
MACH7 COMPANY UPDATE

Summary

- Two successful expansion software license deals totalling at least \$2.7 million
- Additional contract wins pending and in final stages
- EBITDA break-even target shifts to financial year ending 30 June 2018 (FY2018)
- 3D Medical business being divested, expected cost savings of at least \$1.2 million per annum
- Annuity revenue stream & cash on hand alone conservatively valued at approximately \$20 million
- Global CEO search in final stages
- Albert Liong, former M.D., completes transition and departs
- Michael Lampron, appointed Chief Operations Officer

Melbourne, Australia; 2 June 2017: Mach7 Technologies Limited (**Mach7** or the **Company**) (ASX:**M7T**) provides the following update to its shareholders.

Sales

During the quarter Mach7 has successfully executed two contract wins which together have a minimum total deal value of approximately \$2.7 million over the life of the contracts. One of these deals is with an existing customer, for the expansion of Mach7 enterprise imaging platform software which includes the full array of management, clinical and diagnostic studios. The customer is a large not-for-profit, regional referral centre with 303 staffed beds, caring for patients from more than 29 counties throughout West Virginia, eastern Kentucky and southern Ohio, U.S.

The second deal, also an expansion deal, is for the license of Mach7 cross-enterprise solution to an existing Middle East customer. This customer had previously licensed the Mach7 enterprise imaging platform solution and it is now fully operational within the enterprise.

Both deals are capital-style revenue deals, and contain an upfront software license fee, implementation and training fees, and annual support fees which continue over the life of the contracts.

The Company has also made several sales for product add-ons to existing customers during recent months which have a relatively small deal value on their own, but collectively have the potential to provide a significant revenue stream for the Company over time.

In addition to the above expansion contract wins and product add-on sales, the Company is also in the final stages of contract drafting with two prospective and important new customers in the U.S., which it hopes to execute within FY2017. However, due to factors outside of the Company's control, such as scope of work amendments, it is expected that at least one of the major pending contracts outside the U.S. will likely be signed in FY2018, rather than FY2017 as was originally anticipated. Consequently, the Company now expects to achieve its EBITDA (earnings before interest, tax, depreciation and amortisation) break-even target during FY2018, rather than FY2017.

3D Medical Operations

The Company has decided to divest its 3D Medical operations. This decision was made on the basis of (a) the competitive environment and market opportunities for the 3D Medical business, and (b) the synergies expected to be realised being much less than expected. The Board considers that it would be prudent to focus the Company's resources on the Mach7 business, which it believes will offer a far more substantial market opportunity, and for which Mach7 has already gained market acceptance with more than 50 customers globally. Following the 3D Medical divestment and other head-office initiatives, the Company expects to benefit from costs savings of at least \$1.2 million per annum when compared to costs incurred for FY2017.

Cash and Recurring Revenues

As at 30 April 2017, the Company will earn at least \$4 million per annum from annuity revenues (annual support fees and monthly subscription fees) from existing customer contracts, going forward. These contracts have, on average, approximately four years left to run. The Company reasonably expects support fees to continue beyond the expiry of contracts since Mach7 software forms an integral and critical part of each customers' medical data management system. In addition to the guaranteed revenues, as at 30 April, the Company has \$3.2 million of cash on hand, and \$3.1 million of net current assets. Combined, these amounts represent some \$20 million in value before taking into account pending contract wins and future revenue streams from new sales and subscriptions to the Company's proprietary software.

Senior Management

The search for a new Global CEO, which is being led by US executive search firm Korn Ferry, has progressed to the final stages. A select group of exceptional candidates has been identified and the Company is in the final stages of due diligence. The Company is targeting to make an announcement with respect to the CEO appointment by 30 June 2017.

Further to the announcement of Albert Liong's resignation as Managing Director and CEO on 16 March 2017, the Company confirms Albert has successfully completed the transition of his role and has now left the Company. Albert's role has been absorbed by the executive team members in the interim. Once again, the Board would like to express its appreciation to Albert for his efforts and contributions to the Company.

Mach7 is pleased to announce the appointment of Mike Lampron, as Chief Operating Officer. Mike has over 20 years of business management experience in healthcare imaging and informatics product and service organizations. He has a proven ability to drive results through a combination of astute analysis, innovative execution and cross-functional teamwork. Mike was most recently Vice President, Services at iCAD, Inc (NASDAQ: ICAD), which offers a comprehensive range of upgradeable CAD (computer aided detection) and workflow solutions to support diagnosis of breast, prostate and colorectal cancers. iCAD reported revenues of approximately US\$44 million per annum. Prior to iCAD, Mike held senior roles with lifelIMAGE, Inc., Imaging On Call, LLC (CEO), and Amicas, LLC. Mike has also had roles with IDX, GE, IBM and the U.S. Air Force.

Note: All amounts quoted in this announcement are Australian Dollars. Where applicable, an exchange rate of 0.7403 has been used to convert United States Dollars.

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About Mach7 Technologies:

Mach7 Technologies (ASX:M7T) develops innovative enterprise imaging IT solutions that create a clear and complete view of the patient to inform diagnosis, reduce care delivery delays and costs, and improve patient outcomes. Mach7's award-winning enterprise imaging platform provides a vendor neutral foundation for unstructured data consolidation and communication to power interoperability and enables healthcare enterprises to build their best-of-breed clinical ecosystems. Mach7's sophisticated workflow tools, advanced [clinical viewing](#) and optimized [vendor neutral archiving](#) solutions unlock silos of legacy systems empowering healthcare providers to own, access and share patient data without boundaries. Visit www.mach7t.com.

Mach7's wholly-owned subsidiary, 3D Medical Pty Ltd, provides medical specific 3D printing and is an exclusive distributor of various synergistic technologies including holographic projection. 3D Medical's innovative products leverage data already captured by conventional imaging modalities and apply it in more meaningful ways to deliver improved economic and patient outcomes. Visit www.3dmedical.com.au.

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