ASX Release

Volpara FY21 Annual Results Announcement

Highlights:

- **Record revenue from customer contracts up 57% to NZ$19.7M**
- **Subscription revenue up 99% to NZ$18.1M**
- **Gross margin up to over 91%, from 86% in FY20**
- **Net loss for the year after tax improved 14% to NZ$17.5M**
- **Normalised non-GAAP EBITDA[1] improved 21% to -NZ$12.4M**
- **Volpara expects revenue in FY22 of approx. NZ$25.0M to NZ$26.0M[2]**

Wellington, NZ, 27 May 2021: Volpara Health Technologies ("Volpara," "the Group," or "the Company"; ASX:VHT), a global health technology software leader providing an integrated breast care platform for the delivery of personalised breast care, has today released its full-year results for the financial year ended 31 March 2021.

Dr Ralph Highnam, Volpara's CEO and Chief Scientist, said: "FY2021 was an excellent year for Volpara. We successfully conducted our second acquisition, of Boston-based breast cancer risk company CRA Health, LLC, but we've also done a huge amount of work behind the scenes to make the company more scalable: digital marketing through to smarter use of our cloud services through to easier-to-deploy software systems into clinics. It's great to see that work start to come through in the numbers as we see Gross Margin moving upwards and the net loss coming down, even as we continue to grow at a strong pace. We look forward with relish to now Accelerating Out of COVID-19 and reporting on those results during FY2022."

Revenue growth

Volpara increased its full-year revenue for the year ended 31 March 2021 by NZ$7.1M, or 57%, from NZ$12.6M in FY20 to NZ$19.7M (or NZ$20.5M, up 63% in constant currency).

The Group's subscription revenues continue to grow at a faster rate than total revenue as the transition to SaaS for MRS legacy products (Volpara acquired MRS Systems, Inc. in 2019) continues. Subscription revenues grew 99% to NZ$18.1M, up from NZ$9.1M.As previously announced Volpara now has ARR of ~US$18.6M (~NZ$27.9M[3]) which includes a 20% organic year-on-year increase. Additionally, the Company now estimates

---

[1] Non-GAAP measures are not prepared in accordance with NZ GAAP, do not comply with International Financial Reporting Standards and therefore are not uniformly defined. The non-GAAP measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation. Non-GAAP measures have been included as we believe they provide useful information for users of the financial statements that assist in understanding Volpara's financial performance.

[2] Based on a US$:NZ$ exchange rate of 0.70:1.00

[3] Based on the twelve-month trailing exchange rate used of US$0.666:NZ$1

it has at least one software product being used in the screening of approximately 32% of US women for breast cancer.

Gross margin

The Group's gross margin grew from 86% in FY20 to over 91% in FY21. This was driven by several factors, including a focus on cost reductions and scalability of Microsoft Azure—our largest cost-of-revenue expense item; high margins on CRA products; and the reduced impact of post-acquisition revenue adjustments which impacted on FY20's numbers. We expect gross margins to remain within 90–92% in FY22.

Operations and Net loss for the year before tax

Operating costs increased from NZ$36.0M to NZ$39.0M, or 8%, the entire difference in FY21 driven by having the first full year of MRS costs included versus 9.5 months in FY20, and two months of CRA costs. As revenues continue to grow at a faster rate than operating expenses the Group's normalised non-GAAP Earnings before interest, tax, depreciation and amortisation, impairment, one-off items, and non-cash items (normalised non-GAAP EBITDA) improved 21% from -NZ$15.7M in FY20 to -NZ$12.4M in FY21. Similarly, the Group's net loss after tax has improved 14% from NZ$20.4M to NZ$17.5M.

Volpara's net margin improved from −162% in FY20 to −89% in FY21. Per the normalised non-GAAP EBITDA result noted above, the Group's normalised net margin improved from −96% to −61%.

Operating cash flows

The Group's cash receipts increased over 20% from NZ$16.3M to NZ$19.7M, whereas operating payments to suppliers and employees increased only 4.7% from NZ$33.6M to NZ$35.1M—resulting in an overall net decrease in operating cash outflows of 16% from NZ$16.6M to NZ$14.0M. Cash receipts mirrored accounting revenue and show the quality of both despite the uncertainties faced throughout FY21 from COVID-19.

Cash balance

Volpara's cash balance as at 31 March 2021 was NZ$32.23M. During FY21 Volpara raised A$37M (~NZ$39.5M) before costs as a result of a successful placement and subsequent Share Purchase Plan completed in May 2020.

Investor conference call

The Company is holding a webinar with investors this morning at 09:00 am AEST (11:00 am NZST). The call will discuss the Company's FY21 results. Please use the following link:

https://us02web.zoom.us/webinar/register/WN_agjYCbWdQ_2bcJxZ5AIs4A

ENDS.

Authorisation & Additional Information

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

For further information, please contact:

Ralph Highnam, CEO
Volpara Health Technologies Ltd
ralph.highnam@volparahealth.com

t: +64 21 149 0541

Trevor Chappell
WE Communications
WE-AUVolpara@we-worldwide.com

t: +61 407 933 437

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 and has made two significant acquisitions in MRS Systems, Inc. (patient tracking software), and CRA Health, LLC (risk and genetics software). VHT is based in Wellington, New Zealand.

For more information, visit www.volparahealth.com

Reconciliation of IFRS to normalised Non-GAAP[4,5]

	FY21 NZ$'000	FY20 NZ$'000	Variance NZ$'000	Variance %
Revenue from contracts with customers	19,747	12,602	7,145	57%
Net loss for the year after tax	**(17,488)**	**(20,371)**	**2,883**	**-14%**
Non-cash and one-off items[3]				
Less: Net interest income	-476	-697	221	-32%
Less: Tax benefit	-1,461	-1,937	476	-25%
Plus: Business integration and acquisition expenses	698	1,004	-306	-30%
Plus: Share-based payments expense	1,379	1,382	-3	0%
Plus: Depreciation and Amortisation	3,089	2,240	849	38%
Less: Losses/(gains) on foreign exchange transactions	189	(1,087)	1,276	-117%
Plus: Impairment of right-of-use asset	0	106	-106	-100%
Plus: Revenue adjustment[4]	627	3,648	-3,021	-83%
Plus: Bad debts write-off	171	44	127	289%
Plus: Retention plan costs	833	-	833	100%
Normalised non-GAAP EBITDA	**(12,439)**	**(15,668)**	**3,229**	**21%**
Net margin (NPAT / Revenue)	**-89%**	**-162%**	**73%**	**45%**
Normalised non-GAAP net margin (normalised non-GAAP EBITDA/Normalised revenue[4])	**-61%**	**-96%**	**35%**	**37%**

[4] Non-cash and one-off items have been taken from the cash flow reconciliation note 9 in the financial statements.

[5] Accounting standards require assets and liabilities acquired within a business combination to be measured at fair value. Deferred revenue balances are therefore valued at the cost of fulfilling the service plus a small margin. This differs to the normal basis of recognition of deferred revenue. As a result of this adjustment, deferred revenue previously recorded by MRS and CRA, that would have flowed to revenue in the current year was reduced. Furthermore, it is important for the users to understand that this is a one-off, non-cash, technical accounting adjustment which will not impact revenue in future periods, once fully unwound, and does not nor has not impacted on the cash generation of the business. The directors and management believe this measure provides useful information to users of the financial statements to assist in understanding the Company's financial performance and position.

Appendix 4E
Preliminary Final Report

for the year ended 31 March 2021

Results for announcement to the market

Detail of Reporting Period

Current	1 April 2020 to 31 March 2021
Comparative	1 April 2019 to 31 March 2020

FINANCIAL RESULTS

	Year ended 31-Mar-21 NZ$'000	Year ended 31-Mar-20 NZ$'000	%
Revenue from contracts with customers	19,747	12,602	57%
Net loss for the year after tax (attributable to shareholders)	(17,488)	(20,371)	-14%
Loss per share	(0.07)	(0.10)	-27%
Cash and cash equivalents and cash on deposit	32,230	31,378	3%

Dividends
No dividends have been declared or paid for the year ended 31 March 2021 (2020: $nil).

Commentary on the Results
Please refer to the Annual Report and Results Presentation for commentary on the results.

NET TANGIBLE ASSETS

	Year ended 31-Mar-21	Year ended 31-Mar-20
Net tangible assets (NZ$'000)	26,371	25,987
Ordinary number of shares	251,019,081	218,479,977
Net tangible assets per share (NZ$)	0.11	0.12

Preliminary Final Report
The remaining preliminary final report disclosures for Volpara Health Technologies Limited are included in the Annual Report.

Audit Status
The report is based on the annual accounts which have been audited and are attached.

Ralph Highnam
Chief Executive Officer

Craig Hadfield
Chief Financial Officer

27 May 2021