

ASX RELEASE

Business Update and Investor Presentation

Wellington, NZ, 3rd March 2017: Volpara Health Technologies (“Volpara”; ASX: VHT), a digital health company focused on early detection of breast cancer by improving quality of screening, has today released an updated investor presentation ahead of a series of meetings to be held in Sydney, Melbourne and Brisbane during March.

The presentation provides an update on contracts signed in January and February 2017.

As of 28th February 2017, the company had nine signed *VolparaEnterprise*[™] software-as-a-service (SaaS) contracts, adding three new customers since the start of the calendar year, along with several capital deals.

The Total Contract Value (TCV), the total sum of capital sales, support agreements for those capital sales, and SaaS contracts, signed so far in FY2017 is now NZ\$3.44m (compared to NZ\$2.5m in TCV for FY2016).

The largest *VolparaEnterprise*[™] deal now in place is worth US\$99K per year, other deals have included Stanford Medical Center and University of Virginia.

The Annual Recurring Revenue (ARR, the amount of revenue expected to be recognized over the next 12 months based on current SaaS and support contracts alone) now stands at NZ\$707K (a rise of 464% compared to end FY2016).

The company’s software-as-a-service model, incorporates an annual license fee and a fee for each breast screening. With this type of model, revenue is recognised over the life of the contract (as the service is delivered), rather than up-front as with a capital sale model, but has the advantage of delivering revenue with every woman screened using Volpara.

About Volpara Health Technologies Limited (ASX: VHT)

Founded in 2009 from research originally conducted at Oxford University, VHT is based in Wellington, New Zealand and facilitates the early detection of breast cancer through its digital health solutions to enable personalised, high-quality breast cancer screening based on automated, objective measurements of breast density and quality.

VHT has a number of patents and trademarks and regulatory clearances, including FDA and CE, supporting its technology and services.

It launched its cloud based *VolparaEnterprise*[™] solution which incorporate breast density screening with a range of automated quality control features focused on improving quality and productivity in July 2016.

VHT, an ASX-listed company that raised A\$20M through an IPO and subsequent share placements and rights issue in 2016, has customers and/or research projects in 35 countries.

www.volparasolutions.com

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VHT Investor Presentation, 3rd March 2017,

ASX:VHT



Ralph Highnam, PhD (Oxford)
Chief Executive Officer



Disclaimer

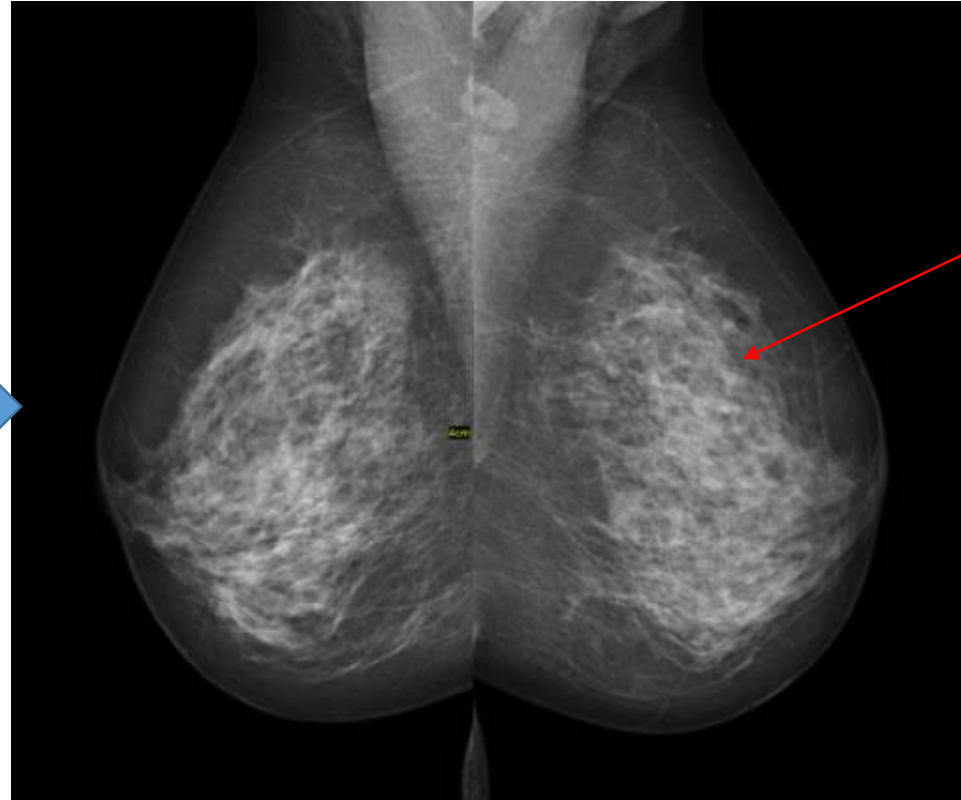
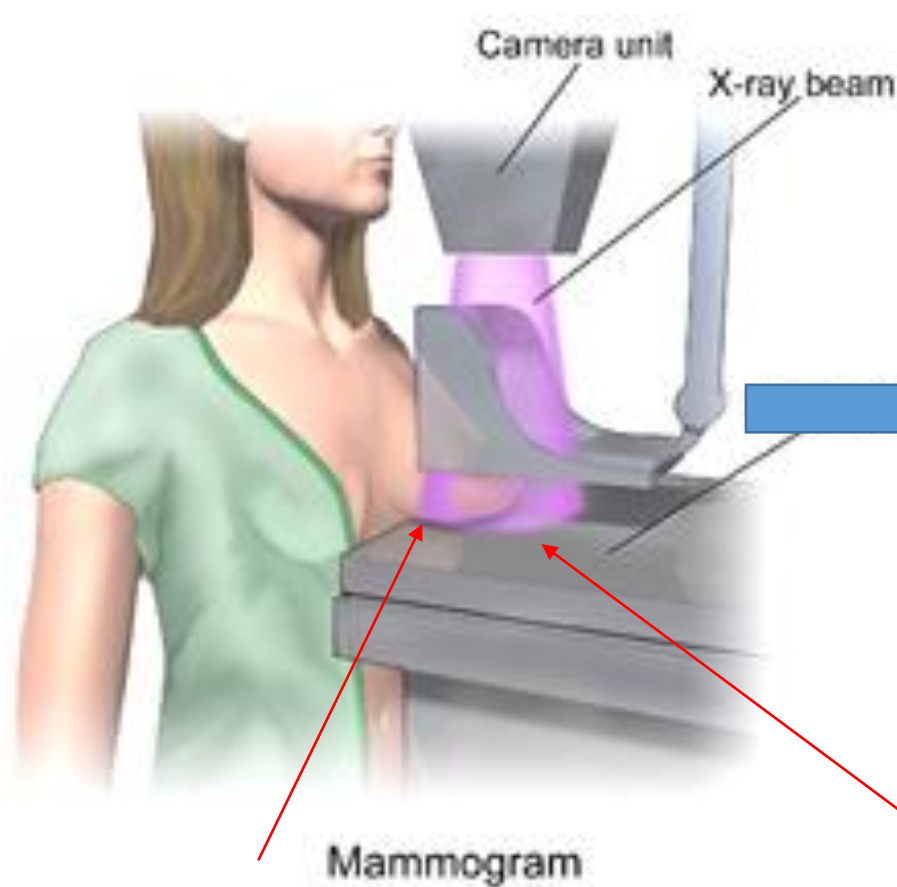
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Volpara Health Technologies (“Volpara”, ASX:VHT)



- **Volpara is a digital health company focused on the early detection of breast cancer by improving the quality of screening.**
- We have ~40 FTE, mostly based in Wellington & the USA, with the founders originally from Oxford, and software now in 35 countries, regulatory cleared & generating clinically validated.
- FY2016, saw us generate revenues of NZ\$2.5M, selling FDA cleared breast density assessment software via a capital sales model.
- During 2016, we raised ~A\$20M to go more direct, to expand to provide services to all parts of the breast imaging centre, including budget holders, and to switch from a capital sales model to a software-as-a-service (SaaS) model.

The mammogram – mainstay of screening



Breast density:

The more white tissue, the “denser” the breast, this is a risk factor for developing and hiding cancer. Assessment by eye is subjective.

Breast positioning:

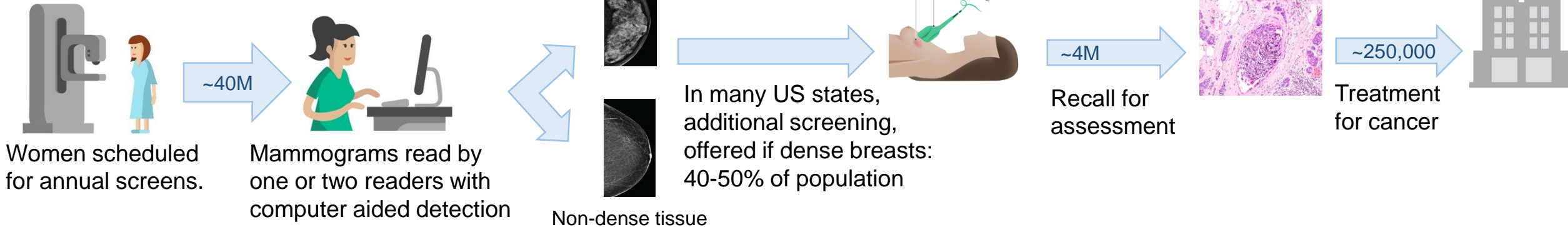
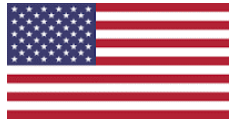
All the tissue needs to be imaged, otherwise a cancer might be missed.

Radiation dose: needs be high enough for a good quality image, but low enough so as to not induce a cancer.

Breast compression:

Too hard, exam is painful but usually good images & low dose
Too soft, tissue is not spread enough, high dose, but no pain

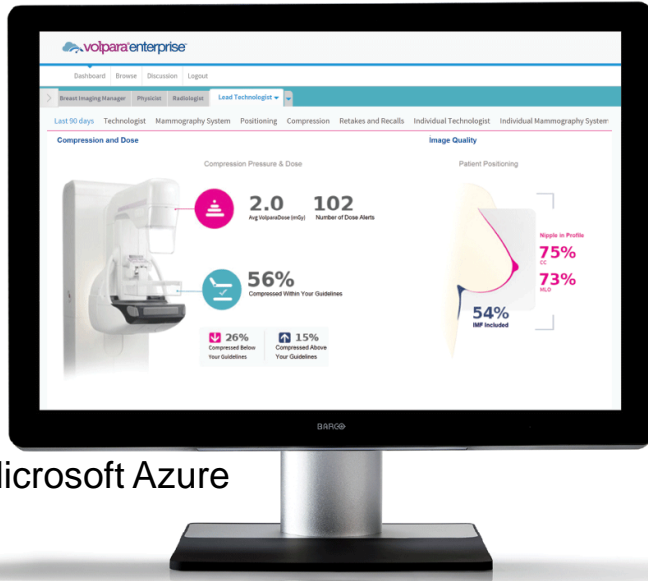
Breast cancer screening saves lives



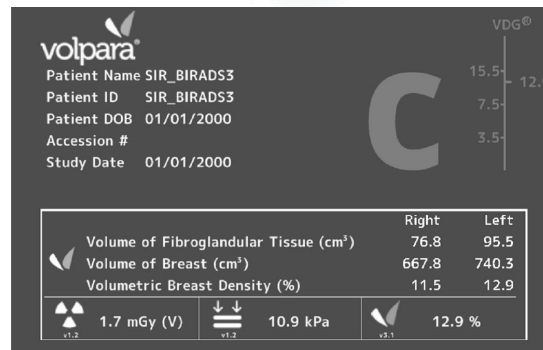
- There are ~8,700 breast imaging centres in the USA, screening about ~40M women annually, at a cost of ~US\$7.8Bn
- Screening is proven to save lives, but is not optimal with cancers being missed, especially in dense breasts, and false positives being generated.
- Screening is moving towards being personalized, based on risk, and bringing resources to bear on the women that need them.

VolparaEnterprise™ services all parts of the breast imaging centres

Overview
of centre

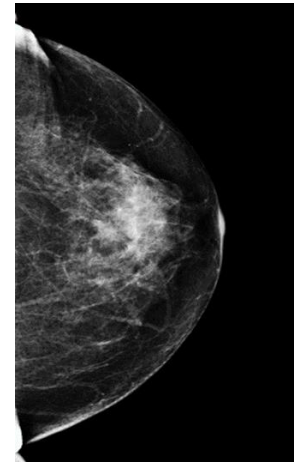


Scorecard
for each
woman

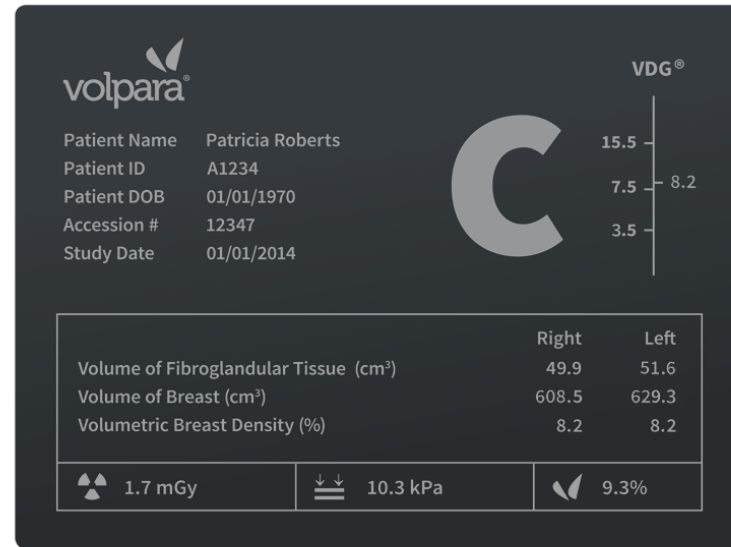
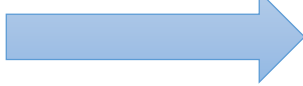


- Our software provides services to breast imaging centres via the automated assessment of breast x-rays (mammograms) to evaluate:
 - Breast density & cancer risk
 - Image quality
 - Safety of the x-ray (radiation dose)
 - Comfort of the breast compression
 - Productivity of the x-ray machines and users
 - Referral patterns
- Our services appeals to all to all stakeholders, from the radiologist to the budget holders – reducing compliance costs, raising the standard of care, and increasing revenues for breast imaging centres.

VolparaEnterprise™ services all parts of the breast imaging centres



*Experts will disagree
~35% of the time on
density category.*



- Density competitors lack clinical validation and/or are specific to certain x-ray hardware
- VolparaDensity is vendor neutral and has clinical validation from over 140 publications from 35 countries
- Frost & Sullivan Global Award winners for Breast Density Assessment 2016

State laws in the US are driving breast density & risk

[Home](#) » [Topics](#) » [Breast Imaging](#)

DiagnosticImaging.com.

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Like

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Breast Density: Standardization Needed

By Whitney L.J. Howell | April 18, 2012

In 2010, Connecticut became the first state to require that providers inform patients about whether they had dense breast tissue. **Texas** followed suit in January, and at least 13 more states are expected to do so, including **California**.

There is now a nationwide discussion about the benefits and challenges of including this information in marital status records in a standardized way.

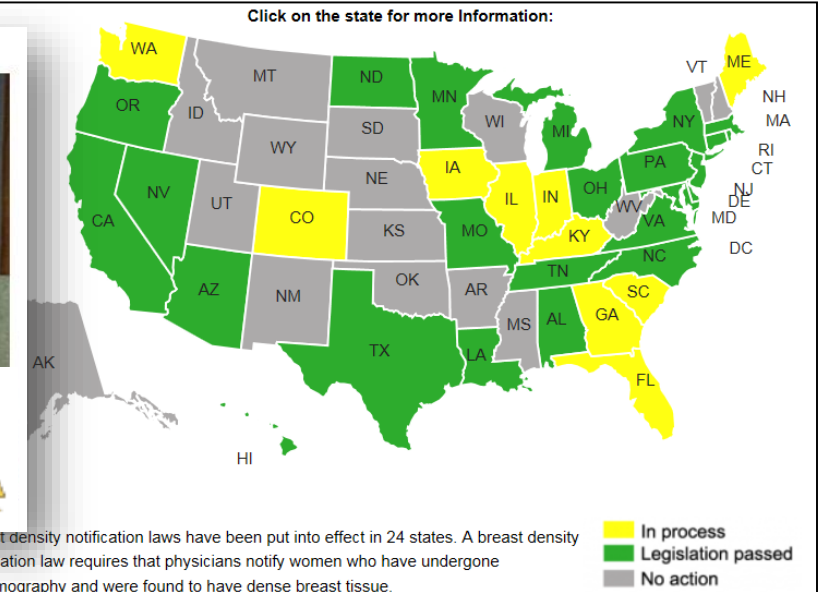
Are You Dense?
95% OF WOMEN DON'T KNOW



The Cancer Risk Factor You've Probably Never Heard of



(ABC News)



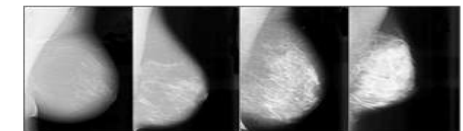
Breast density notification laws have been put into effect in 24 states. A breast density notification law requires that physicians notify women who have undergone mammography and were found to have dense breast tissue.

Federal Legislation To Standardize Density Reporting Introduced

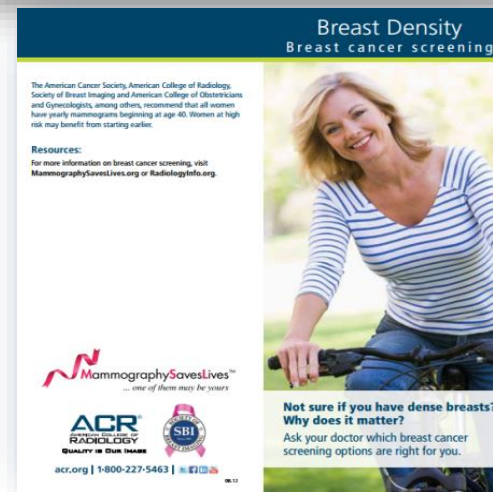
TAKE ACTION
WRITE CONGRESS

Over the past two decades, peer reviewed scientific studies have demonstrated that mammography misses every other cancer in women with dense breast tissue.

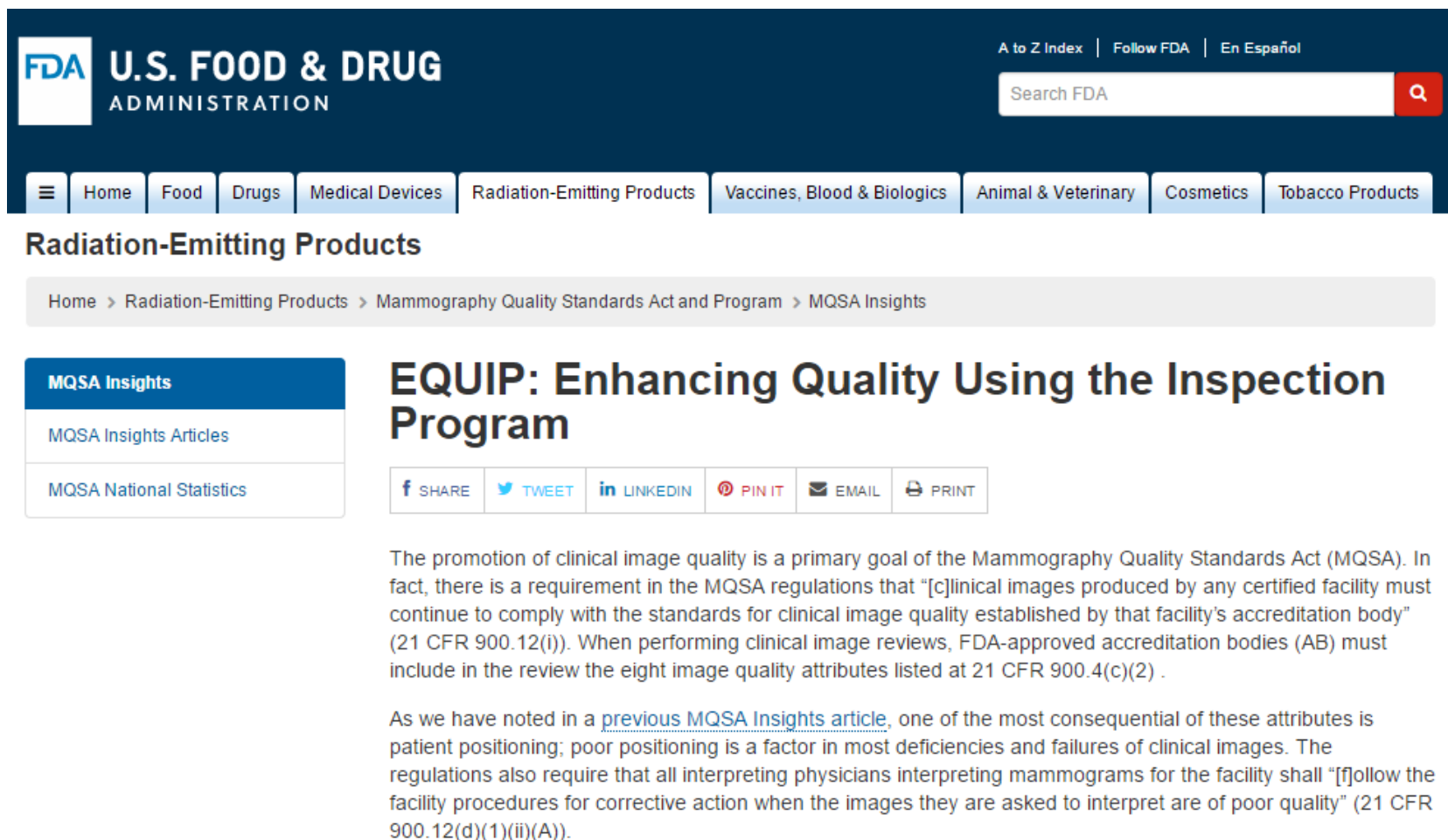
Breast density predicts the accuracy of mammographic screening at any age. Additionally, the research has shown that by utilizing adjuvant breast screening tools, detection of early stage invasive breast cancer can increase up to 100% for women with dense breast tissue. By failing to enact life saving screening protocols for women with dense breast tissue, cancers are detected at a later stage which conveys less treatment and worse survival outcomes. The impact on the health care system is also significant as a later stage diagnosis is significantly more costly to treat than an early stage diagnosis. **Early m**



The figures above are illustrations of the four **BI-RADS** scale of breast tissue composition (fatty, scattered, heterogeneously, & extremely dense).



US FDA launches EQUIP, 1st January 2017



The screenshot shows the FDA website's navigation bar with the logo and links for 'A to Z Index', 'Follow FDA', and 'En Español'. A search bar is present. Below the navigation bar, a horizontal menu lists various FDA categories, with 'Radiation-Emitting Products' selected. The main heading is 'Radiation-Emitting Products', followed by a breadcrumb trail: 'Home > Radiation-Emitting Products > Mammography Quality Standards Act and Program > MQSA Insights'. On the left, a sidebar under 'MQSA Insights' includes links for 'MQSA Insights Articles' and 'MQSA National Statistics'. The main content area features the title 'EQUIP: Enhancing Quality Using the Inspection Program' and social sharing options (Share, Tweet, LinkedIn, Pin It, Email, Print). The text explains that the promotion of clinical image quality is a primary goal of the MQSA, citing a requirement for facilities to comply with standards for clinical image quality established by their accreditation body (21 CFR 900.12(i)). It also notes that FDA-approved accreditation bodies (AB) must include in the review the eight image quality attributes listed at 21 CFR 900.4(c)(2). A concluding paragraph states that, as noted in a previous MQSA Insights article, one of the most consequential of these attributes is patient positioning; poor positioning is a factor in most deficiencies and failures of clinical images. The regulations also require that all interpreting physicians interpreting mammograms for the facility shall "[f]ollow the facility procedures for corrective action when the images they are asked to interpret are of poor quality" (21 CFR 900.12(d)(1)(ii)(A)).

MQSA is a set of US government regulated quality control regulations.

EQUIP, launched in 2017, requires all sites to now have processes in place to monitor and improve clinical image quality – one of the key features of *VolparaEnterprise™*.

Push towards MACRA (pay for quality, not just quantity) also becoming more pressing.

Expanded direct sales team on board since mid-2016



What have we learned?

1. Software-as-a-service business model is working and we will be moving all customers to this model.
2. Distributors useful for customer leads



Anton Zerle
VP S&M, APAC



David Lee
VP S&M, EMEA

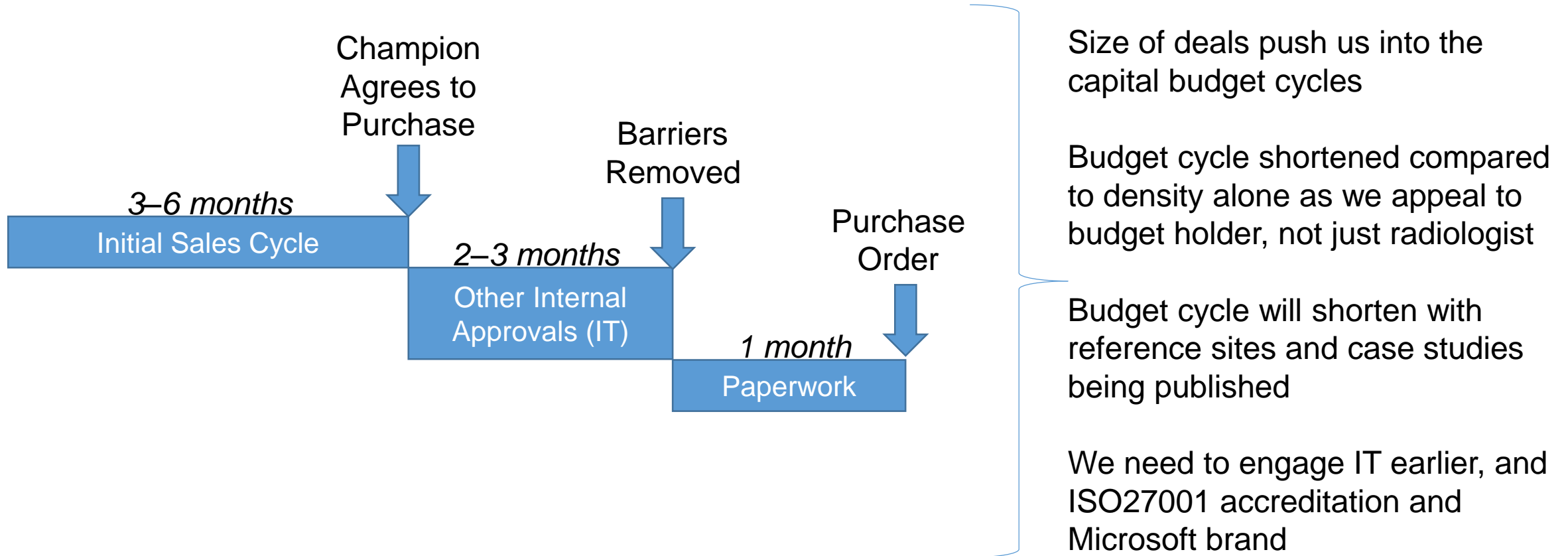
VolparaEnterprise™ - commercial progress as of 1st March



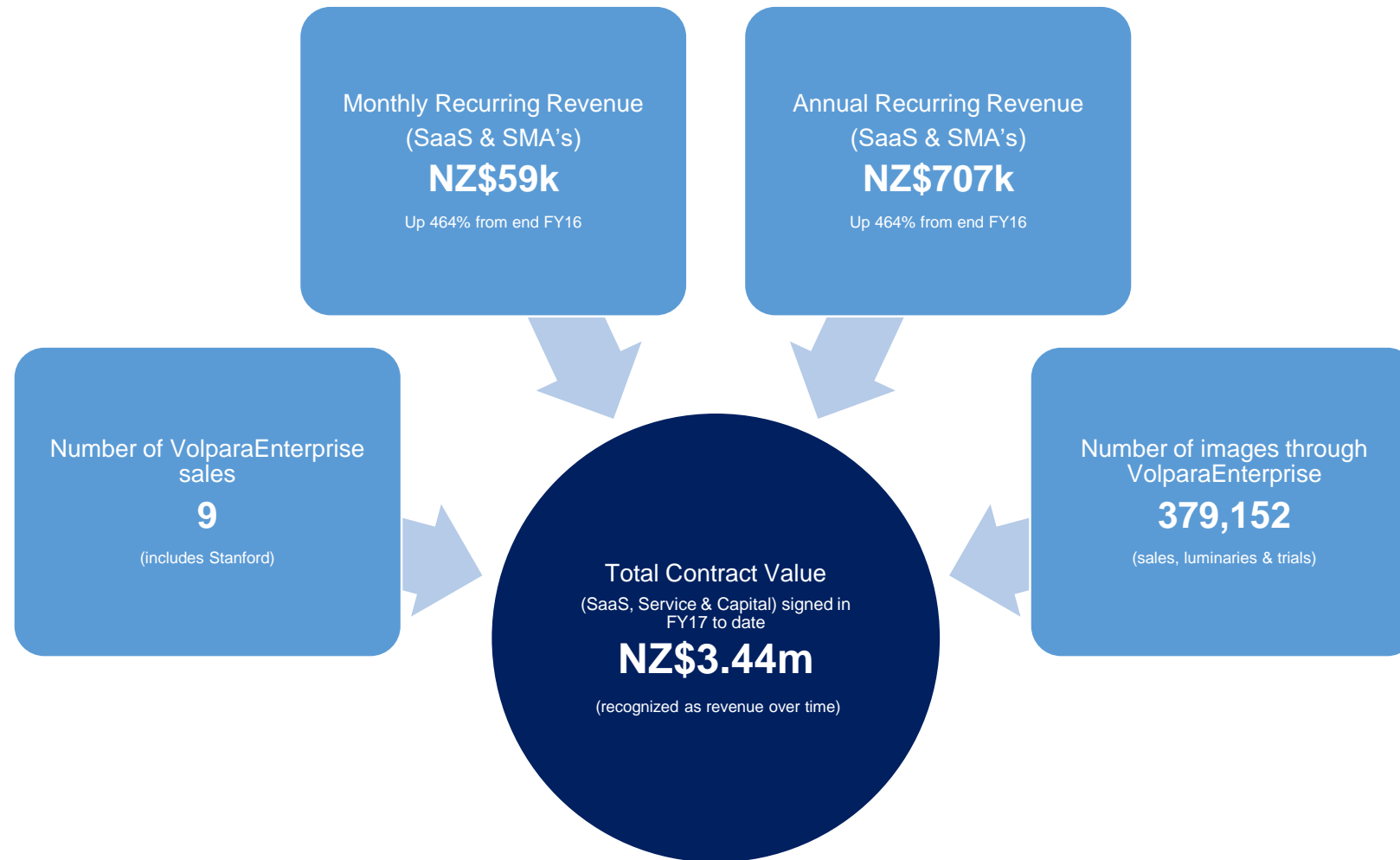
- Capital sales of density continue
- Three luminary accounts up & running, including [Boca Raton](#) (video link)
- Nine Software-as-a-service (SaaS) customers as of end Feb 2017, including Stanford and University of Virginia
- Annual fees ranging to US\$99,000pa – the model is scaling correctly
- Multiple large trials underway and coming towards conclusion
- Based on Microsoft Azure and other Microsoft products; this is an expanding relationship

VolparaEnterprise™ - Software-as-a-Service (SaaS)

What have we learned about SaaS and the budget process?



Highlights from a SaaS model view to end February 2017



Latest financials

Share price as at end Thursday 2nd March 2017:



Average Volume Traded = 85k per day

Appendix 4C

Quarterly cash flow as at 31 December 2016:

- Cash at the end of the quarter was NZ\$14.86M, of which NZ\$12.602M were in term deposits.
- Cash receipts from customers were NZ\$1.846M.
- Cash used in operating activities for the first 9 months was NZ\$6.346M.

Top 20

Shareholding %

Mr Roger W Allen (Sydney)	14.349%
Dr Ralph Highnam (Wellington)	10.959%
Ms Tina Jennings (Oxford)	8.501%
Prof John M Brady (Oxford)	5.201%
Mr Marcus Sarnier (UK)	4.193%
Mr Stephen R Tindall (Auckland)	3.912%
Prof Martin Yaffe (Ontario)	2.794%
Prof Nico Karssemeijer De Ravenberg (Amsterdam)	2.493%
Private Clients of Craigs Investment Partners (Tauranga)	2.490%
Craigs Investment Partners (Tauranga)	2.307%
Messrs David Kingston & Christopher Darlow (Auckland)	2.282%
Sir Martin Francis Wood (Oxford)	1.789%
Lady Kathleen A Wood (Oxford)	1.789%
Berne No 132 Nominees Pty Ltd (Brisbane)	1.590%
J P Morgan Nominees Australia Limited (Melbourne)	1.466%
Citicorp Nominees Pty Limited (Melbourne)	1.435%
Sir Martin Smith (Regional (England))	1.379%
Mr Jeremy Palmer (Oxford)	1.378%
Hendry Nominees Ltd (Tauranga)	1.338%
HSBC Custody Nominees (Sydney)	1.255%
	72.90%

Key Statistics

Share price as at 2 nd Mar 2017, AUD	0.445
52 week share price range	AUD 0.31 – 0.88
Shares on issue ¹	142.1M
Market Capitalisation	AUD 63.48M
Options	14.084M
Average Option Exercise Price	AUD 0.31

1. Includes 93.9M shares on escrow (12-24 months)

Anticipated events over next 6 months to 1st July 2017

Approximate timing		Event
Jan	✓	Results from large scale Dutch study on <i>VolparaDensity</i> [™] to be published
Feb 15 th – 17 th	✓	Mark Koeniguer, Prof Sir Mike Brady in Sydney & Melbourne
Feb 19 th – 23 rd	✓	Healthcare Information & Management Systems Society, Orlando, Presenting <i>VolparaEnterprise</i> [™] on the Microsoft Stand
March 1 st	✓	European Congress on Radiology, Vienna, launch of <i>VolparaEnterprise</i> [™] in Europe
March		Release of <i>VolparaEnterprise</i> [™] 2.0, based on feedback to date
March 22nd / 23rd		QUT (Brisbane) Public Lecture on Breast Density & Symposium (TBC)
March/April		The major breast specific conferences and trade shows: <ul style="list-style-type: none"> • 11th – 15th March: National Breast Cancer Centers (USA), Las Vegas • 5th – 8th April: Breast Imaging Group (A & NZ), Queenstown • 6th – 8th April: Society of Breast Imaging (USA), Los Angeles
April/May/June		UK project on breast density implementation expected to be announced

European Congress on Radiology, Vienna, March 2017



Investment summary

- ✓ FDA, CE, TGA and other Regulatory clearances
- ✓ Patented, clinically validated software
- ✓ Major drivers (State/Federal density laws, risk model, MACRA, EQUIP...)
- ✓ Experienced board, management and sales team
- ✓ Leading brand, first mover advantage in Enterprise
- ✓ Enterprise SaaS model validated, and being accepted
- ✓ Strong, high quality funnel
- ✓ High margin product
- ✓ Ability to deliver targets
- ✓ Collecting big data for innovation and future services
- ✓ Aim to get much higher recurring revenue from SaaS



Appendix



Who are we? A reputable, influential Board



Roger Allen, AM

Chairman

- Joined the Board in 2010, appointed Chairman in Oct 2015
- Built CPG, co-founded Allen & Buckeridge (VC fund)
- Served on 2 PMs' Science & Tech Councils, Advisory Boards



Lyn Swinburne, AM

Non-Executive Director

- Joined the Board in 2015
- Founder of Breast Cancer Network Australia
- Chair of the Board of Royal Women's Hospital in Melbourne



Prof Sir Mike Brady

Non-Executive Director

- Founding Director of VHT and Perspectum Diagnostics
- Author of over 750 articles and 26 patents
- Current professor of Oncological Imaging at Oxford



John Pavlidis

Non-Executive Director

- Joined the Board in 2015
- Over 25 years' medical device experience
- CEO of VytronUS, former president and CEO of R2 Technology



John Diddams

Non-Executive Director

- Principal of Australia CPA firm providing corporate advisory service
- Currently NED of Skydive and House with No Steps
- 25 years' experience raising capital, performing due diligence, IPOs

Who are we? An experienced, qualified management team



Ralph Highnam, PhD

Chief Executive Officer

- PhD, Breast Imaging, University of Oxford 1992
- Former CEO of Mirada Solutions: medical imaging software sold in US
- Co-founded Volpara (VHT) 2009, time right to exploit concepts from PhD



Julian Marshall

Chief Marketing Officer

- Joined 1st March 2016, based in San Francisco, USA
- 30 years' experience in breast imaging software product management
- Former Senior Director of Global Product Management at Hologic



Mark Koeniguer

Chief Commercial Officer

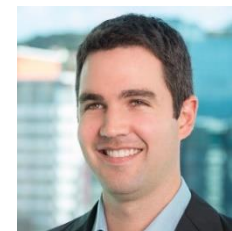
- Highly experienced in medical imaging software sales, including SaaS
- Based in Nashville, USA, with over 25 years of leading sales teams
- Worked across radiology, with long tenures in breast imaging specifically



David Murray

Chief Technology Officer

- 25 years experience in medical device companies
- Director of Product Develop for TomoTherapy (acquired by Accuray)
- 10 years as chair of DICOM Working Group 7 (Radiation Therapy)



Craig Hadfield

Chief Financial Officer

- Appointed a full-time CFO, 1st March 2017
- Over 8 years experience in senior and managerial auditing roles around the world

Intellectual property position

The Volpara intellectual property portfolio currently comprises

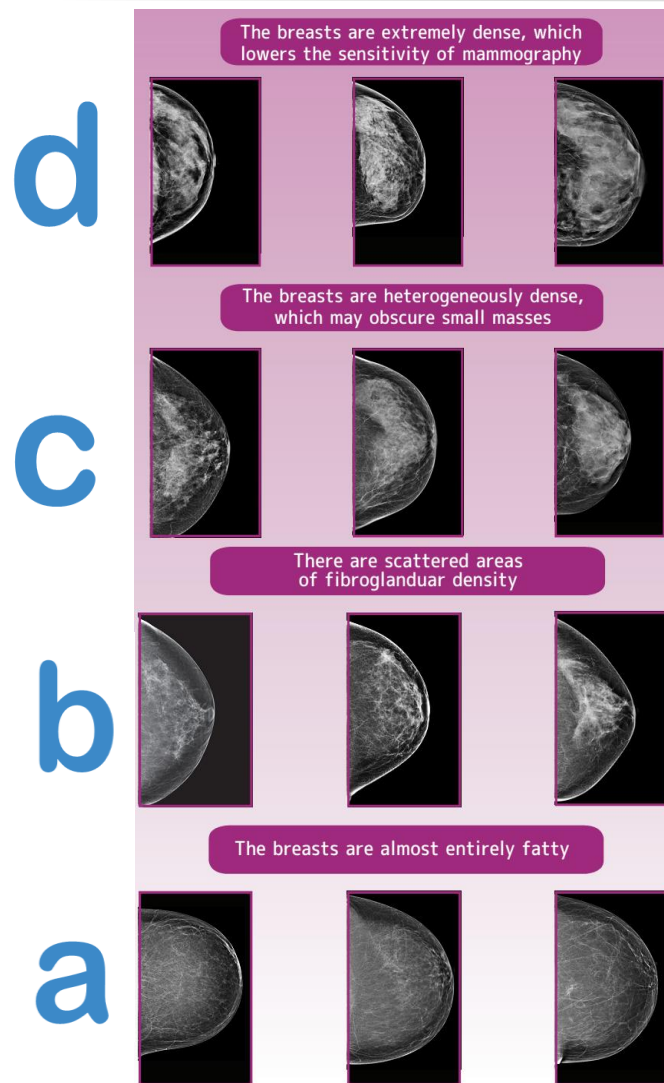
- granted patents in 41 countries
- patent applications in 160 countries
- registered trademarks in 38 countries and 2 new international trademarks pending
- unregistered trademarks
- copyright works (including software, graphical and text) and
- trade secrets (which protect the key part of the code).

VHT continues to file and protect ongoing innovation and new product development.

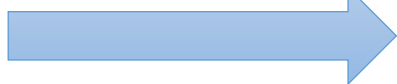
Software as a Service (SaaS) Business Model

- Under SaaS, the customer pays us for a service provided by our software, rather than buys a perpetual license with a once off, up-front fee (a capital sales model).
- Although the customer might pay for the service a year in advance, under accounting standards the majority of revenue can only be counted as recognised once the service has been provided (i.e. over time).
- SaaS is attractive to companies & investors as it is a recurring revenue model (less lumpy), but there are different metrics people use to judge progress, the definitions VHT uses are:
 - **Total Contract Value (TCV)** - this is the value of contracts signed in the current financial year, the revenue from these deals might be recognised over one or many years and the customer might, or might not have a cancellation clause of some kind.
 - **Annual Recurring Revenue (ARR)** – this is the amount of revenue reasonably expected to be booked for the next 12 months on the basis of the contracts signed previously.

VolparaDensity – automated, objective density scoring



Subjective readings by two expert radiologists will disagree up to 35% of the time.



The Volpara software improves quality of care by providing **objective** evidence for density.

