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Appendix 4C – Q3 FY18 Quarterly Cash Flow Report and Business Update

Highlights:

- **Volpara delivers record quarterly sales performance:**
  - **Q3 FY18 Total Contract Value (TCV) up 176% from Q3 FY17 and up 34% from Q2 FY18**
  - **Annual Recurring Revenue (ARR) up 152% from the end of FY17 – on track to exceed 200% growth for the full year**
  - **Over 1 million women in US will now receive screening with *VolparaEnterprise™***
  - **Cash position NZ$7m, ahead of plan**

Wellington, NZ, 24 January 2018: Volpara Health Technologies ("Volpara"; ASX: VHT), a digital health company focused on early detection of breast cancer by improving quality of screening by using artificial intelligence (AI), has today released its Appendix 4C Quarterly Cash Flow report for the quarter ending 31 December 2017 (Q3 FY18).

During the quarter Volpara added a record 240,000+ women to the ***VolparaEnterprise™*** platform, bringing the total number of women who have been, or will be, screened to over 1 million, in its strongest quarter of sales ever, with zero churn. This is an important indicator of market share, being approximately 2.7 percent of the women in US, but also underscores the increasing value of the cloud based data set that Volpara has access to, to enhance its predictive insights for early cancer detection. This also provides the opportunity to build future products, enabling women to benefit from improved personalised, high quality, breast cancer screening. The Company now has more than 3 million images stored in the cloud.

VolparaEnterprise™, which currently measures patient metrics across 262 mammography machines, also enables breast clinics to benefit from enhanced financial and quality performance.

A further NZ$3.1m was added to the Total Contract Value (TCV) during the quarter, as a result of new contracts signed – up from NZ$1.1m in the previous corresponding period, Q3FY17, and up from NZ$2.3m in Q2 FY18.

Demonstrating the momentum gained in FY18, TCV of NZ$7.0m is already almost NZ$3m ahead of last year's NZ$4.1m as at the end of FY17, representing growth of 174 percent to date.

Annual Recurring Revenue (ARR) has increased to NZ$2.7m, from NZ$1.1m at the end of FY17. This in conjunction with the deal pipeline places Volpara on track to exceed the Company's 200 percent ARR growth target for FY18.

Net operating cash outflow for Q3 was NZ$2.2m, higher than normal (but still below budget), due to the attendance at the Radiological Society North America annual conference (RSNA) in Chicago, the most important trade show and business development event for Volpara, which generated numerous new business leads. The Company expects this net outflow to decrease in Q4, more in line with previous quarters. Cash receipts from customers for the quarter were NZ$650k which was as expected coming off the traditionally slower Q1 and Q2

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sales periods. The Company expects this to significantly increase in Q4. The Company continues to hold no debt and held NZ$7m in cash as at 31 December 2017.

Volpara's future contracted revenue from executed contracts is now almost NZ$10m, up from NZ$6.6m at the end of the previous quarter, being future contracted revenue to be recognised through FY23.

"Q3 of FY17 has been our strongest ever quarter from a sales perspective, with substantial leads coming out of the RSNA conference, and our first ever month of taking over US$1M in orders (December). We expect a strong finish to the year, and we have a number of significant sales contracts already signed in the first few weeks of Q4," said Volpara Chief Executive Officer, Dr Ralph Highnam.

"Last financial year we set ourselves ambitious goals to achieve growth in annual recurring revenue in excess of 200 percent and, to capture at least three percent of all women screened in the US, whilst keeping costs flat. Now we are in the final quarter of the financial year, we can see Volpara comfortably exceeding these measures."

Another highlight for the quarter includes achieving regulatory clearance in Japan and Taiwan for Volpara's technologies, paving the way for sales from additional markets through distribution partners, with support from the Volpara APAC team.

Volpara Health Technologies Q3 Conference Call

Conference ID: 590281

Date and Time: 24 January 2018 - 9am AEDT (11am NZDT)

Australia Toll Free:	**1 800 558 698**
Alternate Australia Toll Free:	1 800 809 971
Australia Local:	02 9007 3187
New Zealand Toll Free:	**0800 453 055**
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.

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 objective measurements of breast density.

VHT has a number of patents and trademarks and regulatory clearances, including FDA and CE, supporting its technology and services. An ASX-listed company that raised A$20M through an IPO and subsequent share placement and rights issue in 2016, VHT has customers and/or research projects in 36 countries.

www.volparasolutions.com

For further information, please contact:

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

Kyahn Williamson
WE Buchan
kwilliamson@buchanwe.com.au
t: +61 3 9866 4722

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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	**Quarter ended ("current quarter")**
609 946 867	Q3 - 31 December 2017 (31 March year-end)

Consolidated statement of cash flows		**Current quarter $NZ'000**	**Year to date (9 months) $NZ'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	650	2,254
1.2	Payments for		
	(a) research and development	(472)	(1,226)
	(b) product manufacturing and operating costs	(489)	(1,007)
	(c) advertising and marketing	(421)	(901)
	(d) leased assets	(2)	(4)
	(e) staff costs	(1,056)	(3,369)
	(f) administration and corporate costs	(753)	(2,100)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	55	268
1.5	Interest and other costs of finance paid	(1)	(3)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	299	497
1.8	Other (provide details if material)	(21)	(19)
1.9	**Net cash from / (used in) operating activities**	**(2,211)**	**(5,610)**

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2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(25)	(102)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	(24)
	(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)	-	-
2.6	**Net cash from / (used in) investing activities**	**(25)**	**(126)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	8
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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)	(24)	(94)
3.10	**Net cash from / (used in) financing activities**	**(24)**	**(86)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	9,291	12,876
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,211)	(5,610)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(25)	(126)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(24)	(86)
4.5	Effect of movement in exchange rates on cash held	(6)	(29)
4.6	**Cash and cash equivalents at end of quarter**	**7,025**	**7,025**

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	1,025	1,291
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits >90 days)	6,000	8,000
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**7,025**	**9,291**

6.	**Payments to directors of the entity and their associates**	**Current quarter $NZ'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	152
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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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 *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $NZ'000	Amount drawn at quarter end $NZ'000
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.

9.	Estimated cash outflows for next quarter	$NZ'000
9.1	Research and development	(400)
9.2	Product manufacturing and operating costs	(400)
9.3	Advertising and marketing	(300)
9.4	Leased assets	-
9.5	Staff costs	(1,500)
9.6	Administration and corporate costs	(700)
9.7	Other (provide details if material)	-
9.8	**Total estimated cash outflows**	**(3,300)**

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10.	**Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)**	**Acquisitions**	**Disposals**
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: 24 January 2018

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.

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