

Appendix 4D - Volpara Half-Year Financial Results

Wellington, NZ, 19 November 2018: [Volpara Health Technologies](#) ("Volpara"; ASX: VHT), a medical technology company whose AI imaging algorithms assist the early detection of breast cancer, has today released its Appendix 4D – Half-Year Financial Results report for the period ended September 30, 2018.

Key financial details:

- Recognized revenue for the half-year (HY) from customers up 83% to NZ\$2.3M, with 91% of that recurring in nature.
- Gross margin on sales to customers remaining approximately 70% (while including commission, cloud costs and staff overhead).
- Cash balance as at 30 September 2018 of NZ\$20.2M.
- For the HY19, Annual Recurring Revenue (ARR¹) up 35% compared to end FY18; Total Contract Value (TCV²) up 65% compared to HY18 to NZ\$6.5M.
- Net loss after tax for the HY of NZ\$5.1M—below budget and in line with the aim of going for growth this year with increased sales and R&D staff.
- Churn³ remaining negligible at less than 2%.

Highlights for the period:

Over-subscribed Capital Raise:

- A\$20M raised in May 2018, with strong existing and new institutional and retail support.
- Institutional investors were based in Australia, New Zealand, Hong Kong and the UK.

Significant progress on all the aims of the Capital Raise, namely:

- Building out the US market: We now have 15 direct sales people in the US, as well as experienced customer success and customer operations teams.
- Targeting 9% of US women to be analysed by a Volpara product by end FY19: currently at 5.6% (2.2M women)
- Targeting NZ\$9M of ARR by end FY19: We're currently at NZ\$5.1M, coming into our strongest quarters and our biggest trade show, RSNA in Chicago, at end November.
- Increasing price per woman (ARPU) by bringing through new products: The VolparaLive! system—mammography's first real-time decision support system aimed at improving quality and reducing technical recalls—has regulatory clearance and is due for commercial launch at RSNA.
- Progress in Asia: The expanded US team has freed up APAC resources and we have had multiple sales into NZ, Australia and Japan this HY, and have a major trial underway in Singapore. We now have 16 Japanese sites running Volpara@Density™ software, and the market is well seeded as we seek a major OEM to partner with our agent there.

Additional progress:

- First public screening program (or government-funded screening for the public, which is generally large scale and slow moving); trial of VolparaEnterprise software converting to sale with BreastScreen Central, NZ; and multiple major trials underway globally from the UK, Norway, the Netherlands and Australia.

Expanding market opportunities:

- Multiple scientific presentations using Volpara's quantitative breast measurements in surgery applications, a major new market for us beyond radiology starting to open.

Dr Ralph Highnam, CEO of Volpara, commented on the half-year results: "This has been an excellent first half of FY2019: We've seen managed growth in the team, with good progress towards our key financial goals for the year and major new markets opening up, namely in surgery and Asia, and that first sale into a public screening program. We're looking forward with great confidence to RSNA 2018, the world cup of radiology, where we'll be showing the world the progress we've made over the last year, including the launch of new innovative Volpara products."

ENDS.

About Volpara Health Technologies Limited (ASX: VHT)

VHT is a MedTech SaaS company founded in 2009 on research originally conducted at Oxford University. VHT's clinical applications for screening clinics provide feedback on breast density, compression, dose and quality, while its enterprise-wide software, VolparaEnterprise, provides role specific dashboards and wide-ranging benchmarking analytics to help clinics manage their business more efficiently.

VHT's technology and services have been used by customers and/or research projects in 36 countries and are supported by numerous patents, trademarks and regulatory clearances, including FDA clearance and CE marking. Since its listing on the ASX in April 2016, VHT has raised A\$40 million, including A\$20 million in April and May 2018. VHT is based in Wellington, New Zealand.

www.volparasolutions.com

For further information, please contact:

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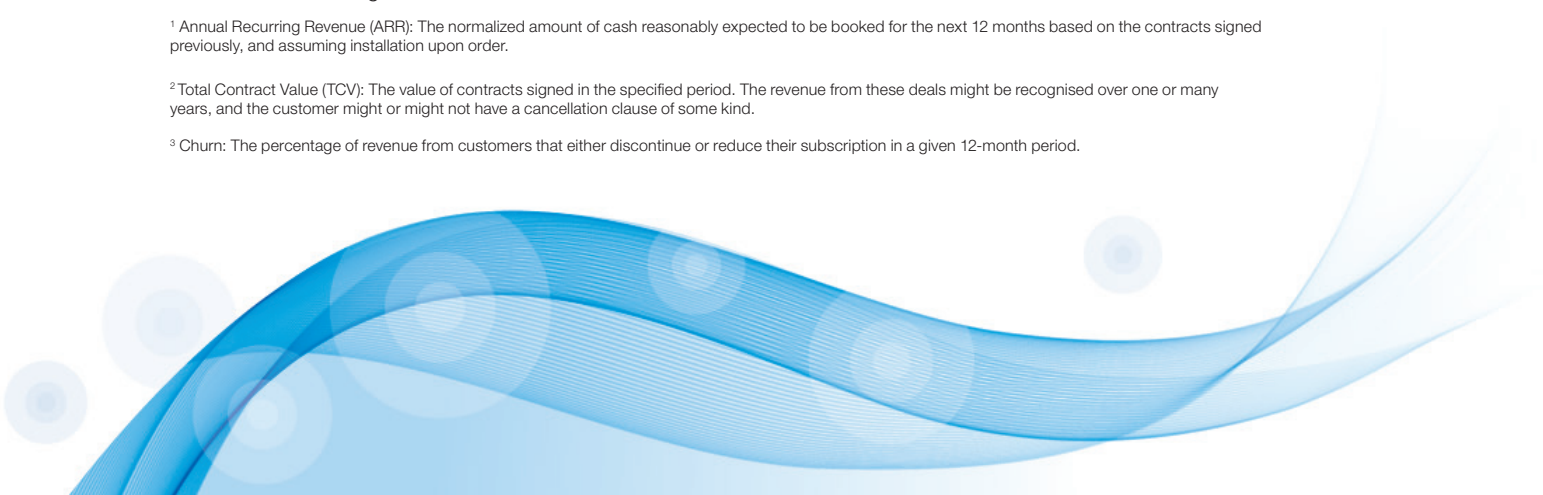
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VHT uses the following definitions:

¹ Annual Recurring Revenue (ARR): The normalized amount of cash reasonably expected to be booked for the next 12 months based on the contracts signed previously, and assuming installation upon order.

² Total Contract Value (TCV): The value of contracts signed in the specified period. 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.

³ Churn: The percentage of revenue from customers that either discontinue or reduce their subscription in a given 12-month period.



Appendix 4D

In accordance with Listing Rule 4.2A, please find attached the Half-Year Appendix 4D for the period ended 30 September 2018.

It is recommended that this Appendix 4D half-year report be read in conjunction with the Interim Financial Report for the period ended 30 September 2018, the Annual Report for the year ending 31 March 2018 and any public announcements made by the company during the half-year.

Volpara Health Technologies Limited

Results for announcement to the market

Half-Year Report 30 September 2018

Name of Entity

Volpara Health Technologies Limited
(the "Company" or "Group")

ARBN

609 946 867

Reporting Period

30 September 2018

Previous Corresponding Reporting Period

30 September 2017

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the period ended 30 September 2018.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 of the Interim Financial Report.

Highlights from reporting period

Dividends

NZ\$nil.

Net tangible assets

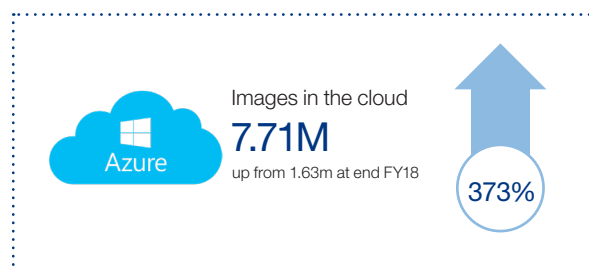
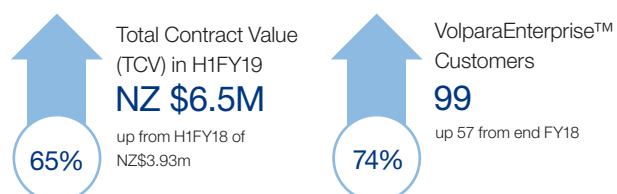
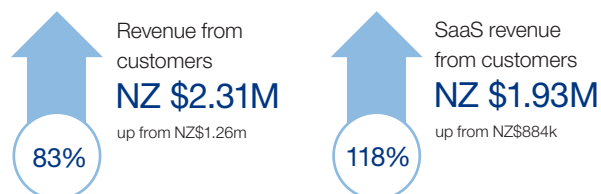
Net tangible assets backing per ordinary share
(NZ\$0.11) (six months to 30 September 2017:
NZ\$0.06).

Details of associate and joint venture entities

None.

Details of entities over which control has been gained or lost during the period

No entities were acquired during the period. No entities were disposed of due to loss of control during the period.



Appendix 4D (continued)

	6 months to 30 Sept. 2018 Unaudited	6 months to 30 Sept. 2017 Unaudited	Amount and percentage change
	NZ\$'000	NZ\$'000	NZ\$'000
Revenue from ordinary activities	2,662	1,735	↑ 927 (53%)
Operating deficit	(5,373)	(4,365)	↑ (1,008) (23%)
Net loss before tax	(5,182)	(4,200)	↑ (982) (23%)
Net loss after tax for the period	(5,119)	(4,200)	↑ (919) (22%)

Revenue breakdown

	Variance	30 Sept. 2018 Unaudited	30 Sept. 2017 Unaudited
Software as a Service	↑ 118%	1,925	884
Software maintenance agreements	↑ 25%	171	137
Capital sales	↓ (12%)	212	242
Revenue from customers	↑ 83%	2,308	1,263
Grants	↓ (25%)	354	472
Total revenue	↑ 53%	2,662	1,735

Note:

The information provided in this Appendix 4D is based on the Volpara Health Technologies Limited Interim Financial Report for the financial half-year ended 30 September 2018.

Volpara Health Technologies Limited Interim Financial Report for the financial half-year ended 30 September 2018 has been subject to review by the Company's auditors. A copy of the Independent Review Report is included in the Interim Financial Report.