

## ASX RELEASE

### Appendix 4C – Q2 FY20 Quarterly Cash Flow Report

#### Highlights:

- **Cash receipts from customers NZ\$4.9M up 190% compared to corresponding Q2 FY19**
- **NZ\$40.2M cash on hand at end Q2**
- **Annual Recurring Revenue (ARR) at end Q2 of NZ\$15.7M, tracking forecast**
- **At least one of Volpara’s software products now contracted to ~25.8% of US market, tracking forecast**

Wellington, NZ, 22 October 2019: [Volpara Health Technologies](#) (“Volpara,” “the Group,” or “the Company”; ASX: VHT), a SaaS 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 2019.

Group cash receipts for Q2 from customers rose 190% (compared to Q2 FY19) to NZ\$4.9M.

Cash on hand at the end of Q2 was NZ\$40.2M, compared to \$39.9M at the end of the previous quarter. Cash outgoings for the quarter were offset by a net NZ\$4.5M received in early Q2 following the retail portion of the June capital raising. Operating cash outflow was NZ\$4.2M – up from NZ\$3.0M in Q1 – mostly due to a one-off payroll timing adjustment related to New Zealand and Australian employees. Aside from the adjustment, operating costs are running at or below budget.

The Group continues to hold no debt.

Group ARR, reflecting ARR growth in both Volpara and MRS, at the end of Q2 was NZ\$15.7M (US\$10.325M), comprising NZ\$14.9M (US\$9.8M) from breast cancer software sales and NZ\$800K (US\$525K) from lung cancer software sales. Q2 is traditionally Volpara’s weakest quarter for sales, so adding approximately NZ\$1M in new ARR is encouraging. Volpara is on track to meet its mid-range forecast for ARR for the year of NZ \$17.1M (US\$11.5M).

Volpara also remains on track to achieve its forecast of 27% of US women having a Group product applied on their images and data. This provides a solid foundation from which to upsell Volpara’s full suite of products. Based on its current estimate, the Group now has paying customers using at least one Volpara or MRS product (or both), covering approximately 25.8% of screened US women (approx. 10.1M women).

The ARPU generated by women under contract across the Group within breast cancer operations is currently approximately NZ\$1.41 (US\$0.92), up from NZ\$1.37 (US\$0.91) at the end of Q1. This covers women screened under service and maintenance contracts employing the legacy MRS software only, through to women benefitting from the full suite of Volpara programs. The small increase in ARPU reflects a base that is quite large and the fact that MRS’s legacy product suite is not yet converted to a SaaS model; therefore, the entire uplift is attributable to Volpara products. Once MRS’s product suite switches to a SaaS model (targeting mid-November 2019) and those deals start closing, the Group would expect to see a significant uplift in this number as MRS’s legacy maintenance customers

and all new customers move to SaaS. ARPU per woman under Volpara®Enterprise™ software in the United States ranged from US\$1.31 to US\$5.52 depending upon deal size and structure, demonstrating the ARPU potential of the whole product bundle.

Volpara CEO Dr Ralph Highnam said: “The positive results for the quarter are particularly pleasing, given that Q2 is traditionally our weakest quarter for sales and we were also integrating MRS, which we acquired late in the prior quarter. The MRS integration has gone very smoothly, which has enabled us to continue to grow both the Volpara and MRS businesses.

“We’re very much looking forward to Q3 with the delivery of new integrated products at RSNA (Radiological Society of North America), our big trade show in Chicago; the publication of the DENSE results from the Netherlands after a 10-year randomised control trial using Volpara®Density™ software; and a possible breast density announcement from the FDA (US Food and Drug Administration).”

### **Investor Conference Call**

The Company is holding a conference call at 08:30 am AEST (10:30 am NZST), Tuesday, 22 October 2019 to discuss activity over the past quarter.

If you have not already preregistered via the link below, you may dial in at the scheduled time using the following call details.

**Preregistration link:** <https://s1.c-conf.com/diamondpass/volpara-10002332invite.html>

**Dial in details:** Conference ID – 10002332

### **Dial in numbers:**

AUSTRALIA:	1800558698
ALT. AUSTRALIA:	1800809971
OTHER INTERNATIONAL (METERED):	+61731454010
SYDNEY:	0290073187
NEW ZEALAND:	0800453055
AUCKLAND:	099291687
CHRISTCHURCH:	039742632
WELLINGTON:	049747738
CHINA:	4001200659
FRANCE:	0800981498
HONG KONG:	800966806
INDIA:	0008001008443
JAPAN:	00531161281
MALAYSIA:	1800816294
SINGAPORE:	8001012785
SOUTH AFRICA:	0800999976
SOUTH KOREA:	00798142063275

UK:	08000518245
USA/CANADA:	18558811339
CHICAGO:	18153732080
LOS ANGELES:	19092354020
NEW YORK:	19142023258

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

VHT's technology and services have been used by customers and/or research projects in 38 countries and are supported by numerous patents, trademarks, and regulatory clearances, including FDA clearance and CE marking. Since its listing on the ASX in April 2016, VHT has raised A\$95 million, including A\$55 million in June 2019. VHT is based in Wellington, New Zealand.

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

For more information, visit [www.volparasolutions.com](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")**

Q2 - 30 September 2019 (31 March year-end)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$NZ'000</b>	<b>Year to date (6 months) \$NZ'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	4,897	7,240
1.2	Payments for		
	(a) research and development	(1,334)	(2,210)
	(b) product manufacturing and operating costs	(1,090)	(1,810)
	(c) advertising and marketing	(232)	(516)
	(d) leased assets	(16)	(25)
	(e) staff costs	(5,127)	(7,098)
	(f) administration and corporate costs	(1,581)	(3,352)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	114	204
1.5	Interest and other costs of finance paid	(35)	(42)
1.6	Income taxes paid	(112)	(72)
1.7	Government grants and tax incentives	276	460
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(4,240)</b>	<b>(7,221)</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	(396)	(438)
	(b) businesses (see item 10)	-	(22,982)
	(c) investments	-	-
	(d) intellectual property	(25)	(50)
	(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) *	(224)	749
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(645)</b>	<b>(22,721)</b>

\* The "Other" per section at 2.5 above includes NZ\$1.38M in cash acquired upon the acquisition of MRS, less acquisition costs of NZ\$630K.

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	5,058	58,032
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	164	469
3.4	Transaction costs related to issues of shares, convertible notes or options	(528)	(3,118)
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)	(85)	(115)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>4,609</b>	<b>55,268</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	39,913	14,383
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,240)	(7,221)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(645)	(22,721)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,609	55,268
4.5	Effect of movement in exchange rates on cash held	601	529
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>40,238</b>	<b>40,238</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	7,232	5,938
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits >90 days)	33,006	33,975
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>40,238</b>	<b>39,913</b>

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

	<b>Current quarter \$NZ'000</b>
6.1	302
6.2	-

6.1 Aggregate amount of payments to these parties included in item 1.2

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. The amount includes a one-off payment to a director (NZ\$30k) by way of special remuneration for services performed in relation to the MRS acquisition and capital raise.

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

<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>	<b>Total facility amount at quarter end \$NZ'000</b>	<b>Amount drawn at quarter end \$NZ'000</b>
<i>Add notes as necessary for an understanding of the position</i>		
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 9.25% and it is unsecured.

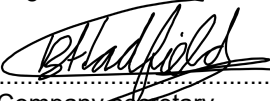
<b>9. Estimated cash outflows for next quarter</b>	<b>\$NZ'000</b>	
9.1	Research and development	(1,350)
9.2	Product manufacturing and operating costs	(1,100)
9.3	Advertising and marketing	(350)
9.4	Leased assets	(20)
9.5	Staff costs	(4,900)
9.6	Administration and corporate costs	(1,250)
9.7	Other (provide details if material)	-
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>(8,970)</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:  Date: 22 October 2019  
 Company secretary

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.