# MACH7 TECHNOLOGIES LIMITED (M7T)                   UPDATE

## DEVELOPING A MORE PROFITABLE APPROACH TO MEDICAL IMAGE SHARING

### DIRECTORS & MANAGEMENT

| | |
|---|---|
| Damien Lim | Non-Executive Chairman |
| Dr Nigel Finch | Non-Executive Director |
| Nobuhiko Ito | Non-Executive Director |
| Alister Spittle | Non-Executive Director |
| Albert Liong | MD/Global CEO (US) |
| Jenni Pilcher | Global CFO/CEO (Aus) |
| Ravi Krishnan | Founder, COO (Singapore) |
| Eric Rice | Chief Technology Officer (US) |
| Alyn Tai | Company Secretary |

### MARKET DATA

| | |
|---|---|
| ASX Code: | M7T |
| Current Price (24/10/16): | $0.045 |
| 52 Week Share Price Range: | $0.04 - $0.19 |
| Market Capitalisation: | $20.4 million |
| Enterprise Value: | $42.9 million |

### CAPITAL STRUCTURE (as at 07/10/16)

| | |
|---|---|
| Shares on Issue: | 440.1 million |
| Shares on Issue (escrowed): | 500.7 million |
| Performance shares | 300.0 million |
| Options (Unlisted) | 49.9 million |

### MAJOR SHAREHOLDERS (as at 07/10/16)

| | |
|---|---|
| BV Healthcare II Pte Ltd | ~8.6% |
| Ravi Krishnan | ~6.1% |
| Pt Dwi Satrya Utama | ~5.0% |
| United Overseas Venture Sdn Bhd | ~5.0% |

### SHARE PRICE CHART



### SENIOR ANALYST

Stuart Glazebrook
+61 402 216 835
October 2016

### KEY POINTS

- **New strategy to maximise revenue optionality** Mach7 is launching a more expansive revenue capture model including pay-per-use and cloud-based delivery and service options. This builds on its core vendor neutral archive (VNA) enterprise imaging platform.

- **Move to consistent and predictable revenue** As part of its longer-term strategic initiative the Company has secured a number of lucrative contracts – delivering revenues of >$10 million over 5 years - that form part of a push to build consistent and predictable revenue base as Mach7 moves to grow market share.

- **Revenue build program underway** For the financial year ending June 30 2016 (consolidated basis) – which included the merger and absorption of 3D Medical Limited – Mach7 saw Sales Revenue of A$5.8M with an EBITDA loss of A$8.5M. Net debt at September 30 2016 was A$1.1M.

- **Expanding global medical imaging technology footprint:** Mach7 continues to develop a leading IP position in the provision of medical imaging technology to the healthcare community worldwide.

- **Significant growth in digital imaging** Mach7 has identified a potential market opportunity of US$3.8bn (by 2020) with a focus on cloud-based enterprise platform over VNA and PACS. The Company is maximising and shortening the sales cycle to further improve tender-to-sales conversion rates (currently 86%) and on developing unique customer-specific solutions that significantly enhance and improve patient healthcare outcomes.

- **New patent awarded** Mach7 was recently awarded a second US patent for its iModality mobile image capture and storage technology

- **Offering secure IP and US$ cash flow:** Mach7 has a well-established platform managing >1 billion images across a growing blue-chip customer base with a solid order pipeline and significant "land grab" opportunities to substantially boost revenues from forecast double-digit industry growth over next two years. The Company expects to be cash flow break even in 2017.

## ANALYSIS AND COMMENT

Technology is leading significant structural changes in the healthcare industry globally and the quality of its service delivery. While development of vendor neutral archives (VNA) is gradually replacing aging and disparate PACS (picture archiving and communication systems), new opportunities are being created in the cloud, offering even more cost effective and revenue generative solutions to medical image hosting, management and associated software servicing.

*data migration to the cloud offers significant revenue opportunities*

With many healthcare providers already migrating or signalling a desire to move to the cloud, **Mach7 Technologies Limited** (ASX: M7T) is well-positioned to capitalise on this technological push to streamline the capability to access and interrogate digital medical images anytime, anywhere and on any device.

Through a strategic diversification and extension of its existing product suite, **Mach7** is moving toward securing a more predictable and stronger recurring and predictable revenue base with strong cash flows.

*pay-per-use*

Customer response to **Mach7**'s broader product offering has already been positive, evidenced by increased digital awareness and requests for proposals. with the Company actively pursuing the significant revenue opportunities that exist with migration of medical image data to the cloud from disparate PACS and even VNA systems. Other recent strategic initiatives include a pay-per-use subscription model.

*add-on applications*

The addition of standalone clinical applications and add-on optionality has also enhanced revenue traction with new and existing customers and uncovered an important new source of new revenue and growth potential.

**Mach7** also plans to release a packaged PACS solution by partnering with visualisation providers to capture emerging opportunities in the PACS replacement market.

*lack of interoperability*

**Mach7** has cited a lack of interoperability between medical imaging systems as the most significant impediment to healthcare enterprises delivering optimal patient care outcomes, contributing to higher operating budgets and losses in revenue. Among the response to these problems, **Mach7** has seen an increased preference for cloud-based Enterprise Image Viewer technology over traditional PACS and even VNA systems.

*scalable platform*

**Mach7** has seen its global customer base progress from earlier adopters towards significantly larger mid-market players supported by **Mach7**'s 100%-owned proprietary technology on a scalable platform that already manages more than a billion medical images.

*managing >1 billion medical images*

With a strategic focus on pursuing contracts and mandates that deliver revenue predictability, the Company has set an aggressive target of being cash flow break even in 2017. Historically, **Mach7** has managed to win 86% of tendered opportunities at the Vendor Selection stage. By actively shortening the sales cycle by reducing the cost and time to sale through a combination of unique patented technologies, a maturing market and investment in marketing the Company hopes to achieve its break-even goal.

*cost control critical*

One of the challenges to **Mach7**'s business model is its high cost base. Sales and marketing are expensive, but necessary. The Company needs to bank some big contract wins over coming months to lift margins and continue building revenues.

## INVESTMENT PROPOSITION

The demand for more tactile medical diagnostic imaging technology and the capacity to diagnose, evaluate and plan key surgical response on an individual patient-specific basis is becoming an increasingly vital and expected part of healthcare. With an aging population and a focus on preventative and more pro-active care over treatment, the use of medical data imaging in managing patient outcomes is moving into a new dimension.

Across the globe healthcare providers are grappling with enormous quantities of high quality image data that is generated in the treatment of patients in medical clinics and in hospitals. From a care management perspective, the ability to access and/or share a patient's complete medical history has been extremely limited, largely due to disparate data and aging archive and storage capacity held in proprietary silos.

*bespoke healthcare and tailored patient wellbeing*

**Mach7 Technologies** brings a number of compelling opportunities to expand its reach into the growing market for bespoke healthcare services and tailored patient wellness solutions that are competitively priced and cost effective.

*VNA & cloud-delivered software improves workflow and diagnostic flexibility*

The most significant components of **Mach7**'s software architecture is the capacity and ability to store, archive and share data across multiple platforms. This inbuilt flexibility and efficacy makes it a potential market leader above traditional proprietary PACS that provide terminal specific data analysis and retrieval systems.

*truly individual and customised patient care*

With both its cloud-based medical image and VNA platforms, **Mach7** has developed a diagnostic tool that is independent of source data with the capacity to be shared across multiple platforms, both within a networked enterprise and across healthcare providers, with the ability to generate truly individual and customised patient care.

*capable management team*

With its capable and experienced leadership team the Company has positioned itself to capitalise on long-term industry growth and create further shareholder value by identifying additional and complementary revenue streams and through building successful partnerships with existing and new clients.
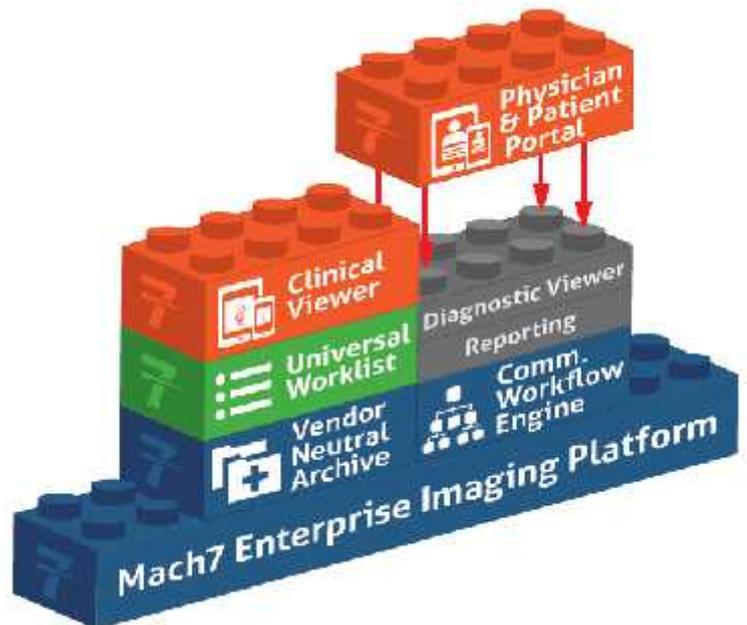
FIGURE 1. **ENTERPRISE IMAGING PLATFORM - INTEROPERABILITY**



*Source: Mach7 Technologies*

## RECENT EVENTS

In an October 2016 presentation Mach7 outlined its strategic objectives:

⟩ Validated market demand with 46 blue chip customers across ~500 sites in 11 countries

⟩ Proven execution with track record of strong double-digit revenue growth and secure long-term contracts

*target cash flow break even in 2017*

⟩ Focused strategy to achieve cash flow break even in 2017

Building on its proprietary, 100%-owned technology, **Mach7** is looking to develop and market its expanded product suite into mature and emerging markets across the globe and extend its 86% tender-to-sales conversion success.

### Contract Wins

*strong revenue generation pathway*

Since completing its merger with 3D Medical Limited in May 2016, **Mach7** has secured a number of lucrative medium-term international contracts for its enterprise product suite and built a strong revenue generation pathway.

FIGURE 2. **RECENT CONTRACT WINS**

| DATE | CONTRACT | CLIENT | REVENUE IMPACT | DURATION |
|---|---|---|---|---|
| Mar Qtr 2016 | Pay-per-use | IntriHEALTH® (Sth Africa) | US$0.6M (US$0.12M/yr) | 5 years |
| Mar Qtr 2016 | Installation / SAAS | Penn State Hershey (US) | Undisclosed | 5 years |
| Sep Qtr 2016 | Software licensing | Virginia Commonwealth University Health System Auth. (US) | US$0.8M (US$0.16M/yr) | 5 years |
| Sep Qtr 2016 | EIP* Distribution Agreement | Alphatron Medical Systems (NL) | Unknown | Ongoing |
| Sep Qtr 2016 | EIP* Distribution Agreement | Soliton IT Limited (UK) | Unknown | Ongoing |
| Sep Qtr 2016 | Software licensing | MaineHealth (UK) | US$2.9M (US$1.15M in Yr1 then US$0.3M/yr) | 7 years |
| Sep Qtr 2016 | EIP* | Sidra Medical & Research Centre (Qatar) | US$0.575M (US$0.115M/yr) | 5 years |
| Dec Qtr 2016 | Cloud-based EIP* | Indiana University Health - Goshen Hospital (US) | US$0.575M (US$0.115M/yr) | 5 years |

*Enterprise Imaging Platform                                          *Source: Mach7 Technologies*

Recent surveys have shown almost half of medical specialists cited a lack of interoperability as a key problem with storage systems and that this problem negatively impacts patient care outcomes.

More than a third of clinicians believed they had lost work as a result of these challenges.

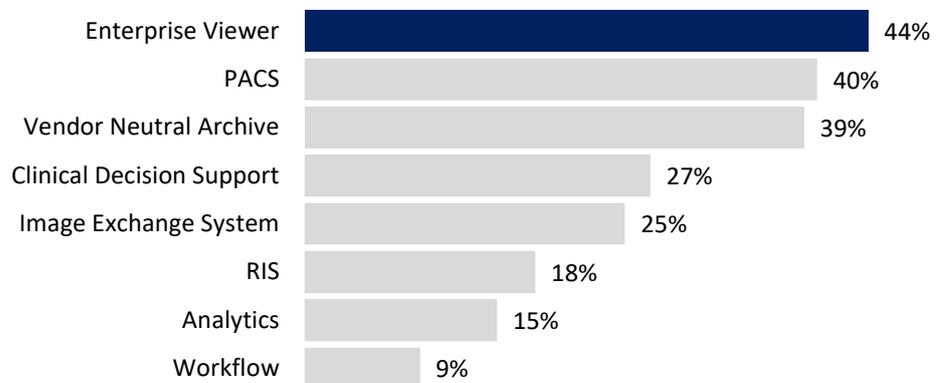FIGURE 3. **PROBLEMS WITH CURRENT ELECTRONIC HEALTH RECORD SYSTEMS**[1]
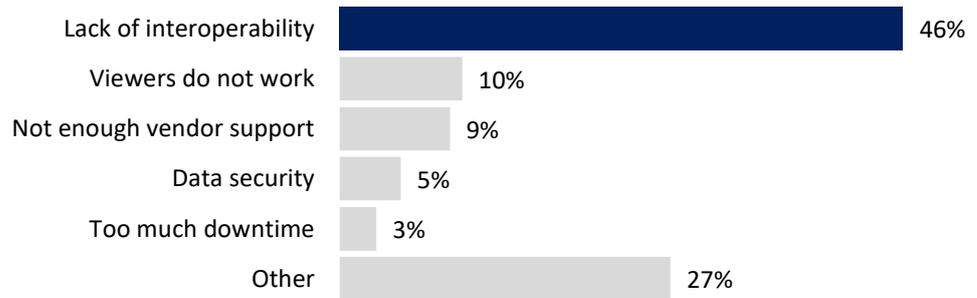


1. Sourced from CHIME, lifeImage CEO Perspectives on Enterprise Imaging study using data collected from 100 participating facilities
*Source: Mach7 Technologies*

*enterprise viewers preferred investment*

**Mach7** has identified significant revenue opportunities resulting from the increase demand for Enterprise Viewers which is likely to be the preferred investment for image-related technology over the next 12 months over PACS or VNA systems.

FIGURE 4. **PREFERRED INVESTMENT IN ALTERNATIVES**[1,2]



1. Sourced from CHIME, lifeImage CEO Perspectives on Enterprise Imaging study using data collected from 100 participating facilities
2. Over the next 12 months. Facilities may invest in more than one alternative; hence percentages do not sum to 100%
*Source: Mach7 Technologies*

**Accolades**

**Mach7** was recently recognised as "No.1 Leader, U.S. Healthcare Provider VNA/AICA Unstructured Data Platforms for Integrated Care" by leading global market intelligence firm, International Data Corporation (IDC).

*Mach7 rated highest*

Among its immediate peer group (including IBM-Merge, Agfa & Lexmark), IDC rated **Mach7** highest in both technology capabilities and strategy.

**New Patent Awarded**

*new US patent*

**Mach7** has received a US patent for its mobile image capture technology where any mobile device can capture and upload imaging data into a patient's electronic medical record (EMR).

**Driving Revenue Recurrence & Predictability**

**Mach7** is pursuing a revenue model that better reflects the path of its most recent contract wins.

Looking ahead, the focus is now on reducing revenue dependency on traditional capital license modelling and to improve the revenue mix to deliver shorter sales cycles, stronger recurring revenue and improved financial predictability.

*strong growth in support revenues*

While software licence revenue remained the core business, service and support revenue from 2013 to 2015 have grown 700% and 300% respectively with even stronger growth (+70%) in **Annual Support Contracts** through the first nine months of CY2016.

FIGURE 5. **REVENUE[1] (US$M, Y/E Dec 31)**
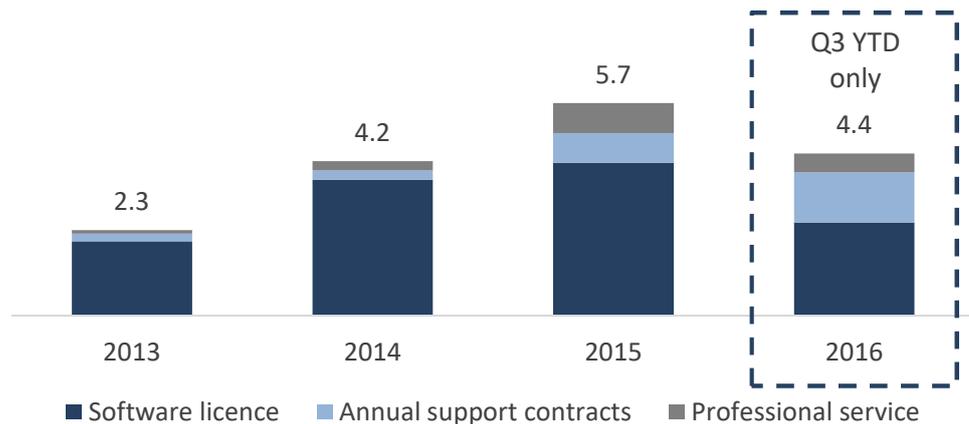


[1]Software includes third party software and hardware, other revenue and intercompany sales
*Source: Mach7 Technologies*

**Company Outlook for Q4 2016**

⟩ Strong pipeline and active tenders expected to deliver new contracts

⟩ Implementation fees recognised for 2016 new contracts

⟩ Existing contracted support & maintenance revenues continue to be generated

*CY16 revenue expected to be slightly above CY15*

Based on Q3 2016 receipts, Gordon Capital expects annualised revenue for calendar 2016 to be slightly above CY2015 at around US$5.8M.

*high cost base to continue in near-term*

**Mach7** maintains a high cost base (annualised ~US$10M for CY16) with Gordon Capital expecting a similar number for FY17 as the Company continues its aggressive strategy to improve cash flow consistency, tender-to-sales conversion success and growing market share in enterprise imaging solutions.

Despite these challenges the Company expects to be cash flow break even in 2017.

FIGURE 6. **PRO-FORMA FINANCIALS**

| | Consolidated Pro Forma (unaudited) 12 months 1 July to 30 June 2016 |
|---|---|
| **REVENUE** | **A$** |
| Software licence fees | 2,921,459 |
| Professional service fees | 873,979 |
| Annual maintenance fees | 1,486,860 |
| Subscriptions (pay-per-use) | 348,585 |
| 3D printed models | 110,267 |
| Other licence fees | 93,089 |
| Government grants | 12,589 |
| Other | 203 |
| **TOTAL** | **5,847,031** |
| | |
| **EXPENSES** | **A$** |
| Cost of sales | 670,404 |
| Employee salaries, benefits & staff related expenses | 8,363,257 |
| Professional fees and consultancy expenses | 1,963,143 |
| Marketing expenses | 1,358,190 |
| Travel and related expenses | 843,976 |
| General administration expenses | 1,170,874 |
| **TOTAL** | **14,369,844** |
| | |
| **EBITDA** | **A$** |
| Pro Forma Revenue | 5,847,031 |
| Other Income | 130,269 |
| Pro Forma Expenses | (14,369,844) |
| Other Expenses | (244,359) |
| **TOTAL** | **(8,636,903)** |

*Source: Mach7 Technologies*

| Balance Sheet | FY16 US$m | FY16 A$m |
|---|---|---|
| Cash | 1.3 | 1.7 |
| Receivables/prepayments | 2.0 | 2.7 |
| Intangible assets & goodwill | 25.9 | 35.6 |
| **Total assets** | **29.7** | **40.8** |
| Payables | 0.9 | 1.2 |
| Deferred revenue | 1.7 | 2.4 |
| Interest bearing liabilities | 2.2 | 3.2 |
| **Total liabilities** | **12.6** | **17.3** |
| **Net Assets** | **17.1** | **23.5** |
| **Net Intangible Assets** | **1.6** | **2.2** |

*Source: Mach7 Technologies*

Net debt at 30 September 2016 was A$1.1M (Cash: A$1.8M; Debt: A$2.9M) and we expect **Mach7** to undertake a significant capital raising in the near future to fund its business support and strategic growth initiatives.

## MARKET OPPORTUNITY & GROWTH STRATEGY

**Mach7** has identified significant revenue generation opportunities within the healthcare sector for its Enterprise Imaging Platform with the value potential for the global VNA market forecast to be around US$736 million by 2020.

Including the projected size of the Enterprise Content Management segment (US$715 million by 2019) creates a greater than US$1 billion market opportunity for **Mach7**.

*US$1 billion dollar market opportunity*

FIGURE 7. **MARKET OPPORTUNITY**
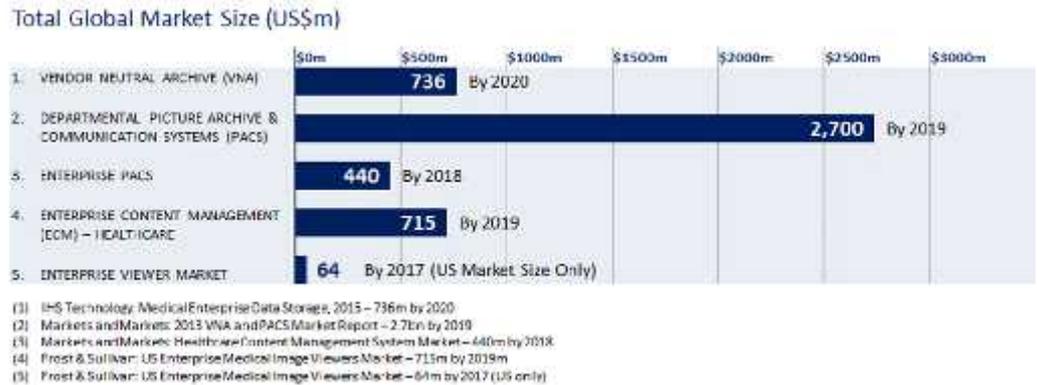


*Source: Mach7 Technologies*

*target volume intensive image centres*

**Mach7** is building market share in the United States by targeting procedure volume intensive hospitals and imaging centres with high growth potential.

With a broader service offering which includes with both on premise and cloud-based EIP solutions the Company is hoping to build mutually beneficial partnerships with other healthcare service providers both in the US and across the globe.

FIGURE 8. **MARKET GROWTH STRATEGY**
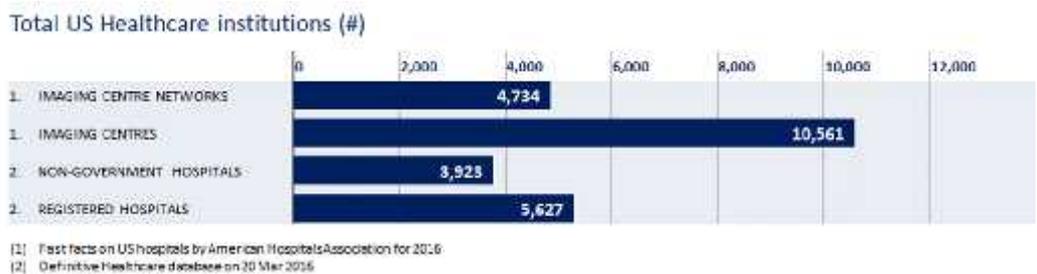


*Source: Mach7 Technologies*

As part of a long-term strategic re-positioning the Company is now focussed on:

⟩ Shorter sales cycles

⟩ Stronger recurring revenue base to deliver regular cash flows

⟩ Robust long-term revenue growth

⟩ Improved financial predictability

These initiatives are being driven by a substantial increase in requests for proposals (+39%) and a more expansive digital footprint generated through increased website traffic and social media engagements.

*plug-in clinical applications*

The Company sees its suite of plug-in enhancements to its EIP will mean customers can tailor a unique and bespoke clinical solution that complements and enhances a healthcare providers existing workflows.

These plug-in clinical applications provide the ability to:

⟩ Share and exchange medical images with other providers, family, and friends

⟩ View clinical images on mobile devices

⟩ Capture clinical data from mobile devices

*strong response from existing customers*

Mach7 has already seen a demonstrable increase in interest from existing customers with more than 65% of the EIP install base either purchasing or returned to purchase add-on clinical applications. The intention is also to market these applications as standalone options as part of its updated product positioning across global markets.

FIGURE 9. **IMPACT OF STRATEGIC INITIATIVES**
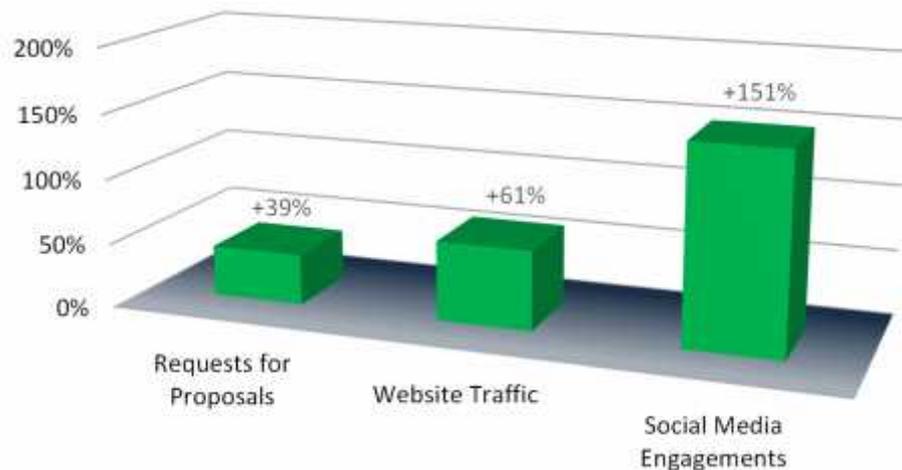


*Source: Mach7 Technologies*

**Mach7** has identified significant revenue growth opportunities in:

*big revenue opportunities*

⟩ Cloud-based image management solutions

⟩ Software as a Service (SaaS)

⟩ Data migration (PACS => VNA; PACS => Cloud)

**Medical Imaging - A Cloudy Future?**

With the enormous growth in the number and quality of patient EMR images, data storage costs are becoming a major concern for healthcare institutions. One increasingly considered solution is to move image access to the cloud, including migration of any existing PACS database(s).

The advantages of the cloud are considerable:

- Lower cost to the enterprise
- No onsite storage of data and maintenance of servers.
- Ability to share images across departments and enterprises
- Software updates and upgrades can be managed more quickly
- Higher security and disaster-recovery protection
- Compliant with US HIPAA (Health Insurance Portability & Accountability Act) requirements

While there remain some legitimate concerns regarding onsite data security, unauthorized access and disaster recovery, developments in cloud-hosted technology are increasing the attraction of the cloud as a compelling image retention, management and storage option into the future.

*cloud alliance with Microsoft*

**Mach7** has taken the first step in developing a strong alliance for its new cloud-based EIP service offering with global software giant Microsoft, utilizing the latter's 'Azure' cloud storage capability which readily complements Mach7's existing VNA system.

**Mach7** Enterprise Imaging Platform will provide cloud-based image storage and archiving, Electronic Medical Record image-enablement with Mach7 Clinical Viewer, and the ability for authorised clinicians to search, access, view and share medical imaging procedures via Mach7 Image Sharing.

The Company is also moving toward making its entire healthcare solutions product suite available through both onsite deployments and cloud-managed services to the US market by the December Quarter 2016.

**Pay-Per-Use**

A key part of **Mach7**'s longer-term marketing strategy is the rollout of a new revenue model that builds on the traditional model of lumpy licensing fees bookended by large upfront installation fees and smaller ongoing service charges.

*unique customer product*

The Company is evolving to a pay-per-use subscription model which generates a greater degree of revenue certainty and financial predictability while reducing the need for large upfront capital outlays by the customer. There is also the ability to upsell additional plug-in options from **Mach7**'s product suite to create a unique customer product.

*positive client feedback on pay-per-use optionality*

This subscription-based revenue model builds on the software implementation and data migration fees that comprise the initial revenue stream.

**Mach7** has already received positive feedback from existing customers who have shown interest in adopting this solution.

**Data Management, Storage and Accessibility**

Each PACS system typically has its own separate – and proprietary – storage system which is accessed and managed individually. This is an additional cost to the enterprise that is removed though migration to a VNA platform.

FIGURE 10. **CHANGING TECHNOLOGY**

Costs associated with implementing a VNA strategy:

⟩ Storage – projected costs too

⟩ Image data conversion

⟩ Data migration

⟩ Software upgrades and roll-out disruptions

Savings Rationale for VNA Enterprise Imaging Platform:

⟩ Ongoing vendor licence costs/fees

⟩ Service and support costs

⟩ Maintenance of legacy data silos

*silo-style constraints*

Moving on from the silo-style constraints of PACS, cloud-based image hosting naturally complements VNA platforms, which often serve as a single viewing destination for an enterprise's complete healthcare imaging data.

VNAs offer numerous benefits including collaboration, storage management and viewing capabilities with cloud storage offering one centralised repository - complete with advanced compression and disaster recovery capabilities – which can lead to significant cost savings and improved data integrity.

While PACS and VNA systems can co-exist, VNAs hold the upper ground because of their ability to improve collaboration; better manage image storage; and give superior viewing capabilities.

*boost workflow and efficiency*

Combining VNA advantages with potential cloud storage makes for a strong foundation for enterprise image strategy. However, regardless of an organization's choice of VNA, PACS or other potential image management technology, the cloud no doubt offers a chance to boost workflow and efficiency.

**A SAAS Future?**

Software as a service (SaaS) is increasingly being deployed at an enterprise level as a low-cost and effective image management solution. SaaS is a leased software application hosted and maintained in the cloud. For the customer this is a cost-transformative technology, while offering considerable benefits – and revenue predictability – for the software vendor.

) Growth in mobile usage and healthcare "Big Data" is driving increased engagement with digital imaging technology and attraction of SaaS solutions

) Through its scalable platform, Mach7 is able to successfully target multiple segments of the growing digital medical image market



**Customer Advantages**

) No Large Up-Front Investment

) High Adoption Rates

) Pay-Per-Use

) Painless Upgrades

) Seamless Integration & Scalability

) Anywhere Access Via Cloud

**Vendor Advantages**

) Revenue Predictability

) Universal Update Roll-out

) Centralised Data Storage

) Better Disaster Recovery Management

) Data Security Control

## BUSINESS PROFILE

**Mach7 Technologies Limited** (ASX: M7T) is one of the world's leading medical enterprise image management solution providers. The Company has developed an advanced medical enterprise imaging platform allowing clinicians and other medical and healthcare professionals to create, access, analyse and share patient specific information across multiple, compatible devices while improving patient outcomes.

Globally, **Mach7** is targeting multiple market segments including VNA, Image Exchange, Department PACS, Enterprise PACS, ECM and Enterprise Viewers within the healthcare sector for its proprietary software platform where the market opportunity is expected to grow to more than US$3.8 billion by 2020.

*market opportunity expected to be >US$3.8 billion by 2020*

In Australia, the Company provides medical specific 3D printing and holographic projection services and has formed a number of key alliances to strengthen the value proposition of its core medical imaging business.

FIGURE 11. **BROAD GEOGRAPHIC REACH**



*Source: Mach7 Technologies*

As at October 2016, **Mach7** has 46 blue chip customers across ~500 sites with the ability to compete across numerous market segments. **Mach7**'s customer base includes installations in USA, Australia, India, Indonesia, Malaysia, Qatar, Saudi Arabia, Singapore, South Africa, UK, and Vietnam.

FIGURE 12. **MARKET OPPORTUNITY**



Departmental PACS (US$2700M by 2018)²

VNA (US$736M by 2020)[7]

Enterprise PACS (US$440M by 2018)[1]

1. Markets and Markets: 2013 VNA and PACS Market Report
2. IHS Technology, Medical Enterprise Data Storage, 2015

*Source: Mach7 Technologies*

FIGURE 13. **PRODUCT SUITE**

| PRODUCT | DESCRIPTION | REVENUE CAPTURE |
|---|---|---|
| **MACH7** TECHNOLOGIES Unlock. Unleash. UnPAC. | **Enterprise Imaging Platform** | **Proprietary digital image management system** **Platform architecture drives data-sharing and workflow efficiencies** **Scalable plug-and-play solution** |
| TOUCH | 3D printed models and implants | Provides 3D printed models and implants as visual aids Relevant in pre-surgical planning/training |
| VISUALIZE | **Holograms** | **Holographic projection technology** **Unique evaluation tool as a diagnostic aid and for preoperative planning** |
| GEST SURE | In-theatre image manipulation | Unique image viewing technology Improves surgical speed, hygiene and accuracy |

*Source: Mach7 Technologies*

**MORE INFORMATION**

For more detailed information on Mach7 Technologies please refer to previous Gordon Capital Reports posted on the Company's website: **mach7t.com**

## FINANCIAL SUMMARY

| INCOME STATEMENT* | | |
|---|---|---|
| (A$M) | FY15 | FY16 |
| Revenue | 0.4 | 1.9 |
| EBITDA | (7.0) | (13.2) |
| Deprec/Amort | - | 1.3 |
| Finance Cost | - | 0.2 |
| PRE TAX PROFIT | (6.9) | (14.6) |
| Tax | - | - |
| NET PROFIT | (6.9) | (14.6) |

| CASH FLOW* | | |
|---|---|---|
| (A$M) | FY15 | FY16 |
| Net Cash Flow From Operations | (1.8) | (3.4) |
| Net Cash Flow From Investing | (0.5) | (4.4) |
| Net Cash Flow From Financing | 4.4 | 6.7 |
| Net Change In Cash | 2.2 | (1.0) |

| BALANCE SHEET* | | |
|---|---|---|
| (A$M) | FY15 | FY16 |
| *Current Assets* | | |
| Cash & Equivalents | 2.8 | 1.7 |
| Receivables | 0.1 | 2.1 |
| Other | 0.3 | 0.4 |
| | 3.2 | 4.4 |
| *Non-Current Assets* | | |
| Plant & Equipment | 0.5 | 0.8 |
| Goodwill | - | 35.6 |
| | 0.5 | 36.4 |
| Total Assets | 3.7 | 40.8 |
| *Current Liabilities* | | |
| Payables | 0.6 | 1.2 |
| Debt | - | 3.0 |
| Other | - | 2.4 |
| | 0.6 | 6.6 |
| *Non-Current Liabilities* | | |
| Deferred tax | - | 10.7 |
| | - | 10.7 |
| Shareholders' Equity | 3.1 | 23.5 |
| Liabilities & Equity | 3.7 | 40.8 |

| KEY RATIOS | | |
|---|---|---|
| (%) | FY15 | FY16 |
| Revenue Growth | - | 323.2% |
| EBITDA Growth | - | na |
| EBITDA Margin | - | na |
| Net Debt/Equity | 88.9% | 20.1% |
| Intangibles/Equity | - | 1.5 |
| Top 20 Shareholders | 43.7% | na |

With several new patents designed to improve the accessibility and functionality of its core vendor agnostic medical image viewing platform, Mach7 is targeting the US$3.8 BILLION PACS market for its VNA platform to grow its VNA footprint and global reach.

Already more than 50% of the Company's revenues are US-sourced with a significant "land grab" opportunity to boost market presence likely over next 18-24 months.

Industry consolidation and mergers are expected to continue with 2017 forecast to be a benchmark year for digital imaging technology and the digital health economy as the major players – both provider and supplier – move toward the provision of more patient-centric care.