

## ASX RELEASE

### Appendix 4C – Q2 FY19 Quarterly Cash Flow Report

#### Highlights:

- **NZ\$20.2M cash on hand at end of Q2**
- **Record quarter for cash received from customers, NZ\$1.68M, up 124% on Q2 FY18**
- **15 new SaaS deals for VolparaEnterprise software, with 100 SaaS deals now completed since launch**
- **VolparaEnterprise and active VolparaDensity customers now cover 5.6% of US women**
- **Total Contract Value (TCV) for half year, NZ\$6.5M, up 65% compared to HY18**
- **Annual Recurring Revenue (ARR) at end Q2, NZ\$4.8M, up 35% from end FY18**
- **Churn remains less than 2% of ARR**
- **Average price per woman (ARPU) in the US for base VolparaEnterprise product remains above US\$2.50 in FY19**
- **Record start to Q3, with over US\$1.1M of TCV and ARR now at NZ\$5.1M**

Wellington, NZ, 29 October 2018: [Volpara Health Technologies](#) (“Volpara”; ASX: VHT), a medical technology company whose AI imaging algorithms assist the early detection of breast cancer, has today released its Appendix 4C Quarterly Cash Flow report for the quarter ending 30 September 2018 (Q2 FY19).

Cash receipts from customers were NZ\$1.68M, 124% up on Q2 FY18, with our biggest customers to date all renewing their VolparaEnterprise contracts. We have NZ\$20.2M in cash at the end of Q2.

As expected, expenses have increased this year as we expanded our US sales team and the team in Wellington, but the increased cash receipts for the quarter have helped us contain the overall cash outflow for Q2 to under NZ\$2.5M.

Q2 is traditionally our quietest quarter due to the US summer, but we are pleased to note that we added 15 new SaaS orders for VolparaEnterprise software, bringing us to 100 SaaS orders since we launched the product in July 2016. Our ARR at end Q2 was NZ\$4.8M, up 35% from the end of FY18, and TCV at the end of Q2 was \$6.5M, up 65% compared to TCV at the end of Q2 FY18. Importantly, we continue to see negligible churn, and continue to hear more and more compelling customer success stories.

Q3 has started with a record October with TCV of over US\$1.1M, and ARR is now over NZ\$5.1M. We remain on track for our target for the year of NZ\$9.0M as we continue into our biggest quarters and our biggest trade show, RSNA in Chicago, in early December.

VolparaEnterprise users at the end of Q2 are covering 4.2% of US women. With active (under service contract) VolparaDensity users covering another 1.2% of US women, overall we are now covering over 5.6% of US women as we look to reach 9.0% by the end of FY19.

Other highlights of Q2 and Q3 include the following:

- The signing of our first public screening provider (BreastScreen Central, NZ) to VolparaEnterprise software, selected to ensure the highest quality of screening to their customers.
- The addition of new licenses from several VolparaEnterprise customers' expansion orders.
- New service contracts from VolparaDensity-only customers, with a significant number of other VolparaDensity customers being offered terms to sign a service contract and/or upgrade to VolparaEnterprise software.
- New capital contracts in India, France and Japan (three), with our total number of contracts in Japan now 16 as we continue to seed one of the biggest x-ray markets in the world.
- FDA clearance for our planned VolparaLive! product, which has now successfully passed alpha testing in several hospitals around the world and is on track for commercial launch at RSNA in Chicago in late November.
- FDA commissioner Scott Gottlieb's announcement of a forthcoming update to FDA mandatory regulations for breast cancer screening that will include breast density reporting.

Volpara CEO Dr Ralph Highnam said of the results: "Q2 is often tough due to the US summer, but I'm very happy with the quality of the orders we've brought in, the renewals, the licence expansions, the service contracts and our increasing footprint in Japan. Critically, we made our first foray into the public screening programs, which I'm certain other programs around the world will be noticing. Q3 has started very strongly, and we're looking forward to getting to our big trade show, RSNA in Chicago, and finishing off the year very strongly, indeed".

Volpara will be hosting a conference call at 9 am AEST (11am NZST), Monday, 29 October 2018 to discuss activity over the last quarter.

### **Volpara Health Technologies Q2 Conference Call**

Conference ID: **453122**

Date and Time: 29 October 2018 – 9 am AEST (11 am NZST)

<b>Australia Toll Free:</b>	<b>1 800 558 698</b>
Alternate Australia Toll Free:	1 800 809 971
Australia Local:	02 9007 3187
<b>New Zealand Toll Free:</b>	<b>0800 453 055</b>
NZ Local (Auckland):	09 929 1687
NZ Local (Wellington):	04 974 7738
NZ Local (Christchurch):	03 974 2632
China Wide:	4001 200 659
Belgium:	0800 72 111
Canada:	1855 8811 339
France:	0800 913 848
Germany:	0800 182 7617
Hong Kong:	800 966 806
India:	0008 0010 08443
Indonesia:	001 803 019 3275
Ireland:	1800 948 625

Italy:	800 793 500
Japan:	0053 116 1281
Malaysia:	1800 816 294
Norway:	800 69 950
Philippines:	1800 1110 1462
Singapore:	800 101 2785
South Korea:	00 798 142 063 275
Sweden:	020 791 959
South Africa:	0800 999 976
Switzerland:	0800 820 030
Taiwan:	008 0112 7397
Thailand:	001800 156 206 3275
UAE:	8000 3570 2705
United Kingdom:	0800 051 8245
United States:	(855) 881 1339
US Local (New York):	(914) 202 3258
US Local (Los Angeles):	(909) 235 4020
US Local (Chicago):	(815) 373 2080

ENDS.

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**About Volpara Health Technologies Limited (ASX: VHT)**

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

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

For more information, visit [www.volparasolutions.com](http://www.volparasolutions.com)

VHT uses the following definitions:

**Total Contract Value (TCV):** The value of contracts signed in the specified period. The revenue from these deals might be recognised over one or many years, and the customer might or might not have a cancellation clause of some kind.

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

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

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Volpara Health Technologies Limited

**ARBN**

609 946 867

**Quarter ended ("current quarter")**

Q2 - 30 September 2018 (31 March year-end)

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$NZ'000</b>	<b>Year to date (12 months) \$NZ'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,682	2,669
1.2 Payments for		
(a) research and development	(607)	(1,100)
(b) product manufacturing and operating costs	(530)	(1,083)
(c) advertising and marketing	(285)	(466)
(d) leased assets	(1)	(3)
(e) staff costs	(1905)	(4,083)
(f) administration and corporate costs	(992)	(1,687)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	29	58
1.5 Interest and other costs of finance paid	(10)	(42)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	198	429
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,421)</b>	<b>(5,308)</b>

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**Quarterly report for entities subject to Listing Rule 4.7B**

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(222)	(327)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	(58)	(58)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(280)</b>	<b>(385)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	21,488
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	92	194
3.4	Transaction costs related to issues of shares, convertible notes or options	(72)	(988)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(27)	(31)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(7)</b>	<b>20,663</b>

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<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	22,785	4,842
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,421)	(5,308)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(280)	(385)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7)	20,663
4.5	Effect of movement in exchange rates on cash held	135	400
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>20,212</b>	<b>20,212</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$NZ'000</b>	<b>Previous quarter \$NZ'000</b>
5.1	Bank balances	2,247	4,440
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits >90 days)	17,965	18,345
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>20,212</b>	<b>22,785</b>

**6. Payments to directors of the entity and their associates**

		<b>Current quarter \$NZ'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	190
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

6.1 – Includes those amounts paid to directors only.

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<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$NZ'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
N/A	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$NZ'000</b>	<b>Amount drawn at quarter end \$NZ'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	(10)	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The credit standby arrangement is with Kiwibank at a base rate of 9.90% and it is unsecured.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$NZ'000</b>
9.1 Research and development	(800)
9.2 Product manufacturing and operating costs	(600)
9.3 Advertising and marketing	(500)
9.4 Leased assets	-
9.5 Staff costs	(2,100)
9.6 Administration and corporate costs	(900)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(4,900)</b>


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**Quarterly report for entities subject to Listing Rule 4.7B**

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....

  
 Company secretary

Date: **29 October 2018** .....

Print name: **Craig Hadfield** .....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.