

## ASX RELEASE

### Appendix 4C – Quarterly Cash Flow Report and Business Update

#### Highlights

- **6 customers signed to *VolparaEnterprise*<sup>™</sup> by Dec 31<sup>st</sup>, including Stanford University Hospital (California, USA), in line with internal forecasts**
- **Contract sizes range from US\$12,000 to US\$94,800 per year**
- **Largest total contract value to date signed US\$474,000 (5-year deal)**
- **Shift to focus on annual subscription sales model for all customers is progressing according to plan**

Wellington, NZ, 31 January 2017: Volpara Health Technologies ("Volpara"; ASX: VHT), a digital health company focused on early detection of breast cancer by improving quality of screening, has today released its Appendix 4C Quarterly Cash Flow report for the quarter ending 31st December 2016 (Q3).

As of 31st December 2016, the company had NZ\$14.86M in cash holdings, following a A\$10.7M (NZ\$11.2M) share placement and rights issue completed during the quarter.

Receipts from customers totalled NZ\$348,000 for the quarter, with receipts for the year to date NZ\$1.85M (compared to NZ\$2.4M for full FY2016, when the company was selling software in a capital sales model receiving a one-off product fee which was recognised as revenue upfront).

Cash outflows used for operations for the quarter were NZ\$2.583M, in line with the company's budget and growth strategy and focus on the rollout of *VolparaEnterprise*<sup>™</sup> and further product development.

As of 31st December 2016, the company had six subscribers to the first version of the *VolparaEnterprise*<sup>™</sup> cloud-based software for breast screening clinics to monitor and improve quality of breast imaging, including luminary site Stanford University Hospital, which was in line with internal forecasts. The value of these contracts to date, range from between US\$12,000 for a small site and US\$94,800 per year for the largest site. The company is pleased to note that during January, further large accounts subscribed to *VolparaEnterprise*<sup>™</sup>, including the University of Virginia Medical Centre.

The company is now completely focussed on the annual subscription sales model (or Software as a Service - SaaS), which incorporates an annual license fee and a fee for each breast screening. With this model, revenue is recognised over the life of the contract (as the service is delivered), therefore of the new contracts signed over the past six months, only a small portion of the contract value will be recognised as revenue during FY2017, therefore the company will also start producing additional metrics around commercial progress.

As at 31<sup>st</sup> December 2016, the Annual Recurring Revenue (ARR, the amount of revenue expected to be recognised over the next 12 months based on current SaaS and support contracts alone) was approximately NZ\$498,000, and the Total Contract Value (TCV, the total

sum of capital sales, support agreements for those capital sales, and SaaS contracts) signed so far in FY2017 was NZ\$2.92M.

"We are very pleased with the initial response to *VolparaEnterprise*<sup>™</sup>. The growing acceptance and evidence of breast density and its link to cancer, and the increased focus on quality of breast screening, including the introduction of the FDA's EQUIP initiative, is helping to open doors for Volpara. We are particularly pleased to see large and luminary sites such as Stanford University Hospital and University of Virginia Medical Centre as the early adopters of *VolparaEnterprise*<sup>™</sup>," said Volpara Chief Executive Dr Ralph Highnam.

"We have a very active sales pipeline, and a high level of enquiry as a result of our intensive marketing efforts."

### **Investor Conference Call**

An investor conference call will be held on Wednesday 1<sup>st</sup> February at 9.15am AEDT / 11.15am NZDT, the slides will be posted to the ASX prior to the meeting, but you can view via WebEx also:

Login to <http://volparasolutions.webex.com>,  
Meeting number is 822 512 290,  
Password is vSaaS

To obtain audio, you can connect via your computer by logging in as above, or by phone to these numbers using the meeting number above:

Australia +61-28518-1925  
New Zealand +64-9929-1751  
UK +44-203-478-5287

ENDS.

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

Founded in 2009 from research originally conducted at Oxford University, VHT is based in Wellington, New Zealand and facilitates the early detection of breast cancer through its digital health solutions to enable personalised, high-quality breast cancer screening based on automated, objective measurements of breast density and quality.

VHT has a number of patents and trademarks and regulatory clearances, including FDA and CE, supporting its technology and services.

VHT, an ASX-listed company that raised A\$20M through an IPO and subsequent share placement and rights issue in 2016, has customers and/or research projects in 35 countries.

[www.volparasolutions.com](http://www.volparasolutions.com)

### **For further information, please contact:**

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**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

+Rule 4.7B

## 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")**

31 December 2016

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$NZ'000</b>	<b>Year to date (9 months) \$NZ'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		348	1,846
1.2 Payments for			
(a) research and development		(212)	(822)
(b) product manufacturing and operating costs		(165)	(514)
(c) advertising and marketing		(503)	(1,068)
(d) leased assets		-	-
(e) staff costs		(1,449)	(3,662)
(f) administration and corporate costs		(669)	(2,386)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		75	115
1.5 Interest and other costs of finance paid		(1)	(2)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		33	142
1.8 Other (provide details if material)		(40)	5
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(2,583)</b>	<b>(6,346)</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	(1)	(19)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(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>(1)</b>	<b>(19)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	11,233	22,431
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	30
3.4	Transaction costs related to issues of shares, convertible notes or options	(549)	(1,119)
3.5	Proceeds from borrowings	-	81
3.6	Repayment of borrowings	(57)	(86)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>10,627</b>	<b>21,337</b>

# Appendix 4C

## 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	6,795	277
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,583)	(6,346)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(19)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10,627	21,337
4.5	Effect of movement in exchange rates on cash held	22	(389)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>14,860</b>	<b>14,860</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	2,258	795
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits >90 days)	12,602	6,000
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>14,860</b>	<b>6,795</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	258
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.		

# Appendix 4C

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

7. Payments to related entities of the entity and their associates		Current quarter \$NZ'000
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		

8.	Financing facilities available	Total facility amount at quarter end \$NZ'000	Amount drawn at quarter end \$NZ'000
	<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 9.50% and it is unsecured.			

<b>9. Estimated cash outflows for next quarter</b>	<b>\$NZ'000</b>
9.1 Research and development	(231)
9.2 Product manufacturing and operating costs	(235)
9.3 Advertising and marketing	(184)
9.4 Leased assets	-
9.5 Staff costs	(1,328)
9.6 Administration and corporate costs	(584)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(2,562)</b>

**Appendix 4C****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:

  
(Director/Company secretary)

Date: 31 January 2017

Print name: John Diddams

**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.