

ASX RELEASE

Appendix 4D – Volpara Half-Year Financial Results

Wellington, NZ, 25th November 2020: Volpara Health Technologies (“Volpara,” “the Group,” or “the Company”; ASX: VHT), a health technology software company whose integrated breast care platform assists in the delivery of personalised patient care, has today released its Interim Financial Report together with the Appendix 4D and a Half-Year Results Investor Presentation for the period ended 30 September 2020 (H1 FY21).

Key financial and operation highlights:

- A\$37M in capital raised during the first quarter through an oversubscribed placement to institutional shareholders and a share purchase plan
- Total revenue from customers of NZ\$9.5M, up 38% compared to the prior corresponding period, driven primarily through a 71% increase in revenues from recurring sources
- Cash balance and cash equivalents as at 30 September 2020 of NZ\$64.3M, including NZ\$2.6M received in the form of a low-interest loan from the US government under a COVID-19 relief package, for which Volpara has applied for forgiveness in compliance with the plan’s rules
- Annual Recurring Revenue (ARR) of NZ\$19.9M as at 30 September 2020, compared to NZ\$15.7M at the end of H1 FY20
- Average Revenue Per User (ARPU) of US\$1.16, up approx. 26% compared to the prior corresponding period
- Percentage of women having a contracted Group product applied on their images and data of ~27.0%, up from 25.8% on the prior corresponding period

Outlook:

- Accounting revenue remains on track to match management’s expectations for the full year
- ARR will continue to rise, but coronavirus uncertainty abounds in our biggest market, the United States, with new sales activity showing some signs of slowing due to virus-related cost pressures, particularly at hospital-based imaging centres
- ARPU will continue to rise, but we may also lose some clinics as we target legacy MRS customers on support contracts (generally at very low ARPU) to upgrade to

SaaS or risk not being supported; those SaaS contracts generally being far higher ARPU

- We expect to see increasing revenue from our partnership with genetics company Ambry, which is starting to show significant potential ARPU, well above internal expectations

Dr Ralph Highnam, Group CEO of Volpara Health Technologies, said: “At the start of this financial year, we simply did not know what to expect given the rapid rise of coronavirus in our biggest market, the United State. However, HY2021 turned out far better than we dared hope for. In the face of this unprecedented challenge, we proactively modified our strategic approach on several fronts. We shifted to digital marketing, reshaped our US commercial team, and began investigating ways to address women directly to drive demand. We are focusing on R&D to generate improved products and services. And we have developed a new sales model to lower the cost of customer acquisitions.

“Despite these internal advances, we acknowledge that the future remains uncertain. As we look ahead to the second half of the year, we see that Coronavirus is again spreading rapidly across the United States, during a time of political transition. So, although we remain very confident in our products, marketing, and sales team, we remain vigilant about the environment in which we operate.

“Fortunately, we have a healthy balance sheet, and with vaccines seemingly on the horizon, the environment should correct itself in due course. It’s our job to ensure we come out of this period of uncertainty in a very strong position.”

ENDS

Authorisation and Additional Information

This announcement was authorised by the Board of Directors and Group CEO Dr Ralph Highnam.

A reminder that investors are invited to join a webcast hosted by Group CEO Dr Ralph Highnam, Volpara Health CEO Katherine Singson, and CFO Craig Hadfield, today at 9:00 am Australian Eastern Daylight Time (AEDT).

To register for the webcast, please follow this link:

https://us02web.zoom.us/webinar/register/WN_pvwitqQVeZh-xdAbDXCQ

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

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About Volpara Health Technologies Limited (ASX: VHT)

VHT is a health technology software 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-management software helps with productivity, compliance, reimbursement, and patient tracking.

VHT's technology and services have been used by customers and/or research projects in 39 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.

For more information, visit www.volparahealth.com

VHT uses the following definitions:

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.

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.

Average Revenue Per User (ARPU): The average revenue achieved per woman screened per year at a site.

Appendix 4D

In accordance with Listing Rule 4.2A, please find attached the Half-Year Appendix 4D for the period ended 30 September 2020.

It is recommended that this Appendix 4D half-year report be read in conjunction with the Interim Financial Report for the period ended 30 September 2020, the Annual Report for the year ending 31 March 2020 and any public announcements made by the company during the half-year.

Volpara Health Technologies Limited

Results for announcement to the market

Half-Year Report 30 September 2020

Name of the Entity

Volpara Health Technologies Limited
(the "Company" or "Group")

ARBN

609 946 867

Reporting Period

30 September 2020

Previous Corresponding Reporting Period

30 September 2019

Dividends

NZ\$nil

Net tangible assets

Net tangible assets backing per ordinary share (NZ\$0.23) (six months to 30 September 2019: NZ\$0.12).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the period ended 30 September 2020.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10 of the Interim Financial Report.

Details of associate and joint venture entities

None

Appendix 4D (continued)

	6 months to 30 Sept. 2020 Unaudited NZ\$'000	6 months to 30 Sept. 2019 Unaudited NZ\$'000	Amount change Unaudited NZ\$'000	Percentage change Unaudited %
Revenue from ordinary activities	10,466	7,344	▲ 3,122	43%
Operating deficit	(9,837)	(8,356)	▲ (1,481)	18%
Net loss before tax	(9,540)	(8,028)	▲ (1,512)	19%
Net loss after tax for the period	(8,865)	(8,008)	▲ (857)	11%

	Variance Unaudited NZ\$'000	6 months to 30 Sept. 2020 Unaudited NZ\$'000	6 months to 30 Sept. 2019 Unaudited NZ\$'000
Revenue breakdown			
Software as a Service	▲ 72%	5,408	3,141
Software maintenance agreements	▲ 66%	3,407	2,049
Capital sales	▼ -61%	650	1,654
Revenue from customers	▲ 38%	9,465	6,844
Government grants and other operating income	▲ 100%	1,001	500
Total revenue	▲ 43%	10,466	7,344

Note:

The information provided in this Appendix 4D is based on the Volpara Health Technologies Limited Interim Financial Report for the financial half-year ended 30 September 2020.

Volpara Health Technologies Limited Interim Financial Report for the financial half-year ended 30 September 2020 has been subject to review by the Company's auditors. A copy of the Independent Review Report is included in the Interim Financial Report.