



ASX RELEASE

FULL YEAR RESULTS PRESENTATION – UPDATED TO INCLUDE APRIL AND MAY SALES AND ADDITIONAL AUSTRALIAN SALES

Wellington, NZ, 31st May 2017: Volpara Health Technologies (“Volpara”; ASX: VHT), a digital health company focused on early detection of breast cancer by improving quality of screening, is pleased to release an updated investor presentation.

This presentation includes an update on sales progress for April and May, the first two months of FY18 (year ending 31 March 2018), including information regarding additional Australian sales.

ENDS.

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 objective measurements of breast density.

VHT has a number of patents and trademarks and regulatory clearances, including FDA and CE, supporting its technology and services. An ASX-listed company that raised A\$20M through an IPO and subsequent share placement and rights issue in 2016, VHT has customers and/or research projects in 35 countries.

www.volparasolutions.com

For further information, please contact:

Ralph Highnam, CEO
Volpara Health Technologies
ralph.highnam@volparasolutions.com
t: +64 21 149 0541

Kyahn Williamson
WE Buchan
kwilliamson@buchanwe.com.au
t: +61 3 9866 4722

VHT Investor Presentation, (4E) FY2017 Results

ASX:VHT



Ralph Highnam, PhD (Oxford)
Chief Executive Officer



Mark Koeniguer
Chief Commercial Officer



Craig Hadfield
Chief Financial Officer



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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
- Original technology concepts and founders out of Oxford
- Regulatory cleared, clinically validated with patents & trademarks
- Total orders over **US\$9M** since 2009 & installs in 35 countries

FY2017:

- Transformed to Software-as-a-Service (SaaS), built team & new product
- **~600%** annual recurring revenues (ARR) growth to NZ\$1.1m
- **45%** increase in Total Contract Value (TCV) signed to NZ\$4.1m
- Capturing ~1% of women screened in US each year



TGA



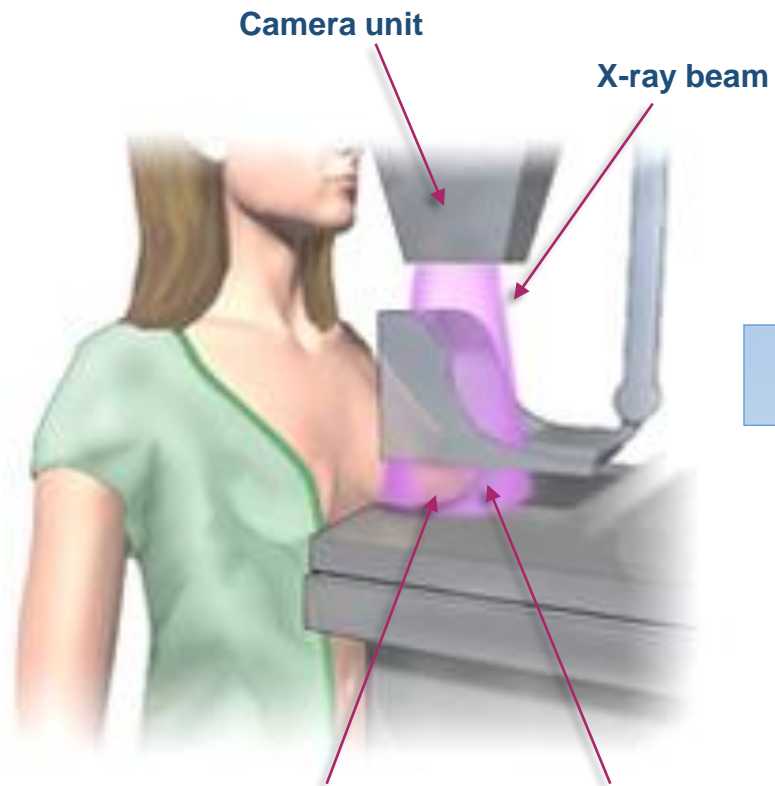
185
publications



TM



The mammogram – mainstay of screening, but quality essential

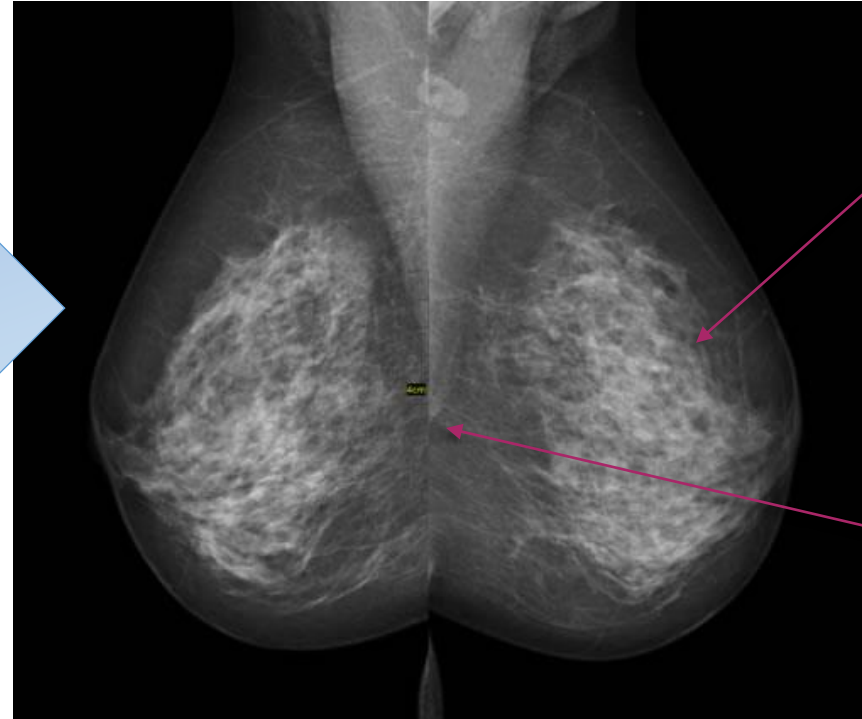


Breast compression:

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

Radiation dose:

Needs be high enough for a good quality image, but low enough so as to not induce a cancer.



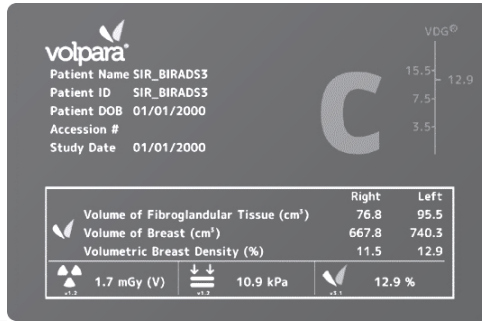
Breast density:

The more white tissue, the "denser" the breast which 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.

Achievements in FY2017 – *VolparaEnterprise* launched



volpara®
enterprise™



Our software provides services to breast imaging centres via the automated assessment of breast x-rays (mammograms) to raise the standard of care by automating and improving:

- Breast density & cancer risk assessment
- Image quality
- Safety of the x-ray (radiation dose)
- Comfort of the breast compression
- Productivity of the x-ray machines and users

These services can dramatically help reduce compliance costs and increase revenues.

- FDA quality regulations (EQUIP),
 - Launched 1st Jan 2017, from 1st Jan 2018 penalties apply
- US health reform (MACRA) – strong focus on personalized medicine
 - Pay for quality, not just quantity
- 32 US State laws stating that women must be told their breast density
- Manager's desire for decreased costs, improved revenues

Achievements in FY2017 – SaaS business model, scaling & successful



- Based on Microsoft Azure, which brings security and scalability, this is an expanding relationship
- Typical annual fees are ranging from US\$30,000 to US\$100,000 – implies the model is scaling correctly. We are totally committed to the SaaS model
- With our previous capital density only sale, **US\$50,000** was our average contract selling price, that has now risen very significantly towards **US\$180,000 with SaaS and the major new features inside of Enterprise**; the global market for quantitative, big data tools is estimated to be over A\$1Bn per year

Achievements in FY2017 – Recruiting a high calibre direct sales team



Excellent team, very deep knowledge of breast imaging and great networks. No turn-over of staff since Jan 2016.

Latest recruit to our customer success team has extensive breast imaging experience, and has just finished a 10 year spell with Hologic.

Distributors continue to be useful for customer leads:



Anton Zerle
VP S&M, APAC



David Lee
VP S&M, EMEA

SIEMENS



GE Healthcare

Achievements in FY2017 - Targeted marketing

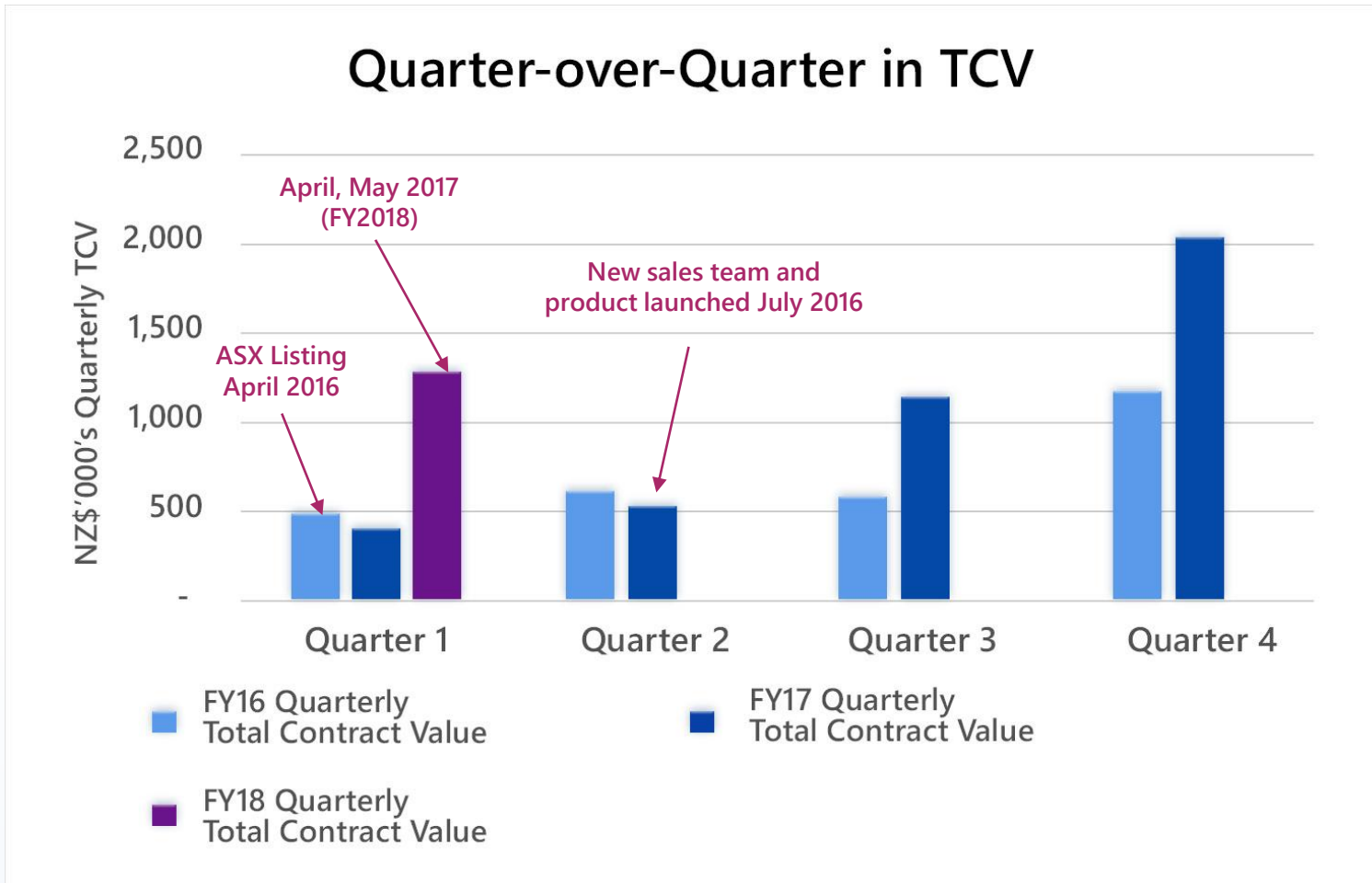
Primary targets **are US mammography facilities (8,741), all listed on the FDA web-site**, with one or more of the following characteristics:

- Without adequate quality processes in place to satisfy FDA EQUIP (n≈2,000)
- With interest in growing a dense breast screening program with additional imaging (n≈1,000)
- With interest in growing a breast MRI screening program with Tyrer-Cuzick risk tools (n≈1,000)
- With poor performance during ACR (radiology) Accreditation (n≈100)

Lead Generation:

- Personal relationships as we have a highly experienced breast screening team
- Trade shows
- Webinars – recent Volpara sponsored EQUIP webinar generated **1800+ registrants**
- Partner events from educational meetings, road shows, and cross-selling
- Current density customers

Achievements in FY2017 – Total Contract Value (TCV) growth



Total Contract Value
(SaaS, Service & Capital) signed in FY17

NZ\$4.1m

**Up 45% from
end FY16**



sydney breast clinic

**DR JONES
& PARTNERS**
MEDICAL IMAGING

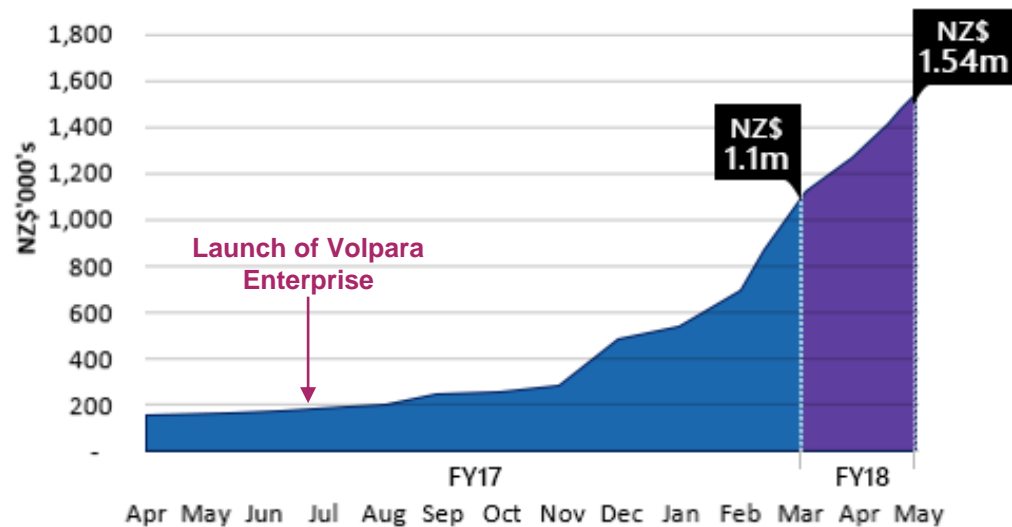
Achievements in FY2017 – Annual Recurring Revenue (ARR) growth

Annual Recurring Revenue

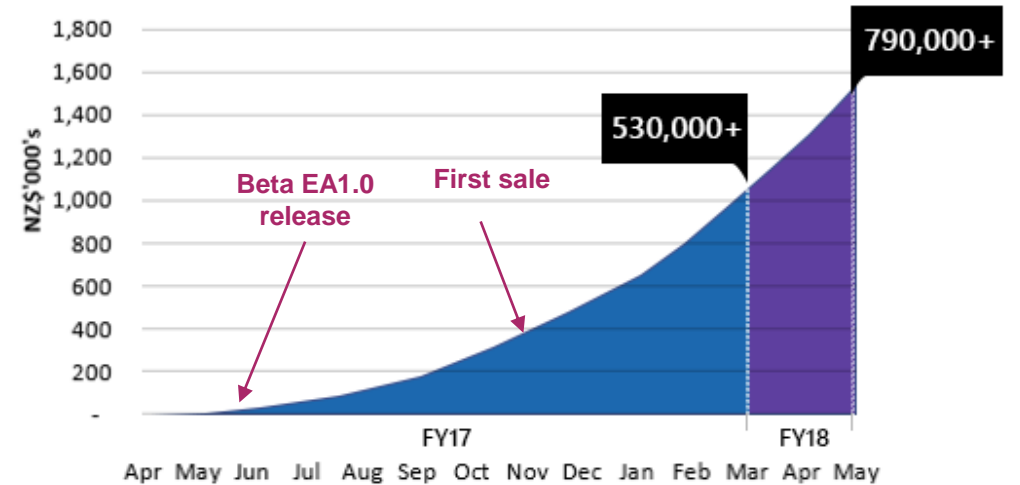
NZ\$1.1m

Up 586% from end FY16

Growth in ARR



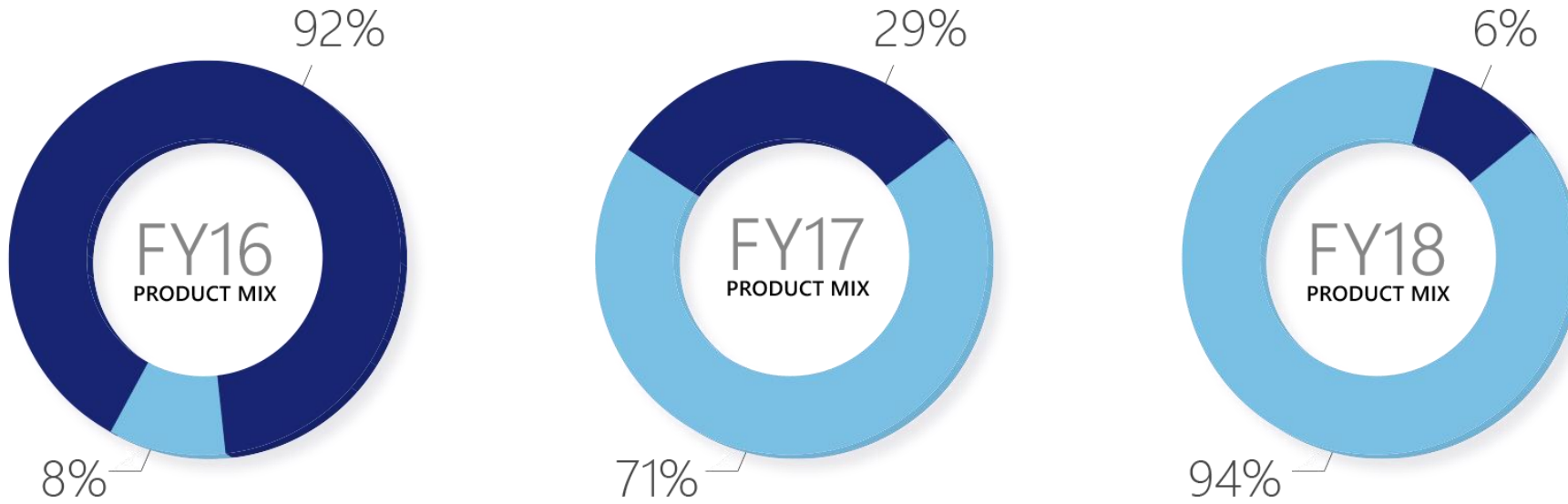
No. Of Images Through VolparaEnterprise™



Around 1% of the US women being screened were going through Volpara at end FY2017 – this is “big data” we can use for product development.

Achievements in FY2017 – Recurring revenues

- Recurring Revenue
- Capital Sales

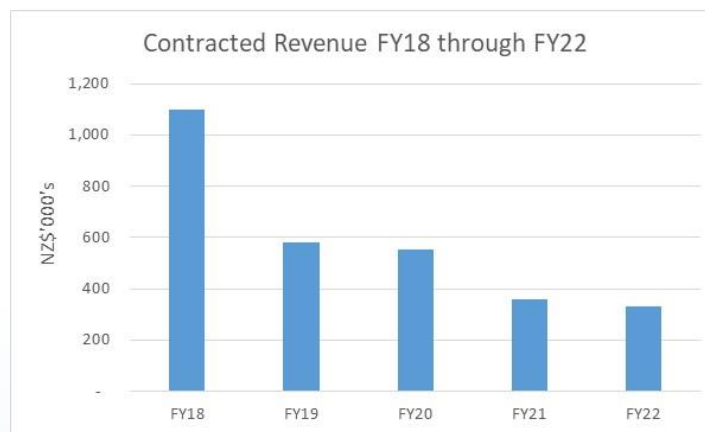


We've moved from **8% to 71% recurring revenue**, of which 88% is from SaaS contracts, this is building a growing pipeline of future revenue. FY18 will see almost all SaaS contracts, often paying annually up-front, but with revenue recognized over-time.

Achievements in FY2017 – Snapshot of 4E, Income Statement

	2017	2016
	NZ\$'000	NZ\$'000
Total revenue	2,047	2,614
Cost of sales	(680)	(620)
Gross profit	1,367	1,994
Operating expenses		
Sales and marketing	(5,223)	(2,534)
Product research and development	(2,302)	(1,941)
General and administration	(3,337)	(2,014)
Total operating expenses	(10,862)	(6,489)
Foreign exchange gains/(losses)	(344)	80
Operating deficit	(9,839)	(4,415)

- Recognized revenue (**under IFRS 15, which we've chosen to adopt early**) have decreased due to the new standard and the switch to SaaS which means you recognise a majority of the income over time – **note: typically, we are being paid 1 year in advance**
- Expenses rose on listing costs plus new sales and marketing resources
- No plan to significantly increase expenses, we have a great team in place.



Total Contract Value in FY17 increased to a record NZ\$4.1M from NZ\$2.8M in FY16, representing **growth of 45%**.

Contracted Revenue for FY18 onwards totals NZ\$2.9M, compared with NZ\$600k in FY17.

Achievements in FY2017 – Listing and raising growth capital

- Listed end April 2016, raising ~A\$10M at A\$0.50
- Placement and rights issue end November/December 2016, raising ~A\$10M at A\$0.60

	Year Ending 31 March 2017	Year Ending 31 March 2016	
	NZ\$'000	NZ\$'000	Variance %
Financial Results			
Revenue from ordinary activities	2,047	2,614	-22%
Net loss after tax	(9,571)	(4,415)	-117%
Earnings per share	(0.07)	(1.08)	94%
Cash and cash equivalents and cash on deposit	12,876	277	4,548%

Operating costs not expected to significantly increase in the next financial year.

Cash balance is healthy and tracking as planned.

Capital Structure & Share Register: Strong support from top shareholders

Volpara Health Technologies Ltd
VHT-AU



- **Market Cap:** ~A\$52 million
- **Shares on issue:** 145 million
- **Cash Position:** NZ\$12.9 million

Top 10 shareholders

1. Roger Allen
2. Ralph Highnam
3. Tina Jennings
4. Custodial Services Limited
5. Professor Sir Mike Brady
6. Marcus Sarner
7. KoneWOneNo3Ltd
8. Martin Yaffe
9. Nico Karrssemeijer
10. Kathleen Wood

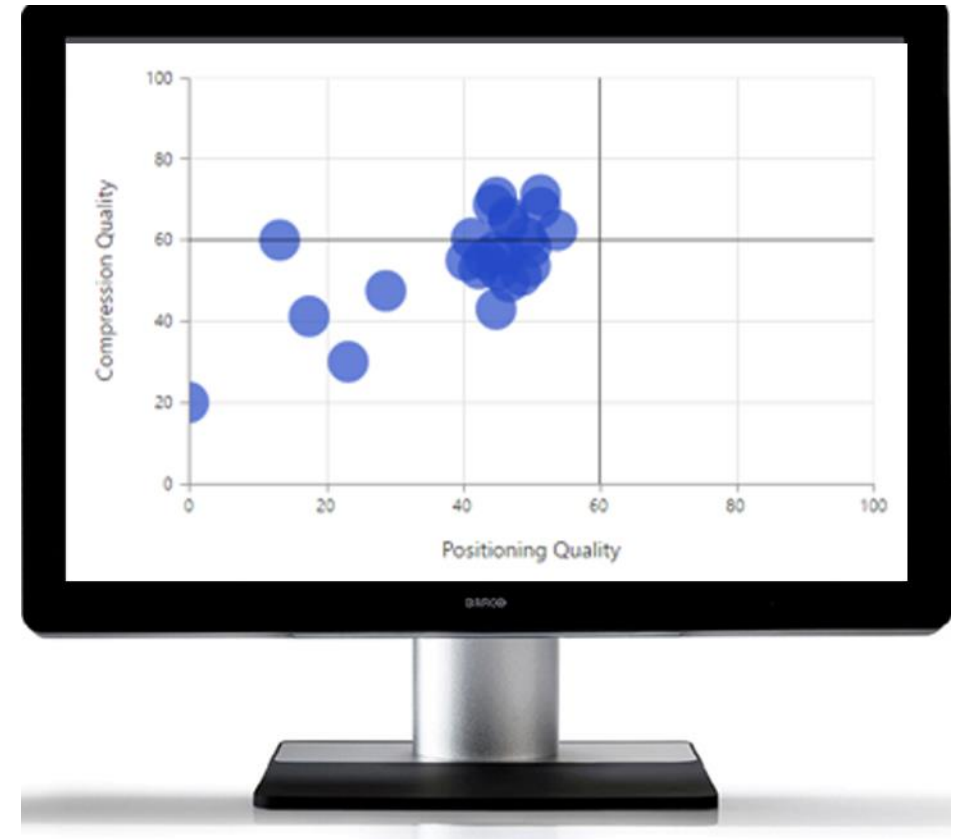
- Little movement in Top 20 shareholders since listing
- Most “independent” Escrow shares are now free to be traded, appear to be few sellers out of the major holders
- Remaining escrow shares (April 2018) all belong to the founders and directors

Looking Ahead – *VolparaEnterprise* with benchmarking to accelerate sales

Cloud and pooling of data allows powerful benchmarking on quality, safety, population & productivity

Ranking	Customer	Average Tech Quality Score	Compression Quality
1	Site 1	2.1	71%
2	Your Site	2.0	69%
3	Site 3	2.0	66%
4	Site 4	2.0	59%
5	Site 5	1.9	57%
...	Global Avg	1.5	59%

VolparaEnterprise Benchmarking compares 14 sites which have now processed over **530,000 images**.



Looking Ahead – Risk assessment to accelerate density sales



University of California
San Francisco

Jan 2017:

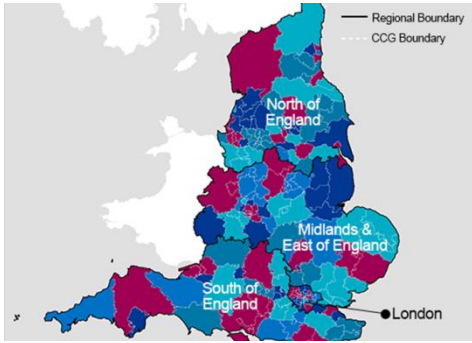
“dense breasts eclipse all other known breast cancer risk factors”



World-leading Tyrer-Cuzick 8 breast cancer risk assessment tool announced and formally launched in March 2017. **Cancer risk companies are now integrating that tool into their offerings, we believe this is going to lead to increased demand for *VolparaDensity*, the only automated density tool approved for use in the tool.**

- Women with high risk prediction according to risk models are potentially eligible in the US for breast MRI, and other additional procedures, raising revenues for the site.
- *VolparaDensity* is a stronger predictor of risk than the typical visual assessment in certain breasts.

Looking Ahead – Commercial milestones coming up



Aug/Sept/Oct 2017, expected commencement of UK NHS Project moving from scientific evaluation of ***VolparaDensity* & competitors** to a trial implementation into **the world's largest breast screening program**



1st Oct, Launch new on-line demo's to start reducing customer acquisition costs

1st Dec, Demonstrate *VolparaDensity* integration with major risk companies

1st Jan, Release *VolparaEnterprise* 2.1 to reduce cost-of-goods and introduce benchmarking and other new features we can charge additional for.

By end FY2018: Grow Annual Recurring Revenue (ARR) in excess of 200%

By end FY2018: Capture at least 3% of all women screened in the U.S.

Investment summary

Volpara is a digital health company focused on the early detection of breast cancer by improving the quality of screening.

Selling a unique cloud-based product, direct via a proven SaaS business model, principally in the US where there are 8,700 sites, increasingly strong drivers for adoption and a market for analytics software of approximately A\$1Bn

Specialised and focused US sales team has delivered strong sales and pipeline growth in its first year.

In FY2017, Total Contract Value rose 45% to NZ\$4.1M, ARR rose ~600% to NZ\$1.1M

ARR growth of at least 200% expected for FY2018 through an expansion of coverage to 3% of all US women

Most “independent” escrow shares now on market with remainder amongst the founders and directors

Continuously improving and evolving product offering based on learnings from customer behaviours and data



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



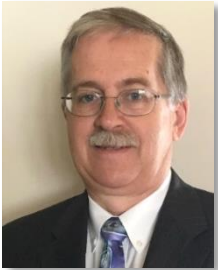
Ralph Highnam, PhD *Chief Executive Officer*

- 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



David Murray *Chief Technology Evangelist*

- 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)



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



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



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

Intellectual property position

The Volpara intellectual property portfolio currently comprises

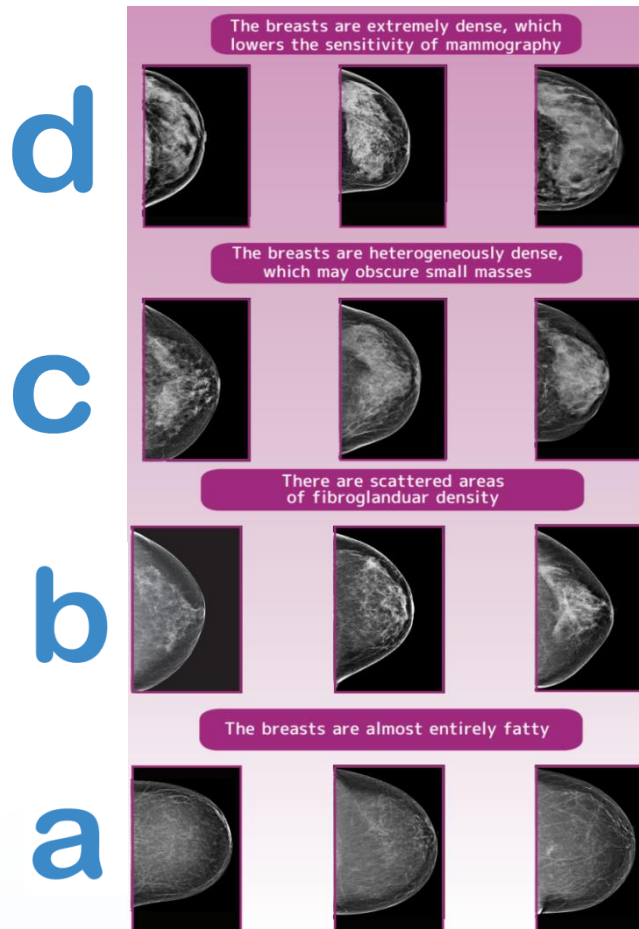
- granted patents in 17 countries
- patent applications in 166 countries
- registered trademarks in 38 countries and 1 new international trademarks pending
- unregistered trademarks
- copyright works (including software, graphical and text) and
- trade secrets (which protect the key part of the code).

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, and assuming installation upon order.

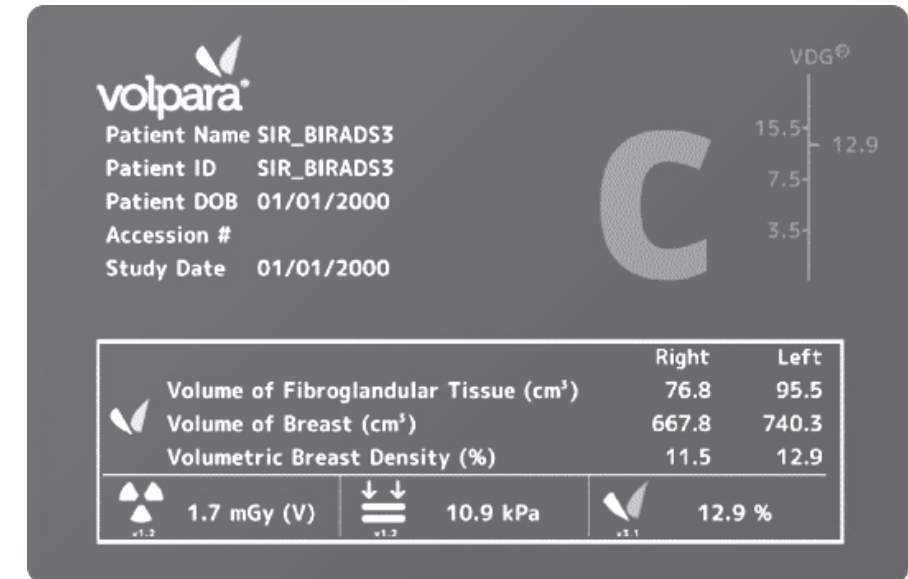
VolparaDensity – automated, objective density scoring



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.



TGA CE FDA