volpara®
health technologies

2018 ANNUAL REPORT

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

volpara®
health technologies

A LEADING MEDICAL TECHNOLOGY COMPANY

DEDICATED TO THE EARLY DETECTION OF BREAST CANCER

by improving the quality of mammographic screening. Volpara's artificial intelligence ("AI") imaging algorithms enable breast imaging centres around the world to provide personalised, high-quality breast cancer screening based on automated, objective measurements of breast density, positioning, radiation dose and compression.

Volpara's technology is based on research in medical physics originally conducted at Oxford University. Today, Volpara's groundbreaking work is supported by numerous patents, trademarks and regulatory clearances, including FDA clearance and CE marking, and a volume of peer-reviewed publications unparalleled in the breast density industry. Used by customers and/or research projects in 36 countries, Volpara's cloud-based quality assurance software provides role-specific dashboards and wide-ranging benchmarking analytics to help centres manage their business more efficiently.

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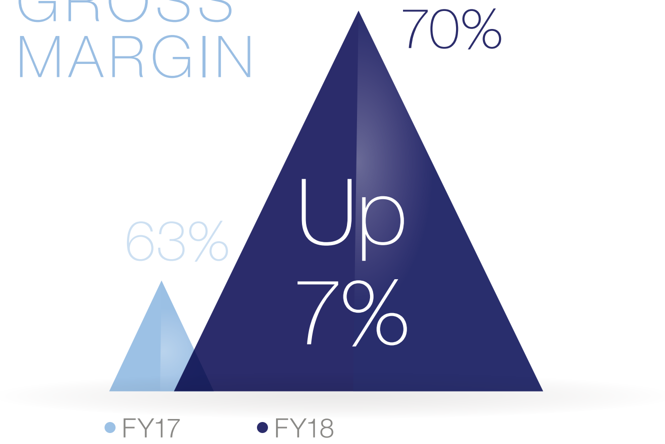
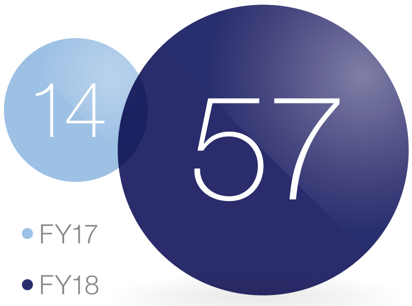
Volpara 2018 Highlights

GROSS MARGIN



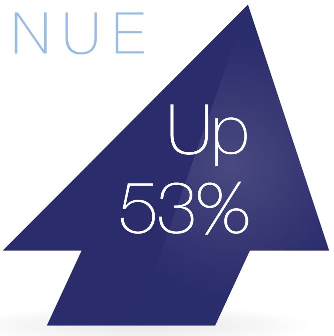
NUMBER OF ENTERPRISE CUSTOMERS



SALES REVENUE

FY17
$1.8m

FY18
$2.8m



EBIT LOSS

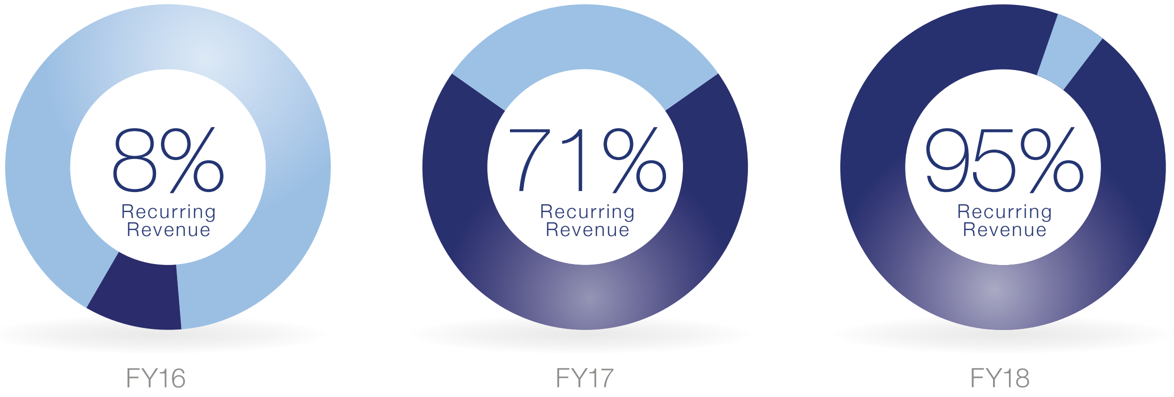
FY17
$9.8m

FY18
$9.1m

All Financial Figures in NZ$

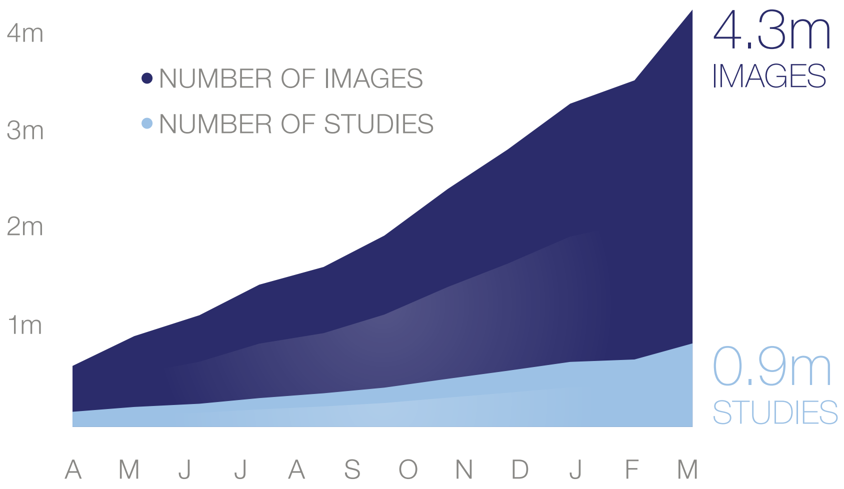
CHANGING PRODUCT MIX

● Capital Sales
● Recurring Revenue



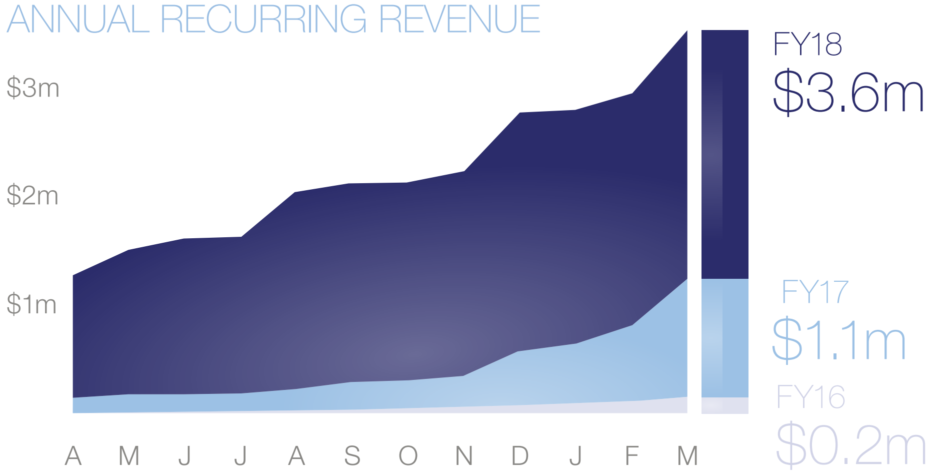
Volpara 2018 Highlights

IMAGES AND STUDIES



GROWTH

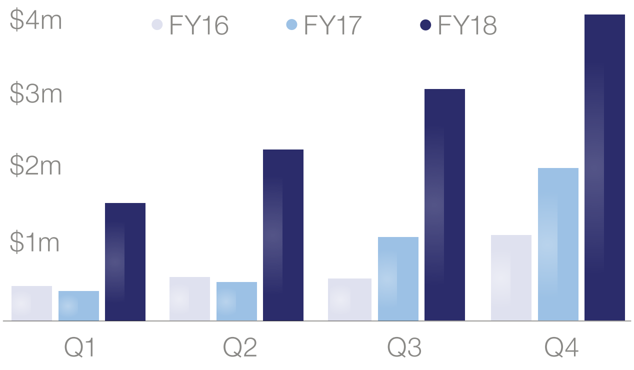
ANNUAL RECURRING REVENUE



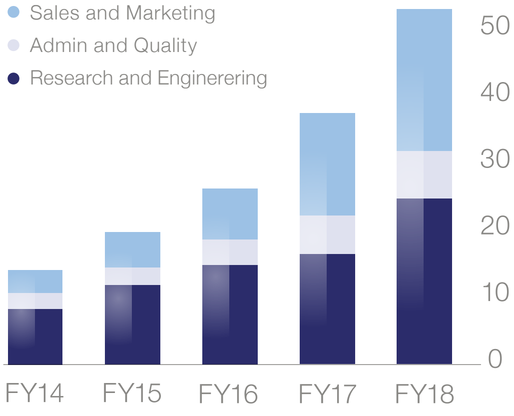
All Financial Figures in NZ$

CONTRACT VALUE

QUARTER-OVER-QUARTER



OUR PEOPLE



Chairman's Letter

ROGER ALLEN AM, *Chairman*

Dear Shareholders,

Volpara Health Technologies Limited ("Volpara"; ASX: VHT) has had a very successful year in advancing its mission to help detect breast cancer early and hence increase success rates in dealing with this growing global health problem. Screening using breast x-rays (mammography) continues to be the only screening methodology proven to reduce mortality, and we're proud to be playing our part in making screening as effective as possible.

Volpara is now a global brand in breast cancer screening. A number of state and national trials are now using our software, and by the end of FY2018 over 3.2% of US women attending screening were signed up to be analysed by Volpara's software—that's over 1 million women whose images we have the rights to use for future product development. The US remains our major market and yet is only half the global market, so we have plenty of room for growth as well as a pipeline of new features and products.

In FY2018, we consolidated our shift from a one-off licence regime, or capital sales business model, to a software as a service (SaaS) business model, which has major advantages in revenue predictability and long-term revenue growth. The key metric when considering SaaS companies is Annual Recurring Revenue (ARR)—the amount of accounting revenue from recurring sources expected to be recognised over the forthcoming 12 months and into future years. In FY2018 we exceeded our published target of 200% growth in ARR by reaching ARR of NZ$3.6M, representing 223% growth.

We also accelerated the moving of our customers to the cloud. This major move also has significant advantages in lowering cost of delivery and maintenance, and in seeing how our customers use our software. We have established a new team who work with our customers post-purchase to optimise their experience of our products.

All this was achieved from the positive market reaction to the VolparaEnterprise product, which allows an enterprise-wide view of quality, productivity, safety, comfort and density. FY2018 was our first full year marketing this product and we are pleased with the market reaction.

We expect continued strong growth in FY2019. With leadership in breast density, first-mover advantage in the breast imaging analytics space, stable products and an educated and motivated sales team, alongside a business model that's working for us and our customers, we have confidence in reaching our main target for FY2019 of NZ$9.0M in ARR.

After year-end, based on our preliminary announced results, we had a successful capital raise of A$20 million. The institutional placement exceeded the demand and the share placement to existing shareholders was oversubscribed by four times. We now have a healthy mix of retail and global institutional support from the UK, Hong Kong, Australia and New Zealand.

Shareholders should expect the investment from the capital raise to be spent in a disciplined fashion to expand the US sales team, and NZ research and development teams. Thus, costs are likely to rise this coming year before we keep them relatively flat the year after, as we did this past year, as we drive towards being a truly sustainable and profitable business.

Achieving our FY2018 results was very much a team effort. Our science and technology team performed excellently with the move to the cloud and in maintaining the quality of our software, which is regulated by the FDA and spot-audited—a higher standard than required for even financial software. The sales and marketing team capitalised on this technical platform by having a very successful sales year, growing our number of VolparaEnterprise customers from 14 to 57. And our finance and administrative team handled the capital raise and the growth of the global business very efficiently.

I thank long-term supporter Morgans and Bell Potter for running a very successful capital raise, and I thank you, our investors, for your continuing belief in our mission and giving us the opportunity and firepower to help women around the world.

I thank all the employees of the Company for their efforts this past year, the Board of Directors for their diligence and insight, and the founders and Board for their commitment to the company as shown by the voluntary escrow of shares for 12 more months.

Finally, I welcome Paul Reid to the Board as our new, Wellington-based Non-Executive Director. Paul greatly helps both the Board and the Wellington team in his role as an independent adviser. I also welcome Dr Monica Saini to the Company in her role as Consultant Radiologist. She's been outstanding in communicating what we do as a company to potential customers and investors. We look forward to working more closely with them both this coming year.

To you, our supporters, we commit to a total focus on delivering another year of strong growth.

Yours sincerely

Roger Allen.

ROGER ALLEN AM
Chairman

CEO’s Report

DR RALPH HIGHNAM, *CEO & Chief Scientist*

Dear Shareholders,

FY2018 was a pivotal year for Volpara. All our key SaaS metrics improved beyond our predictions, and pleasingly we started to see the more traditional accounting metrics follow suit.

Key SaaS metrics to end FY2018 were the following:

- Annual Recurring Revenue rose from NZ$1.1M to NZ$3.6M, an increase of 223%
- Total Contract Value signed rose from NZ$4.1M to NZ$11.2M, an increase of 173%

Key traditional accounting metrics to end FY2018 (audited by Deloitte to the new NZ IFRS 15 revenue standard) were the following:

- Accounting revenue rose from NZ$1.8M to NZ$2.8M, an increase of 53%
- Gross margin rose from 63% to above 70%
- Net loss dropped from NZ$9.5M to NZ$8.8M, a decrease of 8%

Of the accounting revenue, by the far biggest component, for the first time, is now the recurring component we are receiving from our SaaS customers, which bodes well for the future.

A main aim of FY2018 was showing that we could significantly increase revenues while keeping a stable, controlled cost base. The decrease in net loss shows that we achieved this aim.

The sales this year have come, as they did last year, predominately from the US, with over 80% of revenue from the US. The US market remains our big focus this year, and on the back of the successful A$20M capital raise we are increasing our capabilities there in a disciplined, rational manner. The main highlights include the following additions:

- A sales operations person with strong expertise in healthcare IT contracts to reduce the sales lead time and free up time across the Company;

- A new marketing resource to increase leads and capture our many customer success stories to create even clearer return-on-investment stories for our products; and

- An expanded sales team, with four more members having joined on 1 January 2018, taking the team to 11, with an expectation of growing to 20 by the end of March 2019. We have the leads and sales visibility and will be working to integrate these new hires into the existing team and make them productive as soon as possible.

We are also moving some technical tasks from the US to New Zealand, where we can operate more cost-effectively due to the cloud nature of much of our work.

In addition to our essential US commercial focus, we continue to push across Asia-Pacific, and to follow through on the major trials we are running across Europe, most notably the UK PROCAS II project. This is a proof-of-concept IT trial based around Manchester due to go live 1 October; it will run for two years. Once successful, a commercial rollout across the NHS Breast Cancer Screening Programme is plausible. This programme is one of the largest of its kind in the world, covering some two million women a year.

Medical devices are difficult to bring to market due to their regulatory and clinical proof requirements (which also act as barriers to entry). Throughout FY2018, we prepared for the EU General Data Protection Regulations (GDPR)—a further set of data protection regulations coming into effect in Europe in May 2018. The ISO27001 information security certification we achieved in FY2018 makes GDPR compliance far easier and is a badge of honour we can wear to show customers that we look after their data to the highest standards. Obtaining and maintaining this certification is not easy or inexpensive, but our team did an excellent job.

As we move forward this year, we will continue to be as transparent as possible around how the business is progressing, and how we define and use the various SaaS metrics we report on. Our key SaaS metric is Annual Recurring Revenue (as defined in the Chairman's letter). The other metric we monitor closely is Total Contract Value, the total value of all the contracts signed in a period, with the caveat that some of those contracts might have cancellation clauses of some kind.

Beginning with Appendix 4C, we will report Churn as a percentage of ARR, as all SaaS companies face a certain level of churn. We also anticipate reporting Customer Acquisition Costs, or the Lifetime Value of a Customer, when we have more historical data and more representative costs.

Of course, a successful SaaS company is not purely about sales—for us, continually improving the product is essential. This year the engineering team produced several new versions of software, most notably the vPGMI Standard Image Evaluation System update to VolparaEnterprise we launched in May 2018. This work is the result of years of effort to understand how the breast should be positioned optimally on the imaging detector.

Since positioning has probably been the source of most customer issues during FY2018, it's been gratifying to have the release so well received, and to hear of successful FDA EQUIP quality audits being assisted by our software.

vPGMI and similar initiatives can be brought to market due to the strength of our overall team and deep knowledge of breast imaging and breast cancer. They help maintain our competitive advantage and the expansion of our science and innovation capabilities. The capital raise will help us build upon our first-mover advantages in many areas of breast imaging.

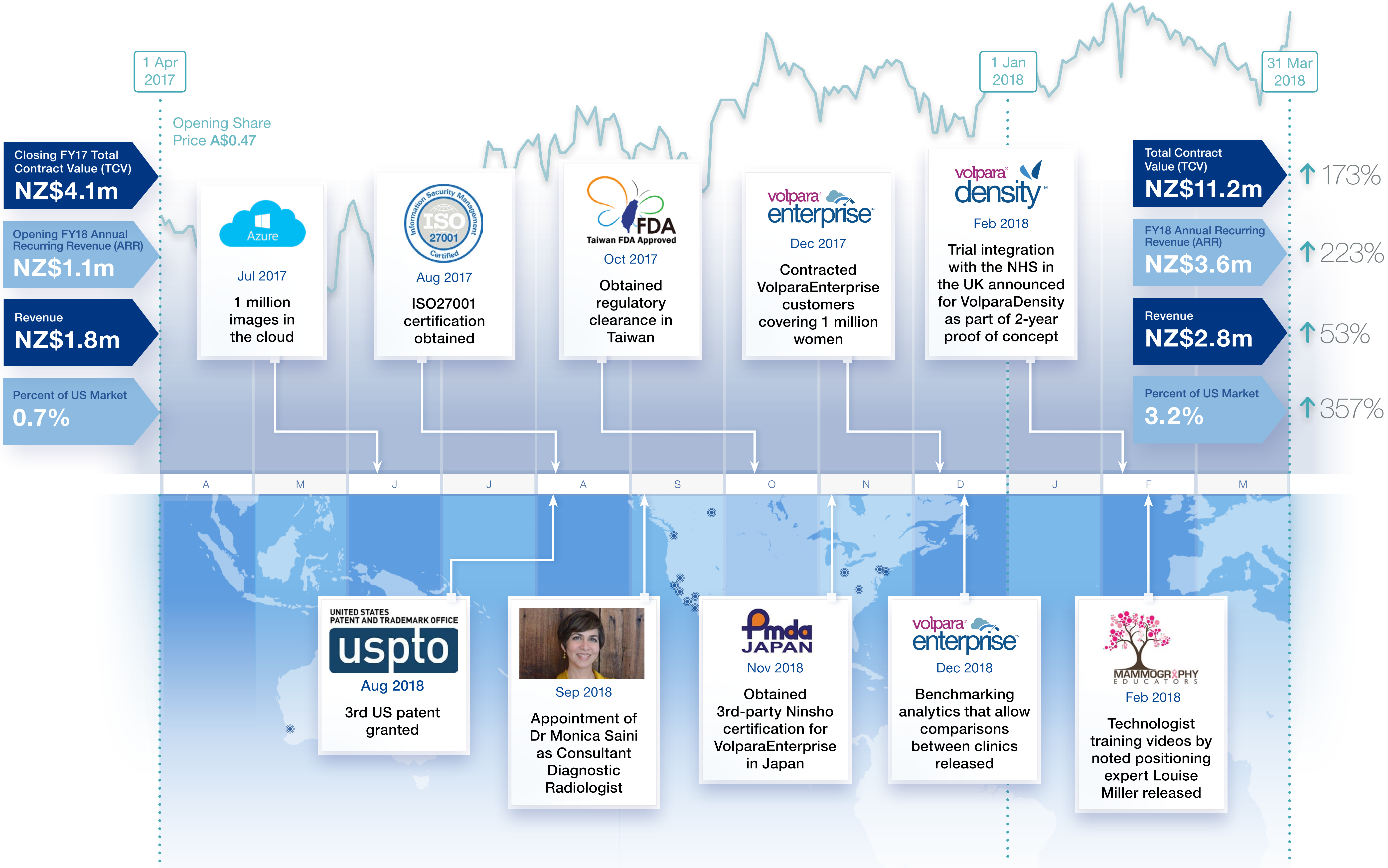
Volpara's ARR target for FY2019 is NZ$9M. We announced this forecast based not only on prior performance but also on knowledge of the sales pipeline and successful sales recruitment with no disruption. The successful introduction of new products to onsell and upsell is going to be important to us as we move into FY2019. We remain confident we have the management throughout the Company to hit that target along with disciplined cost control.

Finally, I'd like to record my thanks to all the employees at the Company who have made FY2018 so successful. I'd also like to thank Callaghan Innovation, the New Zealand government's innovation arm, for its continuing support through the Growth Grant to our innovation and ultimate success.

Yours sincerely

RALPH HIGHNAM, PHD
CEO & Chief Scientist

The Year's Key Milestones



Closing FY17 Total Contract Value (TCV)
NZ$4.1m

Opening FY18 Annual Recurring Revenue (ARR)
NZ$1.1m

Revenue
NZ$1.8m

Percent of US Market
0.7%

Jul 2017
1 million images in the cloud

Aug 2017
ISO27001 certification obtained

Aug 2018
3rd US patent granted

Oct 2017
Obtained regulatory clearance in Taiwan

Sep 2018
Appointment of Dr Monica Saini as Consultant Diagnostic Radiologist

Dec 2017
Contracted VolparaEnterprise customers covering 1 million women

Nov 2018
Obtained 3rd-party Ninsho certification for VolparaEnterprise in Japan

Feb 2018
Trial integration with the NHS in the UK announced for VolparaDensity as part of 2-year proof of concept

Dec 2018
Benchmarking analytics that allow comparisons between clinics released

Feb 2018
Technologist training videos by noted positioning expert Louise Miller released

Total Contract Value (TCV)
NZ$11.2m ↑ 173%

FY18 Annual Recurring Revenue (ARR)
NZ$3.6m ↑ 223%

Revenue
NZ$2.8m ↑ 53%

Percent of US Market
3.2% ↑ 357%

Worldwide Clinical and Commercial Validation

53

FTEs Worldwide

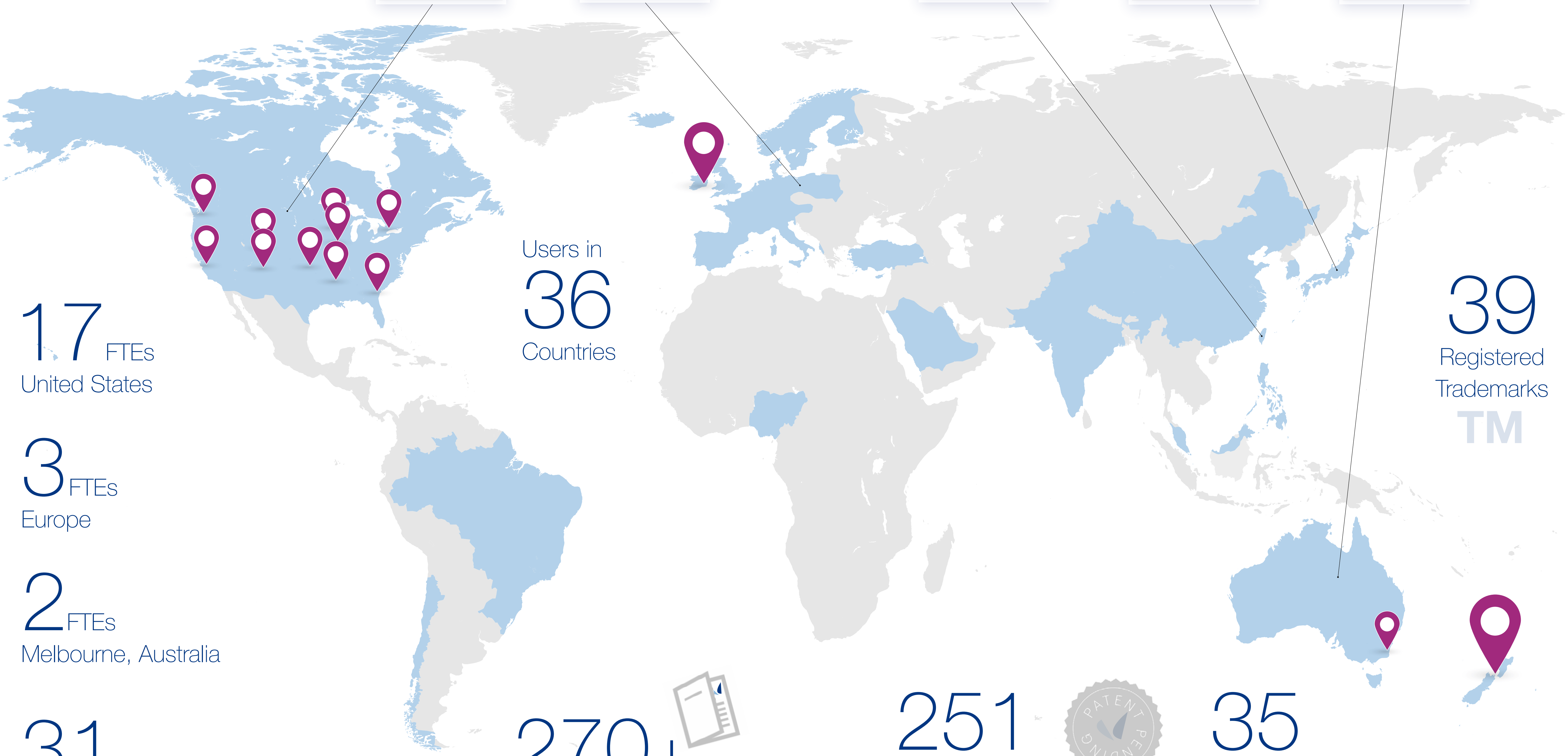
FDA
Clearance USA

CE
Marking

Taiwan
FDA

PMDA
Certification Japan

TGA
Approval



17 FTEs
United States

3 FTEs
Europe

2 FTEs
Melbourne, Australia

31 FTEs
Wellington, New Zealand

Users in
36
Countries

39
Registered
Trademarks
TM

270+
Academic Publications

251
International
Patent Applications

PATENT PENDING

35
International
Patents Granted

VolparaEnterprise™ Software

VolparaEnterprise™ is the only software on the market that provides comprehensive, objective and automated assessment of image quality on every mammogram.

VolparaEnterprise™ 2.2 software includes a suite of quantitative clinical applications that help mammography teams monitor and improve quality by providing actionable intelligence—personalised measurements of breast density, patient-specific x-ray dose, breast compression, breast positioning and other factors designed to provide critical insight into breast imaging workflow.

Benefits for patients

- Cancer may be detected earlier
- More comfortable
- Most appropriate radiation dose
- Rapid results

Benefits for screening centres

Budget controllers

- Improved patient care
- Enhanced profitability
- Key metrics for comparing performance within a network of breast imaging centres

Benefits for physicians

Referrers, radiologists, surgeons

- Integrated quality assurance metrics drive better image quality and uniformity
- Better imaging may lower risk of not seeing a cancer
- Better imaging may lower risk of normal tissue masquerading as a cancer
- Objective triage of high-risk patients and those who might need supplemental imaging

Benefits for technologists

- Understand positioning and compression performance
- Compare performance with colleagues
- Use integrated tools to self-improve positioning and compression performance

The Volpara Clinical Applications

Our goal is to facilitate the early detection of breast cancer to reduce both its mortality and cost, allowing patients and their families to thrive.

VolparaDensity™

Automatically calculates breast density. Used by radiologists to standardise reporting of breast density and triage the women who will benefit most to supplemental screening and risk counselling, which provide new revenue streams to breast imaging centres.

VolparaDose™

Computes each woman's personal x-ray dose, based on her specific breast density.

VolparaPressure™

Computes the compression pressure applied to the breast during a mammogram. Used by technologists to better understand the patient experience and optimise the clinical effectiveness of mammograms going forward.

VolparaPositioning™

Automatically assesses the positioning of the patient. Used by technologists to further develop their positioning skills.

Customer Success Stories

Mayfair Diagnostics, Alberta, Canada

“VolparaEnterprise puts our technologists in control of their own performance”

—Katie Kaminski, Mammography Coordinator

Mayfair Diagnostics is a busy, multi-modality imaging practice. Each year its 44 technologists, across 10 locations, perform 54,000 mammograms. For an operation of this scale, VolparaEnterprise software’s automation and big data analytics were a natural fit.

44 TECHNOLOGISTS 10 LOCATIONS 54K MAMMOGRAMS

According to Mark Sevcik, Vice President of Infrastructure, Mayfair has used VolparaEnterprise data on breast density in its patient population “to justify installation of additional automated breast ultrasound systems (ABUS), growing our supplemental screening program.” Mark adds, “VolparaEnterprise helps us plan where to deploy this capability by analysing which of our facilities have the largest population of high–breast density patients.”

Mayfair has also seen improvements in image quality and technologist performance. Katie Kaminski, Mammography Coordinator, notes that most of Mayfair’s technologists use VolparaEnterprise software every day to track their performance, adding, “The fact that a tech can log in to VolparaEnterprise and so easily see how she can improve her skills and image quality means that she can proactively focus on getting even better.”

Boca Raton Regional Hospital, Florida, United States

“VolparaEnterprise is an invaluable tool for understanding the quality of breast imaging services we deliver.”

—Shakira Sarquis-Kolber, Director of Women’s Imaging

Boca Raton Regional Hospital is another major breast imaging centre seeing the benefits of VolparaEnterprise software. Its staff of 25 technologists and nine radiologists, across four centres, perform approximately 40,000 mammograms, 12,000 breast ultrasounds, and 4,400 interventional breast procedures per year.

Soon after installing VolparaEnterprise software, the team at the hospital’s Christine E. Lynn Women’s Health & Wellness Institute noticed a spike in x-ray dose in thicker breasts on one machine compared to others. Using VolparaEnterprise analytics, the team discovered that calibration data had been incorrectly entered by the medical physicist. Without VolparaEnterprise software in place, such an error might have gone undetected until the next biannual physicist visit.

EQUIP Compliance and Quality Improvement with VolparaEnterprise™ Software

Searching for cases:

60% Improvement

Jan–June, 2017 compared to July–Dec, 2017

With the FDA’s new Enhancing Quality Using the Inspection Program (EQUIP) mandate, it has become more important than ever that mammography facilities have a consistent, unbiased and manageable mechanism in place by which leaders and physicians can review technologist image quality and compression usage. VolparaEnterprise software not only provides this important information with a click of the mouse, it allows technologists to log in to the system themselves to see how well they are performing and to obtain training tips and videos to advance their skills. This information takes mammographic inspection of quality to a whole new level never before available to radiology employees.

Directors' Report

The directors present their report on Volpara Health Technologies Ltd ("VHT") and the entities it controlled during and at the end of the year ended 31 March 2018.

Directors

The following persons held office as directors of Volpara Health Technologies Ltd for the financial year:

Roger Allen AM, Dr Ralph Highnam, Professor Sir John Michael (Mike) Brady, Lyn Swinburne AM, John Diddams, John Pavlidis, Paul Reid (appointed 22 March 2018)

Roger Allen AM

CHAIRMAN

BA, FACS

Roger joined the Board in June 2010 and was appointed Chairman in October 2015. Roger is a highly experienced entrepreneur and investor in early-stage growth companies in Australia and internationally. He built Computer Power Group (CPG) in the 1970s from a small startup to a worldwide group of 3,000 people operating from 50 offices in 12 countries, listing on the ASX in 1987. In 1996 he cofounded Allen & Buckeridge, an early-stage venture capital fund with offices in Silicon Valley and Australia. He is dedicated to social entrepreneurship, especially to enterprises focused on digital health and indigenous economic development.

Roger has served on two Prime Ministers' Science and Technology Councils and Advisory Boards, and was Deputy Chairman of Austrade from 1990 to 1997. Previously an adjunct professor in the Business School of the University of Technology Sydney, he has also lectured at the School of Entrepreneurship at INSEAD. Roger has been awarded the top two lifetime awards in the IT industry (CSIRO Tony Benson award and the Pearcey Medal for lifetime achievement) as well as an Order of Australia Honour for his services to the IT sector through leadership roles, venture capital investment and professional development, and in recognition of his support of the indigenous community and philanthropic interests. He was also elected as a Fellow of the Australian Computer Society. He is based in Sydney, Australia.

Roger is a member of the Audit and Risk Committee.

Dr Ralph Highnam

EXECUTIVE DIRECTOR & CEO

BSc (Hons) 1st Class, MSc, PhD

Ralph, a founding Director of VHT, has been at the forefront of the digital breast imaging field for over 25 years. Ralph's innovative work as a research scientist in quantitative breast imaging technology at the University of Oxford led him to form first OXIVA Limited and then Mirada Solutions with Professor Sir John Mike Brady. Under Ralph's leadership Mirada became the number-one provider of image registration and fusion tools before being acquired by CTI Molecular Imaging Inc. and later Siemens Medical Solutions USA, Inc.

Before founding VHT in 2009, Ralph consulted for many of the world's top medical imaging companies, including R2, Siemens, Hologic and Dexela, as well as many leading breast screening programs. During this time, he continued his academic research as part of an international circle of collaborators.

Ralph is the author of numerous articles and, with Brady, the seminal book Mammographic Image Analysis. As CEO of VHT, Ralph is dedicated to providing the most accurate measurements possible of breast composition ("breast density") in order to improve the health outcomes of women around the world. Based in Wellington, New Zealand, in 2015 he was named a Wellingtonian of the Year finalist.

Professor Sir John Mike Brady

NON-EXECUTIVE DIRECTOR

FRS, FREng, FMedSci, HonFIE

Mike, a founding Director of VHT, is currently Professor of Oncological Imaging at the University of Oxford, having recently retired after 25 years as Professor of Information Engineering. He served for 20 years as a Non-Executive Director and Deputy Chairman of the FTSE 250 company Oxford Instruments plc and for 10 years as a Non-Executive Director of AEA Technology plc.

Mike is founding Director of Perspectum Diagnostics, which performs liver image analysis by MRI; Mirada Medical Limited, which develops medical image analysis software and is installed in almost 2000 hospitals worldwide; Screenpoint, which develops machine learning methods for computer-aided diagnosis in mammography; and Optellum, which develops software to classify lung nodules in CT.

Mike is the author of over 750 articles and 35 patents in computer vision, robotics, medical image analysis and artificial intelligence, and the author or editor of 10 reference books. He is based in Oxford, UK.

Lyn Swinburne AM

NON-EXECUTIVE DIRECTOR
Hon Doc (Social Sciences)

Lyn joined the Board in December 2015. Lyn is a prominent women's advocate, inspirational speaker and long-standing spokesperson on behalf of Australians personally affected by cancer. Following her own diagnosis and treatment for breast cancer, in 1998 Lyn founded Breast Cancer Network Australia (BCNA), the peak national breast cancer consumer organisation with more than 130,000 members.

The creator of the Field of Women concept, Lyn led the development of BCNA's Seat at the Table program, which provides trained and supported consumer representatives at advisory and decision-making forums nationally. She has been an invited public speaker at medical conferences globally and across Australia.

Lyn has received numerous awards for her work: in 2006 she was named an Australian of the Year finalist and appointed a Member of the Order of Australia, and in 2007 she was named Melburnian of the Year. More recently she was awarded an Honorary Doctorate from Swinburne University for advancing the cause of women affected by breast cancer. She has been appointed to a number of boards, including the National Breast and Ovarian Cancer Centre and Cancer Australia, by various national Health Ministers.

Lyn retired from her role as CEO of BCNA at the end of 2011 and is currently Chair of the Board of the Royal Women's Hospital in Melbourne. She is based in Melbourne, Australia.

Lyn was a member of the Audit and Risk Committee until 22 March 2018.

John Diddams

NON-EXECUTIVE DIRECTOR
B Com, FCPA, FAICD

John is the principal of an Australian CPA firm that provides companies with corporate advisory services. John has extensive knowledge and practical experience in the application of Australian corporations law, ASX Listing Rules, international accounting standards and corporate governance principles.

Over the past 25 years John has managed the processes to raise capital, perform due diligence and seek ASX listing for a number of enterprises, including IPOs for a wide range of diverse offerings. These include oil and gas interests, food and retail, a fine-wool processing plant, an innovative telephony product, a biotech company, an Internet advertising initiative, a dental device for snoring and sleep apnoea, an indoor skydiving company, the New Zealand developer of the Martin Jetpack, Skydive the Beach Group Limited (now Experience Co Limited) and, most recently, Oliver's Real Food Limited.

John is currently a Non-Executive Director of ASX-listed Experience Co Limited, an adventure tourism business operating in Australia and New Zealand, and a Non-Executive Director of Oliver's Real Food Limited, a healthy fast food chain operating on the highways in southeastern Australia.

John is chair of the Audit and Risk Committee and is based in Sydney, Australia.

John Pavlidis

NON-EXECUTIVE DIRECTOR
BS, MS

John joined the VHT board in early 2015 with more than 25 years of medical device experience as an executive and company director. John currently serves as the President and CEO of VytronUS, Inc., a venture-backed startup using novel catheter-based ultrasound and robotics technology to treat atrial fibrillation, a cardiac arrhythmia.

Prior to VytronUS, John was the President and CEO of Endoscopic Technologies, Inc., a leader in minimally invasive and endoscopic treatment of atrial fibrillation, until it was acquired by AtriCure, Inc. in 2014. Since 2007, John has also served on the board of directors of several health technology startup companies, including U-systems, Inc., which pioneered automated breast ultrasound imaging as an adjunct to mammography for breast cancer screening and was acquired by GE Healthcare in 2012.

Previously, John served as President and CEO of R2 Technology, Inc., the pioneer and leader in computer-aided detection of breast cancer, until Hologic, Inc. acquired the company in 2006. Before joining R2 Technology, John was president of the Ultrasound group at Siemens Healthcare, where he led the acquisition and integration of Acuson and subsequent growth of the combined organization to $1 billion in revenue. He is based in Silicon Valley, California, USA.

Paul Reid

NON-EXECUTIVE DIRECTOR
BS, MS

Paul joined the Board in March 2018 and brings extensive commercial experience gained across a range of technology/SaaS businesses. He was the founding CEO and Chairman of Figured Limited, a fintech SaaS company that provides management accounting software to farmers in the US, United Kingdom, Australia and New Zealand. Figured was New Zealand's Startup of the Year in 2016 and has grown at an incredible pace, funded by private, corporate and VC investors.

He is also currently Chair of Pukeko Pictures GP, an independent entertainment production company with a focus on quality children's programming such as *Thunderbirds Are Go*, *Jane and the Dragon* and *The WotWots*.

Other key Directorship roles include Christchurch International Airport Limited and NZX-listed Comvita Limited.

Prior to embarking on a startup and governance career, Paul held a number of key executive roles, from CEO to COO, in businesses such as Air New Zealand, MetService, Carter Holt Harvey and Ernst & Young. He is based in Wellington, New Zealand.

Chief Financial Officer and Company Secretary

Craig Hadfield *CA (SA)*

Craig joined VHT in July 2016 and was appointed Chief Financial Officer and Company Secretary on 1 March 2017, prior to which he worked as an Associate Director at Deloitte. Craig is a Chartered Accountant who holds a Higher Diploma in Accounting, and is a member of the South African Institute of Chartered Accountants and an affiliate member of Chartered Accountants Australia & New Zealand. He is based in Wellington, New Zealand.

Changes in Key Management Personnel

Richard Hudson *Vice President Engineering, BSc*

Richard joined Volpara in June 2017. He has over 30 years' experience working in software product development in the high-tech sector; most notably with Imagination Technologies, a UK-based company that pioneered the PowerVR 3D graphics technology adopted by global companies such as Compaq, NEC, Sega and Apple. During his time at Imagination, Richard held the roles of VP Software Engineering for PowerVR and Senior Director for Imagination's cloud-based SaaS products and services.

Richard is accustomed to working with technology companies that are transitioning from startup to growth mode. He is based in Wellington, New Zealand.

Principal activities

The Group's principal activity during the year was the sale of VolparaEnterprise™ software, a comprehensive cloud-based breast imaging analytics platform that delivers quality assurance and performance monitoring. With dynamic, role-specific dashboards and wide-ranging benchmarking analytics to help clinics manage their business more efficiently, VolparaEnterprise™ software is supported by the company's suite of market-leading clinical applications: VolparaDensity™, VolparaDose™, VolparaPressure™, VolparaPositioning™ and VolparaServer™.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the financial year, other than the placement and share purchase plan discussed further in *matters subsequent to the end of the financial year.*

Operating results for the year

Statutory results

Some of the key statutory results have been summarised in the table below. The total revenue from contracts with customers and SaaS-only revenue both show how the Group has successfully managed the transition from a capital-only sales model to a Software as a Service (SaaS) model. The increase in SaaS-only revenue has been driven by the sale of VolparaEnterprise™ software, which has begun to gain significant traction in the market. Volpara's net loss after tax has decreased by 8% compared to FY17 as a result of effective cost management and the Group's ramping up sales.

	2018	2017	$ Variance	% Variance
		NZ$000		
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%**
Net loss after tax	(8,818)	(9,571)	753	-8%

SaaS metrics

Volpara ended the year with Annual Recurring Revenues (ARR) of ~NZ$3.6M and Total Contract Value (TCV) signed in FY18 of ~NZ$11.2M, an increase of 223% and 173% respectively over FY17.

It is important to distinguish these metrics from some of the statutory results seen in the notes to the financial statements. Deferred revenue per note 2 shows NZ$934K vs. NZ$555K in FY17. Although the Group has ARR of ~NZ$3.6M, the deferred revenue represents only that portion of the ARR that has not already been recognised as revenue, but which has already been invoiced; i.e., there are amounts the Group has not invoiced for as the Group has not yet delivered on the performance obligations, and these amounts will not be reflected in either the revenue or deferred revenue numbers.

Similarly, TCV represents the total dollar value of deals signed by the Group for contracts ranging in length from 12 months to 5 years. Those periods also represent the period over which the revenue for the contracts will be recognised. These deals are cancellable, which makes Volpara's job of customer satisfaction that much more important, to ensure churn rates are kept at a minimum. To date the Group has not had any churn.

Matters subsequent to the end of the financial year

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.

Likely developments and expected results of operations

Over the course of the 2018 financial year, Volpara continued the transition of the Group from a predominantly capital sales model to a SaaS model, successfully increasing annual recurring revenue from NZ$1.1M to NZ$3.6M per annum. This increase has resulted in the Group now starting to reap the rewards of the SaaS model, with revenues increasing 53% YOY and SaaS revenue specifically increasing 1,945% over FY17. Furthermore, an increase in the total value of contracts signed from NZ$4.1M in FY17 to NZ$11.2M in FY18 (173% growth YOY) shows further evidence of traction in the market. In the 2019 financial year, Volpara expects to be able to continue to grow annual recurring revenue and total contract value, with our stated aim being to finish FY19 with ARR of NZ$9M and 9% of the woman screened in the US market having their mammograms analysed by VolparaEnterprise™ software.

As always, Volpara will continue to invest in the VolparaEnterprise™ software and its suite of other products to ensure that the Group remains at the forefront of the market.

Dividends paid or recommended

No dividends have been paid or declared for payment during the financial year.

Environmental issues

The Group is not affected by any significant environmental regulation in respect of its operations.

Indemnifying officers

During or since the end of the financial year, the Company has given an indemnity, entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has entered into deeds of indemnity with each of the Directors in accordance with the constitution, under which the Company indemnifies each Director against:

(i) costs incurred by the Director in any proceeding that relates to liability for any act or omission made by the Director as an officer of the Company and in which judgment is given in the Director's favour or in which the Director is acquitted or which is discontinued;
(ii) any liability to any third party for any act or omission by the Director as an officer of the Company; and
(iii) any costs incurred by the Director in defending or settling any claim or proceeding to any costs or liability of the nature referred to in (i) and (ii).

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Directors of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Unissued shares

As at 31 March 2018, there were 12.083M unissued ordinary shares under employee share options. Refer to the remuneration report and Note 11 of the financial report for further details of the employee options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate.

Share options

The following ordinary shares of Volpara Health Technologies Ltd were issued during the year ended 31 March 2018 on the exercise of options granted under the Legacy Employee Share Option Plan (ESOP).

Date options exercised	Average Issue Price of Shares	Number of Shares Issued
	NZ$	
03/04/2017	0.0030	563,380
17/05/2017	0.0030	1,984,956
20/11/2017	0.0003	300,000
		2,848,336

Meetings of Directors

During the financial year, 10 Directors' meetings were held along with four Audit and Risk Committee meetings. Attendances by each Director during the year were as follows:

Director	Board of Directors		Audit and Risk Committee	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Roger Allen AM	10	8	4	2
Dr Ralph Highnam	10	10		
Professor Sir John Mike Brady	10	7		
Lyn Swinburne AM	10	9	4	4
John Diddams	10	10	4	4
John Pavlidis	10	8		
Paul Reid	1	1		

Non-audit services

The Board of Directors, after receiving advice from the Audit and Risk Committee, is satisfied that the provision of the non-audit services by Deloitte Limited does not compromise their objectivity and independence in relation to the external audit.

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 below.

Deloitte.

AUDITOR INDEPENDENCE DECLARATION
TO THE DIRECTORS OF VOLPARA HEALTH TECHNOLOGIES LIMITED

In relation to the independent audit report for the year ended 31 March 2018, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the Corporations Act 2001; and

(ii) No contraventions of any applicable code of professional conduct.

This declaration is in respect of Volpara Health Technologies Limited and the entities it controlled during the year.

Trevor Deed, Partner
for Deloitte Limited
29 May 2018

Remuneration Report (unaudited)

The Directors are pleased to present your Company's 2018 remuneration report, which sets out remuneration information for Volpara Health Technologies Ltd's Non-Executive Directors, Executive Directors and other key management personnel.

This remuneration report outlines the Director and Executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Companies Act 1993 and its regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the parent company.

For the purposes of this report, the term "Executive" encompasses the Chief Executive and other senior Executives of the Parent and the Group.

Directors and KMP disclosed in this report

Name	Position
Non-Executive and Executive Directors	
Roger Allen AM	Chairman, Non-Executive Director
Dr Ralph Highnam	Chief Executive Officer, Executive Director
Lyn Swinburne AM	Non-Executive Director
Professor Sir John Mike Brady	Non-Executive Director
John Pavlidis	Non-Executive Director
John Diddams	Non-Executive Director
Paul Reid	Non-Executive Director
Other KMP	
Mark Koeniguer	Chief Commercial Officer
Julian Marshall	Chief Marketing Officer
David Murray	Chief Technology Evangelist
Richard Hudson	VP Engineering (joined 1 June 2017)
Craig Hadfield	Chief Financial Officer & Company Secretary

Remuneration philosophy

The performance of Volpara is dependent upon the quality of its Directors and senior Executives. Given the developing nature of Volpara, the remuneration policy must reflect the need to attract, motivate and retain highly skilled Directors and Executives.

To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high-quality Executives;
- Provide an equity incentive for senior Executives that will highly motivate them and align their motivation with creation of shareholder value; and
- Ensure that rewards are referenced to relevant employment market conditions.

Remuneration structure

The Board of Directors (the "Board") has determined not to establish a Nomination and Remuneration Committee as the Board considers that such a committee is not necessary and would be burdensome at this time, given the role such a committee would play and the Board's current size and composition. The Board considers that it collectively has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively in considering the matters that would otherwise be considered by that committee. The Board will keep this matter under review and, if deemed desirable or necessary, may constitute a Nomination and Remuneration Committee at an appropriate time in the future.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Senior Executive remuneration is separate and distinct.

Non-executive director remuneration policy

Objective

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain Directors of the highest calibre, while incurring a cost that is acceptable to shareholders.

Structure

It has been resolved that the total aggregate amount to be paid to the Directors (excluding any Executive Director) is NZ$500,000 per annum. Under the ASX Listing Rules, any increase to that aggregate annual amount will need to be approved by Shareholders. The Company does not utilise that full amount based on its current Board of Directors.

In addition to their annual remuneration, the Directors may also be reimbursed for expenses properly incurred by the Directors in connection with the affairs of the Company, including travel and other expenses. There are no retirement benefit schemes for Non-Executive Directors. Non-Executive Directors are encouraged to hold shares in the Company. The Non-Executive Directors also participate in the employee share option plans of the Company, which are not linked to performance.

The remuneration of Non-Executive Directors for the year ended 31 March 2018 is detailed later in this report.

Executive remuneration policy and framework

Objective

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The objective of the remuneration policy is to:

- Reward executives for company and individual performance;
- Align the interests of the Executives with those of the shareholders;
- Ensure that total remuneration is competitive by market standards; and
- Provide an incentive to achieve or exceed budget expectations.

Structure

In determining the level and makeup of Executive remuneration, the Board has reviewed reports detailing market levels of remuneration for comparable roles.

Remuneration consists of fixed and variable elements, with the variable component broken down further into short- and long-term incentives.

Base salary and benefits

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Board; the process consists of a review of company-wide and individual performance, relevant comparative remuneration from external sources and relevant comparison between roles within the company. As noted above, the Board draws on relevant industry remuneration data.

Structure

Executives receive their fixed remuneration as a salary payment.

Short-term incentives (STI)

Objective

The objective of the STI is to link the achievement of the Company's operational targets with the remuneration received by the Executives charged with meeting those targets.

Structure

Actual STI payments granted to each Executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of key performance indicators (KPIs) covering both financial and non-financial, corporate and individual measures of performance. Typically included are measures such as sales growth, process improvement, product development and overall contribution.

The aggregate pool of potential STI payments has been approved by the Board.

Long-term incentives (LTI)

Objective

The objective of the LTI plan is to reward Executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. They are not, however, linked to performance of the individual.

Structure

LTI grants to Executives are delivered in the form of options.

General employee share option plans (ESOP)

Volpara currently has two ESOPs; a Legacy ESOP and a New ESOP.

Holders of options under ESOP's	
Legacy	New
John Pavlidis	Dr Ralph Highnam
Mark Koeniguer	Julian Marshall
Lyn Swinburne	Craig Hadfield
	Roger Allen
	Mike Brady
	Mark Koeniguer
	David Murray
	Paul Reid

Under normal conditions, for the New ESOPs, 40 percent of the options are exercisable on the second anniversary of the grant date. The remaining 60 percent of the options are exercisable in three tranches every 12 months thereafter. The options under the Legacy ESOPs vest on a straight-line basis over a period of time, ranging from monthly over a few years to yearly over a few years.

Should a Director (Executive or Non-Executive) or senior Executive cease to be employed by Volpara, then all options which have not yet vested will automatically lapse. Any options that have vested with that person must be exercised within 60 days of ceasing employment or those vested options will also lapse, unless the Board determines otherwise.

The exercise price of the options is determined relative to the prevailing market price of Volpara's shares as at the date of the issue. Options are usually issued at the higher of the 30-day VWAP (volume weighted average price) and A$0.60, being the price of the last capital-raising event unless the Board determines otherwise.

Historically the options have had an exercise period of between five and 10 years from the date of issue; however, all issues of options under the New ESOP since March 2016 have an exercise period of seven years, and at any time during that period the Executive can decide to exercise any vested options.

Employment contracts

CEO

Dr Ralph Highnam is employed by the Company in the role of both chief executive officer and executive director. Under the terms of his contract:

- Dr Highnam is entitled to a base salary and benefits plus short-term and long-term incentives.
- Dr Highnam does not receive any additional payments for performance of his role as an Executive Director on the Board.
- Either the Company or Dr Highnam may terminate the employment by providing three months' written notice.
- Dr Highnam's remuneration and performance may be reviewed at the Company's discretion.
- The Company may terminate Dr Highnam's employment immediately for serious misconduct. Dr Highnam may under certain circumstances be subject to a post-employment restraint for a period of up to three months.
- Upon termination, any options that are vested may be exercised by Dr Highnam within a 60-day period. Any options that are unvested, or any vested options not exercised within 60 days of termination of the employment contract, will be forfeited, unless the Board determines otherwise.

KMP

All Executives have rolling contracts. The Company may terminate the Executive's employment agreement by providing written notice or providing payment in lieu of the notice period (based on the fixed component of the Executive's remuneration). The notice period is determined by the employment agreement for each Executive and can vary from 30 to 90 days. On termination or notice by the Company, any LTI options that have vested or that will vest during the notice period will be released, subject to the standard exercise criteria. LTI options that have not yet vested will be forfeited, unless the Board determines otherwise. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Executive is entitled only to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause, any unvested options will immediately be forfeited, unless the Board determines otherwise.

Performance of Volpara Health Technologies Limited

Relationship between remuneration and Volpara Health Technologies Limited's performance.

The following table shows key performance indicators for the Group for this year and the prior year.

Consolidated	2018	2017	$ Variance	% Variance
Total revenue (NZ$'000)	2,812	1,839	973	53%
Operating expenses (NZ$'000)	(11,771)	(10,862)	(909)	8%
Net loss after tax for the year (NZ$'000)	(8,818)	(9,571)	753	(8%)
Earnings per share (NZ$)	(0.061)	(0.075)	0.014	19%
Share price at financial year end (A$)	0.72	0.47	0.25	53%

Details of remuneration

2018	Short-term employee benefits			Post-employment benefits	Share-based payments#	
Name	Cash salary and fees NZ$	Cash bonus NZ$	Non-monetary benefits NZ$	Superannuation NZ$	Options NZ$	Total NZ$
Non-Executive Directors						
Roger Allen AM	90,000	-	-	-	30,716	120,716
Lyn Swinburne AM	60,000	-	-	-	23,069	83,069
Professor Sir Mike Brady	50,000	-	-	-	30,716	80,716
John Pavlidis	61,362	-	-	-	4,156	65,518
John Diddams	70,000	-	-	-	44,531	114,531
Paul Reid	1,615	-	-	-	1,562	3,177
Subtotal	**332,977**	-	-	-	**134,750**	**467,727**
Executive Director						
Dr Ralph Highnam	280,305	-	18,932	-	61,432	360,668
Other KMP						
Richard Hudson*	129,167	-	-	3,875	-	133,042
David Murray	180,000	-	-	5,733	43,002	228,735
Mark Koeniguer	346,939	35,076	-	60,870	68,937	511,823
Julian Marshall	289,028	56,122	-	61,621	102,386	509,157
Craig Hadfield	170,450	10,000	-	5,113	15,873	201,436
Total KMP	**1,728,865**	**101,198**	**18,932**	**137,213**	**426,380**	**2,412,588**

These share-based payments are the accounting, non-cash cost of the share options granted based on NZ IFRS 2 - Share-based Payment. No cash payments are made in relation to these.

* Joined the Company on 1 June 2017.

2017	Short-term employee benefits			Post-employment benefits	Share-based payments#	
Name	Cash salary and fees NZ$	Cash bonus NZ$	Non-monetary benefits NZ$	Superannuation NZ$	Options NZ$	Total NZ$
Non-Executive Directors						
Roger Allen AM	82,500	-	-	-	30,716	113,216
Lyn Swinburne AM	60,000	-	-	-	51,854	111,854
Professor Sir John Mike Brady	45,833	-	-	-	30,716	76,549
John Pavlidis	53,460	-	-	-	18,314	71,774
John Diddams	101,594	-	-	-	214,886	316,480
Subtotal	**343,387**	-	-	-	**346,486**	**689,873**
Executive Director						
Dr Ralph Highnam	265,154	-	15,881	-	61,592	342,627
Other KMP						
David Murray	200,000	10,000	-	6,000	43,002	259,002
Mark Koeniguer	324,642	35,287	-	75,427	155,562	590,918
Julian Marshall	282,299	53,637	-	72,187	102,386	510,509
Craig Hadfield	10,833	-	-	325	615	11,773
Brian Leighs*	167,300	-	-	-	39,350	206,650
Total KMP	**1,593,615**	**98,924**	**15,881**	**153,939**	**748,993**	**2,611,352**

* Consultant position, not a full-time employee.

These share-based payments are the accounting, non-cash cost of the share options granted based on NZ IFRS 2 - Share-based Payment. No cash payments are made in relation to these.

Details of remunerations (continued)

The relative proportions of remuneration paid that are linked to performance are as follows:

	STI	
Name	2018 %	2017 %
Non-Executive Directors		
Roger Allen AM	-	-
Lyn Swinburne AM	-	-
Professor Sir John Mike Brady	-	-
John Pavlidis	-	-
John Diddams	-	-
Paul Reid	-	-
Executive Director		
Dr Ralph Highnam	-	-
Other KMP		
Richard Hudson	-	-
David Murray	-	4
Mark Koeniguer	7	6
Julian Marshall	11	11
Craig Hadfield	5	-
Brian Leighs	-	-

Share-based compensation

Remuneration options: granted and vested during the year

During the financial year, options were granted as equity compensation benefits to certain key management personnel. The options were issued for $nil consideration. Each option entitles the holder to subscribe for one fully paid ordinary share in the company at the specified exercise price. 40% of the options may be exercised after two years. The remaining 60% may be exercised in three equal tranches over the following three years.

Historically options expire after five to 10 years; however, options issued since March 2016 expire after seven years.

Options are calculated at fair value using the Black-Scholes option pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

For further details relating to the options, refer to note 11 in the financial statements.

Share-based compensation (continued)

Options granted to non-executive directors, executive directors and key management personnel during the year are detailed in the below table:

Name	Number granted	Fair value per option grant date	Exercise price per share	Final vesting date	First exercise date	Last exercise date	Value of options granted during the year
		NZ$	A$				NZ$
Non-Executive Directors							
Roger Allen AM	-	-	-	-	-	-	-
Lyn Swinburne AM	-	-	-	-	-	-	-
Professor Sir John Mike Brady	-	-	-	-	-	-	-
John Pavlidis	-	-	-	-	-	-	-
John Diddams	-	-	-	-	-	-	-
Paul Reid*	450,000	0.40	0.66	22/3/23	22/3/20	22/3/25	177,757
Subtotal							
Executive Director							
Dr Ralph Highnam	-	-	-	-	-	-	-
Other KMP							
Richard Hudson	-	-	-	-	-	-	-
David Murray	-	-	-	-	-	-	-
Mark Koeniguer	50,000	0.42	0.69	31/3/23	31/3/20	31/3/25	20,871
Julian Marshall	-	-	-	-	-	-	-
Craig Hadfield	100,000	0.24	0.60	1/4/22	1/4/19	1/4/24	24,263

*The options granted to Paul Reid are required to be ratified at the Annual General Meeting.

Equity instrument disclosures relating to KMP

Options holdings

The numbers of options over ordinary shares in the company held during the financial year by each Director of Volpara Health Technologies Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2018 Options

Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors							
Roger Allen AM	300,000	-	-	-	300,000	-	300,000
Lyn Swinburne AM	450,000	-	-	-	450,000	300,000	150,000
Professor Sir John Mike Brady	300,000	-	-	-	300,000	-	300,000
John Pavlidis	451,872	-	-	-	451,872	451,872	-
John Diddams	300,000	-	300,000	-	-	-	-
Paul Reid	-	450,000	-	-	450,000	-	450,000
Dr Ralph Highnam	3,148,336	-	2,548,336	-	600,000	-	600,000
Total	**4,950,208**	450,000	**2,848,336**	-	**2,551,872**	**751,872**	**1,800,000**
Other KMP							
Richard Hudson	-	-	-	-	-	-	-
David Murray	420,000	-	-	-	420,000	-	420,000
Mark Koeniguer	1,350,000	50,000	-	-	1,400,000	900,000	500,000
Julian Marshall	1,000,000	-	-	-	1,000,000	-	1,000,000
Craig Hadfield	100,000	100,000	-	-	200,000	-	200,000
Total	**2,870,000**	**150,000**	-	-	**3,020,000**	**900,000**	**2,120,000**

2017 Options

Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors							
Roger Allen AM	300,000	-	-	-	300,000	-	300,000
Lyn Swinburne AM	450,000	-	-	-	450,000	150,000	300,000
Professor Sir John Mike Brady	300,000	-	-	-	300,000	-	300,000
John Pavlidis	451,872	-	-	-	451,872	326,352	125,520
John Diddams	1,320,000	-	1,020,000	-	300,000	-	300,000
Dr Ralph Highnam	3,148,336	-	-	-	3,148,336	2,548,336	600,000
Total	**5,970,208**	-	**1,020,000**	-	**4,950,208**	**3,024,688**	**1,925,520**
Other KMP				-			
David Murray	1,070,650	-	650,650	-	420,000	-	420,000
Mark Koeniguer	1,350,000	-	-	-	1,350,000	450,000	900,000
Julian Marshall	1,000,000	-	-	-	1,000,000	-	1,000,000
Craig Hadfield	-	100,000	-	-	100,000	-	100,000
Brian Leighs	420,000	-	-	-	420,000	-	420,000
Total	**3,840,650**	**100,000**	**650,650**	-	**3,290,000**	**450,000**	**2,840,000**

Shareholdings

The numbers of shares in the company held during the financial year by each Director of Volpara Health Technologies Ltd are set out below:

2018 Shareholdings

Name	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Roger Allen AM	20,467,848	-	-	20,467,848
Lyn Swinburne AM	42,000	-	-	42,000
Professor Sir John Mike Brady	7,919,211	-	-	7,919,211
John Pavlidis	-	-	-	-
John Diddams	1,463,416	300,000	20,000	1,783,416
Paul Reid	-	-	-	-
Dr Ralph Highnam	15,632,298	2,548,336	-	18,180,634

2017 Shareholdings

Name	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Roger Allen AM	20,467,848	-	-	20,467,848
Lyn Swinburne AM	-	-	42,000	42,000
Professor Sir John Mike Brady	7,919,211	-	-	7,919,211
John Pavlidis	-	-	-	-
John Diddams	253,014	1,020,000	190,402	1,463,416
Dr Ralph Highnam	15,632,298	-	-	15,632,298

End of Remuneration Report

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Ralph Highnam, Executive Director

Independent Auditor's Report

Deloitte.

Independent Auditor's Report

To the Shareholders of Volpara Health Technologies Limited

Opinion

We have audited the consolidated financial statements of Volpara Health Technologies Limited (the 'Company') and its subsidiaries (the 'Group' or 'Volpara'), which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated income statement and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 32 to 68, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and the provision of review services for Callaghan Innovation (R&D Growth Grant), we have no relationship with or interests in the Company or any of its subsidiaries. These services have not impaired our independence as auditor of Volpara.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be $350,000.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group early adopted NZ IFRS 15 *Revenue from Contracts with Customers* ('NZ IFRS 15') for the year ended 31 March 2017. During the year to 31 March 2018, sales of the 'VolparaEnterprise' software as a service ('SaaS') product have grown from $93,000 to $1,902,000 as described in Note 2. The SaaS contracts typically have bespoke terms and as such the Group has exercised significant judgement in the amount of revenue recognised for the year, as described in Note 2. In particular: • identification of the performance obligations in each contract; • assessment of whether there were any material rights to receive future discounted goods or services (such as renewal rights) in a contract; • allocation of the transaction price to each performance obligation based on their relative stand-alone selling prices; • estimating the stand-alone selling price of goods and services given a lack of consistent pricing history; and • assessment of the appropriate contract term and associated timing for revenue to be recognised. We have included revenue recognition as a key audit matter due to the significance of revenue to the consolidated financial statements and the judgement required by the Group in applying NZ IFRS 15.	We built an understanding of the SaaS revenue stream and nature of contracts entered into and assessed the Group's revenue recognition policy for compliance with NZ IFRS 15. We selected a sample of SaaS contracts based on our assessment of whether individual contracts possessed features that may indicate a heightened risk of material misstatement in revenue recognition. For the selected contracts, we: • ascertained the key terms and assumptions applied by management by reference to the contents of the contracts; • considered whether there were indications of material rights to receive future discounted goods or services by reference to the contracts; • agreed the performance obligations identified by the Group to the key terms and conditions of the customer agreements or other supporting documentation; • agreed the transaction price to the contract, or sales invoice where appropriate; • assessed the basis by which the Group established stand-alone selling prices; • assessed the criteria used by the Group as to whether revenue should be recognised at a point in time or over time; and • recalculated the amount of revenue we expected to be recognised for the selected SaaS contracts and compared this to the amounts recognised by the Group in revenue for the year.
Going concern The financial statements have been prepared on a going concern basis as discussed under the Basis of Preparation. The Group has recorded a net loss of $8.818m (2017: $9.571m) for the year ended 31 March 2018 and is expected to make further losses in 2019. The Group has prepared forecasts which indicate that cash on hand at the year end, combined with cash flows as a result of operations and the capital raised subsequent to balance date as per note 21, will enable the Group to continue operating and satisfy its going concern requirements. We include the going concern assumption as a key audit matter as it relies on existing cash reserves, revenue growth generating sufficient cash flows to cover necessary expenditure and the capital raising which took place post balance date.	In assessing the appropriateness of the going concern assumption used in preparing the financial statements, we: • performed a retrospective review of the prior year cash flow forecast to assess the Group's historical accuracy in preparing cash flow forecasts; • validated the key assumption underpinning the cash flow forecasts for FY19 and FY 20 relating to the capital raising of AU$20 million through the issue of 33 million shares post balance date; • sighted cash received from the capital raising totalling AU$14.4million in the bank statements in April and May 2018; and • assessed the adequacy of the disclosures made by the Group in the consolidated financial statements.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Trevor Deed, Partner
for Deloitte Limited
Wellington, New Zealand
29 May 2018

This audit report relates to the consolidated financial statements of Volpara Health Technologies Limited Group (the 'Group') for the year ended 31 March 2018 included on the Group's website. The Directors are responsible for the maintenance and integrity of the Group's website. We have not been engaged to report on the integrity of the Group's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 29 May 2018 to confirm the information included in the audited consolidated financial statements presented on this website.

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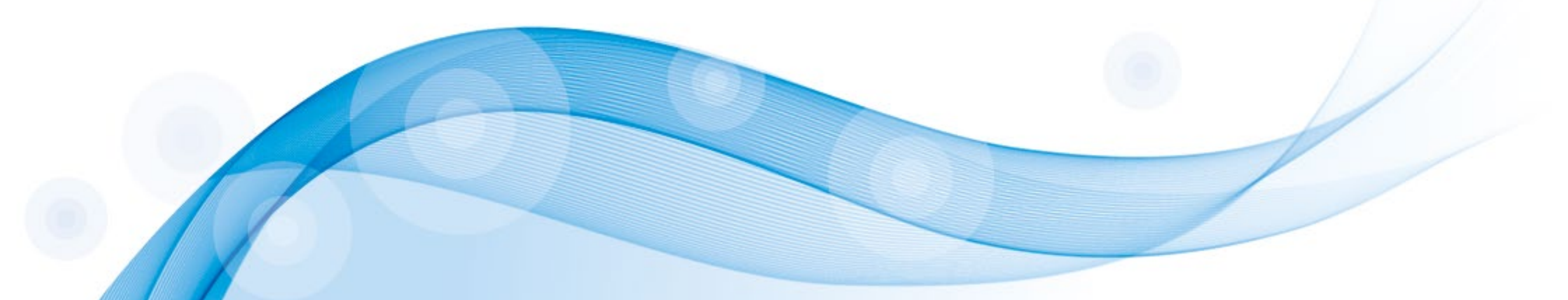
Consolidated Income Statement and Other Comprehensive Income

For the year ended 31 March 2018

		2018	2017
	Notes	NZ$'000	NZ$'000
Revenue			
Sales	2	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$)	10	(0.06)	(0.07)

The notes on pages 36 to 68 form part of and should be read in conjunction with these financial statements.



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	8	46	76
Right-of-use assets	18	348	-
Commission contract assets	18	557	-
Total non-current assets		**1,128**	**154**
Current assets			
Cash and cash equivalents	7	3,342	1,276
Cash on deposit	7	1,500	11,600
Trade and other receivables	8	1,273	1,192
Revenue contract assets	2	70	-
Inventory		14	14
Total current assets		**6,199**	**14,082**
Total assets		**7,327**	**14,236**
Equity			
Share capital	10	63,192	62,644
Share option reserve	11	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	2	13	19
Lease liabilities	12	210	-
Total non-current liabilities		**223**	**19**
Current liabilities			
Trade and other payables	9	1,558	1,107
Deferred revenue	2	921	536
Lease liabilities	12	130	-
Total current liabilities		**2,609**	**1,643**
Total liabilities		**2,832**	**1,662**
Total equity and liabilities		**7,327**	**14,236**

The notes on pages 36 to 68 form part of and should be read in conjunction with these financial statements.

Approved by Directors:

Ralph Highnam

John Diddams

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Notes	Share capital	Share option reserve	Foreign currency translation reserve	Accumulated losses	Total equity
		NZ$'000	NZ$'000	NZ$'000	NZ$'000	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)**
Transactions with owners:						
Issue of share capital from exercise of share options	10, 11	548	(540)	-	-	8
Recognition of share-based payments	11	-	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)**
Transactions with owners:						
Conversion of convertible preference shares to ordinary shares	10	40,111	-	-	-	40,111
Issue of share capital at initial public offering (IPO)	10	11,198	-	-	-	11,198
Costs of IPO capital raising	10	(774)	-	-	-	(774)
Issue of share capital from exercise of share options	10, 11	716	(682)	-	-	34
Recognition of share-based payments	11	-	1,006	-	-	1,006
Issue of share capital from placement and entitlement offer	10	11,232	-	-	-	11,232
Costs of placement and entitlement offer capital raising	10	(583)	-	-	-	(583)
Balance at 31 March 2017		**62,644**	**1,858**	**(154)**	**(51,774)**	**12,574**

The notes on pages 36 to 68 form part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Notes	2018 NZ$'000	2017 NZ$'000
Cash flows 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 received/(paid)		(20)	5
Lease payments for low value assets		(6)	-
Net cash used in operating activities	6	**(7,715)**	**(8,250)**
Cash flows from investing activities			
Purchases of property and equipment		(116)	(30)
Payments for intangible assets		(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 principal portion of the lease liability	6	(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 *	**7**	**3,342**	**1,276**

* Cash and cash equivalents does not include cash on deposit totalling NZ$1.5M. Refer to note 7 for further detail.

The notes on pages 36 to 68 form part of and should be read in conjunction with these financial statements.

Reporting entity

Volpara Health Technologies Limited (the Company) is a limited liability company incorporated and domiciled in New Zealand. Its principal place of business and registered office is Level 7, 44 Victoria Street, Wellington 6011, New Zealand.

Volpara Health Technologies Limited is designated as a profit-oriented company incorporated under the Companies Act 1993 (NZCN: 2206998) and is listed on the Australian Securities Exchange. The Company is also incorporated in Australia (ARBN: 609 946 867). The Company's principal sales and services are in the medical device software industry. These consolidated financial statements for the year ended 31 March 2018 comprise Volpara Health Technologies Limited and its subsidiaries (together the Group): Volpara Solutions Limited, Volpara Solutions Incorporated, Volpara Solutions Europe Limited and Volpara Solutions Australia Pty Limited.

Basis of preparation

The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"), they comply with International Financial Reporting Standards ("IFRS"), New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards as appropriate for profit-oriented entities.

These consolidated financial statements have been authorised for issue by the directors on 29 May 2018.

Basis of measurement

These financial statements have been prepared on the historic cost basis, except for certain financial assets and liabilities which are stated at fair value.

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in New Zealand Dollars ($) which is the Parent's functional currency and are rounded to the nearest thousand ($'000), except where explicitly stated.

Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Use of accounting estimates & judgements

The preparation of these financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates and assumptions.

The only significant accounting judgements and key sources of estimation uncertainty applied in the current year relate to revenue recognition. These include:

a) Determination of stand-alone selling prices;
b) Allocation of the transaction price over the performance obligations;
c) Determination of the contract term; and
d) Identification and measurement of material rights.

Refer to note 2 for further details.

Going concern

The considered view of the Directors of the Group is that the going concern assumption is valid. This view has been reached after making due enquiry and having regard to the circumstances which the Directors consider will occur and are reasonably likely to affect the Group during the period of one year from the date these consolidated financial statements are approved.

The Group recorded a net loss of NZ$8.818m for the year ended 31 March 2018 and is expected to make further losses in 2019.

The Group has prepared forecasts which indicate that cash on hand at year end, combined with cash flow as a result of operations and the capital raised subsequent to balance date as per note 21, will enable the Group to continue operating and satisfy its going concern requirements.

Significant accounting policies

Accounting policies, accounting estimates and judgments that summarises the measurement basis used and are relevant to the understanding of the financial statements are provided throughout the accompanying notes.

Basis of consolidation

The Group's financial statements consolidate the financial statements of Volpara Health Technologies Limited and its subsidiaries. A subsidiary is a controlled entity over which the Group has power, is exposed, or has rights, to variable returns from its involvement with the entity, and has the ability to use its power to affect its returns.

Foreign operations

For the purposes of presenting the Group financial statements, the assets and liabilities of the Group's foreign operations are expressed in New Zealand Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the spot exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated as a separate component of equity in the Group's foreign currency translation reserve.

Standards, amendments and interpretations to existing standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2018, or later periods but which the Group has not early adopted:

NZ IFRS 9 (2014) "Financial Instruments" (effective 1 January 2018) consolidates previous issuances of NZ IFRS 9 and will be effective from the Group's 2019 financial year. The initial assessment of the impact of this standard has determined that the standard will not have a material impact on the financial statements.

Adoption of new accounting standards

The Group has elected to early adopt NZ IFRS 16 Leases as issued in February 2016, which would otherwise be mandatorily effective for annual reporting periods beginning on or after 1 January 2019. The initial application date for the Group is 1 April 2017.

The Group elected to apply the standard under the cumulative catch-up approach as permitted by NZ IFRS 16 whereby the Group recognises the cumulative effect of initially applying NZ IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.

Refer to note 12 for details, including key judgements made as part of the adoption of the new standard. No practical expedients allowed under first time adoption of NZ IFRS 16 have been selected and applied.

The Group elected to early adopt NZ IFRS 15 Revenue from Contracts with Customers effective 1 April 2016 and has applied and will continue to apply the standard going forward.

ENHANCED UNDERSTANDING

Performance

1. Segment information
2. Revenue from contracts with customers
3. Government grants
4. Expenses
5. Income tax
6. Cash flow reconciliations

Working Capital

7. Cash, cash equivalents and cash on deposit
8. Trade and other receivables
9. Trade and other payables

Debt and Equity

10. Share capital and EPS
11. Share-based payments
12. Lease liabilities

Financial Risk Management

13. Interest rate risk
14. Foreign currency risk
15. Credit risk
16. Liquidity risk
17. Financial instruments

Other

18. Intangibles, property & equipment, right-of-use assets and contract assets related to commissions
19. Related parties
20. Contingencies and commitments
21. Events after the balance date

Performance

1. Segment information
2. Revenue from contracts with customers
3. Government grants
4. Expenses
5. Income tax
6. Cash flow reconciliations

1. Segment information

The Chief Operating Decision Maker ("CODM") is the Board of Directors, who reviews information for the Group as a whole. The Group operates in one industry, being medical device software. The Group operates across three geographical locations (APAC - Asia Pacific; EMEA - Europe, Middle East & Africa; North America - US & Canada) and four revenue streams. Namely Capital (once-off) sales, Service Maintenance Agreement (SMA) contracts, Software as a Service (SaaS) contracts, and Consultancy. Currently, the information reviewed by the CODM is prepared in the same format as included in the consolidated financial statements. The Group has therefore determined that four reportable segments exist for the medical device software products and this has been broken down further by region below. Refer to the first table in the revenue from contracts with customers, note 2 below.

At 31 March 2018 no customers accounted for more than 10% of revenue (in 2017, one customer accounted for more than 10% of revenue, totalling $287,000). All material non-current assets are based in New Zealand.

2. Revenue from contracts with customers

All contract revenue streams

The Group recognises revenue from goods and services provided under four main contract types:
- Capital sales contracts which involves the outright sale of software and associated items;
- Service Maintenance Agreements to support previous capital sales;
- Software as a Service contracts which involves the sale of software and cloud based support (and associated items);
- Consultancy contracts which may take on various forms but essentially involves a time and cost charge to the customer for the provision of advisory services.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when control of a good or service is transferred to the customer. Refer below for more detail.

The Group has determined that no significant financing component exists in respect of the various revenue streams. This is due to there being no significant time lag between the delivery of goods or services and when payment is received.

Capital sales

Capital sales contracts involve the provision of base software, and in some cases the server hardware, density software, and other add-on software (e.g., DoseRT, DoseSR, etc.), installation services and training. Where these contracts involve several performance obligations, they all occur at or around the same time and as such the Group recognises revenue at a single point in time. This is usually the date that the customer has been provided with the server (where applicable) and licence key(s), and training (where applicable) has been completed.

These contracts do not involve any variable consideration. Management considers whether revenue needs to be allocated to separate performance obligations only where significant elements of the contract remain outstanding at the reporting date (refer below for discussion on how revenue would be allocated if this were the case).

2. Revenue from contracts with customers (continued)

SMAs

The Group's Service Maintenance Agreements (SMAs) contracts with customers also generally comprise of a number of distinct performance obligations, being the provision of the software updates, upgrades, provision of ongoing technical support, IT configuration changes, etc. SMA contracts usually begin one year after the commencement of a Capital Sale and contracts range in length between one and four years. SMA contracts are considered "stand-ready" performance obligations, where all elements are provided over time. Therefore revenue is recognised on a straight-line basis over the period of the contract.

Software as a Service

The Group's Software as a Service (SaaS) contracts with customers generally comprise a range of goods and services. These may include the base software (and hardware in some instances), software updates and upgrades, installation, upfront training and ongoing technical support, and role licences to access online services.

As a result, the transaction price must be allocated to the performance obligations on a relative stand-alone selling price basis. This requires estimation because, while each separate performance obligation is identified in the contract, the contract price is set for the agreement as a whole. In the absence of comparable market prices for the various goods and services provided, the Group relies on internal information such as a master price list to determine the stand-alone selling price for each good or service. This internal information may be adjusted to reflect market conditions across the geographic locations, the nature of the customer and their expected use of the software, and other factors.

As the customer takes control of the base software (and hardware) when it is provided (which is when the licence keys are provided for the software), fixed revenue is recognised at that point in time. Upfront training and installation services are recognised over time as the services are provided. Role licences provide access to online services where the Group is required to maintain access to analytical and other information. Revenue allocated to the role licences, as well as software updates and upgrades and ongoing technical support, are recognised as the service is provided. These are predominantly "stand-ready" services which are recognised on a straight-line basis over the period of service.

Contracts involve pricing based on usage of the software (x-ray volumes). Revenue based on usage is not recognised until the use occurs.

Most SaaS contracts are for 1–5 year terms, with a right to cancel at the end of each year without penalty. The Group's judgement is that these are one year contracts with a right to renew.

A few contracts allow the customer to renew the contract at a discount to the initial price, or to obtain additional role licences or other goods and services at a discount. Where the discount is incremental to the range of discounts typically given for the goods or services, the value of the discount is determined and some revenue is allocated to this customer option. Revenue allocated to the customer option is recognised when the subsequent discounted goods or services are provided.

Consultancy

The Group's consultancy services are provided to customers on an ad hoc basis. The revenue recognised from consultancy services in this period related to work performed in relation to a research project in the UK. All of the performance obligations were started and completed in the current financial year and therefore none were outstanding at the reporting date. This contract did not involve any variable consideration.

Contract modifications

There was one contract modification that occurred during the year where a customer on an existing SMA signed a SaaS contract.

Contract costs

Costs incurred to fulfil a contract are incurred in line with the deliverables within the contract and as such are expensed as incurred with no asset recognised as at balance date. Where the life of the contract is less than one year, the cost is expensed as incurred, in accordance with a practical expedient in the standard.

2. Revenue from contracts with customers (continued)

Revenue from contracts with customers

For the year ended 31 March	2018	2017
	NZ$'000	NZ$'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		
North America	-	-
EMEA	31	-
APAC	-	-
Consultancy total	**31**	**-**
Total revenue from contracts with customers	**2,812**	**1,839**

2. Revenue from contracts with customers (continued)

Where invoicing occurs in advance of the performance of the various performance obligations a corresponding deferred revenue obligation is recognised. This is then subsequently amortised as the obligations are met.

Deferred revenue from contracts with customers

	2018 NZ$'000	2017 NZ$'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**

Remaining performance obligations relating to Capital, SMA and SaaS contracts

2018	0–6 months NZ$'000	6–12 months NZ$'000	1–2 years NZ$'000	2–5 years NZ$'000	Total NZ$'000
Capital contracts	24	-	-	-	**24**
SMA contracts	138	69	8	4	**219**
SaaS contracts	504	186	1	-	**691**
Total	**666**	**255**	**9**	**4**	**934**

2017	0–6 months NZ$'000	6–12 months NZ$'000	1–2 years NZ$'000	2–5 years NZ$'000	Total NZ$'000
SMA contracts	125	64	13	6	**208**
SaaS contracts	208	139	-	-	**347**
Total	**333**	**203**	**13**	6	**555**

Revenue contract assets from contracts with customers

	2018 NZ$'000	2017 NZ$'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**	**-**

Contract assets relating to SaaS contracts arise when performance obligations have been completed before the consideration is paid or before payment is due.

3. Government grants

Government grants are received as compensation when expenses or losses have already occurred, and recognised in profit or loss, when it becomes reasonably certain that the Group will comply with the conditions attached to them and that the grants will be received.

For the year ended 31 March	2018	2017
	NZ$'000	NZ$'000
Callaghan Innovation (R&D Growth Grant)	617	208
European Commission (ASSURE Project)	106	-
Total Grants	**723**	**208**

For government grants received from Callaghan Innovation, there is a restriction that only research undertaken in New Zealand is reimbursed. The Callaghan Innovation R&D Growth Grant has 10% withheld until conditions are met. This has been accrued for as conditions will be met.

European Commission grants have no such restrictions.

4. Expenses

For the year ended 31 March		2018	2017
Cost of sales and operating expenses	Note	NZ$'000	NZ$'000
Salaries and benefits		4,937	4,233
Other operating expenses		1,578	1,142
Research and development		1,471	887
Consulting and subcontracting		1,234	1,312
Advertising and marketing		767	1,068
Share-based payments expense	11	748	1,006
Travel		768	891
Superannuation contributions		553	344
Directors fees	19	333	343
Depreciation and amortisation	18	181	27
Bad debts		21	35
Operating lease expense		10	96
Listing expenses		-	158
Total cost of sales and operating expenses *		**12,601**	**11,542**

* This total excludes foreign exchange gains/(losses).

The operating expenses have been reclassified in the Income Statement and in this note to more appropriately reflect the function of the expenses.

4. Expenses (continued)

Auditor remuneration	2018	2017
Amounts received or due and receivable by Deloitte Limited for:	NZ$	NZ$
Audit of financial statements	62,500	50,000
Review of financial statements *	37,000	20,000
Other assurance services	5,000	4,000
Total fees paid/payable to auditor	**104,500**	**74,000**

* The increase compared to 2017 relates to additional fees for work performed in respect of NZ IFRS 15.

5. Income tax

The income tax expense for the period comprises current and deferred tax. Tax is recognised in the income tax component of the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. No deferred tax asset has been recorded in the current year.

Income tax	2018	2017
Current tax	NZ$'000	NZ$'000
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)
Less tax effect		
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
Income tax expense	-	-
Represented by		
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-

The Group has unrecognised deferred tax assets of NZ$6,338,755.

5. Income tax (continued)

Accumulated tax losses	2018	2017
	NZ$'000	NZ$'000
Balance at beginning of period	18,228	11,975
Tax loss for period	474	6,253
Balance at end of period	**18,702**	**18,228**

Accumulated tax losses

The Group has tax losses in New Zealand of NZ$16,980,083 (2017: NZ$13,151,437); tax losses in the US of US$976,539 (2017: US$3,044,393); tax losses in Australia of A$nil (2017: A$10,704) and tax losses in Europe of GBP152,520 (2017: GBP372,209) that are available for offset against future taxable profits of the companies in which those losses arose, subject to satisfying relevant jurisdiction income tax loss carry forward rules and maintaining minimum levels of shareholder continuity; and therefore realisation is currently uncertain.

Imputation credits	2018	2017
	NZ$'000	NZ$'000
Imputation credit account balances	7	7
Total imputation credits	**7**	**7**

6. Cash flow reconciliations

Reconciliation of operating cash flows		
For the year ended 31 March	2018 NZ$'000	2017 NZ$'000
Net loss after tax for the year	(8,818)	(9,571)
Non-cash and non-operating items:		
Depreciation and amortisation	181	27
Losses on foreign exchange transactions	21	360
Share-based payments	748	1,006
Capital raising costs / listing expenses	-	(202)
Changes in working capital:		
(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)**

Reconciliation of financing activities				
	1-Apr-17	Cash flows	Non-cash changes Acquisition	31-Mar-18
	NZ$'000	NZ$'000	NZ$'000	NZ$'000
Lease liabilities	-	(129)	469	340

Working Capital

7. Cash, cash equivalents and cash on deposit

8. Trade and other receivables

9. Trade and other payables

7. Cash, cash equivalents and cash on deposit

	2018	2017
	NZ$'000	NZ$'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 a notice period of 120–122 days to access.

The *cash on deposit* includes a guarantee for $500,000 which 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.

8. Trade and other receivables

Trade receivables are amounts due from customers for the sale of goods or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

The recoverable amount of the Group's receivables, which are carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on a customer by customer basis. Trade receivables are assessed on an individual basis based on the numbers of days the account is overdue, and taking into account the history with that specific customer.

	2018	2017
	NZ$'000	NZ$'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**

Impaired receivables

As at 31 March 2018 trade receivables of $413,000 were overdue but not impaired (2017: $236,000). These relate to a number of independent customers for whom there is no history of default.

The ageing analysis of these overdue trade receivables is as follows:

	2018	2017
	NZ$'000	NZ$'000
0 to 30 days overdue	111	142
30 to 60 days overdue	79	-
Over 60 days overdue	224	94
Total overdue trade receivables	**413**	**236**

9. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Payables that are settled within a short duration are not discounted.

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

Payables denominated in other than the functional currency comprise of $732,000 (2017: $565,000) of AUD, USD, EUR, GBP and JNY denominated trade payables, accruals and employee entitlements.

Employee entitlements comprise entitlements for annual leave, superannuation contributions in their various forms (401k, UK pension, Super and Kiwisaver), salaries and commissions for sales staff.

Employee entitlements expected to be settled within 12 months of the reporting date are recognised in respect of employees services up to the reporting date. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Debt and Equity

10. Share capital and EPS

11. Share-based payments

12. Lease liabilities

10. Share capital and EPS

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of new ordinary shares or options are shown in equity as a deduction from proceeds.

(a) Ordinary Shares

All issued shares are fully paid and have no par value.
Ordinary shares are entitled to one vote per share at meetings of Volpara Health Technologies Limited.
All ordinary shares rank equally with regard to Volpara Health Technologies Limited residual assets.

(b) Capital risk management

The Group's capital includes share capital, accumulated losses and reserves.

The Group's policy is to maintain a sound capital base so as to maintain investor and creditor confidence, sustain future development of the business, and continue as a going concern. The Group's policies in respect of capital management and allocation are reviewed by the Board of Directors.

In order to maintain and adjust the capital structure on 27 April 2016 the Group listed on the Australian Securities Exchange following an Initial Public Offering ("IPO") of 20 million shares at A$0.50 per share. Equity increased by NZ$11.2M (before capital raising costs of NZ$774K). At the same time the convertible preference shares ("CPSs") converted from debt to ordinary shares at a ratio of 1:1 based on the number of convertible preferences shares recorded as at 31 March 2016. A further $11.2M (before capital raising costs of $583K) was raised in November and December 2016 through a placement and entitlement offer.

	2018		2017	
	No. of Shares		No. of Shares	
Fully Paid Ordinary Shares	NZ$'000	000's	NZ$'000	000's
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**

* The 145.493M shares outstanding as at 31 March 2018, which includes 51.48M shares under voluntary escrow. These shares were initially escrowed for 24 months from the date of the IPO (up until 27 April 2018); however, they have now been voluntarily escrowed for a further 12 months from that date, therefore they cannot be traded or transferred during this time. 11.86M and 33.69M shares were released from 12-month ASX escrow and voluntary escrow respectively during 2018 which can now be freely traded.

Earnings per share

Basic earnings per share is calculated by dividing net loss after tax attributable to shareholders of the Group by the weighted average number of ordinary shares in issue during the year.

Diluted Earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has potential ordinary shares in the form of share options however as these are anti-dilutive, the earnings per share and diluted earnings per share are the same.

As at 31 March 2018	2018	2017
Net loss after tax attributable to the shareholders (NZ$'000)	(8,818)	(9,571)
Ordinary number of shares	145,493,121	142,644,785
Weighted average number of shares on issue	145,048,368	128,016,483
Basic and diluted (loss) per share (NZ$)	**(0.06)**	**(0.07)**

Dividends

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

11. Share-based payments

The Group operates two equity settled share-based incentive plans for directors, executives, senior management, employees and others of the company and its subsidiaries. The plans are designed to retain key personnel. There is a legacy share option plan (Legacy ESOP) that was in operation from 2009 until the Initial Public Offering (IPO). Since the IPO a new employee share option plan (New ESOP) has been in operation.

The value of the services rendered for the grant of the share options is recognised as an expense over the vesting period (which ranges from 0 to 5 years or upon meeting stipulated milestones). The amount is determined by reference to the fair value of the share options granted which is calculated using the Black-Scholes options model.

The share option reserve arises on recognition of the share-based payment expense. Amounts are transferred out of the reserve and into issued capital when the options are exercised, or into retained earnings when options lapse.

Legacy ESOP

In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, executives, senior employees, employees, and others were granted options to purchase ordinary shares at exercise prices ranging from $0.0003 to $0.4667 per ordinary share.

Each Legacy ESOP converts into one ordinary share of Volpara Health Technologies Limited on exercise. The options carry neither rights to dividends nor voting rights. Options vest upon satisfying the condition of continued employment with the Group for the service period specified in the contract (range from 0 to 5 years). Vested options can either be exercised 30 days prior to expiry, at the time of an exit event or after a listing of shares on a public stock exchange.

The options granted expire, or are forfeited within 5–10 years of their issue or on termination of employment within the vesting period, whichever occurs first.

The key terms and conditions related to the grants under these programs are as follows; all options are to be settled by the issue of ordinary shares.

11. Share-based payments (continued)

Grant date/ employees entitled	Number of share options outstanding '000's	Vesting conditions	Contractual life of options
Options granted to directors			
2015	452	Monthly over a period of 36 months service from grant date	10 years
2016	450	Annually over a period of 3 years service from grant date	5 years
Options granted to key management personnel			
2010	749	No vesting conditions and quarterly over a period of 1 year from grant date	10 years
2015	390	1 year's service from grant date	10 years
2016	1,350	Annually over a period of 3 years service from grant date	5 years
Options granted to senior employees			
2011	446	Annually over a period of 1–5 years service from grant date	10 years
2011	450	Monthly over a period of 2 years service 1 year from grant date	10 years
2013	711	Annually over a period of 2–3 years service from grant date & subject to performance criteria	10 years
2014	225	Annually over a period of 2 years service from grant date	10 years
2014	192	Quarterly over a period of 1 years service from grant date	10 years
Total share options	**5,415**		

The expense recognised for the year ended 31 March 2018 for the Legacy ESOP share options was $145,000 (of the $748,000 per note 4) (2017: $437,000).

The number and weighted-average exercise prices of share options under the Legacy ESOP plan were as follows:

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

The options outstanding at 31 March 2018 had an exercise price in the range of $0.0003 to $0.4667 (2017: $0.0003 to $0.4667) and weighted-average contractual life of 5.3 years (2017: 7.0 years).

11. Share-based payments (continued)

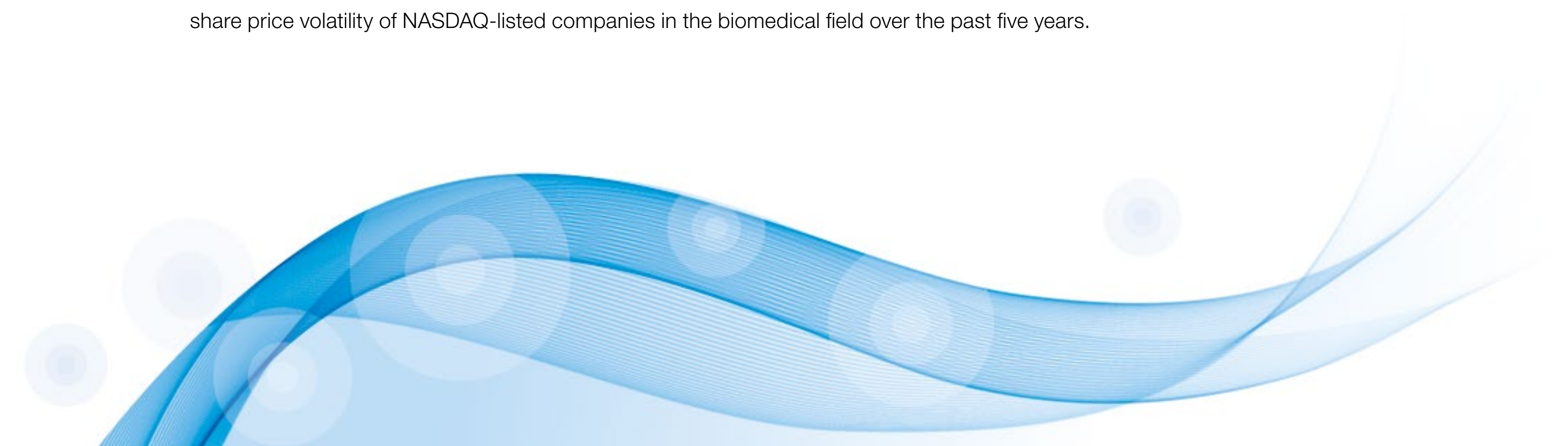
The following Legacy ESOPs were in existence during the current and prior year:

Grant year (financial year)	Number of share options granted '000's	NZ$ exercise price	Expiry date (financial year)	NZ$ fair value at grant date
2010	3,353	0.0003	2020	0.08
2010	998	0.0003	2020	0.12
2011	893	0.0800	2021	0.10
2011	370	0.0003	2021	0.12
2011	845	0.0030	2021	0.12
2011	239	0.0003	2021	0.12
2011	638	0.0030	2021	0.16
2012	546	0.1567	2022	0.12
2012	130	0.0003	2022	0.16
2013	360	0.3117	2023	0.15
2013	56	0.0033	2023	0.15
2013	638	0.0030	2023	0.16
2013	670	0.1567	2023	0.21
2013	244	0.0003	2023	0.31
2013	427	0.0030	2023	0.16
2014	45	0.3333	2024	0.15
2014	372	0.3117	2024	0.16
2014	130	0.0003	2024	0.34
2015	452	0.4667	2025	0.20
2015	1,170	0.4600	2025	0.20
2015	49	0.0030	2025	0.47
2016	1,800	0.4667	2021	0.21
2016	1,320	0.0003	2026	0.47
Total	**15,745**			
Less forfeited and exercised as at 31/03/2017	(7,482)			
Forfeited/exercised during the year	(2,848)			
Total share options remaining	**5,415**			

No further options are granted under the Legacy ESOP.

Valuation model assumptions

The Black-Scholes model was used to assess the value of the Legacy ESOPs. Key variables in the model include, where relevant, the expected life used in the model has been adjusted based on managements best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility of NASDAQ-listed companies in the biomedical field over the past five years.



11. Share-based payments (continued)

Option series	2016
Grant date share price	\$0.40–\$0.47
Exercise price	\$0.0003–\$0.4667
Expected volatility	50%
Option life	5–10 years
Dividend yield	0%
Risk-free interest rate	2.17%–3%
Expected life	4 years from grant date

New employee share options plan (New ESOP)

In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, executives, senior employees, employees, and others were granted options to purchase ordinary shares at exercise prices ranging from A\$0.50 to A\$0.69 per ordinary share.

Each New ESOP converts into one ordinary share of Volpara Health Technologies Limited on exercise. The options carry neither rights to dividends nor voting rights. Options vest upon satisfying the condition of continued employment with the Group for the service period specified in the contract (ranging from two to five years). Vested options can either be exercised 30 days prior to expiry, or at the time of an exit event.

The options granted expire or are forfeited after seven years of their issue or on termination of employment within the vesting period, whichever occurs first.

The key terms and conditions related to the grants under these programs are as follows; all options are to be settled by the issue of ordinary shares.

Grant date/ employees entitled	Number of share options outstanding '000's	Vesting conditions	Contractual life of options
Options granted to directors			
2016	600	Annually over a period of 5 years service starting 2 years from the grant date	7 years
2018	450		
Options granted to management			
2016	2,440	Annually over a period of 5 years service starting 2 years from the grant date	7 years
2017	100		
2018	150		
Options granted to employees			
2016	2,058	Annually over a period of 5 years service starting 2 years from the grant date	7 years
2017	605		
2018	265		
Total share options	**6,668**		

The expense recognised for the year ended 31 March 2018 for the New ESOP share options was \$603,000 (of the \$748,000 per note 4) (March 2017: \$569,000).

11. Share-based payments (continued)

The number and weighted-average exercise prices of share options under the New ESOP plan were as follows:

	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
	2018	2018	2017	2017
	000's	A$	000's	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	-		-	

The options outstanding at 31 March 2018 had an exercise price in the range of A$0.50 to $0.69 (2017: A$0.50 to $0.56) and weighted-average contractual life of 5.3 years (2017: 6.0 years).

The following New ESOPs were in existence during the current and prior year:

Grant year (financial year)	Number of share options granted '000's	A$ exercise price	Expiry date	A$ fair value at grant date
2016	5,236	0.50	2023	0.27
2017	120	0.50	2024	0.27
2017	90	0.50	2024	0.22
2017	50	0.50	2024	0.23
2017	40	0.50	2024	0.20
2017	40	0.50	2024	0.20
2017	140	0.50	2024	0.19
2017	125	0.50	2024	0.17
2017	100	0.56	2024	0.33
2018	160	0.60	2025	0.22
2018	25	0.60	2025	0.16
2018	100	0.67	2025	0.39
2018	80	0.68	2025	0.35
2018	450	0.66	2025	0.37
2018	50	0.69	2025	0.39
Total	**6,806**			
Less forfeited and exercised as at 31/3/2017	(120)			
Forfeited during the year	(18)			
Total share options remaining	**6,668**			

None of the New ESOPs granted in 2016, 2017 or 2018 have vested. 18,000 New ESOP's were forfeited in the current financial year.

11. Share-based payments (continued)

Valuation model assumptions

The Black-Scholes model was used to assess the value of the New ESOPs. Key variables in the model include, where relevant, the expected life used in the model has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility of NASDAQ listed companies in the biomedical field over the past 5 years.

Option series	2018	2017
Grant date share price	A$ 0.375 - 0.72	A$ 0.38–0.61
Exercise price	A$ 0.60 - 0.69	A$ 0.50–0.56
Expected volatility	50.00%	50.00%
Option life	7 years	7 years
Dividend yield	0.00%	0.00%
Risk-free interest rate	2.35% - 2.55%	1.74%–2.29%

12. Lease liabilities

The Group enters into property lease agreements for the head office, based in Wellington, New Zealand. During the year ended 31 March 2018 the group moved premises, on 1 September 2017. This resulted in the termination of one lease and the beginning of another. The lease in existence at the beginning of the year was not extended and there were no penalties, restoration costs or residual value guarantees related to that lease. No accruals or prepayments were applicable either. The new lease agreement, entered into in April 2017 began on 1 September 2017.

Lease Liabilities			
Property: Level 7, 44 Victoria Street, Wellington, NZ			
2018 NZ$000			
0 - 12 months	1-2 years	2+ years	Total
130	115	95	**340**
Potential Future Rental Payments (assumes a 6 year lease term)			
Lease liabilities recognised	Payable in 1-5 years	Payable in 6-10 years	Total
340	282	61	**683**

The details for the new lease are as follows:	
Start date	1-Sep-17
Initial lease period	6 years
Extension options	3 years
Extension options exercised	N/A
Termination options	After 3.25 years and any point thereafter up until 6 years
Termination penalties	3 months' rent, reducing by a month each year after 3.25 years
Residual value guarantees	None
Variable lease payments	None
Indirect costs incurred	Lawyers' fees
Restrictions and/or covenants	None
Incremental rate of borrowing	12.00%
Market rent reviews	Every two years

The total cash outflow for leases for the year ended 31 March 2018 totalled $132,000 (31 March 2017: $96,000). As at the year ended 31 March 2017 there was an operating lease commitment of $45,000. There are no leases that the Group has entered which have not yet commenced.

The Group considers laptop computers to be of "low-value" and has therefore used the recognition exemption. The lease expense related to these items are therefore recognised as an expense on a straight-line basis over the lease term (2018: NZ$6,000, 2017: Nil). There are commitments relating to low-value assets totalling NZ$14,000 (2017: Nil).

Financial Risk Management

13. Interest rate risk

14. Foreign currency risk

15. Credit risk

16. Liquidity risk

17. Financial instruments

Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, cash, short-term deposits and cash on deposit.

Risk exposures and responses

The Group has various financial instruments such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The Group manages its exposure to risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The Board reviews and agrees to policies for managing these risks which are summarised below.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

13. Interest rate risk

At balance date, the Group had the following mix of financial assets exposed to New Zealand, Australian, United Kingdom and United States interest rate risk.

Financial Assets	2018	2017
	NZ$'000	NZ$'000
Cash and cash equivalents (i)	3,342	1,276
Cash on deposit (i)	1,500	11,600
Net Exposure	**4,842**	**12,876**

(i) All of the Group's cash and cash equivalents were considered on hand at the balance date. The cash and cash equivalents, and cash on deposit consists of five (5) term deposit accounts totalling $3,500,000 (2017: $11,600,000). The five term deposits are for $500,000; $500,000; $500,000; $1,500,000 and $500,000; and had original maturity dates of 4 April 2018; 16 April 2018; 27 April 2018; 28 May 2018; and 26 June 2018 respectively, with fixed interest rates between 1.85% and 3.06%.

The Group does not enter into interest rate swaps to manage the interest rate risk.

The Group consistently analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, and the mix of fixed and variable interest rates.

13. Interest rate risk (continued)

Sensitivity Analysis

The following table summarises the sensitivity of the Group's post-tax loss and equity to interest rate risk.

At 31 March 2018 if interest rates had moved, as illustrated in the table below, assuming the amount of the financial instruments outstanding at balance date was outstanding for the whole year and all other variables held constant, post-tax loss and equity would have been affected as follows:

	Post Tax Loss	
	Higher / (Lower)	
	2018	2017
	NZ$'000	**NZ$'000**
+1.0% (100 basis points)	(48)	(129)
-1.0% (100 basis points)	48	129

14. Foreign currency risk

As a result of operations in the United States, Australia, Asia and Europe denominated in currencies as set out below, the Group's consolidated statement of financial position can be affected by movements in these exchange rates. The Group has transactional currency exposure resulting from sales activities into the United States, Australia, Asia and Europe. The Group does not enter into any forward contracts or any other instrument to hedge the currency exposure; however, where possible, the Group maintains a portion of available funds in USD, AUD, GBP and EUR to match the respective expected expenses.

At 31 March 2018, the Group had the following exposure to foreign currency:

	2018	2017
	NZ$'000	NZ$'000
Financial Assets		
Cash and cash equivalents - AUD	56	-
Cash and cash equivalents - EUR	8	5
Cash and cash equivalents - GBP	65	12
Cash and cash equivalents - CHF	5	-
Cash and cash equivalents - USD	203	349
Trade and other receivables - AUD	46	34
Trade and other receivables - EUR	-	2
Trade and other receivables - GBP	43	-
Trade and other receivables - USD	895	1,001
Total financial assets	**1,321**	**1,403**
Financial Liabilities		
Trade and other payables - AUD	123	92
Trade and other payables - EUR	-	34
Trade and other payables - GBP	135	-
Trade and other payables - INR	-	33
Trade and other payables - JNY	2	-
Trade and other payables - USD	612	406
Total financial liabilities	**872**	**565**
Net exposure	**449**	**838**

14. Foreign currency risk (continued)

At 31 March 2018 had the New Zealand dollar moved against the US dollar, as illustrated in the table below, with all other variables held constant, post-tax loss and equity would have been affected as follows:

	Post Tax Loss	
	Higher / (Lower)	
	2018	2017
	NZ$'000	**NZ$'000**
NZD to USD +10% (2017: 10%)	213	229
NZD to USD -10% (2017: 10%)	(260)	(279)

15. Credit risk

Credit risk arises from the financial assets of the Group; which comprise cash and cash equivalents, cash on deposit, and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group seeks to trade only with recognised, creditworthy third parties, and as such collateral is typically not requested nor is it the Group's policy to securitise its trade and other receivables. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts is not significant.

There are significant concentrations of credit risk within the Group with $3,500,000 in outstanding term deposits held at the end of the financial year (2017: $11,600,000). The Group holds a small percentage of cash in current and savings accounts through Kiwibank in New Zealand, which is a large and reputable financial institution.

The Parent has a policy of lending to its wholly owned subsidiaries ensuring their continued operations as required.

16. Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

All financial liabilities are due for payment in less than 12 months. The Group has a NZ$10,000 overdraft as at 31 March 2018, which has not been used.

As at 31 March 2018					
	≤ 6 months NZ$'000	6 mths - 1 year NZ$'000	1 - 2 years NZ$'000	2 years + NZ$'000	Total NZ$'000
Liquid financial assets					
Cash and cash equivalents	3,342	-	-	-	3,342
Cash on deposit	1,500	-	-	-	1,500
Trade and other receivables	1,122	18	37	9	1,186
Total liquid financial assets	**5,964**	**18**	**37**	**9**	**6,028**
Financial liabilities					
Trade and other payables	1,558	-	-	-	**1,558**
Total financial liabilities	**1,558**	-	-	-	**1,558**
Net flow	**4,406**	**18**	**37**	**9**	**4,470**

16. Liquidity risk (continued)

As at 31 March 2017	≤ 6 months NZ$'000	6 months–1 year NZ$'000	1–2 years NZ$'000	2 years + NZ$'000	Total NZ$'000
Liquid financial assets					
Cash and cash equivalents	1,276	-	-	-	**1,276**
Cash on deposit	11,600	-	-	-	11,600
Trade and other receivables	1,015	18	38	38	**1,109**
Total liquid financial assets	**13,891**	18	38	38	**13,985**
Financial liabilities					
Trade and other payables	1,107	-	-	-	**1,107**
Total financial liabilities	**1,107**	-	-	-	**1,107**
Net flow	**12,784**	18	38	38	**12,878**

17. Financial instruments

Fair values have been determined as follows:

Cash and cash equivalents: the carrying amount approximates fair value because of the short-term maturity and/or because the interest rates applied are variable interest rates.

Cash on deposit: The carrying amount approximates fair value because of the short-term maturity.

Trade and other receivables and payables: the carrying amount approximates fair value because of the short-term maturity.

Management have assessed that the fair values of the following assets approximate their carrying amounts:

	Carrying Amount		Fair Value*	
	2018	2017	2018	2017
Financial Assets	**NZ$'000**	**NZ$'000**	**NZ$'000**	**NZ$'000**
Cash and cash equivalents	3,342	1,276	3,342	1,276
Cash on deposit	1,500	11,600	1,500	11,600
Trade and other receivables	1,186	1,109	1,186	1,109
Total financial assets	**6,028**	**13,985**	**6,028**	**13,985**
Financial Liabilities				
Trade and other payables	(1,558)	1,107	(1,558)	1,107
Total financial liabilities	**(1,558)**	**1,107**	**(1,558)**	**1,107**

*The fair value of all financial instruments held are measured at amortised cost.

17. Financial instruments (continued)

Financial Assets

Classification

Financial assets are classified as measured at amortised cost if the Group's intentions is to hold the financial assets for collecting cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

The Group currently classifies its cash and cash equivalents, cash on deposit, accounts receivable and other receivables as financial assets measured at amortised cost.

The Group classifies its financial liabilities as measured at amortised cost.

The Group currently classifies its accounts payable, accrued liabilities, and employee entitlements as financial liabilities measured at amortised cost.

Recognition and measurement

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Where financial assets are measured at amortised cost, interest revenue, credit losses and foreign exchange gains or losses are recognised in profit or loss. On derecognition, any gain or loss is recognised in profit or loss. Financial liabilities subsequently measured at amortised cost are measured using the effective interest method.

Other

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

19. Related parties

20. Contingencies and commitments

21. Events after the balance date

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

Software development

Research costs and costs associated with maintaining software products are expensed as incurred.

Costs that are directly associated with the development of new or substantially improved software products controlled by the Group are recognised as intangible assets only where the following criteria can all be met:

- It is technically feasible to complete the product so that it will be available for sale;
- Management intends to complete the product and sell it;
- There is an ability to sell the product;
- It can be demonstrated how the product will generate future economic benefits;
- Adequate technical, financial and other resources to complete the development and to sell the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Development expenditure directed towards incremental improvements in existing products does not qualify for recognition as an intangible asset. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

Currently, at the time of development work being performed there is uncertainty in meeting one or more of the above criteria. These uncertainties continue to exist until shortly before products are deployed. Development costs incurred have not met all of the above criteria as at balance date and are therefore expensed as incurred.

Patents, trademarks and copyrights

Patents, trademarks and copyrights are internally generated intangible assets that are also subject to the same recognition criteria as the software products above.

Amortisation of intangible assets

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

- Patents and trademarks - 3 to 20 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount and an impairment loss is recognised immediately in the profit or loss.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired, with the exception of assets that are fair valued through profit or loss. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets.

Commission contract assets

The Group incurs commission fees paid to sales reps in connection with obtaining contracts. The costs are amortised over the life of the contract with a contract asset recognised at balance date.

Right-of-use assets

Right-of-use assets are recognised when the Group, as a lessee, has the right to use an underlying asset for the lease term. In the Group’s case the underlying asset relates to the office space for the head office in Wellington, New Zealand. The right-of-use assets are depreciated on a straight line over the lease term. Refer to note 12 for further details.

2018					
			NZ$000		
Cost	Contract Assets	Right-of-use assets	Intangibles	Property and equipment	Total
Balance as at 1 April 2017	-	-	28	127	155
Additions	679	469	43	116	1,307
Balance as at 31 March 2018	**679**	**469**	**71**	**243**	**1,462**
Depreciation, Amortisation, Impairment or Expense					
Balance as at 1 April 2017	-	-	-	(77)	(77)
Depreciation, amortisation, impairment or expense	(122)	(121)	-	(60)	(303)
Balance as at 31 March 2018	**(122)**	**(121)**	**-**	**(137)**	**(380)**
Closing balance or Net book value	**557**	**348**	**71**	**106**	**1,082**

2017					
			NZ$000		
Cost	Contract Assets	Right-of-use assets	Intangibles	Property and equipment	Total
Balance as at 1 April 2016	-	-	2	140	142
Additions	-	-	28	43	71
Disposals and write-offs	-	-	(2)	(56)	(58)
Balance as at 31 March 2017	**-**	**-**	**28**	**127**	**155**
Depreciation, Amortisation, Impairment or Expense					
Balance as at 1 April 2016	-	-	-	(91)	**(91)**
Depreciation, amortisation, impairment or expense	-	-	-	(27)	(27)
Disposals and write-offs	-	-	-	41	41
Balance as at 31 March 2017	**-**	**-**	**-**	**(77)**	**(77)**
Net book value	**-**	**-**	**28**	**50**	**78**

19. Related parties

Subsidiaries

The consolidated financial statements include the financial statements of Volpara Health Technologies Limited and the subsidiaries listed in the following table:

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

The entities in the Group all have a balance date of 31 March.

Ultimate Parent

Volpara Health Technologies Limited is the ultimate parent entity.

Key Management Personnel (KMP) and Director Compensation

Key management personnel include the chief executive officer (CEO), and those employees who report directly to the CEO.

Compensation of Key Management Personnel & directors	2018	2017
	NZ$	NZ$
Short-term employee benefits (i)	1,653,231	1,518,972
KMP share-based payment expense	291,630	402,507
Directors' fees paid	333,000	309,793
Directors' IPO fees	-	33,594
Directors' share-based payment expense	134,750	346,486
Total compensation	**2,412,610**	**2,611,352**

(i) short-term employee benefits include salaries and wages, short-term incentives earned during the period, other one-time short-term incentives and non-monetary benefits such as insurance benefits;

(ii) Some KMP are based in the US and are paid in US$. The total compensation is therefore translated for financial reporting purposes to NZ$ on a monthly basis.

The value of outstanding balances payable to KMP and Directors at balance date totalled $215,000.

For additional detail related to the compensation of KMP and Directors please refer to the accompanying Directors' Report.

Interests held by Key Management Personnel and directors

Share options held by KMP and directors, under the Legacy ESOP and New ESOP to purchase ordinary shares, have the following expiry dates and exercise prices:

Issued to	Expiry Date	Exercise Price NZ$	2018 '000's	2017 '000's
KMP	3/01/2021 - 29/03/2025	0.47 - 0.73	3,620	6,438
Directors	13/01/2021 - 20/03/2025	0.47 - 0.70	1,952	1,802
			5,572	**8,240**

19. Related parties (continued)

Loans to directors

There were no loans to directors issued during the year ended 31 March 2018 (2017: Nil).

Other transactions and balances

Directors of Volpara Health Technologies control 33.71% of the voting shares of the company at balance date (2017: 31.88%).

Transactions and outstanding balances with related parties

All transactions with related parties are at arm's length on normal trading terms. These intragroup amounts are eliminated upon consolidation.

20. Contingencies and commitments

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

21. Events after the balance date

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.

Additional Information for Listed Companies

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

Stock Exchange Listing

Our shares listed on the Australian Stock Exchange (ASX: VHT).

Analysis of Shareholding at 21 May 2018

Range	Securities	%	No. of holders	%
1 to 1000	238,570	0.14%	351	11.01%
1,001 to 5,000	3,985,996	2.34%	1,393	43.70%
5,001 to 10,000	4,701,304	2.76%	598	18.76%
10,001 to 100,000	21,194,197	12.43%	755	23.68%
100,001 and over	140,393,054	82.34%	91	2.85%
Total	**170,513,121**	**100.00%**	**3,188**	**100.00%**

The number of shareholdings held in less than marketable parcels is 85, representing 2,455 shares.

Twenty largest shareholders at 15 May 2018

Rank	Name	Shareholding	Percentage Holding
1	Patagorang Pty Ltd	20,467,848	12.00%
2	Dr Ralph Highnam	18,180,634	10.66%
3	HSBC Custody Nominees	14,385,680	8.44%
4	National Nominees Limited	13,533,845	7.94%
5	Professor Sir John Mike Brady	7,419,075	4.35%
6	Custodial Services Limited	6,768,651	3.97%
7	JP Morgan Nominees Australia	6,457,676	3.79%
8	Mr Marcus Sarner	5,980,404	3.51%
9	K One W One Ltd	4,879,673	2.86%
10	Prof. Martin Yaffe	3,985,850	2.34%
11	Prof. Nico Karssemeijer	3,556,806	2.09%
12	Sir Martin Francis Wood	3,004,655	1.76%
13	Lady Kathleen Audrey Wood	3,004,654	1.76%
14	Citicorp Nominees Pty Limited	2,011,172	1.18%
15	Investment Custodial Services	2,000,000	1.17%
16	Sir Martin Gregory Smith	1,966,641	1.15%
17	Mr Jeremy Palmer	1,966,317	1.15%
18	BNP Paribas Noms (NZ) Ltd	1,907,719	1.12%
19	Whitfield Investments Pty	1,621,666	0.95%
20	Halix Pty Limited	1,259,232	0.74%
	Total	**124,358,198**	**72.93%**
	Balance of Register	46,154,923	
	Grand Total	**170,513,121**	

Additional information for listed companies (continued)

Donations made during the year

Donations made during the year ended 31 March 2018 totalled NZ$15,000 (2017: NZ$16,000).

Employee remuneration

Remuneration and other benefits (excluding commissions and non-cash share-based payments) of NZ$100,000 per annum or more received by employees (excluding company Directors) in their capacity as employees during the period were as follows:

Remuneration range			Number of employees
100,000	to	110,000	2
110,001	to	120,000	2
120,001	to	130,000	1
130,001	to	140,000	-
140,001	to	150,000	2
150,001	to	160,000	2
160,001	to	170,000	-
170,001	to	180,000	2
180,001	to	190,000	7
190,001	to	200,000	1
200,001	to	210,000	2
210,001	to	220,000	1
220,001	to	230,000	-
230,001	to	240,000	3
240,001	to	250,000	-
250,001	to	260,000	-
260,001	to	270,000	-
270,001	to	280,000	1
280,001	to	290,000	1

One employee was between NZ$290,000 and NZ$300,000.

One employee was between NZ$410,000 and NZ$420,000.

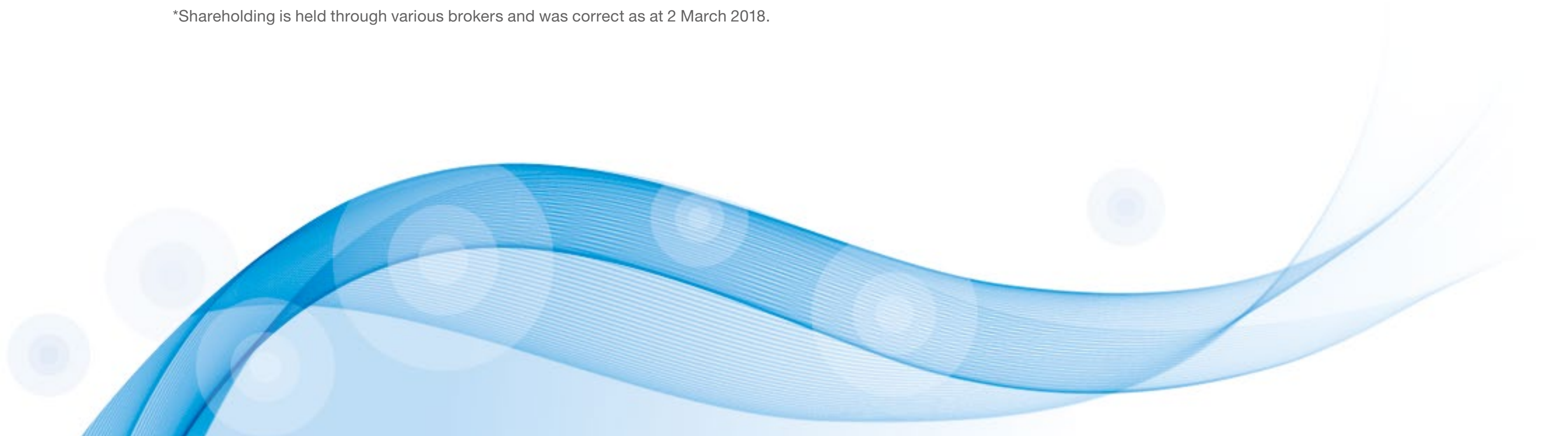
One employee was between NZ$440,000 and NZ$450,000.

Substantial Shareholders

The names of the substantial shareholdings listed in the company's register are:

Shareholder	Shareholding	Percentage Holding
Roger Allen AM	20,467,848	12.00%
Dr Ralph Highnam	18,180,634	10.66%
Dr Tina Jennings*	11,326,337	6.64%
Professor Sir John Mike Brady	7,419,075	4.35%
Total	**57,393,894**	**33.65%**

*Shareholding is held through various brokers and was correct as at 2 March 2018.



Additional information for listed companies (continued)

Voting Rights

The voting rights attaching to each class of equity securities are set out below:

(a) All ordinary fully paid share carry one vote per share without restrictions.

(b) Options do not carry a right to vote.

Entries recorded in the interest register

The company maintains an interest register in accordance with the Companies Act 1993. The following are particulars of entries made in the Interest register for the period 1 April 2017 to 31 March 2018.

Director	Date	Interest
Professor Sir John Mike Brady	26/5/17	Founder, investor and Chairman - Optellum Ltd, AI cancer detection
Paul Reid	1/6/14	Director - Pukeko Pictures General Partnership - Film & entertainment
	1/11/14	Director - Figured Limited - Management Accounting Software for farming
	1/3/18	Director - Canarium Nut Company Limited - Papua New Guinea Nut Company
	1/6/17	Director - Comvita Limited - Food Company NZX: CVT
	1/5/18	Director - Christchurch International Airport Limited
	1/7/11	Director - Software Education Limited - Training Company
	1/10/17	Director - Netlogix Group Holdings Limited - Logistics Company
	1/9/14	Augmented Limited - Investment Vehicle

Restricted Securities as at 31 March 2018

In accordance with ASX Requirements a summary of the shares on issue and escrowed shares subject to ASX trading restrictions is as follows:

Fully paid ordinary shares (no ASX restriction)	119,030,908
Voluntary escrowed shares (12 month escrow to 30 April 2019)	51,482,213
Total	**170,513,121**

Corporate Directory

Volpara Health Technologies Limited

Registered Office

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

Board of Directors

Roger Allen AM - Chairman, Non-Executive
Dr Ralph Highnam - Chief Executive Officer
Professor Sir Mike Brady - Non-Executive
Lyn Swinburne AM - Non-Executive Independent
John Diddams - Non-Executive Independent
John Pavlidis - Non-Executive Independent
Paul Reid - Non-Executive Independent

Company Secretary

Craig Hadfield

New Zealand Incorporation

The Company is registered under the laws of New Zealand, company number 2206998

Australian Registered Body Number (ARBN)

609 946 867

The Company's registered office address in Australia

Suite 9, Level 1, 357 Military Road
Mosman
Sydney
NSW 2088
Australia

Share Register

Boardroom Pty Limited
Grosvenor Place
Level 12, 225 George Street
Sydney
NSW 2000
Australia

Auditor

Deloitte Limited
Level 13, 20 Customhouse Quay
PO Box 1990
Wellington 6011
New Zealand

Legal Advisers

Simmonds Stewart (New Zealand)
Norton Rose Fulbright (Australia)
Preti Flaherty (USA))

Bankers

Kiwibank (New Zealand)
Lloyds Bank (United Kingdom)
Bank of America (USA)
NAB (Australia)

volpara®
health technologies

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