

ASX ANNOUNCEMENT

2018 FINANCIAL RESULTS AND CAPITAL RAISE UPDATE

Highlights:

- Total revenue from contracts with customers up 53%
- Revenue from *VolparaEnterprise* customers up 1,945%
- Cash receipts from customers exceeded NZ\$3m for the first time
- Gross margin has increased to 70%, up from 63% in FY17
- Net loss after tax improved 8%, reducing from NZ\$9.6m in FY17 to NZ\$8.8m in FY18
- Completion of a successful A\$20 million capital raise

Wellington, NZ, 29th May 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 full-year results for the financial year ended 31 March 2018.

The company has delivered strong year-on-year growth as a result of the successful transition, only begun in FY17, from a predominantly capital sales model to a Software as a Service (SaaS) model, as illustrated in the table below:

	FY18 NZ\$'000	FY17 NZ\$'000	\$ Variance NZ\$'000	% Variance
SaaS revenue	1,902	93	1,809	+1,945%
Capital revenue	575	1,527	(952)	-62%
Service maintenance agreements revenue	304	219	85	+39%
Other revenue	31	-	31	+100%
Total revenue	2,812	1,839	973	+53%
Total income, incl. grants	3,535	2,047	1,488	+73%
Gross margin percentage (%)	70	63	7	+11%
Net loss after taxes (NZ\$'000's)	(8,818)	(9,571)	753	-8%
Cash receipts from customers (NZ\$'000's)	3,068	2,270	798	+35%
Total no. of VolparaEnterprise contracts signed	57	14	43	+307%
Market share (No. & % of US women) ('000's)	1,297 (3.2%)	294 (0.7%)	1,003	+341%
Annual Recurring Revenue (ARR) (NZ\$'000's)	3,571	1,104	2,467	+223%
Total Contract Value (TCV) (NZ\$'000's)	11,200	4,100	7,100	+173%

Volpara CEO Dr Ralph Highnam said of the results: "These results reflect the tremendous progress that has been made in FY18, where we met all our objectives, including increasing ARR by more than 200%, while keeping costs mostly in line with FY17 and increasing our market share to more than 3% of US women. It is pleasing to see our progress now beginning to be reflected in the financial results we are delivering."

Cash on hand was NZ\$4.84m as at 31 March 2018, and now is approx. NZ\$24.5m after the successful placement and share purchase plan which has since raised A\$20m for the Company.

"We have continued to develop VolparaEnterprise throughout FY18 while also making tremendous advances in our product pipeline, with some exciting new products set to be released to the market towards the end of the calendar year," Dr Highnam said. "These products will help to ensure we have happy customers and at the same time draw more customers in and increase price per woman. With the successful capital raise, we now have the funds necessary to continue our strong growth, but as always we are still very much focused on preserving and improving shareholder value with prudent spending."

“We are also pleased to announce that we are about to begin phase two of the PROCAS II project with the UK NHS, having addressed all of phase one's data governance and system design requirements, which will see Volpara deploy our solution across six sites, covering 8,000 women for a 22-month paid trial,” Dr Highnam said. “We are also happy to report that Q1 of FY19, which is always one of our weaker quarters, has started strongly”.

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.

VHT uses the following definitions:

- 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.
- 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.

For more information, visit www.volparasolutions.com.

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Volpara Health Technologies Limited
(NZ Company no. 2206998 / ARBN 609 946 867)

**Appendix 4E - Preliminary Final report
for the year ending 31 March 2018**

Results for announcement to the market

Detail of Reporting Periods

Current: 1 April 2017 to 31 March 2018
Comparative: 1 April 2016 to 31 March 2017

Financial Results	Year Ending 31-Mar-18 NZ\$'000	Year Ending 31-Mar-17 NZ\$'000	Variance %
Results from ordinary activities	3,535	2,047	73%
Net loss after tax	(8,818)	(9,571)	-8%
Earnings per share	(0.06)	(0.07)	19%
Cash and cash equivalents and cash on deposit	4,842	12,876	-62%

Dividends

No dividends have been declared or paid for the year ended 31 March 2018 (2017: Nil).

Commentary on the Results

Please refer to our Results Presentation for commentary on the results.

Net Tangible Assets	Year Ending 31-Mar-18	Year Ending 31-Mar-17
Net assets and net tangible assets (cents per share)	0.03	0.09

Preliminary Final Report

The preliminary final report for Volpara Health Technologies Limited is attached.

Audit Status

The report is based on accounts that have been audited.

Ralph Hignam
Chief Executive Officer

Craig Hadfield
Chief Financial Officer

29 May 2018

Volpara Health Technologies Limited
(NZ Company no. 2206998 / ARBN 609 946 867)

Consolidated statement of Profit or Loss and Other Comprehensive Income
For the year ending 31 March 2018

	Notes	2018 NZ\$'000	2017 NZ\$'000
Revenue			
Sales	3, 16	2,812	1,839
Government grants	3	723	208
Total revenue		3,535	2,047
 Cost of sales	4	 (830)	 (680)
Gross profit		2,705	1,367
 Operating expenses			
Sales and marketing	4	(5,374)	(5,223)
Product research and development	4	(3,141)	(2,302)
General and administration	4	(3,256)	(3,337)
Total operating expenses		(11,771)	(10,862)
 Foreign exchange losses		 (19)	 (344)
Operating deficit		(9,085)	(9,839)
 Finance income		 272	 271
Finance expense		(5)	(3)
Net loss before tax		(8,818)	(9,571)
 Income tax expense	5	 -	 -
Net loss after tax for the year		(8,818)	(9,571)
 Statement of Other Comprehensive Income			
 Net loss after tax for the year		 (8,818)	 (9,571)
Other comprehensive expense			
Translation of international subsidiaries		(17)	(48)
Total items that may be reclassified to profit and loss		(17)	(48)
Other comprehensive loss for the period		(17)	(48)
Total comprehensive loss for the period		(8,835)	(9,619)
 Earnings per share			
Basic and diluted loss per share (NZ\$)	12	(0.06)	(0.07)

The accompanying notes form part of these financial statements.

Volpara Health Technologies Limited
(NZ Company no. 2206998 / ARBN 609 946 867)

Consolidated Statement of Financial Position
As at 31 March 2018

	Notes	2018 NZ\$'000	2017 NZ\$'000
Non-current assets			
Property and equipment	18	106	50
Intangibles	18	71	28
Trade receivables	7	46	76
Right-of-use assets	18	348	-
Commission contracts assets	18	557	-
Total non-current assets		1,128	154
Current assets			
Cash and cash equivalents	6	3,342	1,276
Cash on deposit	6	1,500	11,600
Trade and other receivables	7	1,273	1,192
Revenue contract assets	10	70	-
Inventory		14	14
Total current assets		6,199	14,082
Total assets		7,327	14,236
Equity			
Share capital	11	63,192	62,644
Share option reserve	14	2,066	1,858
Accumulated losses		(60,592)	(51,774)
Foreign currency translation reserve		(171)	(154)
Total equity		4,495	12,574
Non-current liabilities			
Deferred revenue	9	13	19
Lease liabilities	17	210	-
Total non-current liabilities		223	19
Current liabilities			
Trade and other payables	8	1,558	1,107
Deferred revenue	9	921	536
Lease liabilities	17	130	-
Total current liabilities		2,609	1,643
Total liabilities		2,832	1,662
Total equity and liabilities		7,327	14,236

The accompanying notes form part of these financial statements.

Volpara Health Technologies Limited
(NZ Company no. 2206998 / ARBN 609 946 867)

Consolidated Statement of Changes in Equity
For the year ending 31 March 2018

	Notes	Share capital NZ\$'000	Share option reserve NZ\$'000	Foreign currency translation reserve NZ\$'000	Accumulated losses NZ\$'000	Total equity NZ\$'000
Balance at 1 April 2017		62,644	1,858	(154)	(51,774)	12,574
Net loss after tax for the year		-	-	-	(8,818)	(8,818)
Other comprehensive loss		-	-	(17)	-	(17)
Total comprehensive loss for the year, net of tax		-	-	(17)	(8,818)	(8,835)
<i>Transactions with owners:</i>						
Issue of share capital from exercise of share options	11	548	(540)	-	-	8
Recognition of share based payments	14	-	748	-	-	748
Balance at 31 March 2018		63,192	2,066	(171)	(60,592)	4,495
Balance at 1 April 2016		744	1,534	(106)	(42,203)	(40,031)
Net loss after tax for the year		-	-	-	(9,571)	(9,571)
Other comprehensive loss		-	-	(48)	-	(48)
Total comprehensive loss for the year, net of tax		-	-	(48)	(9,571)	(9,619)
<i>Transactions with owners:</i>						
Conversion of convertible preference shares to ordinary shares	11	40,111	-	-	-	40,111
Issue of share capital at initial public offering (IPO)	11	11,198	-	-	-	11,198
Costs of IPO capital raising	11	(774)	-	-	-	(774)
Issue of share capital from exercise of share options	11, 14	716	(682)	-	-	34
Recognition of share based payments	14	-	1,006	-	-	1,006
Issue of share capital from placement and entitlement offer	11	11,232	-	-	-	11,232
Costs of placement and entitlement offer capital raising	11	(583)	-	-	-	(583)
Balance at 31 March 2017		62,644	1,858	(154)	(51,774)	12,574

The accompanying notes form part of these financial statements.

Volpara Health Technologies Limited
(NZ Company no. 2206998 / ARBN 609 946 867)

Consolidated Statement of Cash Flows
For the year ending 31 March 2018

	Notes	2018 NZ\$'000	2017 NZ\$'000
Cash flow from operating activities			
Receipts from customers		3,068	2,270
Payments to suppliers and employees		(11,729)	(10,837)
Other income received		587	177
Net interest received		385	135
Net taxes (paid)/received		(20)	5
Lease payments for low value assets		(6)	-
Net cash used in operating activities	13	(7,715)	(8,250)
Cash flows from investing activities			
Purchases of property and equipment		(116)	(30)
Payments for intangibles		(43)	(28)
Net (payments)/receipts to/from term deposits		10,100	(11,600)
Net cash used in investing activities		9,941	(11,658)
Cash flows from financing activities			
Issue of share capital at initial public offering (IPO)		-	11,198
Issue of share capital from placement and entitlement offer		-	11,232
Costs of capital raising		-	(1,155)
Exercising of share options		8	34
Short term loan advances		-	81
Short term loan repayments		-	(85)
Payments for principle portion of the lease liability		(129)	-
Net cash provided from financing activities		(121)	21,305
Net increase in cash and cash equivalents		2,105	1,397
Effects of currency translation on cash and cash equivalents		(39)	(398)
Cash and cash equivalents as at 1 April		1,276	277
Cash and cash equivalents at the end of the year*	6	3,342	1,276

* Cash and cash equivalents does not include cash on deposit totalling NZ\$1.5M. Refer to note 6 for further details.

The accompanying notes form part of these financial statements.

Volpara Health Technologies Limited
(NZ Company no. 2206998 / ARBN 609 946 867)

Notes to the consolidated financial statements
for the year ending 31 March 2018

1 Dividends

No dividends have been declared or paid for the year ended 31 March 2018 (2017: Nil).

2 Net assets per share

As at 31 March 2018

	2018	2017
	NZ\$'000	NZ\$'000
Net assets	4,495	12,574
Ordinary number of shares	145,493,121	142,644,785
Net assets per share	0.03	0.09

Net tangible assets per share

As at 31 March 2018

	2018	2017
	NZ\$'000	NZ\$'000
Net tangible assets per share	4,424	12,546
Ordinary number of shares	145,493,121	142,644,785
Net tangible assets per share	0.03	0.09

3 Revenue

	2018	2017
	NZ\$'000	NZ\$'000
Sales	2,812	1,839
Government grants	723	208
Total revenue	3,535	2,047

4 Loss for the year

Net loss before tax includes the following specific expenses:

	2018	2017
	NZ\$'000	NZ\$'000
Salaries and benefits	4,937	4,233
Consulting and subcontracting	1,234	1,312
Advertising and marketing	767	1,068
Share based payments expense	748	1,006
	7,686	7,619

Volpara Health Technologies Limited
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Notes to the consolidated financial statements
for the year ending 31 March 2018

5 Income and deferred taxes

	2018 NZ\$'000	2017 NZ\$'000
Current tax		
Income tax payable/(refundable)	-	7
Reconciliation of effective tax rate		
Net loss before tax	(8,818)	(9,571)
Prima facie taxation at 28% (2017: 28%)	(2,469)	(2,680)
<i>Less tax effect</i>		
Income not subject to tax	(222)	389
Expenses not deductible for tax purposes	394	-
	(2,297)	(2,291)
Deferred tax not recognised	2,297	2,291
Tax expense	-	-
Represented by		
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-
Accumulated tax losses		
Balance at beginning of period	18,228	11,975
Tax loss for period	3,754	6,253
Balance at end of period	21,982	18,228

The Group has unrecognised deferred tax assets of NZ\$7,257,000

6 Cash, cash equivalents, and cash on deposit

	2018 NZ\$'000	2017 NZ\$'000
Cash at bank and on hand	1,342	526
Short term deposits	2,000	750
Cash on deposit *	1,500	11,600
Total cash and cash equivalents and cash on deposit	4,842	12,876

* Cash on deposit is in the form of term deposits that require between 120 to 122 days notice period to access.

A guarantee for \$500,000 has been provided to De Lage Landen Limited, for a Microsoft Azure agreement, against the Group's cash reserves. The guarantee expires on 29 June 2018.

7 Trade and other receivables

	2018 NZ\$'000	2017 NZ\$'000
Trade receivables	1,197	1,117
Provision for doubtful receivables	(11)	(8)
Net trade receivables	1,186	1,109
Prepaid expenses	130	112
Other	3	47
Total trade and other receivables	1,319	1,268

Volpara Health Technologies Limited
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Notes to the consolidated financial statements
for the year ending 31 March 2018

8 Trade and other payables

	2018	2017
	NZ\$'000	NZ\$'000
Trade payables	353	381
Accrued expenses	97	70
Employee entitlements	1,108	656
Trade and other payables	1,558	1,107

9 Deferred revenue

	2018	2017
	NZ\$'000	NZ\$'000
Opening balance as at 1 April	555	144
Amount recognised in revenue	(2,206)	(312)
Contracts entered into in current year	2,585	723
Closing balance as at 31 March	934	555

10 Revenue contract assets from contracts with customers

	2018	2017
	NZ\$'000	NZ\$'000
Opening balance as at 1 April	-	-
Amount recognised in revenue	143	-
Amounts transferred to trade receivables during the year	(73)	-
Closing balance as at 31 March	70	-

11 Share capital

	2018	No. of Shares	2017	No. of Shares
	NZ\$'000	000's	NZ\$'000	000's
Fully Paid Ordinary Shares				
In issue as at 1 April	62,644	142,645	744	30,057
Conversion of convertible preference shares	-	-	40,111	72,411
Issue of share capital at initial public offering (IPO)	-	-	10,424	20,000
Exercise of share options	548	2,848	716	2,363
Issue of share capital from placement	-	-	6,983	11,600
Issue of share capital from entitlement offer	-	-	3,666	6,214
In issue at 31 March	63,192	145,493	62,644	142,645

12 Earnings per share

As at 31 March 2017

	2018	2017
	NZ\$'000	NZ\$'000
Net loss after tax attributable to the shareholders	(8,818)	(9,571)
Ordinary number of shares	145,493,121	142,644,785
Weighted average number of shares on issue	145,048,368	128,016,483
Basic and diluted (loss) per share	(0.06)	(0.07)

Volpara Health Technologies Limited
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Notes to the consolidated financial statements
for the year ending 31 March 2018

13 Cash flow information

For the year ended 31 March 2018

	2018 NZ\$'000	2017 NZ\$'000
Net loss after tax for the year	(8,818)	(9,571)
<i>Non-cash and non-operating items:</i>		
Depreciation and amortisation	181	27
Losses on foreign exchange transactions	21	360
Share based payments	748	1,006
Capital raising costs / listing expenses	-	(202)
<i>Changes in working capital:</i>		
(Increase) in trade and other receivables	(640)	(82)
(Increase) in contract assets	(70)	-
(Increase) in inventory	-	(14)
(Decrease) in trade and other payables	465	(184)
Increase in deferred revenue	398	410
Net cash used in operating activities	(7,715)	(8,250)

14 Share option reserve

Legacy ESOP

	Number of options 2018 000's	Weighted- average exercise price 2018 NZ\$	Number of options 2017 000's	Weighted- average exercise price 2017 NZ\$
Outstanding at 1 April	8,263	0.20	10,626	0.19
Granted during the period	-	-	-	-
Exercised during the period	(2,848)	0.00	(2,363)	0.01
Forfeited during the period	-	-	-	-
Outstanding as at 31 March	5,415	0.30	8,263	0.20
Vested as at 31 March	4,815		6,638	

New ESOP

	Number of options 2018 000's	Weighted- average exercise price 2018 A\$	Number of options 2017 000's	Weighted- average exercise price 2017 A\$
Outstanding as at 1 April	5,821	0.50	5,236	0.50
Granted during the year	865	0.65	705	0.51
Exercised during the year	-	-	-	-
Forfeited during the year	(18)	0.50	(120)	0.50
Outstanding 31 March	6,668	0.52	5,821	0.50
Vested as at 31 March	-		-	

Volpara Health Technologies Limited
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Notes to the consolidated financial statements
for the year ending 31 March 2018

15 Interests in subsidiaries

Name of entity	Country of Incorporation	2018 Ownership	2017 Ownership
Volpara Solutions Europe Ltd.	United Kingdom	100%	100%
Volpara Solutions Ltd.	New Zealand	100%	100%
Volpara Solutions Inc.	United States	100%	100%
Volpara Solutions Australia Pty Ltd.	Australia	100%	100%

16 Segment information

For the year ended 31 March 2018

	2018 NZ\$'000	2017 NZ\$'000
Capital sales		
North America	229	1,226
EMEA	24	52
APAC	322	249
Capital sales total	575	1,527
Service maintenance agreements		
North America	293	210
EMEA	1	-
APAC	10	9
Service maintenance agreements total	304	219
Software as a Service		
North America	1,771	79
EMEA	11	4
APAC	120	10
Software-as-a-service total	1,902	93
Consultancy		
EMEA	31	-
Software-as-a-service total	31	-
Total revenue from contracts with customers	2,812	1,839

17 Lease liabilities

Lease liabilities	2018 NZ\$'000			
Property	0 - 12 months	1-2 years	2+ years	Total
Level 7, 44 Victoria Street, Wellington, NZ	130	115	95	340
Potential Future Rental Payments	2018 NZ\$'000			
Property	Lease Liabilities Recognised	Payable in 1-5 years	Payable in 6-10 years	Total
Level 7, 44 Victoria Street, Wellington, NZ	340	282	61	683

Volpara Health Technologies Limited
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Notes to the consolidated financial statements
for the year ending 31 March 2018

18 Intangibles, property & equipment, right-of-use assets and contract assets related to commissions

	Contract Assets	Right-of-use assets	Intangibles	Property and equipment	Total
2018	NZ\$'000				
Cost					
Balance as at 1 April	-	-	28	127	155
Additions	679	469	43	116	1,307
Balance as at 31 March	679	469	71	243	1,462
Depreciation, Amortisation, Impairment or Expense					
Balance as at 1 April	-	-	-	(77)	(77)
Depreciation, amortisation, impairment or expense	(122)	(121)	-	(60)	(303)
Balance as at 31 March	(122)	(121)	-	(137)	(380)
Net book value	557	348	71	106	1,082
2017	NZ\$'000				
Cost					
Balance as at 1 April	-	-	2	140	142
Additions	-	-	28	43	71
Disposals and write-offs	-	-	(2)	(56)	(58)
Balance as at 31 March	-	-	28	127	155
Depreciation, Amortisation, Impairment or Expense					
Balance as at 1 April	-	-	-	(91)	(91)
Depreciation, amortisation, impairment or expense	-	-	-	(27)	(27)
Disposals and write-offs	-	-	-	41	41
Balance as at 31 March	-	-	-	(77)	(77)
Net book value	-	-	28	50	78

19 Contingencies and commitments

Capital commitments

The Group had no contingencies or commitments to purchase property or equipment as at 31 March 2018 (2017: Nil).

20 Events after the end of the period

Subsequent to the end of the financial year the company successfully raised A\$15M through the issue of 25 million shares at A\$0.60 from a placement to existing and new institutional investors and a further A\$5M from a share purchase plan to existing shareholders through the issue of 8,333,333 shares at A\$0.60 per share.

Volpara Health Technologies Limited
(NZ Company no. 2206998 / ARBN 609 946 867)

Notes to the consolidated financial statements
for the year ending 31 March 2018

21 Company details

The registered office and principal place of business is:

Volpara Health Technologies Limited
Level 7, 44 Victoria Street
Wellington Central
Wellington, 6011
New Zealand