

ASX RELEASE

Appendix 4C – Q1 FY21 Quarterly Cash Flow Report

Highlights:

- **Cash receipts from customers for the quarter totalled NZ\$5.0M, up 112% compared to Q1 FY20**
- **Successful completion of Share Purchase Plan raised A\$9M in addition to the A\$28M placement**
- **NZ\$67.5M cash on hand at end Q1 FY21**
- **Annual Recurring Revenue (ARR) at end Q1 FY21 up NZ\$1.1M to NZ\$19.1M**
- **Volpara's software products contracted to ~27% of US women who undergo screening and have at least one Group product applied on their images or data**
- **Churn remained negligible**

Wellington, NZ, 28th July 2020: [Volpara Health Technologies](#) ("Volpara," "the Group," or "the Company"; ASX: VHT), a medical technology company whose cancer screening software platform assists in the delivery of personalised patient care, has released its Appendix 4C Quarterly Cash Flow report for the quarter ending 30th June 2020.

Cash receipts from customers have remained strong, with almost NZ\$5.0M received in Q1, up 112% on Q1 FY20. This represents Volpara's fourth straight quarter with receipts greater than NZ\$4.5M and the highest cash receipts collected in any given quarter since listing in 2016. However, we continue to monitor the pandemic closely, noting the resurgence of COVID-19 across large parts of the United States, our primary market.

Net operating cash outflow in Q1 was NZ\$3.7M, less than projected and the lowest since Volpara's acquisition of MRS Systems, Inc., in June 2019. The Company had NZ\$67.5M in the bank at the end of Q1.

Separately, in May, the Company received approximately US\$1.7M as part of the US government's Paycheck Protection Program (PPP) loan scheme established in response to COVID-19. Applications for loan forgiveness will open in August 2020, at which point VHT will apply; therefore, the loan is classified as debt until a decision is received regarding the application for forgiveness. Should the loan not be forgiven, Volpara would be required to repay the loan over an extended period at an interest rate of 1% per annum.

In relation to orders, Volpara had a reasonable quarter coming off the back of a very strong Q4 and into our traditionally slower Q1 amidst the COVID-19 crisis. ARR increased from NZ\$18.0M (US\$11.7M) to NZ\$19.1M¹ (US\$12.1M) through a combination of new customers and upsells (adding NZ\$450K), customers commencing maintenance contracts for the first time, and foreign exchange movements.

After Q1, Volpara continues to cover approximately 27% of US women who undergo screening and have had at least one Group product applied to their images and data. Churn has remained negligible but the new sale gains were offset by some maintenance contracts for legacy capital sale systems which were not renewed.

¹ Twelve month trailing exchange rate used of US\$0.637:NZ\$1 vs US\$0.648:NZ\$1 at end Q4 FY20.

The annual revenue per user (ARPU) generated by women under contract across the Group within US breast cancer operations is currently approximately NZ\$1.70 (US\$1.09), up from NZ\$1.61 (US\$1.04) at the end of Q4 FY20. ARPU per US woman for contracts signed in Q1 ranged from US\$1.87 to US\$4.40 depending upon deal size and structure.

The payments to related parties of the entity and their associates identified in item 6.1 of the Appendix 4C relate to payments made to a director, Karin Lindgren, for legal services she provided to the Company.

Dr Ralph Highnam, the CEO of Volpara, said: "Q1 saw the emergence of COVID-19, but we're very heartened by the strong cash receipts, negligible churn, and the fact that we got a significant number of new deals over the line. However, we remain fully cognizant of the challenges ahead and are carefully plotting out new strategies so we can emerge from this crisis strong—COVID-19 will go away, cancer will not."

Authorisation & Additional Information

This announcement was authorised by the Board of Directors of Volpara Health Technologies Limited.

Investor Conference Call

Investors are invited to join an audio webcast hosted by CEO Dr Ralph Highnam and CFO Craig Hadfield on Tuesday 28th July 2020 at 10:30am Australian Eastern Standard Time (AEST).

To register for the webcast, please follow this link:

https://us02web.zoom.us/webinar/register/WN_OaqiqQ26RP6Ckp_R1xotgw

Registered participants will receive a confirmation email containing the Zoom access link and alternative phone dial-in details.

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\$132 million, including A\$37 million in April/May 2020. VHT is based in Wellington, New Zealand.

At the end of June 2019, VHT acquired MRS Systems, Inc., 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

VHT uses the following definitions:

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

Percentage of US women: Approximately 39M a year are imaged in the United States, most of them screening. The percentage we give is an estimate of the number of women who are imaged using at least one of Volpara's suite of products. This should be considered indicative and not definitive.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Volpara Health Technologies Limited

ABN

609 946 867

Quarter ended ("current quarter")

Q1 – 30 June 2020 (31 March year-end)

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,962	4,962
1.2 Payments for		
(a) research and development	(2,242)	(2,242)
(b) product manufacturing and operating costs	(1,389)	(1,389)
(c) advertising and marketing	(91)	(91)
(d) leased assets	(25)	(25)
(e) staff costs	(4,965)	(4,965)
(f) administration and corporate costs	(1,474)	(1,474)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	697	697
1.5 Interest and other costs of finance paid	(41)	(41)
1.6 Income taxes paid	(89)	(89)
1.7 Government grants and tax incentives	888	888
1.8 Other (provide details if material)	40	40
1.9 Net cash from / (used in) operating activities	(3,729)	(3,729)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(44)	(44)
(d) investments	-	-
(e) intellectual property	(222)	(222)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (acquisition related costs)	(530)	(530)
2.6	Net cash from / (used in) investing activities	(796)	(796)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	39,499	39,499
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	684	684
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,601)	(1,601)
3.5	Proceeds from borrowings	2,784	2,784
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)	(137)	(137)
3.10	Net cash from / (used in) financing activities	41,229	41,229

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	31,385	31,385
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,729)	(3,729)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(796)	(796)

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	41,229	41,229
4.5	Effect of movement in exchange rates on cash held	(617)	(617)
4.6	Cash and cash equivalents at end of period	67,472	67,472

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$NZ'000	Previous quarter \$NZ'000
5.1	Bank balances	10,254	3,680
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits >90 days)	57,218	27,705
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	67,472	31,385

6.	Payments to related parties of the entity and their associates	Current quarter \$NZ'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1*	14
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

*Relates to consulting fees paid to Karin Lindgren.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$NZ'000	Amount drawn at quarter end \$NZ'000
7.1 Loan facilities	(2,784)	(2,784)
7.2 Credit standby arrangements	(10)	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	(2,794)	(2,784)
7.5 Unused financing facilities available at quarter end		(10)
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Includes a loan of US\$1.7M from the US Government's Small Business Administration in relation to the Paycheck Protection Program repayable at 1% p.a.; and an unsecured overdraft facility with Kiwibank at a variable interest rate of 7.5%.		

8. Estimated cash available for future operating activities	\$NZ'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,729)
8.2 Cash and cash equivalents at quarter end (item 4.6)	67,472
8.3 Unused finance facilities available at quarter end (item 7.5)	10
8.4 Total available funding (item 8.2 + item 8.3)	67,482
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	18.1
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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.

Date: 28 July 2020

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.