

# VHT Trading Update, 1<sup>st</sup> February 2017

ASX:VHT



Ralph Highnam, PhD (Oxford)  
*Chief Executive Officer*



Mark Koeniguer  
*Chief Commercial Officer*



Craig Hadfield  
*Financial Controller*



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# Volpara Health Technologies (VHT)



- **VHT is a digital health company focused on the early detection of breast cancer by improving the quality of screening.**
- FY2016, saw us generate revenues of NZ\$2.5M, selling breast density assessment software, *VolparaDensity*<sup>™</sup>, via a capital sales model with a one-off fee.
- We raised A\$10M in April 2016 and listed on the ASX, followed by A\$10M in November 2016, for two reasons:
  1. Accelerate sales by going more direct in the USA
  2. Transition to cloud-based software for breast screening clinics to monitor and improve quality of breast imaging (*VolparaEnterprise*<sup>™</sup>), and to move to selling via an annual subscription model.

# Accelerate by going more direct: new sales team on board for ~6 months



**Mark Koeniguer**  
*Chief Commercial Officer*

What have we learnt?

1. Excellent team, very deep knowledge of breast imaging, great networks.
2. Subscription model is working and we want to move completely to it.
3. We need to expand and adjust existing distributor relationships, rather than start afresh, and have them introduce us to customers for a subscription sale.



**Anton Zerle**  
*VP S&M, APAC*



**David Lee**  
*VP S&M, EMEA*

# Transition to cloud-based software for breast screening, ~6 months since launch



- Provides overview of productivity, safety, comfort & quality of breast imaging clinic
- Three luminary accounts up & running, including [Boca Raton](#) (video link)
- Very well received at RSNA 2016 in Chicago (early December)
- Six subscribers as of end Dec 2016, including Stanford University Hospital
- Annual fees ranging from US\$12,000 to US\$94,800
- Added large accounts in January, including University of Virginia Medical Centre
- Multiple large trials underway
- Based on Microsoft Azure and other Microsoft products, this is an expanding relationship

# Transition to cloud-based software for breast screening, ~6 months since launch

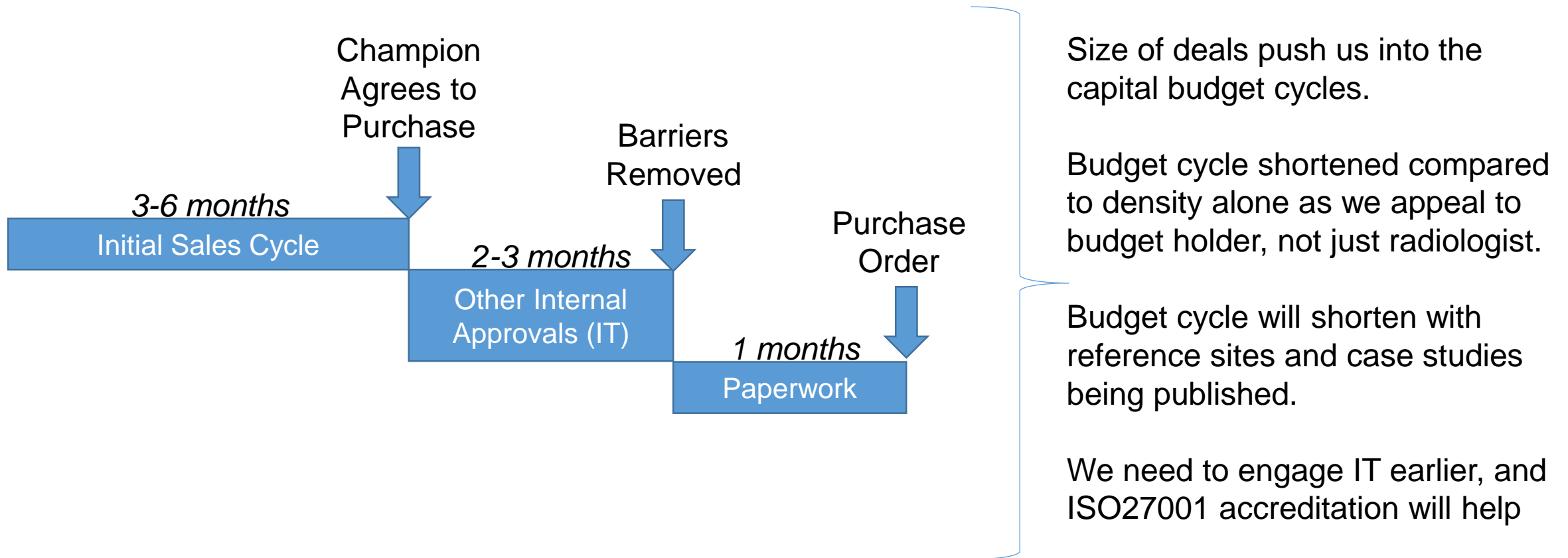
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What have we learnt about the product?

- Software is stable and reliable, but *VolparaEnterprise*™ 2.0 for release March 2017 is more scalable, offers more benefits, and has reduced cost of goods.
- Current users (paying customers and luminaries) are excited about the product
- Value proposition to customers is around helping save costs & driving revenues
- FDA EQUIP is helping open doors, inspectors actively talking to sites from 1<sup>st</sup> Jan 2017
- Inclusion of *VolparaDensity*™ into Tyrer-Cuzick 8 (cancer risk estimation tool) presents clearer return on investment story through justifying additional procedures
- Consultants advise that as insurers are increasingly asked to pay for additional imaging for dense breasted women, requiring objective density scoring might play a role.

# Transition to cloud-based software for breast screening, ~6 months since launch

What have we learnt about annual subscription and the budget process?



# Highlights from 4C to end December 2017

## Cash Flow Statement for the period to 31 December 2016

### Cash flows from operating activities

Receipts from customers	1,846
Payments to suppliers and employees	(8,453)
Net Interest received	113
Net taxes received	5
Other income	142
<b>Net cash used in operating activities</b>	<b>(6,347)</b>

Cash receipts for full FY16 totalled \$2.4M, when operating with capital sales model.

Expenses have been kept within the overall approved budget for FY17.

### Cash flows from investing activities

Purchases of fixtures and equipment	(19)
<b>Net cash used in investing activities</b>	<b>(19)</b>

### Cash flows from financing activities

Short term loan advance	81
Short term loan repayment	(86)
Capital raising	22,431
Capital raising costs	(1,119)
Exercising of share options	30
<b>Net cash received from financing activities</b>	<b>21,337</b>

A net NZ\$21.3M has been raised through an IPO in April 2016 and a placement & 1:20 rights issue in November/December 2016.

### Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents at 1 April	277
Effects of currency translation on cash and cash equivalents	(388)
<b>Cash and cash equivalents at 31 December</b>	<b>14,860</b>

# Highlights from a subscription model view to end December 2016

Monthly Recurring Revenue (SaaS & SMA's)

**NZ\$42k**

Up 298% from end FY16

Annual Recurring Revenue (SaaS & SMA's)

**NZ\$498k**

Up 298% from end FY16

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

**NZ\$2.92m**

*(will be recognized as revenue over time)*

Number of *VolparaEnterprise* sales

**6**

*(includes Stanford)*

Number of images through  
*VolparaEnterprise*

**248,280**

*(sales, luminaries & trials)*

# Anticipated events over next 6 months to 1<sup>st</sup> July 2017

Approximate timing	Event
Jan	Results from large scale Dutch study on <i>VolparaDensity</i> <sup>™</sup> to be published
Feb 15 <sup>th</sup> – 17 <sup>th</sup>	Mark Koeniguer, Prof Sir Mike Brady in Sydney & Melbourne
Feb 19 <sup>th</sup> – 23 <sup>rd</sup>	Healthcare Information & Management Systems Society, Orlando, Presenting <i>VolparaEnterprise</i> <sup>™</sup> on the Microsoft Stand
March 1 <sup>st</sup>	European Congress on Radiology, Vienna, launch of <i>VolparaEnterprise</i> <sup>™</sup> in Europe
March	Release of <i>VolparaEnterprise</i> <sup>™</sup> 2.0, based on feedback to date
March 22 <sup>nd</sup> / 23 <sup>rd</sup>	TBC: Visit of Dr Nancy Capello of AreYouDense <sup>™</sup> to Australia <a href="http://www.informd.org.au/events.html">http://www.informd.org.au/events.html</a>
March/April	The major breast specific conferences and trade shows: <ul style="list-style-type: none"> <li>• 11<sup>th</sup> – 15<sup>th</sup> March: National Breast Cancer Centers (USA), Las Vegas</li> <li>• 5<sup>th</sup> – 8<sup>th</sup> April: Breast Imaging Group (A &amp; NZ), Queenstown</li> <li>• 6<sup>th</sup> – 8<sup>th</sup> April: Society of Breast Imaging (USA), Los Angeles</li> </ul>
April/May/June	UK Project on breast density implementation expected to be announced

# 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 1<sup>st</sup> 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)



**Brian Leighs**

*Chief Financial Officer*

- Member of VHT management since 2010
- 40 years' experience in senior financial management
- Holds directorships on 2 other health technology companies

# Intellectual property position

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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 trade marks 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.**