senior management having regard to the Group's performance, the performance of the senior management and the general pay environment; and
- Comply with all relevant legal and regulatory provisions.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-Executive Directors' Remuneration Framework

Objective

Remuneration for Non-Executive Directors is set with the objective of attracting and retaining highly experienced and skilled directors, and which reflect the demands and responsibilities of their role.

Structure

The financial position of the Company is considered when determining the mix between cash and non-cash remuneration. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, seek advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with market standards. Remuneration for Non-Executive Directors (NEDs) may contain any or all of the following:

- Annual fees, reflecting the value of the individual's personal performance, time commitment and responsibilities of the role;
- Equity based remuneration, issues of shares or securities, reflecting the contribution of the Director toward the Group's medium and long term performance objectives (each award is subject to shareholder approval); and
- Other benefits required by law, for example, superannuation payments.

All non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. Following the adoption of a revised Company Constitution on 31 March 2016, the aggregate remuneration for all non-executive directors has been set at a maximum amount of \$500,000 per annum under clause 50 (a) of the Company's Constitution.

The fees awarded to Directors are as follows:

Base fee	From 1 January 2022	From 1 January 2021
Chair	\$100,000	\$100,000
Director	\$80,000	\$80,000

Executive Remuneration Framework

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

Structure

Fixed remuneration

Fixed remuneration is set with reference to the skills, experience and performance of the individual performing the role, comparable market remuneration for the role being performed, and the overall size and financial position of the Group as a whole. Fixed remuneration is reviewed annually by the Board (via its Nomination and Remuneration Committee).

Fixed remuneration for key management personnel includes the following:

- Annual base salary
- Benefits in compliance with local laws (e.g. paid leave, medical insurance and superannuation payments)

Performance-based (variable) remuneration

Performance-based remuneration for key management personnel includes:

- Bonuses to reward individuals following an outstanding business contribution having regard to clearly specified performance targets;
- Sales commission (sales executives only); and
- Equity based remuneration, reflecting the Group's medium and long-term performance objectives.

The Group has both a short-term incentive program (STIP) and a long-term incentive plan (LTIP).

Short-Term Incentive Program (STIP)

STIP is designed to align corporate and departmental goals with the targets of executives responsible for meeting those goals. STI payments are granted to executives based on the achievement of specific annual targets/key performance indicators (KPI's). KPI's can include (but are not necessarily limited to) the following elements:

- Achievement of financial targets (e.g. revenue, earnings/profitability, cash flows, sales orders, budgeted operating expenses)
- Excellence in customer service and satisfaction
- Leadership contribution
- Product development
- Capital management
- Corporate transactions

Description of the plan

The STIP is an annual incentive plan under which senior executives are eligible to receive an annual award if they satisfy challenging strategic, operational and individual performance targets. Executives will be entitled to a STIP award up to a maximum fixed percentage of their annual fixed remuneration. The maximum amount will differ between individuals. The STIP was last approved by the Board in August 2022.

Appropriate STIP incentive

The STIP is designed to motivate and reward high performance. It puts a significant proportion of the executive's remuneration at-risk against targets linked to the Group's performance objectives, thereby aligning executive's interests with shareholders.

Choice of performance conditions

The choice of performance conditions for the STIP will be relevant to the Group in its current phase of growth and will be heavily focused on financial metrics, such as revenue, earnings, cash flow, and sales orders targets. The Directors believe these targets are most closely aligned with growing shareholder value. In addition, the performance conditions will be set with relevance to the individuals' role, such that the person is appropriately incentivised and motivated to achieve the best they can.

Performance period

The STIP is an annual plan. The current period is for 1 July 2021 to 30 June 2022.

Performance conditions - current year

Any payment made under the STIP is on the basis that performance conditions are met. For the current period, performance conditions were outlined in a business plan approved by the Board and included:

- Sales Orders
- Revenue
- Annual Recurring Revenue
- EBITDA

Assessment of performance conditions

Financial targets as assessed by the Board with reference to annual financial statements and sales order information. For non-financial and individual targets, the Board assesses the personal performance of each executive against non-financial and personal performance of other executives and makes recommendations to the Remuneration & Nomination Committee in relation to the payment of any STI. The Remuneration and Nomination Committee review these recommendations and provide a final recommendation for STI's to be paid to the Board for its approval.

Payment of the STIP

Any STI payment is generally made within two to three months of the end of the performance period. The Board may, in its discretion, vary the general payment period.

Cessation of employment

In order to qualify for inclusion in the STIP plan, the executive must remain employed with a Group Company as an eligible employee at the end of the fiscal year and must have been employed for all or portion of the performance period. If the executive leaves for a qualifying reason, the Board may award the STI in its full discretion.

Long-Term Incentive Program (LTIP)

The LTIP provides for the issue of equity instruments such as performance rights, shares and options that are linked to the achievement of targets related to the Group's medium to long-term performance. Option awards typically vest over a period of between one and three years, expire within five years and have an exercise price that may include a premium to the market price as at the date of issue. The most recent LTIP was approved by shareholders in November 2020.

Performance conditions

The performance conditions must be satisfied in order for performance rights or equity options to vest. Performance conditions can include time-based conditions, whereby the holder must remain employed by the Group through to vesting date, or financial targets. Each performance right or equity option entitles the holder to acquire one share in the Company for a stated exercise price, subject to meeting specific performance conditions. The performance rights and equity options do not carry rights to dividends or voting.

As of 30 June 2022, the Company has 1,180,229 performance rights on issue, including 378,044 which will vest on 30 June 2023 and 802,185 which will vest on 30 June 2024 provided the following performance conditions are met and the holder remains employed on this date. The TSR will be measured over the three-year period ending on the vesting date:

Hurdle: M7T relative TSR performance compared to the S&P/ASX All Technology Index	Percentage of Performance Rights to vest
<50th percentile	No vesting
≥50th percentile to 75th percentile	Pro-rata straight line vesting between 50% and 100%
≥75th percentile	100% vesting

Cessation of employment

If a KMP ceases to be employed or engaged by the Group for any reason other than as a result of a Qualifying Event, any unvested performance rights and equity options held by the participant will lapse immediately on the participant ceasing to be employed. Any vested performance rights and equity options must be exercised within 30 days of termination date. A Qualifying Event means:

- Death;
- Serious injury, disability or illness which prohibits continued employment;
- Retirement or retrenchment; or
- Such other circumstances which the Board determines to be a Qualifying Event.

Where a participant in the LTIP scheme ceases to be employed by the Group as a result of a Qualifying Event, the Board may, in its absolute discretion, make a determination as to whether some or all of those performance rights or equity options become vested at the time of the cessation of employment of the participant or another date determined by the Board.

In the event of a change of control, the Board has discretion to determine that the vesting of some or all of non-vested performance rights and equity options should be accelerated. Any remaining unvested performance rights or options will immediately lapse.

Details of Remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-Term Benefits			Post-employment benefits	Long-term benefits	Share-based payments	Other cash payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity - settled		
30 June 2022	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
David Chambers	90,909	-	-	9,091	-	23,234	-	123,234
Eliot Siegel	80,000	-	-	-	-	17,815	-	97,815
Robert Bazzani	72,727	-	-	7,273	-	27,317	-	107,317
Philippe Houssiau	79,992	-	-	-	-	56,326	-	136,318
<i>Executive Directors:</i>								
Michael Lampron	502,005	68,455	63,531	-	-	205,403	-	839,394
<i>Other Key Management Personnel:</i>								
Jenni Pilcher*	238,762	55,620	-	13,686	-	21,703	-	329,771
Steve Rankin**	166,802	21,844	7,602	-	-	63,334	-	259,582
Steven Parkes***	349,297	69,146	59,900	-	-	42,865	-	521,208
	1,580,494	215,065	131,033	30,050	-	457,997	-	2,414,639

* Jenni Pilcher resigned as Chief Financial Officer on 18 October 2021. Cash Salary for the year includes redundancy payments, annual leave payments in addition to the normal salary for the period.

** Steve Rankin resigned as Chief Product Officer on 29 October 2021.

*** Steven Parkes joined as Chief Financial Officer on 27 September 2021.

	Short-Term Benefits			Post-employment benefits	Long-term benefits	Share-based payments	Other cash payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity - settled		
30 June 2021	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
David Chambers	75,342	-	-	7,157	-	56,659	-	139,158
Eliot Siegel	62,500	-	-	-	-	41,446	-	103,946
Robert Bazzani	59,030	-	-	5,608	-	65,929	-	130,567
Philippe Houssiau*	40,000	-	-	-	-	-	-	40,000
<i>Executive Directors:</i>								
Michael Lampron	367,059	66,070	35,323	-	-	164,457	409	633,318
<i>Other Key Management Personnel:</i>								
Jenni Pilcher	309,000	55,620	-	29,355	-	118,052	-	512,027
Steve Rankin**	239,616	20,842	7,330	-	-	137,788	-	405,576
	1,152,547	142,532	42,653	42,120	-	584,331	409	1,964,592

* Philippe Houssiau was appointed on 1 January 2021

** Steve Rankin was appointed from 13 July 2020

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
<i>Non-executive Directors:</i>						
David Chambers	81%	59%	-	23%	19%	18%
Eliot Siegel	82%	60%	-	22%	18%	18%
Robert Bazzani	75%	50%	-	17%	25%	33%
Philippe Houssiau	59%	-	-	-	41%	-
<i>Executive Directors:</i>						
Michael Lampron	68%	64%	8%	10%	24%	26%
<i>Other Key Management Personnel:</i>						
Jenni Pilcher	76%	66%	17%	11%	7%	23%
Steve Rankin	68%	61%	8%	5%	24%	34%
Steven Parkes	79%	-	13%	-	8%	-

Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Component	Requirement
Fixed remuneration	Reviewed annually
Variable remuneration	Participation in the Company's STIP and LTIP
Contract duration	Ongoing
Termination of employment (without cause) by Company or by individual	6 months' notice (CEO & CFO)
Termination of employment (for cause) by Company	Terminated immediately

Share-Based Compensation

Issue of shares

There were no shares issued to directors and other key management personnel as compensation during the year ended 30 June 2022.

Details of shares issued to directors and other key management personnel upon exercise of remuneration related options during the year ended 30 June 2022 are set out below:

Name	Grant Date	Date of exercise of option	Exercise price	Number of Options exercised	Number of shares issued
Jenni Pilcher	27/01/2017	23/09/2021	\$0.410	340,000	340,000
Jenni Pilcher	03/11/2017	23/09/2021	\$0.170	66,666	66,666
Jenni Pilcher	17/10/2018	23/09/2021	\$0.185	75,000	75,000
Jenni Pilcher	17/10/2018	22/10/2021	\$0.185	75,000	75,000
				556,666	556,666

The above options were exercised by Jenni Pilcher before resigning as Chief Financial Officer on 18 October 2021.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Michael Lampron	116,667	03/11/2017	03/11/2019	03/11/2022	\$0.170	\$0.107
Michael Lampron	116,666	03/11/2017	03/11/2020	03/11/2022	\$0.170	\$0.107
Michael Lampron	116,667	17/10/2018	17/10/2019	17/10/2023	\$0.190	\$0.131
Michael Lampron	116,667	17/10/2018	17/10/2020	17/10/2023	\$0.190	\$0.131
Michael Lampron	116,666	17/10/2018	17/10/2021	17/10/2023	\$0.190	\$0.131
David Chambers	75,000	12/11/2018	12/11/2019	12/11/2023	\$0.240	\$0.153
David Chambers	75,000	12/11/2018	12/11/2021	12/11/2023	\$0.240	\$0.153
David Chambers	75,000	12/11/2018	12/11/2022	12/11/2023	\$0.240	\$0.153
Eliot Siegel	75,000	12/11/2018	12/11/2019	12/11/2023	\$0.240	\$0.153
Eliot Siegel	75,000	12/11/2018	12/11/2021	12/11/2023	\$0.240	\$0.153
Eliot Siegel	75,000	12/11/2018	12/11/2022	12/11/2023	\$0.240	\$0.153
David Chambers	11,667	18/11/2019	18/11/2020	18/11/2024	\$0.820	\$0.367
David Chambers	11,667	18/11/2019	18/11/2021	18/11/2024	\$0.820	\$0.367
David Chambers	11,666	18/11/2019	18/11/2022	18/11/2024	\$0.820	\$0.367
Eliot Siegel	8,333	18/11/2019	18/11/2020	18/11/2024	\$0.820	\$0.367
Eliot Siegel	8,333	18/11/2019	18/11/2021	18/11/2024	\$0.820	\$0.367
Eliot Siegel	8,334	18/11/2019	18/11/2022	18/11/2024	\$0.820	\$0.367
Michael Lampron	250,000	18/11/2019	01/07/2020	18/11/2024	\$0.800	\$0.370
Michael Lampron	250,000	18/11/2019	01/07/2021	18/11/2024	\$0.950	\$0.347
Michael Lampron	250,000	18/11/2019	01/07/2022	18/11/2024	\$1.100	\$0.326
Robert Bazzani	75,000	18/11/2019	01/01/2021	18/11/2024	\$0.820	\$0.367
Robert Bazzani	75,000	18/11/2019	01/01/2022	18/11/2024	\$0.820	\$0.367
Robert Bazzani	75,000	18/11/2019	01/01/2023	18/11/2024	\$0.820	\$0.367
David Chambers	11,667	01/12/2020	01/12/2021	30/11/2025	\$1.400	\$0.790
David Chambers	11,667	01/12/2020	01/12/2022	30/11/2025	\$1.400	\$0.790
David Chambers	11,666	01/12/2020	01/12/2023	30/11/2025	\$1.400	\$0.790
Eliot Siegel	8,333	01/12/2020	01/12/2021	30/11/2025	\$1.400	\$0.790
Eliot Siegel	8,333	01/12/2020	01/12/2022	30/11/2025	\$1.400	\$0.790
Eliot Siegel	8,334	01/12/2020	01/12/2023	30/11/2025	\$1.400	\$0.790
Robert Bazzani	8,333	01/12/2020	01/12/2021	30/11/2025	\$1.400	\$0.790
Robert Bazzani	8,333	01/12/2020	01/12/2022	30/11/2025	\$1.400	\$0.790
Robert Bazzani	8,334	01/12/2020	01/12/2023	30/11/2025	\$1.400	\$0.790
David Chambers	11,666	11/11/2021	11/11/2022	11/11/2026	\$0.910	\$0.380
David Chambers	11,667	11/11/2021	11/11/2023	11/11/2026	\$0.910	\$0.380
David Chambers	11,667	11/11/2021	11/11/2024	11/11/2026	\$0.910	\$0.380
Eliot Siegel	8,333	11/11/2021	11/11/2022	11/11/2026	\$0.910	\$0.380
Eliot Siegel	8,333	11/11/2021	11/11/2023	11/11/2026	\$0.910	\$0.380
Eliot Siegel	8,334	11/11/2021	11/11/2024	11/11/2026	\$0.910	\$0.380
Philippe Houssiau	8,333	11/11/2021	11/11/2022	11/11/2026	\$0.910	\$0.380
Philippe Houssiau	8,333	11/11/2021	11/11/2023	11/11/2026	\$0.910	\$0.380
Philippe Houssiau	8,334	11/11/2021	11/11/2024	11/11/2026	\$0.910	\$0.380
Philippe Houssiau	75,000	11/11/2021	01/01/2022	31/12/2025	\$1.380	\$0.379
Philippe Houssiau	75,000	11/11/2021	01/01/2023	31/12/2025	\$1.380	\$0.379
Philippe Houssiau	75,000	11/11/2021	01/01/2024	31/12/2025	\$1.380	\$0.379
Robert Bazzani	8,333	11/11/2021	11/11/2022	11/11/2026	\$0.910	\$0.380
Robert Bazzani	8,333	11/11/2021	11/11/2023	11/11/2026	\$0.910	\$0.380
Robert Bazzani	8,334	11/11/2021	11/11/2024	11/11/2026	\$0.910	\$0.380
Michael Lampron*	378,114	01/12/2020	-	30/09/2023	\$0.000	\$0.835
Michael Lampron*	402,185	11/11/2021	-	30/09/2024	\$0.000	\$0.519
Steven Parkes*	400,000	09/12/2021	-	20/09/2024	\$0.000	\$0.493

* Performance rights subject to performance hurdles

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by and the values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2022 are set out below:

Name	Number of options granted during the year		Number of options vested during the year		Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2022	30 June 2022
David Chambers	35,000	35,000	98,334	86,667	13,304	-	-
Eliot Siegel	25,000	25,000	91,666	83,333	9,503	-	-
Robert Bazzani	25,000	25,000	83,333	75,000	9,503	-	-
Philippe Houssiau	250,000	-	75,000	-	94,834	-	-
Michael Lampron*	402,185	378,114	366,666	483,333	208,734	-	-
Steven Parkes**	400,000	-	-	-	197,220	-	-
Jenni Pilcher***	-	162,001	-	303,333	-	-	-
Steve Rankin***	-	400,000	-	-	-	-	-

* Performance rights granted to Michael Lampron during year ended 30 June 2022 and 30 June 2021 subject to performance hurdles.

** Performance rights granted to Steven Parkes during year ended 30 June 2022 subject to performance hurdles.

*** Jenni Pilcher and Steve Rankin resigned during the year ended 30 June 2022.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Profit/(loss) for the year	(4,167,850)	(9,357,196)	169,293	(7,058,729)	(4,953,396)
Basic earnings/(loss) per share (EPS) (Cents)	(2.0)	(4.0)	0.1	(5.1)	(3.9)
Improvement in EPS	(6.0)	(4.1)	5.1	(1.2)	12.4
Share Price (\$)	0.490	1.065	0.970	0.475	0.210
% change in share price (%)	(54%)	10%	105%	126%	31%

Additional Disclosures Relating to Key Management Personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Ordinary shares	Balance at the start of the year	Received as part of Remuneration	Additions	Other movements	Balance at the end of the year
David Chambers*	120,000	-	40,000	-	160,000
Eliot Siegel	21,100	-	-	-	21,100
Robert Bazzani**	46,100	-	43,800	-	89,900
Michael Lampron	85,208	-	-	-	85,208
Jenni Pilcher	571,523	-	556,666	(1,128,189)	-
	843,931	-	640,466	(1,128,189)	356,208

* Addition of 40,000 shares represents shares acquired through on-market purchases during the year.

** Addition of 43,800 shares represents shares acquired through on-market purchases during the year.

*** Additions represents 556,666 shares from the exercise of the options before Jenni Pilcher resigned as Chief Financial Officer on 18 October 2021. The balance in other movement represents shares held by her on the date of resignation.

Option and performance rights holding

The number of options and performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Options over ordinary shares	Balance at the start of the year	Granted	Exercised	Expired/forfeited/ other	Balance at the end of the year
David Chambers	295,000	35,000	-	-	330,000
Eliot Siegel	275,000	25,000	-	-	300,000
Robert Bazzani	250,000	25,000	-	-	275,000
Philippe Houssiau	-	250,000	-	-	250,000
Michael Lampron*	1,711,447	402,185	-	-	2,113,632
Jenni Pilcher**	1,218,667	-	(556,666)	(662,001)	-
Steve Rankin***	400,000	-	-	(400,000)	-
Steven Parkes*	-	400,000	-	-	400,000
	4,150,114	1,137,185	(556,666)	(1,062,001)	3,668,632

* Michael Lampron's closing balance includes 378,114 performance rights granted on 1 December 2020 and 402,185 performance rights granted in the current year on 11 November 2021 and share options of 1,333,333 granted in previous years. Steven Parkes was granted 400,000 performance rights on 9 December 2021.

** Jenni Pilcher resigned as Chief Financial Officer on 18 October 2021. The balance in other movement represents forfeiture of 162,001 performance rights granted during the previous year and un-forfeited 500,000 vested options held by her on the date of resignation. Post resignation, Jenni exercised 166,667 options on 17 November 2021 with 333,333 vested options held as of 30 June 2022.

*** Steve Rankin resigned as Chief Product Officer on 29 October 2021. The balance in other movement represents un-forfeited 400,000 vested options held by him on the date of resignation.

<i>Options over ordinary shares</i>	Vested and exercisable	Unvested	Balance at the end of the year
David Chambers	185,001	144,999	330,000
Eliot Siegel	174,999	125,001	300,000
Robert Bazzani	158,333	116,667	275,000
Philippe Houssiau	75,000	175,000	250,000
Michael Lampron	1,083,333	1,030,299	2,113,632
Steven Parkes	-	400,000	400,000
	1,676,666	1,991,966	3,668,632

Other transactions with key management personnel and their related parties

There have been no other transactions with KMPs during the year.

This concludes the remuneration report, which has been audited.

Shares Under Option

Unissued ordinary shares of Mach7 Technologies Limited under option at the date of this report are as follows:

Grant Date	Expiry Date	Exercise Price	Number Under Option
03/11/2017	03/11/2022	\$0.170	663,333
17/10/2018	17/10/2023	\$0.185	768,332
12/11/2018	12/11/2023	\$0.244	450,000
02/05/2019	02/05/2024	\$0.265	50,000
11/10/2019	11/10/2024	\$0.680	911,667
11/10/2019	01/10/2024	\$0.680	166,667
11/10/2019	18/10/2022	\$0.680	166,666
18/11/2019	18/11/2024	\$0.820	285,000
18/11/2019	18/11/2024	\$0.800	250,000
18/11/2019	18/11/2024	\$0.950	250,000
18/11/2019	18/11/2024	\$1.100	250,000
13/07/2020	30/06/2025	\$0.900	533,333
01/12/2020	30/11/2025	\$1.400	85,000
03/02/2021	30/06/2025	\$1.480	2,386,667
10/09/2021	31/08/2026	\$0.980	2,790,000
11/11/2021	11/11/2026	\$0.910	110,000
11/11/2021	31/12/2025	\$1.380	225,000
20/01/2022	20/01/2027	\$0.782	200,000
24/02/2022	24/02/2027	\$0.731	250,000
			10,791,665

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares Issued on the Exercise of Options

The following ordinary shares on Mach7 Technologies Limited were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of options granted:

Date Options Granted	Exercise Price	Number of Shares Issued
27/01/2017	\$0.410	913,333
03/11/2017	\$0.170	481,666
17/10/2018	\$0.185	583,334
11/10/2019	\$0.680	314,999
13/07/2020	\$0.900	191,666
		2,484,998

Indemnity and Insurance of Officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001 (Cth).

On behalf of the Directors,

A handwritten signature in black ink, appearing to read 'David Chambers'.

David Chambers
Chairman

26 August 2022

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Mach7 Technologies Limited ("the Company") and its controlled entities ("the Group") for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



M PARAMESWARAN
Partner

Dated: 26 August 2022
Melbourne, Victoria

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Statement of Profit and Loss and Other Comprehensive Income

For the Year Ended 30 June 2022

CONSOLIDATED			
	Note	30 June 2022 \$	30 June 2021 \$
Revenue from contracts with customers	5	27,080,145	19,027,093
Other income	6	761,961	260,836
Expenses			
Employee and related expenses	7	(19,851,907)	(16,675,303)
Depreciation and amortisation	7	(9,075,976)	(9,762,327)
Professional fees		(1,227,844)	(1,323,999)
General administration and office expense		(1,517,870)	(1,229,425)
Distributor and license fees		(958,149)	(585,821)
Marketing expense		(687,335)	(143,753)
Travel and related expense		(696,867)	(28,039)
Finance costs		(55,243)	(46,601)
Other expenses	7	(105,362)	(1,127,503)
Loss before income tax benefit		(6,334,447)	(11,634,842)
Income tax benefit	9	2,166,597	2,277,646
Loss after income tax benefit for the year attributable to the owners of Mach7 Technologies Limited		(4,167,850)	(9,357,196)
Other Comprehensive Income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		1,975,593	355,409
Other comprehensive income for the year, net of tax		1,975,593	355,409
Total comprehensive income for the year attributable to the owners of Mach7 Technologies Limited		(2,192,257)	(9,001,787)
		Cents	Cents
Basic and diluted earnings per share	8	(2)	(4)

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As At 30 June 2022

CONSOLIDATED			
	Note	30 June 2022	30 June 2021
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	10	25,747,608	18,363,398
Trade and other receivables	11	1,995,258	2,069,606
Customer contract assets	12	3,891,217	3,440,027
Other current assets	13	566,106	529,981
Total current assets		32,200,189	24,403,012
Non-Current Assets			
Right-of-use assets	14	1,362,708	1,032,478
Property, plant and equipment	15	705,848	419,896
Intangibles	16	43,311,870	49,862,650
Deferred tax asset		579,629	552,694
Other assets	13	761,845	698,105
Total non-current assets		46,721,900	52,565,823
Total Assets		78,922,089	76,968,835
Liabilities			
Current Liabilities			
Trade and other payables	17	3,166,646	1,640,016
Customer contract liabilities	18	7,030,020	5,580,346
Lease liabilities	19	190,509	274,111
Total current liabilities		10,387,175	7,494,473
Non-Current Liabilities			
Lease liabilities	19	1,135,850	804,017
Deferred tax liability	20	9,023,846	10,756,055
Total non-current liabilities		10,159,696	11,560,072
Total Liabilities		20,546,871	19,054,545
Net Assets		58,375,218	57,914,290
Equity			
Issued capital	21	115,295,443	113,746,239
Reserves	22	6,575,207	5,497,872
Accumulated losses		(63,495,432)	(61,329,821)
Total Equity		58,375,218	57,914,290

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the Year Ended 30 June 2022

	Issued Capital	Share Based Payments Reserves	Foreign Exchange Translation Reserve	Accumulated Losses	Total Equity
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 2020	101,791,997	3,483,810	163,546	(51,972,625)	53,466,728
Loss after income tax benefit for the year	-	-	-	(9,357,196)	(9,357,196)
Other comprehensive income for the year, net of tax	-	-	355,409	-	355,409
Total comprehensive income for the year	-	-	355,409	(9,357,196)	(9,001,787)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares pursuant to capital raisings (note 21)	11,420,497	-	-	-	11,420,497
Capital raising cost	(518,850)	-	-	-	(518,850)
Share-based payments (note 35)	96,664	1,834,884	-	-	1,931,548
Transfers upon exercise of options/ rights	347,313	(347,313)	-	-	-
Issue of shares upon option exercises	608,618	-	-	-	608,618
Foreign exchange movement	-	7,536	-	-	7,536
Balance at 30 June 2021	113,746,239	4,978,917	518,955	(61,329,821)	57,914,290

	Issued Capital	Share Based Payments Reserves	Foreign Exchange Translation Reserve	Accumulated Losses	Total Equity
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 2021	113,746,239	4,978,917	518,955	(61,329,821)	57,914,290
Loss after income tax benefit for the year	-	-	-	(4,167,850)	(4,167,850)
Other comprehensive income for the year, net of tax	-	-	1,975,593	-	1,975,593
Total comprehensive income for the year	-	-	1,975,593	(4,167,850)	(2,192,257)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 35)	-	1,695,463	-	-	1,695,463
Issue of shares upon option exercises	957,722	-	-	-	957,722
Transfers upon lapse of options	-	(2,002,239)	-	2,002,239	-
Transfers upon exercise of options/ rights	591,482	(591,482)	-	-	-
Balance at 30 June 2022	115,295,443	4,080,659	2,494,548	(63,495,432)	58,375,218

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cashflows

For the Year Ended 30 June 2022

CONSOLIDATED			
	Note	30 June 2022	30 June 2021
		\$	\$
Cash flows from operating activities			
Receipts from customers		28,168,222	21,000,020
Payments to suppliers		(21,817,048)	(20,376,729)
Interest received		22,755	82,072
Other receipts		-	790,820
Net cash from operating activities	25	6,373,929	1,496,183
Cash flows from investing activities			
Payment for purchase of business, net of cash required		-	(42,233,656)
Payments for property, plant and equipment	15	(438,563)	(99,703)
Net cash used in investing activities		(438,563)	(42,333,359)
Cash flows from financing activities			
Proceeds from issue of shares	21	957,722	12,029,115
Capital raising cost		-	(528,035)
Repayment of lease liabilities		(410,110)	(290,745)
Net cash from financing activities		547,612	11,210,335
Net increase/(decrease) in cash and cash equivalents		6,482,978	(29,626,841)
Cash and cash equivalents at the beginning of the financial year		18,363,398	48,874,210
Effects of exchange rate changes on cash and cash equivalents		901,232	(883,971)
Cash and cash equivalents at the end of the financial year	10	25,747,608	18,363,398

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Note 1. Corporate Information

The financial statements cover Mach7 Technologies Limited as a consolidated entity consisting of Mach7 Technologies Limited (the "Company" or the "Parent") and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Mach7 Technologies Limited's functional and presentation currency.

Mach7 Technologies Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX:M7T). Its registered office and principal place of business are:

Registered office

Level 4, 100 Albert Road, South Melbourne VIC 3205

Principal place of business

120 Kimball Avenue, Suite 210
South Burlington, VT 05403, United States

The nature of the operations and principal activities of Mach7 Technologies Limited and its consolidated entities (the "Group" or "Consolidated entity") are described in the Directors' Report.

The financial report of Mach7 Technologies Limited for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on **25 August 2022**.

Note 2. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mach7 Technologies Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Mach7 Technologies Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services;
- Nature of the production processes;
- Type or class of customer for the products and services;
- Methods used to distribute the products or provide the services; and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

Foreign currency translation

The financial statements are presented in Australian dollars, which is Mach7 Technologies Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. The Group has two operating segments for which revenue is recognised based on a contract with a customer:

Sale of software

Revenue from the sale of software licenses is recognised at the point in time when the customer obtains control of the software, which is generally at the time of delivery. The provision of the software licence is a distinct performance obligation as the customer can derive substantial benefits from the licence on its own when the licence is delivered and installed. Therefore, revenue from the sale of software is recognised when the software is delivered to the customer.

Rendering of professional services

Revenue from a contract to provide professional services, such as implementation, training and annual support services, is recognised over time as the services are rendered. This is because the professional services price is based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss
- equity instruments at fair value through other comprehensive income
- debt instruments at fair value through other comprehensive income

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses. Classifications are determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition of that have low credit risk ('Stage 1') and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Computer hardware and software	2 - 5 years
Furniture, fixtures & office equipment	5 - 7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is recognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before

the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired separately are initially measured at cost. Intangible asset acquired in a business combination are initially measured at their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Software development costs

Software development costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related projects.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Termination benefits

Termination benefits are recognised when a detailed plan of termination has been communicated to affected employees. They are measured as short-term employee benefits when expected to be settled wholly within 12 months of the reporting date or as long-term benefits when not expected to be settled within 12 months of the reporting date.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Retirement benefit obligations

All employees of the consolidated entity are entitled to benefits from the consolidated entity's superannuation plan on retirement, disability or death. The consolidated entity has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from entities in the consolidated entity and the consolidated entity's legal or constructive obligation is limited to these contributions.

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position and is measured at the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised, in the period in which they occur, in other comprehensive income.

Past service costs are recognised immediately in profit or loss, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time ('the vesting period'). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award

was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Mach7 Technologies Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

Note 3. Critical Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgment has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular

asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgment is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. Operating Segments

Description of segments and principal activities

Mach7 Technologies is a global provider of enterprise imaging solutions for healthcare institutions, predominantly throughout the North America, Asia Pacific, and the Middle East region. The Group's performance is monitored and reported for one main segment, which is enterprise imaging. In addition, revenue is monitored at a regional and product/services level. This information is presented in Note 5.

Profit or Loss

The Group's profit and loss is managed as a whole and is the same as what is presented in the statement of financial performance and other comprehensive income. In addition, management and the directors monitor Gross Margins, Earnings Before Interest, Tax and Depreciation (EBITDA), and EBITDA adjusted for non-cash items. This is presented below:

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Revenue from continuing operations	27,080,145	19,027,093
Third-party licenses	(958,149)	(585,821)
Operating expenditure	(22,286,360)	(17,468,971)
Other income/expenses (net)	(69,834)	244,916
EBITDA - before the following items	3,765,802	1,217,217
Share-based payments expense	(1,695,463)	(1,931,548)
Foreign exchange (losses)/gains	726,433	(1,111,583)
EBITDA	2,796,772	(1,825,914)
Depreciation & amortisation expense	(9,075,976)	(9,762,327)
Finance cost	(55,243)	(46,601)
Income tax benefit	2,166,597	2,277,646
Net loss after tax	(4,167,850)	(9,357,196)

Segment assets and liabilities

The Group's chief decision makers review and monitor assets and liabilities as a whole.

Geographical non-current assets

The total of non-current assets, other than intangible assets and investments, broken down by location of the assets, is shown in the table below:

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
North America	3,368,465	2,629,819
Asia	41,564	73,354
	3,410,029	2,703,173

Note 5. Revenue From Contracts with Customers

Disaggregation of revenue from contracts with customers

Mach7 is a global provider of medical imaging software solutions. Every software sale, or provision of services, is subject to a software license agreement, statement of work and/or an order form. The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Software License Revenue (major segment) *	15,708,322	9,731,500
Professional Services Revenue	-	-
- implementation & training services	2,143,365	1,652,865
- migration services	687,136	492,187
- other custom services	70,402	18,269
Support and maintenance (recurring revenue)	8,470,920	7,132,272
Total segment Revenue	27,080,145	19,027,093
Geographical segment revenues		
North America	20,596,566	12,422,353
Asia Pacific	5,370,775	5,441,260
Middle East	1,009,848	980,007
Europe and other regions	102,956	183,473
	27,080,145	19,027,093
Timing of revenue recognition		
Revenue recognised at a point in time	10,822,260	6,001,722
Revenue recognised over time	16,257,885	13,025,371
	27,080,145	19,027,093

* Software License Revenue is comprised of Subscription Revenue (annual recurring revenue) and Capital Software License Revenue (recognised upfront upon delivery of software and is recurring at the end of each term, which is normally 5 years)

Revenues of approximately \$5.1m, 19% (2021: \$5.1m, 27%) are derived from a single external customer.

Assets and liabilities related to contracts with customers

Refer to note 12 and note 18 for current assets and current liabilities (respectively) related to contracts with customers.

Revenue recognised in relation to prior year contract liabilities

The following table shows revenue recognised in the current reporting period that related to carried-forward contract liabilities:

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Revenue recognised that was included in the contract liability balance at the beginning of the period:</i>		
Support & Maintenance Revenue	3,915,299	2,280,762
Professional Services Revenue	483,270	229,748
	4,398,569	2,510,510

Revenue recognised from performance obligations satisfied in previous periods

There was no revenue recognised during the year from performance obligations satisfied in previous periods (2021: nil).

Unsatisfied performance obligations

The following table shows unsatisfied performance obligations resulting from fixed-price professional services and annual maintenance contracts.

	Consolidated	
	2022	2021
	\$	\$
Contracted Support & Maintenance Revenue and Subscription Revenue (recurring)	17,048,215	13,856,310
Contracted Professional Services Revenue (non-recurring)	2,366,116	1,719,052
Contracted Capital Software License Revenue (non-recurring)	232,758	1,995
	19,647,089	15,577,357
<u>Amounts expected to be recognised as revenues:</u>		
Contracted Support & Maintenance and Subscription Revenue within one year	15,102,993	13,856,310
Contracted Professional Services & Capital Software License Revenue within one year	2,598,873	1,661,191
Contracted Professional Services & Capital Software License Revenue within two years	-	59,856
	2,598,873	1,721,047

Note 6. Other Income

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Net foreign exchange gain	726,433	-
Interest income	26,966	40,028
Government grants & rebates	-	89,346
Doubtful debt recovered	-	114,746
Other revenues	8,562	16,716
Other Income	761,961	260,836

Note 7. Expenses

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation		
Amortisation of intangible asset	8,608,616	9,272,951
Depreciation of right-to-use assets	272,900	279,825
Depreciation of property, plant and equipment	194,460	209,551
	9,075,976	9,762,327
Employee salaries, benefit and staff related expenses		
Salaries, wages, commissions and superannuation	13,704,545	12,090,861
Employee benefits	1,189,918	945,548
Employer tax	728,112	578,021
Contractors	317,550	410,539
Other employment related expenses	381,057	175,184
Bonuses	1,371,131	368,613
Severance	231,891	265,998
Defined contribution plan expense (superannuation)	328,862	326,181
Annual leave provision movement	(96,622)	(417,190)
Total excluding Share-based payments	18,156,444	14,743,755
Share-based payments (note 35)	1,695,463	1,931,548
TOTAL	19,851,907	16,675,303
Other expenses		
Losses (net of any gains during the year) on fixed asset disposals	6,001	753
Other tax	43,168	15,167
Foreign exchange losses	-	1,111,583
Doubtful debt expense	56,193	-
	105,362	1,127,503

Note 8. Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the net loss for the half-year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the half-year. The income and share data used in the calculations of basic and diluted EPS is as follows:

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Basic and diluted earnings per share for loss</i>		
Loss after income tax attributable to the owners of Mach7 Technologies Limited	(4,167,850)	(9,357,196)
	Number	Number
Weighted average number of ordinary shares used as the denominator		
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	237,724,674	234,660,089
	Cents	Cents
Basic and diluted earnings per share	(2)	(4)

Note 9. Income Tax Benefit

(a) Unused tax losses

At 30 June 2022, the Group has gross tax losses of \$53,191,321 (2021: \$49,839,238) arising in Australia (\$19.7m), US (\$23.1m), Singapore (\$2.4m) and Canada (\$7.9m) that are likely to be available indefinitely for offset against future taxable profits of the companies in which the losses arose, subject to satisfying the relevant income tax loss carry forward rules.

Regarding the Singapore tax losses, the ministerial waiver application that was lodged with the Tax Comptroller in Singapore to allow the utilisation of prior carried forward losses of \$6.7 million was approved on 3 January 2022. This allows the utilization of carried forward losses that were incurred prior to the acquisition of the Singapore entity by the Group on 8 April 2016. These losses have been offset against taxable profits in the Singapore entity for 30 June 2022 and prior years, and \$2.4 million of carried forward losses remain.

Of the US tax losses, \$12.1 million were generated before the change in control that occurred in 2016. During previous year, these losses were tested for use by an independent third party who determined these losses will be fully available. Management may further test these losses when it becomes likely that they will be utilised.

(b) Deferred tax liabilities

The Group has recognised a deferred tax liability of as a result of the acquisition of Mach7 Technologies Pte. Ltd in accordance with AASB112 Income Taxes. Refer to note 20.

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
(c) Income tax expense		
The major components of income tax expense are:		
Current income tax on profits	-	-
(Increase) / decrease in deferred tax assets	-	-
(Decrease) / increase in deferred tax liabilities	(2,166,597)	(2,277,646)
	(2,166,597)	(2,277,646)

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(6,334,447)	(11,634,842)
Tax at the statutory tax rate of 25% (2021: 30%)	(1,583,612)	(3,490,453)
Tax effect amounts which are not deductible/(taxable in calculating taxable income:		
Share-based payments	59,648	284,147
Unrealised foreign exchange (gains)/losses	(79,978)	242,919
Acquisition costs	-	15,700
Other non-deductible expenses/non-assessable income	18,403	133,799
	(1,585,539)	(2,813,888)
Deferred tax liability not recognised for temporary differences	(107,994)	(283,414)
Option exercises deductible for tax	8,414	(154,749)
Tax losses not recognised	419,843	972,766
Tax losses utilised ¹	(716,864)	(349,468)
Differences in local tax rates	(184,457)	351,107
Income tax benefit	(2,166,597)	(2,277,646)

Note 10. Cash and Cash Equivalents

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Current assets</i>		
Cash at bank	18,322,399	10,407,570
Cash on deposit	7,425,209	7,955,828
	25,747,608	18,363,398

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 11. Trade and Other Receivables

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Current assets</i>		
Trade receivables	1,917,425	2,414,061
Less allowance for expected credit losses	-	(421,172)
	1,917,425	1,992,889
Interest receivable	6,787	2,576
GST receivable	19,393	8,459
	26,180	11,035
Other receivables	51,653	65,682
	1,995,258	2,069,606

Trade receivables typically have 30-45 day payment terms.

The carrying amounts of trade and other receivables are assumed to approximate their fair values due to their short-term nature.

Allowance for expected credit losses

The consolidated entity has recognised \$nil (2021: gain \$114,746) in profit or loss in respect of expected credit losses net of recoveries for the year ended 30 June 2022. The aging of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	%	%	\$	\$	\$	\$
Consolidated						
Not overdue	-	-	815,313	769,375	-	-
0 to 3 months overdue	-	1.00%	771,440	1,111,375	-	13,978
3 to 6 months overdue	-	-	144,794	12,019	-	-
Over 6 months overdue	-	68.00%	263,711	598,009	-	407,194
			1,995,258	2,490,778	-	421,172

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Opening balance	421,172	245,006
Additions through business combinations	-	547,641
Additional provisions recognised	-	13,978
Bad debts written off	(459,637)	(65,266)
Amounts recovered	-	(276,303)
Foreign exchange impact	38,465	(43,884)
Closing balance	-	421,172

Note 12. Customer Contract Assets

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Current assets</i>		
Contract assets	3,891,217	3,440,027

Customer contract assets (or accrued revenue) represents software license revenue and professional services revenue which have been recognised as revenue which are yet to be invoiced to the customer. The customer is invoiced when certain contract milestones have been met.

This can fluctuate from period to period, as these balances are impacted by the timing of when contracted sales occur and the payment milestones that are specified with each contract.

Note 13. Other Assets

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Current assets</i>		
Prepayments	418,407	419,363
Deferred expenses	118,670	78,371
Security deposits	29,029	32,247
	566,106	529,981
<i>Non-current assets</i>		
Contract deposits	761,845	698,105
	1,327,951	1,228,086

Contract deposit relates to 5% contract deposit in cash to a customer, Hospital Authority of Hong Kong, as security for the due and faithful performance of Mach7's services under the contract. This contract deposit will be held throughout the term of the contract, which ends October 2023.

Note 14. Right-of-Use Assets

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	1,503,027	1,440,973
Less: Accumulated depreciation	(140,319)	(408,495)
	1,362,708	1,032,478

	Consolidated	
	2022	2021
	\$	\$
Net book value - opening balance	1,032,478	306,959
Acquisitions ¹	-	1,019,668
Additions	554,002	-
Depreciation	(272,900)	(279,825)
Disposal	4,043	-
Foreign exchange movements	45,085	(14,324)
	1,362,708	1,032,478

¹2021 balances were acquired through a business combination.

The consolidated entity leases land and buildings for its offices in Vermont (USA), Waterloo (Canada) and Johor (Malaysia). The Vermont lease originally commenced 1 August 2014. This lease was renewed for a further seven years through to 31 July 2029 with annual increases of 3% for each year from 31 July 2023 onwards. The Waterloo lease commenced 1 November 2019, for a term of 6 years ending 31 December 2026. This lease was renegotiated in April 2022 to reduce the size of the rented premises by approximately half. This lease has the option to renew for a further two additional periods of five years each. The Johor lease originally commenced 1 June 2019. It was renewed on 1 June 2022 for a term of two years through 31 May 2024, with an option to renew for a further two years. On renewal, the terms of the Johor lease will be renegotiated.

Note 15. Property, Plant and Equipment

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Non-current assets</i>		
Leasehold improvements - at cost	346,434	226,606
Less: Accumulated depreciation	(147,741)	(114,608)
	198,693	111,998
Computer equipment - at cost	1,061,834	944,657
Less: Accumulated depreciation	(844,730)	(743,428)
	217,104	201,229
Office equipment - at cost	502,679	323,763
Less: Accumulated depreciation	(212,628)	(217,094)
	290,051	106,669
	705,848	419,896

Reconciliations

	Office Equipment	Computer Hardware & Software	Leasehold Improvement	Total
	\$	\$	\$	\$
Balance at 1 July 2020	45,483	135,802	-	181,285
Additions	106,323	212,412	142,608	461,343
Disposals	(572)	(181)	-	(753)
Depreciation expense	(42,270)	(135,594)	(31,687)	(209,551)
Foreign exchange revaluations	(2,295)	(11,210)	1,077	(12,428)
Balance at 30 June 2021	106,669	201,229	111,998	419,896

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Office Equipment	Computer Hardware & Software	Leasehold Improvement	Total
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2021	106,669	201,229	111,998	419,896
Additions	233,236	125,394	108,498	467,128
Disposals	(5,458)	(841)	-	(6,299)
Exchange differences	4,126	10,848	4,609	19,583
Depreciation expense	(48,522)	(119,526)	(26,412)	(194,460)
Balance at 30 June 2022	290,051	217,104	198,693	705,848

Note 16. Intangibles

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	4,299,657	4,099,854
Patents and trademarks - at cost	1,017,137	991,780
Less: Accumulated amortisation	(856,588)	(729,171)
	160,549	262,609
Customer contracts - at cost	11,621,152	11,491,206
Less: Accumulated amortisation	(9,923,774)	(9,339,416)
	1,697,378	2,151,790
Software - at cost	57,744,426	55,733,272
Less: Accumulated amortisation	(25,289,549)	(17,062,821)
	32,454,877	38,670,451
Brand - at cost	6,114,670	5,902,924
Less: Accumulated amortisation	(1,415,261)	(1,224,978)
	4,699,409	4,677,946
	43,311,870	49,862,650

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Patents	Customer Contracts	Brand Names	Software	Goodwill	
	\$	\$	\$	\$	\$	
Balance at 1 July 2020	379,693	1,182,651	523,279	4,858,420	-	6,944,043
Additions	-	2,629,181	4,284,231	40,691,453	4,042,562	51,647,427
Amortisation expense	(108,975)	(1,682,393)	(190,283)	(7,291,300)	-	(9,272,951)
Exchange differences	(8,109)	22,351	60,719	411,878	57,292	544,131
Balance at 30 June 2021	262,609	2,151,790	4,677,946	38,670,451	4,099,854	49,862,650

Consolidated	Patents	Customer Contracts	Brand Names	Software	Goodwill	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	262,609	2,151,790	4,677,946	38,670,451	4,099,854	49,862,650
Exchange differences	7,089	88,312	211,746	1,550,886	199,803	2,057,836
Amortisation expense	(109,149)	(542,724)	(190,283)	(7,766,460)	-	(8,608,616)
Balance at 30 June 2022	160,549	1,697,378	4,699,409	32,454,877	4,299,657	43,311,870

Amortisation methods and useful lives

The group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Patents and software acquired - 7 years
- Customer contracts - 5 years
- Brand names - 7 years and indefinite

Customer contracts, software, brand names and patents

The customer contracts, software, brand names and patents were acquired as part of two business combinations. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

Impairment tests for goodwill and indefinite useful life brand names

For impairment testing, the Group views that its past business combination giving rise to goodwill on acquisition relate to synergistic opportunities for its Enterprise Imaging Segment. Therefore, goodwill is allocated to the Group's Enterprise Imaging Segment, being the only operating and reportable segment of the business. The recoverable amount of that segment (cash generating unit) was determined based on a value-in-use calculation using a discounted cash flow valuation which requires the use of assumptions. The valuation estimates future cash flows over a five-year period. Cash flows beyond the five-year forecast period are extrapolated using the estimated terminal growth rates.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive. The following table sets out the key assumptions for the Enterprise Imaging cash-generating unit to which goodwill and indefinite life intangible have been allocated:

Item	Key Assumption	Rationale
Revenue growth rates	First year = Budget Year 2 to 5 = 13.4%, (CAGR from Signify research for Enterprise Imaging)	Year 2 to 5 growth rate is based on market and management's best estimates which are less than the CAGR achieved by Mach7 over the last 4 years, such that this is a conservative basis.
Expenditure growth rates	First year = Budget Year 2 to 5 = Average 4% growth rate across all expenditure	In line with expected EBITDA margins.
Tax rate	23.8%	Average tax rate between USA and Canada on the assumption profit will be earned evenly across the two Jurisdictions.
Discount rate	14% post-tax; 18.37% pre-tax	As per management's estimate of the Group's weighted average cost of capital.
Terminal growth rate	2%	Growth rate reverts back to long-term inflation targets at Year 5.

Results of impairment testing and sensitivity to changes in assumptions

Based on the discounted cash flow valuation using the assumptions above, the recoverable amount of goodwill and other intangible assets exceeded the carrying amount at 30 June 2022 and no impairment charge was recognised.

Sensitivity

Revenue growth rate for years 1 to 5 will need to decrease to 9% per annum for there to be no headroom available when comparing the calculation of the estimated recoverable amount of the cash-generating unit against its carrying value at 30 June 2022. Management believes that other reasonable changes in the key assumption on which the recoverable amount of the cash-generating unit is based would not cause its carrying amount to exceed its recoverable amount.

Note 17. Trade and Other Payables

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Current liabilities</i>		
Trade creditors	723,679	252,290
Accrued expenses	502,601	165,510
Employee entitlements and related costs	1,522,161	633,345
Distributor/reseller commissions payable	418,205	588,771
	<u>3,166,646</u>	<u>1,640,016</u>

Refer to note 24 for further information on financial instruments.

Trade creditors are non-interest bearing and are normally settled on 30-day terms. Accrued expenses comprise general operating expenses where costs are incurred but have not yet been invoiced. Employee entitlements includes sales commissions, redundancy provisions, withholding taxes, superannuation etc. Distributor/reseller commissions will become payable at the time the customer pays their invoice, usually within 30-45 days.

Due to the short-term nature of trade and other payables, their carrying value is assumed to approximate their fair value.

Note 18. Customer Contract Liabilities

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Current liabilities</i>		
Support & Maintenance Revenue received in advance	5,069,197	3,940,689
Professional Service Revenue received in advance	940,780	779,846
Subscription Revenue received in advance	982,955	857,815
Capital Software License Revenue received in advance	37,088	1,996
	<u>7,030,020</u>	<u>5,580,346</u>

Customer contract liabilities (or deferred revenue) represents cash amounts that have been collected from customers that will be recognised as revenue in a future period. This does not result in cash outflows and therefore does not affect the liquidity of the group. Revenue is recognised when Support & Maintenance services are performed, when Professional Services milestones are achieved, when the customer achieves first productive use for Subscriptions, and when Capital Software Licenses are delivered. The carrying values are assumed to approximate the fair values for these balances. Support & maintenance revenue and Subscription revenue received in advance are expected to grow year on year as the Group signs new customer contracts, i.e. every new Support & Maintenance contract and Subscription contract signed going forward will add to this balance. Professional Service Revenue received in advance are expected to fluctuate from year to year, as timing of sales orders and cash payment milestones will impact this balance.

Note 19. Lease Liabilities

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Current liabilities</i>		
Lease liability	190,509	274,111
<i>Non-current liabilities</i>		
Lease liability	1,135,850	804,017
	1,326,359	1,078,128

Refer to note 24 for further information on financial instruments.

Note 20. Deferred Tax Liability

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Non-current liabilities</i>		
Deferred tax liability	9,023,846	10,756,055
Initial recognition value	10,756,055	17,945,735
Accumulated amortisation	(1,732,209)	(7,189,680)
	9,023,846	10,756,055
<i>Movements:</i>		
Opening balance	10,756,055	1,438,662
Additions through business combinations	-	11,479,968
Amortisation credit for the period	(2,166,597)	(2,277,646)
Foreign exchange differences	434,388	115,071
Closing balance	9,023,846	10,756,055

Note 21. Issued Capital

	Consolidated			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	238,826,048	236,341,050	115,295,443	113,746,239

Movements in ordinary share capital

Details		Shares	\$
Balance	1 July 2020	217,581,854	101,791,997
Issue of shares pursuant to capital raising, at 68 cents per share		16,794,848	11,420,497
Options exercised during the year		1,891,668	955,931
Issue of shares to Directors pursuant to 2020 AGM		72,680	96,664
Costs associated with issue of new shares during the year		-	(518,850)
Balance	30 June 2021	236,341,050	113,746,239
Options exercised during the year		2,484,998	1,549,204
Balance	30 June 2022	238,826,048	115,295,443

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Options and Performance rights outstanding

Options and Performance rights do not entitle the holders to voting rights, to participate in dividends or the proceeds on winding up of the Company. Refer to note 35 for details on Options and Performance rights.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2021 Annual Report.

Note 22. Reserves

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Foreign currency reserve	2,494,548	518,955
Options reserve	4,080,659	4,978,917
	6,575,207	5,497,872

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Options reserve

The Company has a share-based payment option scheme under which options to subscribe for the Company's shares have been granted to certain executives and other employees.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Options reserve	Foreign Exchange Translation Reserve	Total
Consolidated	\$	\$	\$
Balance at 1 July 2020	3,483,810	163,546	3,647,356
Share based payments	1,834,884	-	1,834,884
Foreign exchange on share-based payments	7,536	-	7,536
Transfer to share capital	(347,313)	-	(347,313)
Foreign exchange on translation of subsidiaries	-	355,409	355,409
Balance at 30 June 2021	4,978,917	518,955	5,497,872
Share based payments	1,695,463	-	1,695,463
Transfer upon lapse of options	(2,002,239)	-	(2,002,239)
Transfer to share capital	(591,482)	-	(591,482)
Foreign exchange on translation of subsidiaries	-	1,975,593	1,975,593
Balance at 30 June 2022	4,080,659	2,494,548	6,575,207

Note 23. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 24. Financial Instruments

Financial risk management objectives

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Aging analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board, through the Audit and Risk Management Committee, reviews and agrees policies for managing each of these risks as summarised below. This includes the setting of limits of concentration risks with any one financial institution, credit rate limits, and future cash flow forecast projections.

Market risk

Foreign currency risk

The Group has transactional currency exposure. Such exposure arises from purchases by the Group in currencies other than the functional currency and through foreign currency receipts in the form of milestone, profit share or expense reimbursements under the Group's various collaborations. Generally, the Group does not use financial instruments to hedge the foreign exchange exposure.

The Group's exposure to foreign currency risk at the reporting date that are not designated in cash flow hedges was as follows (all amounts are in AUD):

30 June 2022	USD \$	SGD \$	CAD \$	GBP \$	Total \$
Financial assets					
Cash and cash equivalents	17,438,768	70,521	206,659	-	17,715,948
Accounts receivables	1,934,163	34,914	-	-	1,969,077
Customer contract assets	3,891,217	-	-	-	3,891,217
	23,264,148	105,435	206,659	-	23,576,242
Financial liabilities					
Trade and other payables	(1,994,713)	(147,864)	(374,725)	-	(2,517,302)
Lease liabilities	(884,518)	(28,578)	(413,263)	-	(1,326,359)
	(2,879,231)	(176,442)	(787,988)	-	(3,843,661)
Net exposures					
Financial assets	23,264,148	105,435	206,659	-	23,576,242
Financial liabilities	(2,879,231)	(176,442)	(787,988)	-	(3,843,661)
Net exposures	20,384,917	(71,007)	(581,329)	-	19,732,581

30 June 2021	USD \$	SGD \$	CAD \$	GBP \$	Total \$
Reconciliation of financial assets and liabilities denominated in foreign currency					
Financial assets					
Cash and cash equivalent	9,749,243	7,261	218,870	-	9,975,374
Accounts receivables	1,939,980	13,817	-	10,636	1,964,433
Customer contract assets	3,440,027	-	-	-	3,440,027
	15,129,250	21,078	218,870	10,636	15,379,834
Financial liabilities					
Trade and other payables	(766,773)	(206,396)	(233,984)	-	(1,207,153)
Lease liabilities	(128,969)	(44,096)	(905,063)	-	(1,078,128)
	(895,742)	(250,492)	(1,139,047)	-	(2,285,281)
Financial assets	15,129,250	21,078	218,870	10,636	15,379,834
Financial liabilities	(895,742)	(250,492)	(1,139,047)	-	(2,285,281)
Net exposures	14,233,508	(229,414)	(920,177)	10,636	13,094,553

Based on the financial instruments held at 30 June 2022, had the Australian dollar strengthened/weakened by 10% against the above currencies, with all other variables held constant, the Group's post-tax loss for the year would have been (reduced)/increased by:

	Profitability (post-tax) higher/(lower)	Profitability (post-tax) higher/(lower)	Equity (excluding accumulated losses)	Equity (excluding accumulated losses)
	2022	2021	2022	2021
Sensitivity	\$	\$	\$	\$
AUD strengthens +10% (2021:+10%)	(1,793,871)	(1,196,932)	-	-
AUD weakens -10% (2021:-10%)	2,192,509	1,462,917	-	-

Management believes the balance date risk exposures are representative of the risk exposure inherent in those financial instruments.

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the historical movements and economic forecaster's expectations;
- The reasonably possible movement of 10% was calculated by taking the foreign currency spot rate as at balance date, moving this spot rate 10% and re-converting the foreign currency into AUD with the "new spot-rate"; and
- This methodology reflects the translation methodology undertaken by the Group.

Price risk

The consolidated entity does not consider it to have any material exposure to price risk.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the income earned on the Group's cash and short-term deposits of various deposit terms.

At 30 June 2022, the Group's cash and cash equivalents comprised of deposits on call and foreign currency accounts.

The Group's policy to manage its interest rate risk, given its dependence on cash and cash equivalents is to keep maturities short generally using 30-90 day term deposit and short-term money market facilities. The Group constantly analyses its interest rate exposure with respect to renewal of existing positions, alternative investment opportunities / facilities and whether to consider a mix of fixed and variable instruments.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated as cash flow hedges (other currencies or non-interest bearing accounts are not included):

As at the reporting date, the consolidated entity had the following variable rate borrowings and interest rate swap contracts outstanding:

	30 June 2022 Balance	30 June 2021 Balance
Consolidated	\$	\$
Deposits at call (maturity date < 3 months after 30 June)	7,425,209	7,955,828
Term deposit (maturity date > 3 months after 30 June)	-	-
Net exposure to cash flow interest rate risk	7,425,209	7,955,828

An analysis by remaining contractual maturities in 'liquidity and interest rate risk management' below.

	2022		2021	
Consolidated - 30 June 2022	Effect on Profit (post-tax) higher/(lower)	Effect on equity	Effect on Profit (post-tax) higher/(lower)	Effect on equity
Interest rate strengthens +0.25% or 25 basis points (2021: +0.25% or 25 basis points)	18,563	-	19,890	-
Interest rate weakens -1% or 100 basis points (2021: -1% or 100 basis points)	(74,252)	-	(79,558)	-
	(55,689)	-	(59,668)	-

The Group believes that the carrying amount approximates fair value because of their short term to maturity. Significant assumptions used in the interest rate sensitivity analysis include:

- Reasonably possible movements in interest rates were determined based on economic forecaster's expectations
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from the balance date.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, short term deposits, trade and other receivables and customer contract assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trades and other receivables.

Cash deposits are all held with Westpac Banking Corporation.

Liquidity risk

The Group's objective is to maintain a balance between continuity of product development utilising an optimal combination of equity funding, finance and operating lease commitments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows and matching maturity profiles in financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 30 June 2022	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	3,166,646	-	-	-	3,166,646
<i>Interest-bearing - fixed rate</i>						
Lease liability	5.21%	251,640	257,159	714,691	328,635	1,552,125
Total non-derivatives		3,418,286	257,159	714,691	328,635	4,718,771

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 30 June 2021	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	1,640,016	-	-	-	1,640,016
<i>Interest-bearing - fixed rate</i>						
Lease liability	4.10%	311,717	187,387	564,096	98,104	1,161,304
Total non-derivatives		1,951,733	187,387	564,096	98,104	2,801,320

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 25. Reconciliation of Loss After Income Tax to Net Cash from Operating Activities

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Loss after income tax benefit for the year	(4,167,850)	(9,357,196)
Adjustments for:		
Depreciation and amortisation	9,075,976	9,762,327
Lease interest expense	55,212	51,014
Net loss on disposal of property, plant and equipment	-	753
Share-based payments	1,695,463	1,931,548
Foreign exchange differences	(615,973)	841,235
Income tax benefits	(2,166,597)	(2,277,646)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	75,465	(432,711)
Decrease/(increase) in customer contract deposits	(451,190)	(1,472,550)
Decrease/(increase) in other current assets	(100,981)	(167,632)
Increase/(Decrease) in trade and other payables	1,524,730	(1,394,583)
Increase in customer contract liabilities	1,449,674	2,802,864
Other adjusting items	-	9,186
Net operating assets acquired	-	1,199,574
Net cash from operating activities	6,373,929	1,496,183

Note 26. Key Management Personnel Disclosures

Directors

The following persons were directors of Mach7 Technologies Limited during the financial year:

- **Mr David Chambers** - Chairman
- **Mr Michael Lampron** - Managing Director and Chief Executive Officer
- **Mr Robert Bazzani** - Non-Executive Director
- **Dr Eliot Siegel** - Non-Executive Director
- **Mr Philippe Houssiau** - Non-Executive Director

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Ms Jenni Pilcher - Chief Financial Officer & Company Secretary	Resigned on 18 October 2021
Mr Steve Rankin - Chief Product Officer	Resigned on 29 October 2021
Mr Steven Parkes - Chief Financial Officer	Appointed on 27 September 2021

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Short-term employee benefits	1,926,592	1,338,141
Post-employment benefits	30,050	42,120
Share-based payments	457,997	584,331
	2,414,639	1,964,592

Note 27. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Audit services - RSM Australia Partners</i>		
Audit or review of the financial statements	148,000	141,000
<i>Other services - RSM Australia Partners</i>		
Preparation of the tax return	8,750	22,250
	156,750	163,250

Note 28. Commitments

There are no expenditure commitments as at 30 June 2022 (2021: nil).

Note 29. Related Party Transactions

Parent entity

Mach7 Technologies Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Key management personnel

Disclosures relating to key management personnel are set out in note 26.

Transactions with related parties

There were not transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties are the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 30. Parent Entity Information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2022	30 June 2021
	\$	\$
Loss after income tax	(1,105,336)	(1,371,298)
Total comprehensive income	(1,105,336)	(1,371,298)

Statement of financial position

	Parent	
	30 June 2022	30 June 2021
	\$	\$
Total current assets	13,638,212	13,019,953
Total assets	85,788,876	83,806,741
Total current liabilities	844,917	410,631
Total liabilities	844,917	410,631
Equity		
Issued capital	115,295,443	113,746,239
Options reserve	4,080,659	4,978,917
Accumulated losses	(34,432,143)	(35,329,046)
Total equipment	84,943,959	83,396,110

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 31. Interests in Subsidiaries

Mach7 Technologies Limited is the ultimate parent of the Group. The consolidated financial statements include the financial statements of Mach7 Technologies Limited and its direct/indirect subsidiaries listed below:

Name	Principal place of business / Country of incorporation	Ownership Interest	
		30 June 2022	30 June 2021
		%	%
Direct subsidiary			
Mach7 Technologies International Pty Ltd	Australia	100.00%	100.00%
Indirect subsidiaries			
Mach7 Technologies UK Ltd	UK	100.00%	100.00%
Mach7 Technologies Pte Ltd	Singapore	100.00%	100.00%
Mach7 Technologies, Inc.	U.S.A.	100.00%	100.00%
Mach7 Technologies Canada Inc.	Canada	100.00%	100.00%

Note 32. Contingent Assets

The Group has no contingent assets at 30 June 2022 (2021: none).

Note 33. Contingent Liabilities

On 3 November 2021, Mach7 Technologies, Inc. a wholly owned subsidiary of Mach7 Technologies Limited received a patent infringement claim from AI Visualize.

On 8 July 2022, a notice was received from the United States District Court for the District of Delaware that it granted the Group's request to dismiss all claims asserted by AI Visualize. The Court based its dismissal on a finding that AI Visualize's patents were not eligible for patenting. AI Visualize's claims of willful infringement was therefore dismissed.

On 9 August 2022, the Group received notice from the United States District Court for the District of Delaware that AI Visualize has appealed the dismissal to the United States Court of Appeals for the Federal Circuit. The Group will continue to defend itself in relation to this matter. Much like the original claim, management believes that the appeal is highly unlikely to be successful. The timing of the finalisation of this matter is unknown.

Note 34. Events After the Reporting Period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 35. Share-Based Payments

A share option plan has been established by the entity, whereby the entity may grant options and performance rights over ordinary shares in the company to certain key management personnel, employees and consultants of the entity. The options are issued for nil consideration.

Set out below are summaries of options granted and on issue under the plan at the end of the year:

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Share based payment expense	1,695,463	1,931,548

Types of share-based payment plans

Employee Share Option Plan, 'ESOP'

A Long-Term Incentive Plan has been established and approved by shareholders where Mach7 Technologies Limited may, at the discretion of the Board, grant options over the ordinary shares of Mach7 Technologies Limited to Directors, Executives, contractors and employees of the consolidated entity. The options, issued for nil consideration, are exercisable any time two to three years after the issue date and expire four to five years after the issue date.

The exercise of the options is not subject to any performance conditions other than the employee remaining in the employ of the Company at the date of exercise. The options cannot be transferred and will not be quoted on the ASX.

Set out below are summaries of options granted under the plan:

	Number of options 30 June 2022	Weighted average exercise price 30 June 2022	Number of options 30 June 2021	Weighted average exercise price 30 June 2021
Outstanding at the beginning of the financial year	10,163,331	\$0.729	8,746,669	\$0.174
Granted	4,060,000	\$0.975	4,160,000	\$1.297
Exercised	(2,484,998)	\$0.383	(1,891,668)	\$0.322
Expired/Forfeited	(946,668)	\$1.079	(851,670)	\$0.864
Outstanding at the end of the financial year	10,791,665	\$0.907	10,163,331	\$0.729
Exercisable at the end of the financial year	4,574,984	\$0.660	4,019,997	\$0.354

30 June 2022							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/01/2017	27/01/2022	\$0.410	913,333	-	(913,333)	-	-
03/11/2017	03/11/2022	\$0.170	1,144,999	-	(481,666)	-	663,333
17/10/2018	17/10/2023	\$0.185	1,351,666	-	(583,334)	-	768,332
12/11/2018	12/11/2023	\$0.244	450,000	-	-	-	450,000
02/05/2019	02/05/2024	\$0.265	50,000	-	-	-	50,000
11/10/2019	11/10/2024	\$0.680	1,301,667	-	(314,999)	(75,001)	911,667
11/10/2019	01/10/2024	\$0.680	166,667	-	-	-	166,667
11/10/2019	18/10/2022	\$0.680	166,666	-	-	-	166,666
18/11/2019	18/11/2024	\$0.820	285,000	-	-	-	285,000
18/11/2019	18/11/2024	\$0.800	250,000	-	-	-	250,000
18/11/2019	18/11/2024	\$0.950	250,000	-	-	-	250,000
18/11/2019	18/11/2024	\$1.100	250,000	-	-	-	250,000
13/07/2020	30/06/2025	\$0.900	858,333	-	(191,666)	(133,334)	533,333
01/12/2020	30/11/2025	\$1.400	85,000	-	-	-	85,000
03/02/2021	30/06/2025	\$1.480	2,640,000	-	-	(253,333)	2,386,667
10/09/2021	31/08/2026	\$0.980	-	3,275,000	-	(485,000)	2,790,000
11/11/2021	11/11/2026	\$0.910	-	110,000	-	-	110,000
11/11/2021	31/12/2025	\$1.380	-	225,000	-	-	225,000
20/01/2022	20/01/2027	\$0.782	-	200,000	-	-	200,000
24/02/2022	24/02/2027	\$0.731	-	250,000	-	-	250,000
			10,163,331	4,060,000	(2,484,998)	(946,668)	10,791,665
Weighted average exercise price			\$0.729	\$0.975	\$0.383	\$1.079	\$0.907

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2 years 7 months (2021: 2 years 10 months).

Option pricing model

Equity-settled transactions

The fair value of the equity-settled share options granted under the ESOP is estimated as at the date of grant using a Black-Scholes option pricing model taking into account the terms and conditions upon which the option was granted. The model takes into account the share price volatilities and co-variances of the Company and excludes the impact of any estimated forfeitures related to the service-based vesting conditions on the basis that management has assessed the forfeiture rate to be zero.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
10/09/2021	31/08/2026	\$0.979	\$0.980	46.00%	-	0.64%	\$0.394
11/11/2021	11/11/2026	\$0.935	\$0.910	50.00%	-	0.63%	\$0.380
11/11/2021	31/12/2025	\$0.935	\$1.380	65.00%	-	1.30%	\$0.378
20/01/2022	20/01/2027	\$0.760	\$0.782	65.00%	-	1.66%	\$0.416
24/02/2022	24/02/2027	\$0.730	\$0.731	66.00%	-	1.89%	\$0.408

Performance rights

The Company has on issue 1,180,299 (2021: 540,115) performance rights of which 378,114 expire on 30 September 2023 and balance 802,185 expires on 30 September 2024. The latter is subject to Total Shareholder Return (TSR) hurdles over the vesting period to 30 June 2023.

Summaries of performance rights is as below:

	30 June 2022	30 June 2021
Outstanding at the beginning of the financial year	540,115	-
Granted	802,185	540,115
Expired/Forfeited	(162,001)	-
Outstanding at the end of the financial year	1,180,299	540,115

During the year, the consolidated entity issued 402,185 performance rights (PR1) to Mr Michael Lampron and 400,000 performance rights (PR2) to Mr Steven Parkes with various vesting conditions relating to service period and performance hurdles. The fair value of the performance rights was determined at \$228,331 using the Black Scholes option pricing model using the following inputs:

	Performance rights 1	Performance rights 2
Number of performance rights granted	402,185	400,000
Grant date	11 November 2021	9 December 2021
Expiry date	30 September 2024	30 September 2024
Weighted average share price at date of grant (\$)	\$0.935	\$0.835
Weighted average exercise price (\$)	Nil	Nil
Weighted average volatility %	50%	50%
Weighted average risk-free rate %	0.63%	0.63%
Fair value per performance right \$	0.519	0.493
Fair value of performance right \$	\$208,734	\$197,220

Directors' Declaration

30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors,



David Chambers
Chairman

26 August 2022

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INDEPENDENT AUDITOR'S REPORT To the members of Mach7 Technologies Limited

Opinion

We have audited the financial report of Mach7 Technologies Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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Basis for Opinion (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 5 in the financial statements	
Revenue recognition was considered a key audit matter, as it involves significant management estimates and judgement. The Group's revenue is derived from the sale of software licenses and provision of professional services including implementation and training, migration, and support and maintenance. Revenue in respect of some of the service contracts is based on percentage of completion, which involves management's estimate and judgement.	Our audit procedures in relation to the recognition of revenue included, among others: - Assessing whether the Group's revenue recognition policies were in compliance with AASB 15 <i>Revenue from Contracts with Customers</i>; - For a sample of revenue transactions, we substantiated transactions by agreeing to supporting documentation, including contracts with customers; - For a sample of revenue transactions that were recognised on a percentage of completion basis, our testing included: - Agreeing the contract price to customer contracts; and - Assessing the reasonableness of management's estimated percentage of completion for services delivered up to 30 June 2021. - Reviewing sales transactions before and after year-end to ensure that revenue was recognised in the correct period.

Key Audit Matters (continued)

Impairment assessment of Goodwill and Intangibles Refer to Note 16 in the financial statements	
At 30 June 2022, the Group has intangible assets and goodwill (collectively known as intangibles) with carrying values of \$39m and \$4.3m respectively. We determine this to be a Key Audit Matter due to the materiality of the intangibles. In addition, the directors' assessment of the recoverable amount of the cash generating unit ("CGU") to which these intangibles relate to involves significant judgments and estimates. Namely, the calculation of the recoverable amount of the CGU involves judgements about the future underlying cashflows of the CGU, estimated growth rates for the CGU, and judgments of an appropriate discount rate to apply to the estimated cashflows. Management also performed sensitivity analysis over the calculations, by varying the assumptions used in the revenue growth rate to assess the impact on the valuations.	Our audit procedures, which involved the assistance of our Corporate Finance team where required, included: - Assessing whether there is a change in assumptions supporting management's determination that the intangible assets should be allocated to a single CGU, based on the nature of the Group's operating business; - Assessing the valuation methodology used to determine the recoverable amount of the intangible assets and CGU to which the goodwill has been allocated to; - Verifying the mathematical accuracy of the impairment assessment calculations; - Evaluating the reasonableness of the assumptions built into the model which includes the future growth rates, discount rate, terminal value, working capital and performing sensitivity analysis on growth rates applied to cash flows, to determine the extent of headroom for the intangibles; and - Reviewing the adequacy of disclosures against the requirements of AASB 136.
Share-Based Payments Refer to Note 35 in the financial statements	
During the year, the Group issued new share options and performance rights to key management personnel and employees. Management have accounted for the above in accordance with AASB 2 <i>Share-Based Payments</i>. We consider this to be a key audit matter because of the complexity of the accounting required to value the instruments and the judgemental nature of inputs into the valuation models.	Our audit procedures, which involved the assistance of our Corporate Finance team where required, included: - Reviewing the terms and conditions of the instruments issued; - Reviewing the valuation methodology to ensure it is in compliance with AASB 2; - Verifying the mathematical accuracy of the underlying model; - Critically evaluating the key assumptions used including considering the grant date share price, expected volatility, vesting period and number of instruments expected to vest;

Key Audit Matters (continued)

Share-Based Payments, cont. Refer to Note 35 in the financial statements	
	- Recalculating the value of the share-based payment expense to be recognised and the reserve balance for accuracy, factoring in any cancellations, expiry or vested options; - Reviewing the adequacy of the relevant disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Mach7 Technologies Limited, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM AUSTRALIA PARTNERS



M PARAMESWARAN

Partner

Dated: 26 August 2022

Melbourne, Victoria

Corporate Governance Statement

For the Year Ended 30 June 2022

Commitment to Corporate Governance

The Directors and management of Mach7 Technologies Limited (**Mach7** or the **Company**) are committed to conducting the business of Mach7 and its controlled entities (the **Group**) in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the *ASX Corporate Governance Principles and Recommendations (Fourth Edition)* (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

Corporate Governance Statement

The Company has prepared this statement which sets out its corporate governance practices during the financial year to 30 June 2022. This statement identifies any Recommendations that have not been followed and provides reasons for not following such Recommendations. This statement is current as at 16 September 2022 and has been approved by the Board of Mach7.

Corporate Governance Statement Publication

In accordance with ASX Listing Rule 4.10.3 and 4.7.4, this Corporate Governance Statement is published on the Company's website at all available on its website (www.mach7t.com/about-us/corporate-governance) (Website) together with an Appendix 4G with ASX at the same time that the Company's 2022 Annual Report is lodged with ASX. The Appendix 4G particularises each Recommendation that needs to be reported against by the Company and provides shareholders with information as to where relevant governance disclosures can be found.

The Company's charters and policies are also available under the Corporate Governance section of the Company's Website.

Additional Shareholder Information

As At 16 September 2022 (Reporting Date)

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as of 16 September 2022 (Reporting Date).

Quoted Equity Securities - Ordinary Shares

As at the Reporting Date, the Company had a total of 238,826,048 fully paid ordinary shares on issue. The Company's shares are quoted on the ASX, and form the only class of securities on issue in the Company that is quoted on the ASX, and that carries voting rights.

At a general meeting of the Company, every holder of ordinary shares is entitled to vote in person or by proxy or attorney; and on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share he/she holds.

Range of holdings

An analysis of the number of shareholders in the Company by the size of their holdings is as follows:

Range	Securities	%	No. of holders	%
100,001 and Over	185,130,696	77.52	139	2.33
10,001 to 100,000	39,337,683	16.47	1,401	23.44
5,001 to 10,000	7,303,749	3.06	941	15.74
1,001 to 5,000	6,302,310	2.64	2,289	38.29
1 to 1,000	751,610	0.31	1,208	20.21
Total	238,826,048	100.00%	5,978	100.00%
Unmarketable parcels	304,726	0.13	729	12.19

Unmarketable parcels

The number of shareholders holding less than a marketable parcel of shares as at the Reporting Date (based on a closing price of \$0.66 per share) was 729.

Substantial Shareholders

The names of substantial shareholders as disclosed in substantial holding notices given to the Company under section 671B of the Corporations Act are:

Rank	Substantial Shareholders	Number of shares	% of issued capital
1	JM Financial Group Limited	36,699,105	15.37
2	Australian Ethical Investment Limited	26,871,450	11.27
3	Clime Investment Management Limited	17,445,090	7.30

Top 20 shareholders

The names of the twenty largest holders of ordinary shares as at the Reporting Date are listed below:

Rank	Shareholders	Number of shares	% of issued capital
1	SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	39,902,315	16.71
2	NATIONAL NOMINEES LIMITED	32,766,735	13.72
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	30,463,190	12.76
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,643,159	3.62
5	LAWN VIEWS PTY LTD <ANGELA WILLIAMS FAMILY A/C>	8,002,739	3.35
6	PT DWI Satrya Utama	4,392,959	1.84
7	PERCO GROUP PTY LTD <F S P A/C>	4,000,000	1.67
8	BPNT PTY LTD <THE HEANEY FAMILY SF A/C>	3,915,918	1.64
9	UBS NOMINEES PTY LTD	3,869,015	1.62
10	PADMALWAR PRAKASH	3,569,921	1.49
11	CHEW & PARTNERS (IMPORT & EXPORT) PTE LTD	2,900,074	1.21
12	BNP PARIBAS NOMS PTY LTD <DRP>	2,080,283	0.87
13	ALBERT LIONG PAK-FAI	2,044,189	0.86
14	MR RAVINDRAN KRISHNAN	1,636,422	0.69
15	CITICORP NOMINEES PTY LIMITED	1,529,025	0.64
16	TY WEBB PTY LTD <TY WEBB A/C>	1,339,444	0.56
17	MRS JENNIFER LEE PILCHER	1,294,856	0.54
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	1,160,287	0.49
19	SUPERNATURAL SUPER PTY LTD <THE SUPERNATURAL SUPER A/C>	1,005,000	0.42
20	MOGGS CREEK PTY LTD <MOGGS CREEK SUPER A/C>	1,000,000	0.42
20	62 DARLINGHURST ROAD PTY LTD	1,000,000	0.42
Total		156,515,531	65.54
Balance of register		82,310,517	34.46
Grand total		238,826,048	100.00

Unquoted Equity Securities

The Company has two classes of unquoted equity securities on issue, which are described in detail below. None of the unquoted equity securities carry any voting rights. However, any underlying shares issued upon the exercise, vesting or conversion of the unquoted equity securities will carry equal voting rights with the other shares on issue in the Company.

Options

The Company has 9,529,999 unquoted Options on issue as described below. All Options were issued under the Company's Long Term Incentive Plan. Once vested, each option is exercisable into one ordinary share in the Company upon payment of an exercise price.

An analysis of the number of Option holders of each class of Options by the size of their holdings (subject to rounding) is as follows:

Range	No. of Options	%	No. of holders	%
100,001 and Over	7,289,999	76.50%	29	41.43%
10,001 to 100,000	2,210,000	23.19%	38	54.29%
5,001 to 10,000	30,000	0.31%	3	4.29%
1,001 to 5,000	-	0.00%	-	0.00%
1 to 1,000	-	0.00%	-	0.00%
Total	9,529,999	100.00%	70	100.00%

Performance rights

The Company has 1,180,299 unquoted Performance Rights on issue to two holders (our CEO and our CFO). All Performance Rights were issued under the Company's Long Term Incentive Plan. Once vested, each Performance Right is exercisable into one ordinary share in the Company at no cost to the holder. The Rights commence vesting upon achieving a total shareholder return (TSR) equal to the 50th percentile of the S&P/ASX All Technology Index and vest fully at the 75th percentile as described in the table below. The TSR will be measured over the three-year period ending on 30 June 2023 for 378,114 rights and 30 June 2024 for 802,185 rights (Performance Period).

<i>M7T relative TSR performance relative to the S&P/ASX All Technology Index</i>	Percentage of Performance Rights to vest
<50th percentile	No vesting
≥50th percentile to 75th percentile	Pro-rata straight line vesting between 50% and 100%
≥75th percentile	100% vesting

Stock Exchange Listing

The Company's ordinary shares are quoted on the Australian Stock Exchange (ASX:M7T).

On-Market Buyback

The Company is not currently conducting an on-market buy-back.

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Item 7 Issues of Securities

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

Corporate Directory

Directors

Mr Michael Lampron (Managing Director and Chief Executive Officer)
Mr David Chambers (Independent Non-Executive Chairman)
Mr Robert Bazzani (Independent Non-Executive Director)
Dr Eliot Siegel (Independent Non-Executive Director)
Mr Philippe Houssiau (Independent Non-Executive Director)

Company Secretary

Ms Véronique Morgan-Smith

Registered Office

Level 4, 100 Albert Road, South Melbourne VIC 3205

Principal Place of Business

120 Kimball Avenue, Suite 210
South Burlington, VT 05403, United States
T: +1 802.861.7745

Share Register

Link Market Services Limited
Tower 4, 727 Collins Street, Melbourne, VIC 3008
Telephone: 1300 554 474
Website: www.linkmarketservices.com.au

Auditor

RSM Australia Partners
Level 21, 55 Collins Street, Melbourne, VIC 3000

Solicitors

Gadens Lawyers
Level 13, Collins Arch, 447 Collins Street, Melbourne, VIC 3000

Bankers

Westpac Banking Corporation
150 Collins Street, Melbourne VIC 3000

Stock Exchange Listing

Mach7 Technologies Limited shares are listed on the Australian Securities Exchange (ASX code: M7T)

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Independence through Innovation

