

## ASX RELEASE

### Appendix 4C – Q3 FY19 Quarterly Cash Flow Report

#### Highlights:

- **NZ\$17.1M cash on hand at end of Q3**
- **Record quarter for cash received from customers, NZ\$1.9M, up 192% on Q3 FY18 and 103% year on year**
- **Total Contract Value (TCV) YTD, NZ\$10.8M, up 53% on previous corresponding period (PCP)**
- **Annual Recurring Revenue (ARR) at end Q3, NZ\$5.6M, up 56% from end FY18**
- **Volpara software now covers 5.9% of US women**
- **FY19 ARR now expected to grow at least 85% from FY18 and % US women covered expected to be at least 7.0%, or 2.75M women**
- **Gross Margin 83%, consistent with PCP**
- **Overall churn remains less than 1% of ARR**
- **Average price per woman (ARPU) in the US for base Volpara®Enterprise™ product remains approx. US\$2.50 in FY19, up over 50% on FY18**
- **Successful launch of new product, the Volpara®Live!™ system**

Wellington, NZ, 29 January 2019: [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 31 December 2018 (Q3 FY19).

Cash receipts from customers continues to be strong, with NZ\$1.9M received in Q3, up 192% on Q3 FY18. Total cash received YTD is NZ\$4.6M, up 103% on PCP. At the end of Q3, Volpara had NZ\$17.1M in cash.

In line with our expectations, expenses have increased due to the expansion of the sales team in the US and the engineering team in Wellington. Net quarterly cash outflows for the year have remained consistent.

Growth has steadily continued with Q3 being one of Volpara’s best quarters on record. We added NZ\$755k of ARR (third-largest on record) and NZ\$4.3M of TCV (second-largest on record), bringing us to 56% growth in ARR for the FY so far. This level of growth is pleasing, though below the aggressive forecasts set in early 2018. Volpara believes it will now reach at least 85% growth in ARR by the end of March and will cover at least 7% of US women being screened. The sales pipeline remains strong for Q4 and churn remains low (below 1%).

The Company recently revised its gross margin calculation for a closer alignment with industry standards. The revised gross margin of 83% (vs. 84% in FY18) shows how our business model continues to scale well.

Other highlights of Q3 include the following:

- High-profile New York-based Memorial Sloan Kettering extended its 1-year contract an additional 4 years
- We surpassed 10M images and 2M screenings in our cloud database
- We gained new capital contracts in India, Hungary, Japan and Brazil
- The province of Alberta certified VolparaEnterprise as a valid quality control check
- The quarterly [newsletter](#) highlighted:
  - Our successful launch of VolparaLive! at RSNA
  - Continuing US FDA discussions around breast density
  - The signing of a Memorandum of Understanding (MOU) between Volpara and ScreenPoint Medical, a computer-aided detection company

Volpara CEO Dr Ralph Highnam said of the results: “We are pleased with our consistently increasing cash inflow and revenues and other key metrics, but we're behind where we wanted to be at this point in the year for ARR. The shortfall is due to a combination of the effects of the confusion caused by the introduction of GDPR in Europe in mid-2018; needing to do trials outside the US, where we don't yet have reference sites; our US sales team taking time to get fully productive; and the time it's taking to close some of the very big US screening organizations. Nonetheless, with record cash incomes, low churn, a strong sales pipeline, and an ever-more-educated sales force, we're looking forward to a strong Q4 and ending the FY with a least 85% growth in ARR.”

Volpara will be hosting a conference call at 9 am AEST (11am NZST), Tuesday, 29 January 2019 to discuss activity over the last quarter.

To pre-register, please follow this link:

<https://services.choruscall.com.au/diamondpass/volpara-986652-invite.html>

*You will receive a calendar notification with dial-in details and a PIN for fast-track access to the call.*

ENDS.

**For further information, please contact:**

Ralph Highnam, CEO  
Volpara Health Technologies  
[ralph.highnam@volparasolutions.com](mailto:ralph.highnam@volparasolutions.com)  
t: +64 21 149 0541

Kyahn Williamson  
WE Buchan  
[kwilliamson@we-buchan.com](mailto:kwilliamson@we-buchan.com)  
t: +61 3 9866 4722

**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 37 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.

**Gross Margin:** Total customer revenue minus cost of goods sold (COGS), divided by total customer revenue, expressed as a percentage. COGS includes commission, cloud costs, hardware costs (if applicable), bank charges on customer payments, and travel costs for onboarding and installations.

## 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")**

Q3 - 31 December 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		1,900	4,569
1.2 Payments for			
(a) research and development		(833)	(1,933)
(b) product manufacturing and operating costs		(642)	(1,725)
(c) advertising and marketing		(261)	(727)
(d) leased assets		(2)	(5)
(e) staff costs		(2,373)	(6,456)
(f) administration and corporate costs		(749)	(2,436)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		63	121
1.5 Interest and other costs of finance paid		(8)	(50)
1.6 Income taxes paid		(15)	(15)
1.7 Government grants and tax incentives		165	594
1.8 Other (provide details if material)		-	-
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(2,755)</b>	<b>(8,063)</b>

**Appendix 4C****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	(38)	(365)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	(97)	(155)
	(e) other non-current assets	(143)	(143)
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>(278)</b>	<b>(663)</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	88	282
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(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)	(26)	(57)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>62</b>	<b>20,725</b>

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

<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	20,212	4,842
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,755)	(8,063)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(278)	(663)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	62	20,725
4.5	Effect of movement in exchange rates on cash held	(162)	238
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>17,079</b>	<b>17,079</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	3,080	2,247
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits >90 days)	13,999	17,965
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>17,079</b>	<b>20,212</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$NZ'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	228
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	(700)
9.3 Advertising and marketing	(400)
9.4 Leased assets	-
9.5 Staff costs	(1,800)
9.6 Administration and corporate costs	(700)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(4,400)</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 January 2019 .....

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.