

ASX RELEASE

Investor Presentation Update

Highlights of material added to Sydney investor presentations:

- **Volpara delivers record January performance:**
 - **Total Contract Value (TCV) of NZ\$1.2m added in January 2018, up over 400 percent compared to January 2017**
 - **Annual Recurring Revenue (ARR) of NZ\$220k added in January 2018, with ARR now up 173 percent from the end of FY17**
- **Wesley Breast Clinic, Brisbane signs up as a customer**
- **Customer stories added evidencing improved patient care and productivity**

Wellington, NZ, 7 February 2018: [Volpara Health Technologies](#) ("Volpara"; ASX: VHT), a digital health company focused on early detection of breast cancer by improving quality of screening by using artificial intelligence (AI), is today presenting in Sydney including results to end January 2018.

Total Contract Value added in January 2018 was NZ\$1.2m, building on the strong sales momentum in the previous quarter, and representing a 400 percent increase on TCV added in January 2017 (NZ\$).

This now brings TCV for the YTD to NZ\$8.3m, up 201 percent from FY17.

Annual Recurring Revenue (ARR) has increased to over NZ\$3m, from NZ\$1.1m at the end of FY17. This places Volpara well on track to exceed the Company's 200 percent ARR growth target for FY18.

As well as several new US customers and another Japanese sale following regulatory clearance in late 2017, Volpara is also pleased to announce, that after a successful trial, Wesley Breast Clinic in Brisbane has purchased VolparaDensity. There is now a Volpara site in every major Australian city.

Finally, customer success stories from around the globe have been added which demonstrate both better patient care (compression, dose) and improved productivity with reduced compliance costs.

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 36 countries.

www.volparasolutions.com

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Welcome!

Volpara: Trading Update & Understanding the Clinical Need



Roger Allen, AM

Chairman

- Joined the Board in 2010, appointed Chairman Oct 2015
- Built and listed Computer Power Group
- Co-founded Allen & Buckeridge (VC fund)
- Served on 2 PMs' Science & Tech Advisory Boards



Dr Monica Saini

Consultant Radiologist

- Joined 1st November 2017
- Former Chief of Breast Imaging, Santa Fe
- Former Chief of Breast Imaging, Christus St. Vincent
- Former Medical Director of Breast Ultrasound, GE
- Breast Radiologist, New Zealand Breast Screening
- Based in Wellington



Ralph Highnam, PhD

Chief Executive Officer

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



Craig Hadfield

Chief Financial Officer

- Joined Volpara in July 2016
- Appointed full-time CFO, 1st March 2017
- Over 8 years' experience in senior and managerial auditing roles around the world, including with Deloitte and EY

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Volpara Health Technologies ("Volpara", ASX:VHT)



Volpara is a digital health company improving the early detection of breast cancer

- Original technology concepts and founders out of Oxford AI lab
- Regulatory cleared, clinically validated with patents & trademarks
- We have ~50 FTE, mostly based in Wellington & the USA
- Total orders over **US\$14M** since 2009 & installs in **36** countries
- We have over **1M** women signed up via clinics to our services

In 2016, we raised A\$20M, listed, started selling direct and expanded onto the Cloud using a Software-as-a-Service (SaaS) model. Annual Recurring Revenue (ARR) has risen significantly each year:

- At end Q4, FY2017, ARR was NZ\$1.1M, up ~600% from FY2016 (NZ\$160K)
- At end Q3, FY2018, ARR was NZ\$2.8M, up ~153% from end FY2017 (March 31st)

Our aim this year is to **exceed** 200% growth in ARR & 3% of US women





Dr Monica Saini

Consultant Radiologist

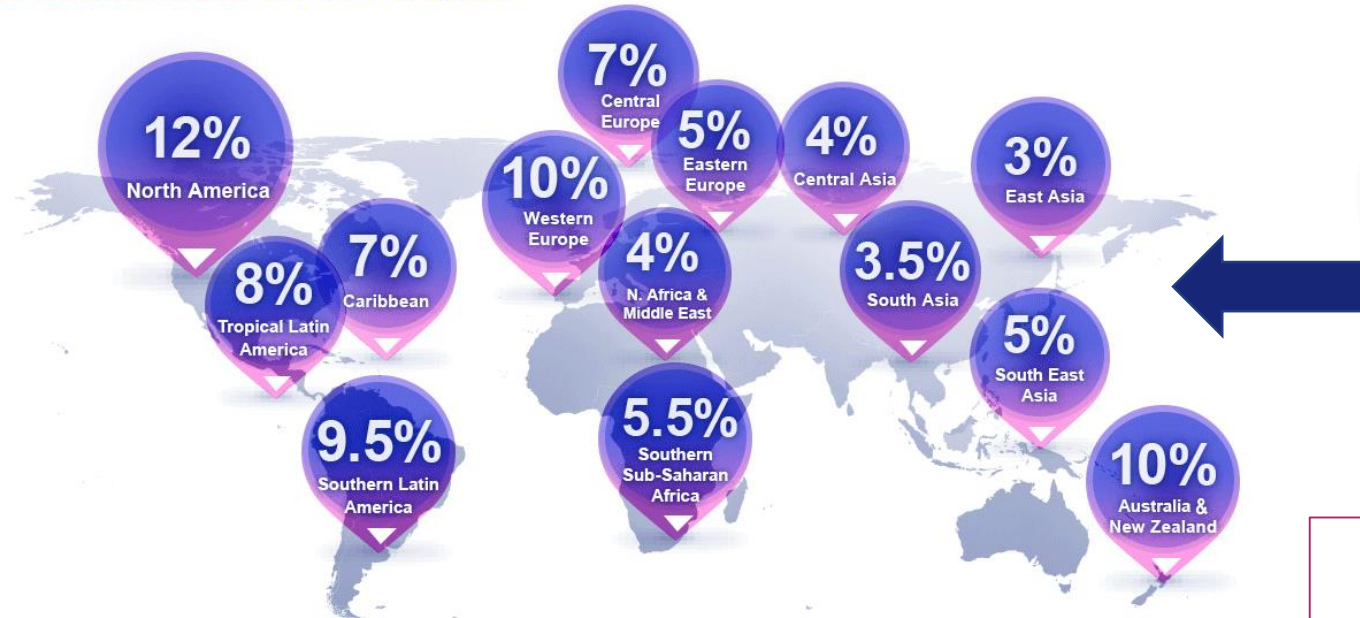
- Joined 1st November 2017
- Former Chief of Breast Imaging, Santa Fe
- Former Chief of Breast Imaging, Christus St. Vincent
- Former Medical Director of Breast Ultrasound, GE
- Breast Radiologist, New Zealand Breast Screening
- Based in Wellington

Breast cancer, a disease reaching epidemic proportions globally

Lifetime risk of breast cancer

- the **most common cancer** in women worldwide

Source: WCRF & Komen
Image represents lifetime risk of breast cancer



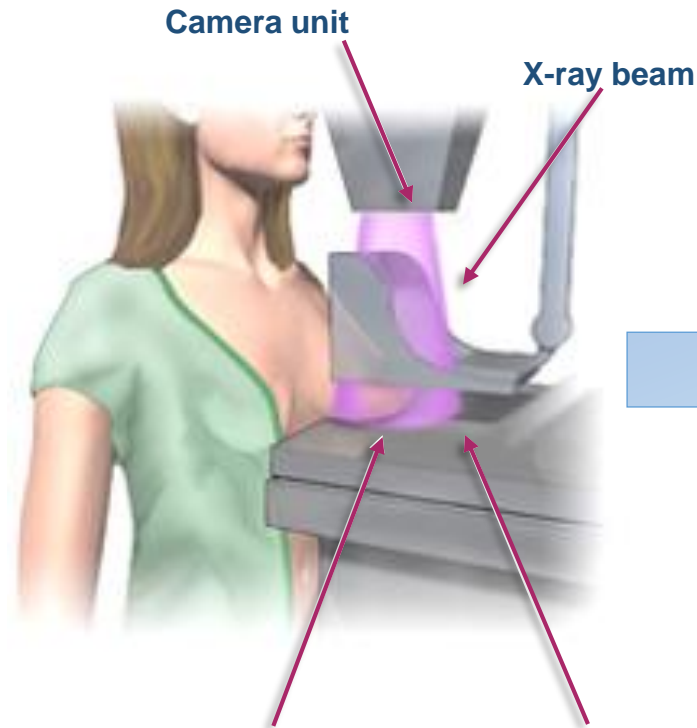
1.7 million **breast cancer** diagnoses annually



500,000 women die each year.

Early detection is key, and breast cancer screening using breast x-rays (mammograms) is proven to save lives.

Breast cancer screening using mammography (x-ray) – key to early detection



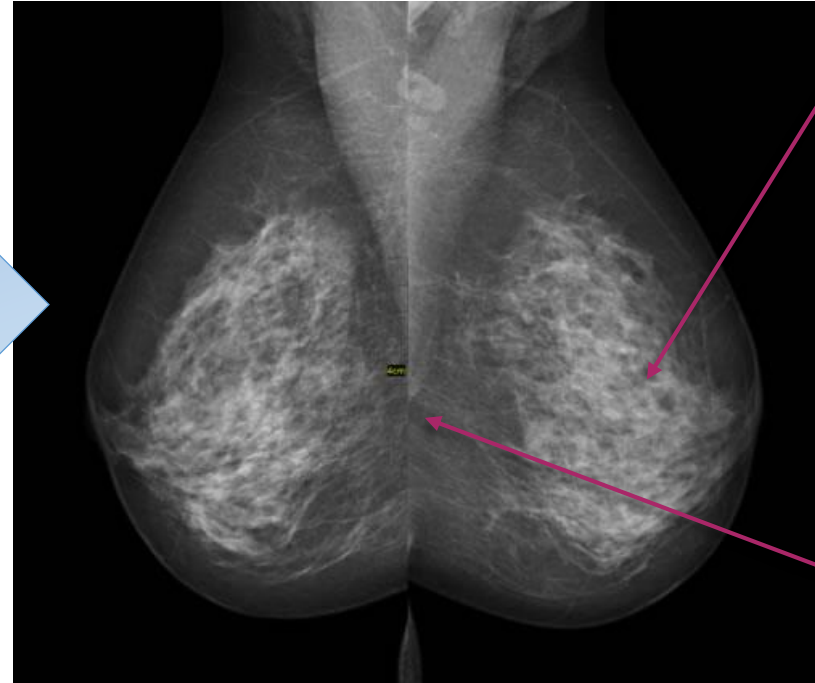
Breast compression:

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.

US Govt MQSA sets limits.



US has 8,700 sites screening 40M women, spending ~US\$4.8Bn per year.

~20-40% of cancers are missed, dramatically increasing treatment costs.

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.

32 US States legislate telling women their density.

See PinkHope.org.au for Australian density information

Breast positioning:

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

FDA EQUIP forcing greater quality control, penalties from 1st Jan 2018. Recent FDA survey suggests 44% of sites have issues.

Breast cancer screening is changing (in the US)

For women with dense breasts and therefore high risk of **missed** cancer:



Hand-held breast ultrasound



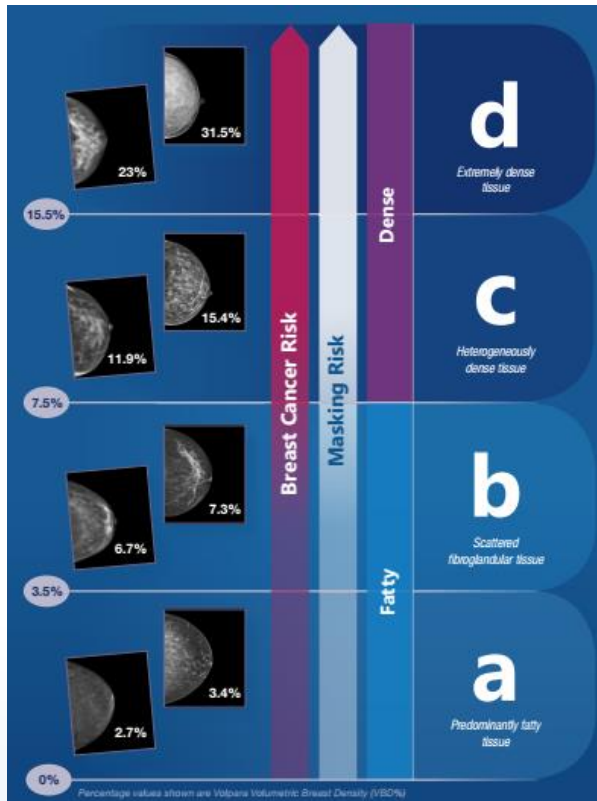
Automated breast ultrasound

For women with high risk of **developing** cancer:



Breast MRI

VolparaDensity™ - improve patient care, reduce compliance costs & increase revenues



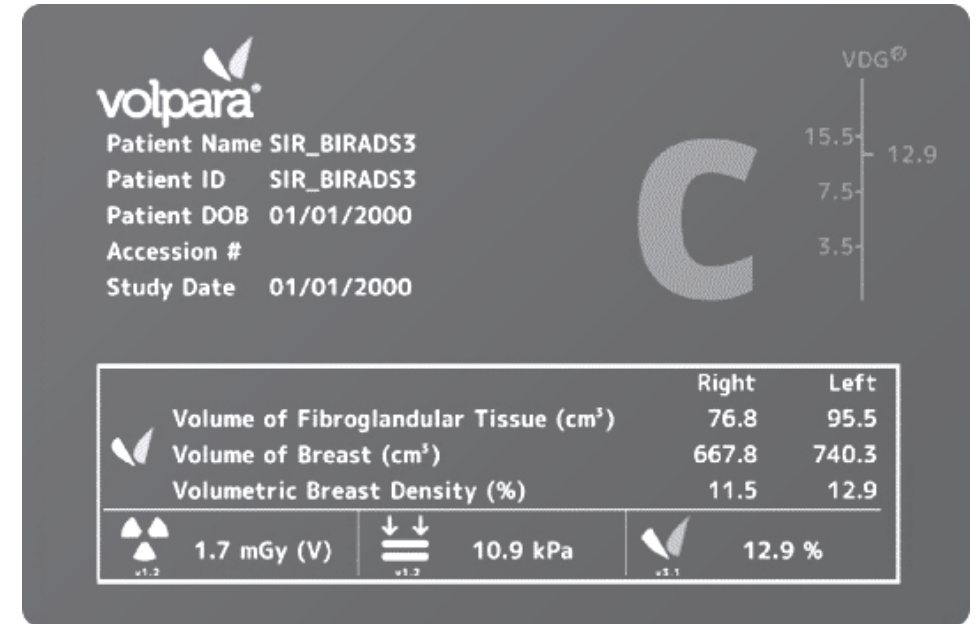
FDA cleared 510(k)



Automated, objective, density, dose and compression scoring for each patient.

People buy for consistency of care, justification to insurers, and ability to tell woman quickly what her density is.

By far most clinically validated commercial solution.



~250 publications, researchers include:



VolparaDensity™ and Breast Cancer Risk Assessment (Tyrer-Cuzick 8)



University of California
San Francisco

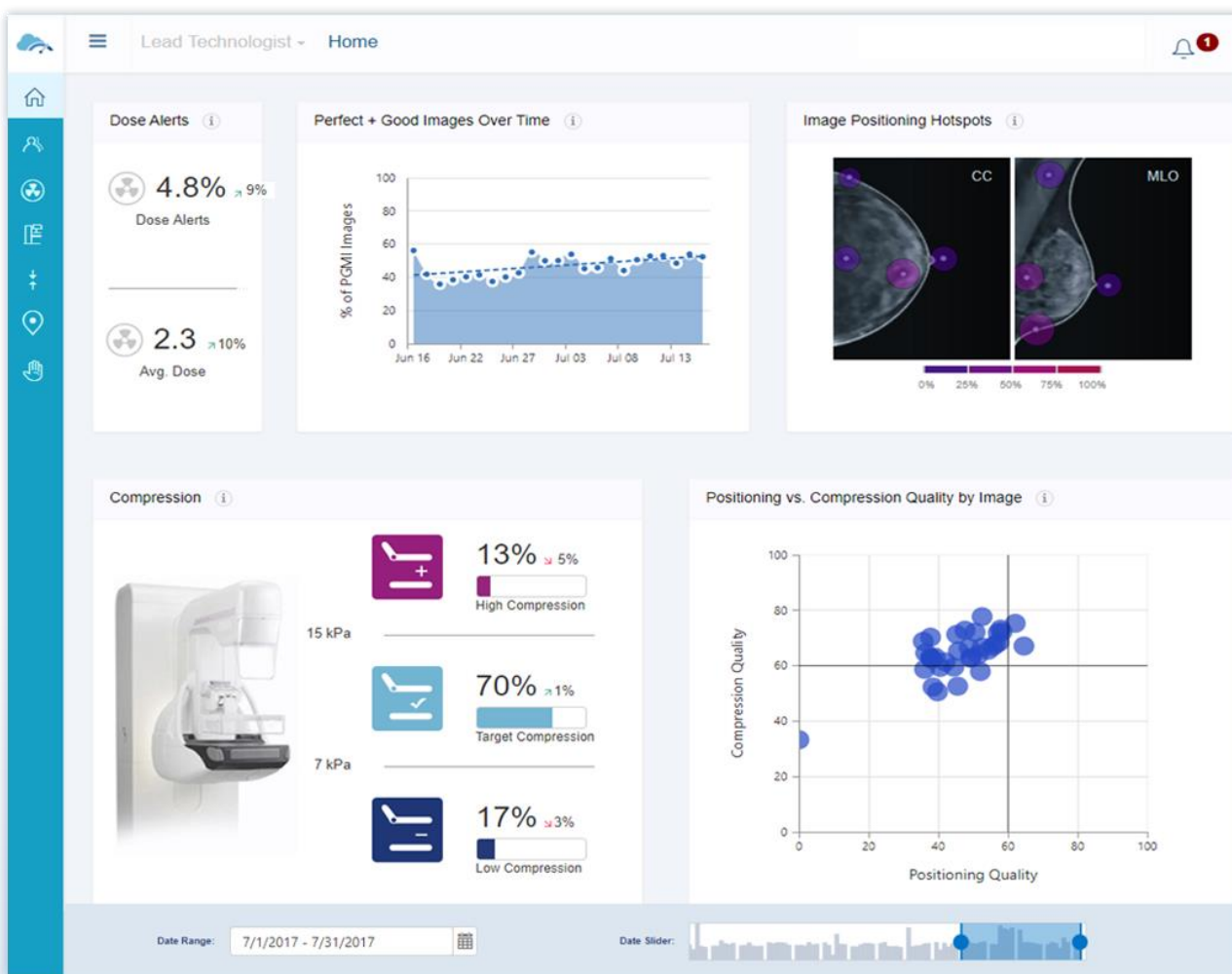
Jan 2017:

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



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.

VolparaEnterprise™ - improve patient care, reduce compliance costs & increase revenues



VolparaEnterprise, launched July 2016 is a series of Cloud-based dashboards which provide actionable intelligence for breast imaging, and clear ROI based on compliance costs & additional imaging.

Shown (so far) to:

Improve patient care:

- Improve compression by 20%
- Reduce quality issues by 14%

Improve profitability:

- Reduce time for audits by 60%
- Double productivity of machines

Volpara is leading the way in using big-data and AI to not only improve things today, but also lead the way to tomorrow.



Ralph Highnam, PhD

Chief Executive Officer

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

We sell direct in our main market, the USA, as of June 2016



- Leads driven by tradeshows, networks and partners and increasingly customer references.
- Partners include:



- We estimate breast data analytics is a A\$1Bn+ market globally.



Anton Zerle
VP S&M, APAC

- Sydney Breast Clinic
- Imaging Associates, Melbourne
- Dr Jones & Flinders, Adelaide
- WBI, Perth
- **Wesley Clinic, Brisbane**



David Lee
VP S&M, EMEA

VolparaEnterprise™ customers, include:



Memorial Sloan-Kettering
Cancer Center
The Best Cancer Care. Anywhere.



Bassett Healthcare Network



sydney breast clinic



SimonMed
See Tomorrow Today



IMAGING
ASSOCIATES



Customer success will drive next wave of sales

"VolparaEnterprise software will ensure our patients receive the best quality mammogram possible, drive continuous improvement programs and individual growth, and [streamline our compliance with the new FDA EQUIP quality requirements](#)," said **Robin Shermis, MD, Medical Director, ProMedica, Ohio**. "In addition, the incorporated VolparaDensity software provides a steadfast means of identifying women who will benefit from adjuvant screening."



Robin Shermis, MD,
Medical Director, ProMedica, Ohio



Gary Levine, MD,
Medical Director, Memorial Care Breast Centers, L.A.

"The ability of a breast radiologist to detect breast cancer is limited by the quality of the mammogram images they are presented. VolparaEnterprise gives us the ability to monitor the technical quality of every mammogram performed at our breast centers. [It is an invaluable tool used to consistently measure image quality and improve technologist performance](#). Additionally, with objective information rapidly available, we can more accurately assess breast density and identify high risk patients requiring adjuvant screening," said **Gary Levine, MD, Medical Director, Memorial Care Breast Centers, L.A.**

Customer success is key

Improved Patient Care

1. Women only get the imaging they need, and get it consistently
2. Women are safer via better controlled radiation dose
3. Women are more comfortable via less painful compression
4. Women have cancers detected earlier through better imaging (positioning/compression...)

Improved Profit

1. Happier women and referrers lead to more patients (new & returning)
2. Less cost and risk associated with insurers via objective evidence
3. More women going on for further imaging via immediate density scoring and risk
4. Less cost and risk associated with audits (e.g. FDA MQSA and EQUIP)
5. Higher quality work leads to MACRA reimbursement boosts
6. Less cost related to technical recalls

This mantra let's us identify ideal customers, qualify leads, and ensure everything we do is geared towards the customer.



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Chief Financial Officer

- Joined Volpara in July 2016
- Appointed full-time CFO, 1st March 2017
- Over 8 years' experience in senior and managerial auditing roles around the world, including with Deloitte and EY

VolparaEnterprise™ pricing structure and successes to date



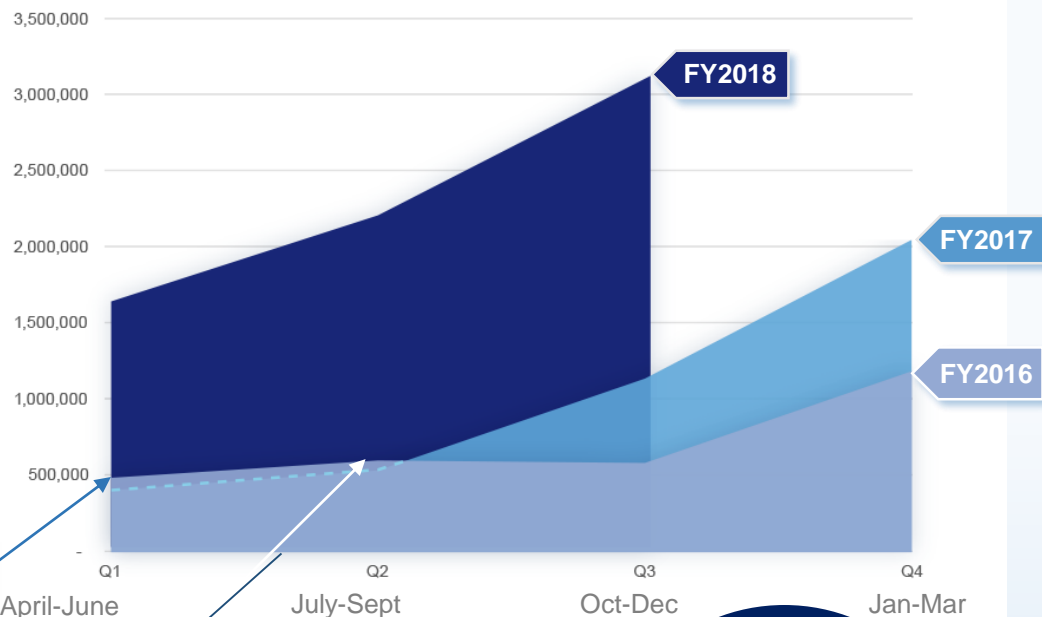
- 38 customers have signed up to Enterprise (as of 31st Dec 2017), now coming into our traditionally biggest quarter.
- Typical annual fees range from US\$30,000 to US\$150,000, with total contract values ranging between US\$100,000 and US\$650,000.

Regions	Number of screening sites	X-ray systems	Current women screened per year
US (Sept 1 '17)	8,722	17,905	39,311,898
We now have just over 1,000,000 women contracted, ~2.6%			

Significant sales growth

(NZ\$, 31st March is end year, FY18 results are to end Q3 31st Dec 2017)

Quarter-over-Quarter Total Contract Value

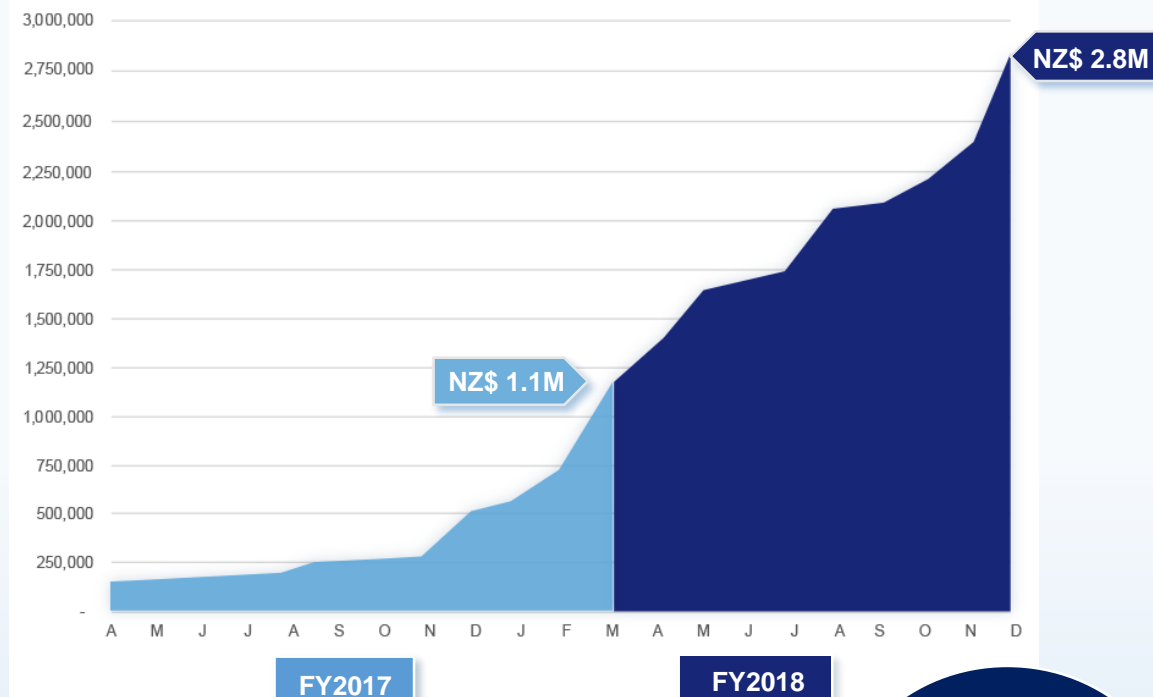


April 2016
ASX Listing

July 2016
New sales team and
product launched

TCV YTD FY18
(SaaS, Service & Capital)
signed in FY18
NZ\$7.06m
Up 72% on FY17

Growth in ARR



January 2018:
TCV of NZ\$1.2M added
ARR of NZ\$0.22M added

**Annual Recurring
Revenue Q3FY18**
NZ\$2.8m
Up 152% from
end FY17

Cash, Contracted Revenues and Gross Margin

	For the 9 months ended December 2017 (Q3FY18)
	NZ\$'000
Cash inflows	3,027
Cash outflows	(8,878)
Cash on hand	7,025

Operating costs for FY18 expected to remain similar to FY17. On track at end Q3FY18.

Cash balance is tracking as planned.

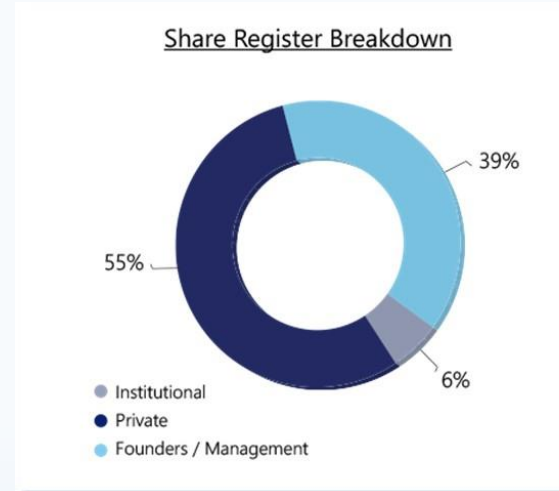
Contracted Revenue as at 31st Dec FY18 expected to be recognized over the coming years: NZ\$11M+

Gross margins of ~70% currently, will see this increasing to ~80%+ over time – the business and IT model is scaling.

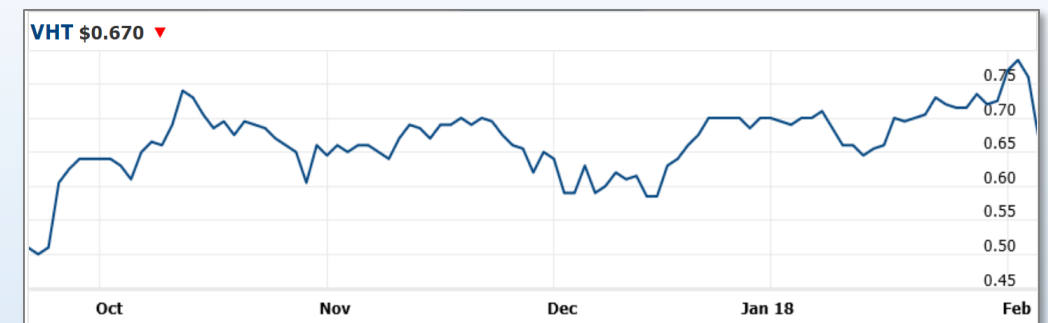
Only Deloitte audit client in Wellington (200+ clients) that has early adopted NZ IFRS 15. Have also early adopted NZ IFRS 16 – the new leases standard.

Share capital structure and share price

Major Shareholders	# of Shares	% of Shares
Mr Roger W Allen (Australia) (VHT Director/Chairman)	20,467,848	14.07%
Dr Ralph Highnam (NZ) (VHT Director/CEO)	18,180,634	12.50%
Ms Tina Jennings (UK)	11,626,337	7.99%
Prof Mike Brady (UK) (VHT Director)	7,919,211	5.44%
Private Clients of Craigs Investment Partners (NZ)	7,399,005	5.09%
Mr Marcus Sarner (UK)	5,980,404	4.11%
Harbour Asset Management (NZ)	5,108,375	3.51%
Mr Stephen R Tindall (NZ)	4,879,673	3.35%
Prof Martin Yaffe (Canada)	3,985,850	2.74%
Prof Nico Karssemeijer De Ravenberg (Netherlands)	3,556,806	2.44%
John Diddams (Australia) (VHT Director)	1,783,416	1.23%
Others	54,605,562	37.53%
Total	145,493,121	100.00%



Share price: A\$0.67
 Shares on issue: 145.2m
 Market cap: ~A\$97m



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

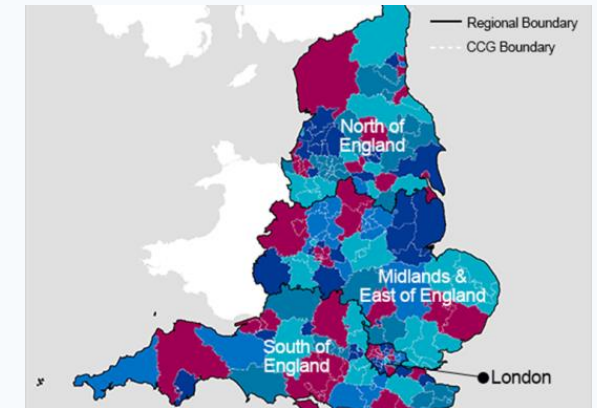
Specialised and focused US sales team has delivered strong sales and pipeline growth in its first year.

In FY2017, Total Contract Value rose 45% to NZ\$4.1M, ARR rose ~600% to NZ\$1.1M, we are now at TCV for Q3FY18 (9 months) of NZ\$7.06M (up 72% at end Q4FY17), and ARR of NZ\$2.8M (up 152%)

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



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

Appendix



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 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 currently focuses on 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 normalized amount of cash reasonably expected to be booked for the next 12 months on the basis of the contracts signed previously, and assuming installation upon order.

Anatomy of an Enterprise deal

Site Parameters:

- Annual Screening volume: 25,000
- Diagnostic Screening volume: 7,500
- 2 sites and a mobile van
- 6 gantries
- Utilize adjunctive imaging for dense breasts

ROI-based Enterprise:

- Saves time through reduced retakes and recalls due to better image quality
- Reduces time for mandatory QA for FDA EQUIP and ACR accreditation
- Saves radiologist reading time with better image positioning and compression
- Increase revenues by identifying women with dense breasts or at high risk by moving them to approved adjunctive imaging
- Increases revenue by giving precise information about patients to better market to referring physicians
- Potential savings of \$25,000–\$50,000 per year
- Potential new revenue of \$60,000–\$90,000 per year
- Net benefit of \$85,000–\$140,000 per year

Volpara revenue from an Enterprise deal

Example of how a typical 5-year deal works from an ARR, TCV and IFRS 15 (Revenue Recognition) perspective*:

5-year deal signed on 1 April 2017 and fully installed and onboarded within that financial year (i.e., by 31 March 2018).

Year 1 = US\$70k

Years 2–5 = US\$60k per year

ARR = US\$62k

TCV = US\$310k

Cost of Goods (“COGS”) (e.g. Microsoft Azure, etc.) = US\$10k per annum

Onboarding costs (included in COGS) = US\$2k once-off

Commission (included in COGS) = US\$15k (US\$3k per annum)

	Year 1	Years 2 to 5
Revenue	70,000	240,000
COGS	(15,000)	(60,000)
Gross Profit	55,000	180,000
Gross Margin	79%	75%

* Materially correct in terms of timing of revenue recognition. May differ slightly due to overtime vs. at-a-point-in-time deliverables.