

ASX RELEASE

Business Update

Highlights:

- **Annual Recurring Revenue (ARR) at end Q2 FY21 of NZ\$19.9M, a record Q2 for new Software-as-a-Service (SaaS) sales**
- **At least one of Volpara's software products contracted to be used on ~27% of US women attending breast cancer screening**
- **Average Revenue Per User (ARPU) up to US\$1.16, an increase of ~6% from Q1, helped by increased sales of our integrated breast care platform**
- **Q2 included deals from both major OEM partners, Fuji Medical & GE Healthcare**

Wellington, NZ, 8 October 2020: [Volpara Health Technologies](#) ("Volpara," "the Group," or "the Company"; ASX: VHT), a health technology software company whose integrated breast care platform assists in the delivery of personalised patient care, is pleased to provide investors with an update on Q2 trading.

Despite the difficulties caused by COVID-19, the Company recorded its largest-ever Q2 for new sales, adding NZ\$850K of Annual Recurring Revenue (ARR) to take ARR to a total of NZ\$19.9M (US\$12.8M)¹. This increase came from a mix of significant upsells and major new deals. Significant upsells included one of our earliest Volpara®Enterprise™ customers, who renewed and extended their contract and moved to our integrated breast care platform. Powered by artificial intelligence, the Volpara Breast Health Platform is designed to help clinics provide personalised screening at every step of the patient journey by optimising clinical decision support, continuous quality improvement, and practice and enterprise management. The increase was also driven by deals through our major OEM (Original Equipment Manufacturer) partners, Fuji Medical & GE Healthcare, selling Volpara software with their x-ray machines.

Volpara's CEO, Dr Ralph Highnam, commented: "This was a very strong Q2 and was particularly pleasing for the Company, given we made a substantial change to our marketing strategy and reshaped our US commercial team midway through the quarter. The momentum we now have, with the expanded digital marketing and increasing OEM interest, bodes well for the rest of the year."

The ARPU rose to US\$1.16, with the ARPU for deals in Q2 ranging from US\$1.75 to US\$4.30 (with some smaller volume deals above this range), clearly indicating the upselling opportunities ahead of us as we continue to push our legacy capital users to move to SaaS with the compelling new integrated breast care platform we offer.

The percentage of the US market enjoying the benefits of at least one of Volpara's products remains at approximately 27 percent (over 10.5M women). This dropped very slightly over the quarter due to COVID-19-related cost pressures pushing some of our legacy capital sale customers (with low ARPU) to hold off renewing their service and maintenance contracts and/or to look to move to more generic electronic patient record systems rather than the breast-specific ones offered by Volpara. To counter this potential threat, the Company is expediting moving all legacy sites to SaaS and onto the integrated breast care platform, which the more generic systems cannot easily compete against.

¹ Twelve-month trailing exchange rate used of US\$0.640:NZ\$1 vs. US\$0.637:NZ\$1 at end Q1 FY21

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Dr Highnam commented: "COVID-19 has been challenging for many companies, so I'm very pleased with how we've adapted to the 'new normal'. We now intend to accelerate our plans around upselling the installed base to migrate our customers to SaaS contracts and the powerful new integrated breast care platform we've now formally released. That platform is a game-changer for radiology practices."

In other news:

- Volpara entered into a partnership with remote radiology learning specialists DetectED-X based in Sydney. The partnership will see Volpara use DetectED-X's software to help train VolparaDensity users, and Volpara offering the expanded DetectED-X training package to Volpara sites.
- Volpara Solutions, our US sales & marketing subsidiary, is to be renamed Volpara Health to better reflect the Company's mission to keep people healthy by the prevention of advanced-stage breast cancers.

ENDS.

Authorisation and Additional Information

This announcement was authorised by the CEO Dr Ralph Highnam.

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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 functions for screening clinics provide feedback on breast density, compression, dose, and quality, while its enterprise-wide practice software management helps with productivity, compliance, reimbursement, and patient tracking.

VHT's technology and services have been used by customers and/or research projects in 38 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\$132 million, including A\$37 million in April/May 2020. VHT is based in Wellington, New Zealand.

At the end of June 2019, VHT acquired MRS Systems, Inc., a company based in Seattle, WA. MRS provides mammography reporting systems to over 1,600 breast clinics and hospitals, and to VHT a much stronger US presence, experienced local headquarters, and accelerated sales through cross-selling opportunities.

For more information, visit www.volparasolutions.com

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