

ASX RELEASE

Appendix 4C – Q1FY22 Quarterly Cash Flow Report

Cash Highlights:

- Record quarterly cash receipts from customers—NZ\$6.4M, up approx. 30% compared to Q1FY21 (or over 50% constant currency)
- Subscription-based receipts in Q1FY22 were over NZ\$6.1M, up approx. 38% compared to Q1FY21 (or approx. 60% constant currency)
- Net operating cash outflow in Q1FY22 of NZ\$3.2M,¹ down ~20% on Q1FY21
- NZ\$29.1M cash on hand at end Q1FY22

SaaS Highlights:

- Annual Recurring Revenue (ARR) now ~US\$19.2M (~NZ\$27.8M²), up over US\$600K on Q4FY21
- Coverage of ~33% of US women being screened, up from prior quarter of ~32%
- Average Revenue Per User (ARPU) was US\$1.42 at end Q1, average ARPU in Q1 was US\$1.55 – driven by multiple, single product, large volume deals
- ARPU of up to US\$5.87 achieved at some sites in Q1
- SaaS churn continues to remain low

Wellington, NZ, 27 July 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 released its Appendix 4C Quarterly Cash Flow report for the quarter ending 30 June 2021.

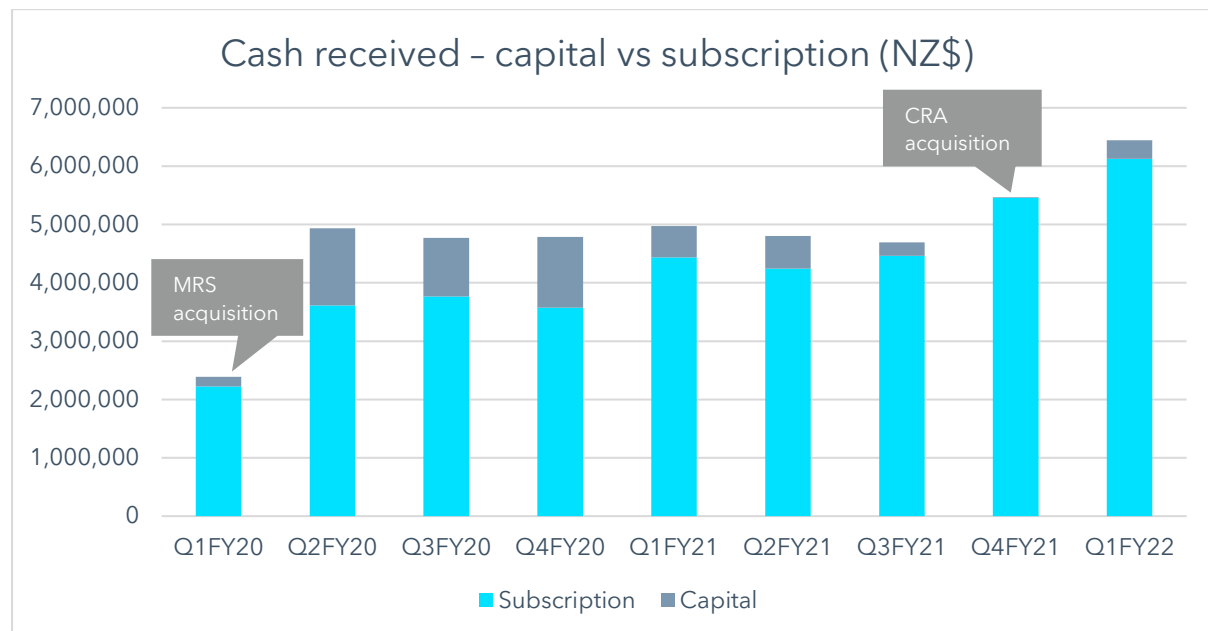
On Q1FY22, Volpara Group CEO Dr Ralph Highnam said: “Q1 is typically one of our weaker quarters given the US summer, but we’ve turned in another solid set of sales numbers, and we’re particularly pleased with hitting the 33% landmark of total US women screened. The merger with CRA Health is exceeding expectations and continues to go well, with integration of all functions well underway. It’s pleasing to see focus, growth, and cash constraint across the company.”

Cash receipts from customers were again Volpara’s strongest on record, with NZ\$6.4M received, over NZ\$1.0M (or 19%) up on the previous quarter, which was also a record. This shows growth of 30% on Q1FY21, or over 50% in constant currency. This is also Volpara’s first quarter with receipts greater than NZ\$6.0M and now eighth-straight quarter with receipts above NZ\$4.5M. Importantly,

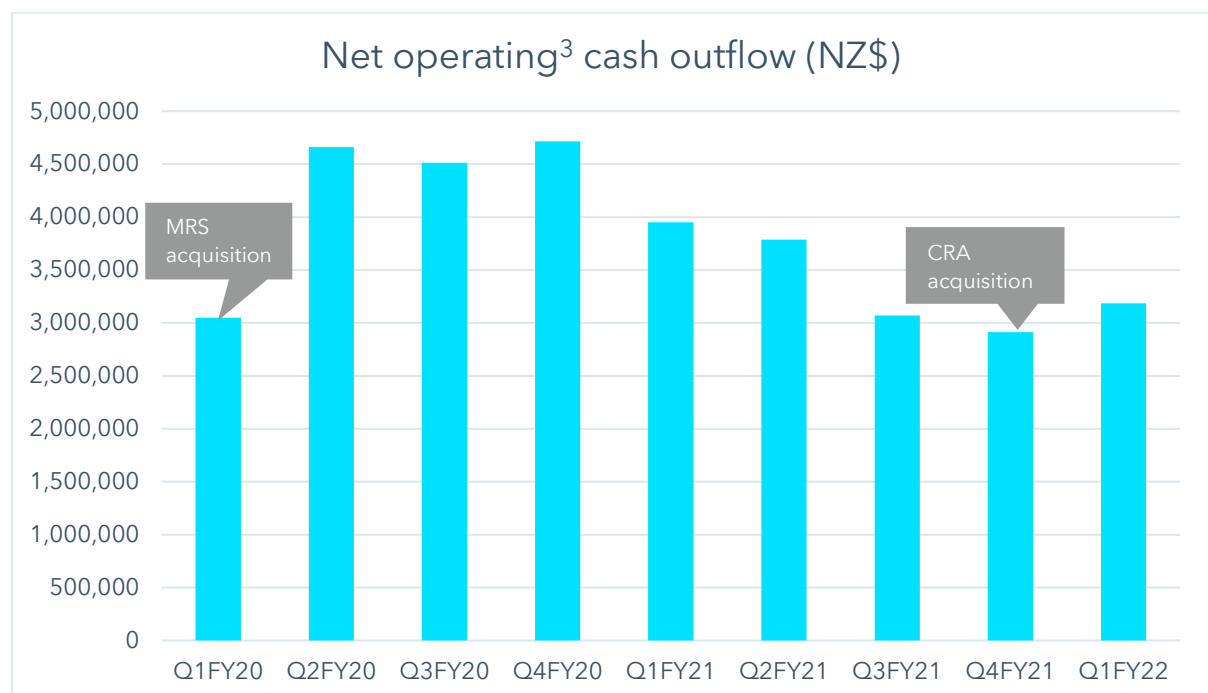
¹ Includes payments to acquire intellectual property from investing activities, which include product development.

² Twelve-month trailing exchange rate used of US\$0.691:NZ\$1 vs US\$0.666:NZ\$1 at end Q4FY21.

subscription-based receipts continue to grow at a much faster rate, up approximately 38% year on year, or approximately 60% in constant currency.



Net operating cash outflow in Q1 was NZ\$2.4M. When including the investment in intellectual property, which includes product development, outflows totalled NZ\$3.2M. This shows an improvement on Q1FY21 of 20% year on year. The Company had NZ\$29.1M in the bank at the end of Q1.



³ Includes payments to acquire intellectual property from investing activities, which include product development.

ARPU increased from US\$1.40 at the end of Q4FY21 to US\$1.42 at the end of Q1, with an average ARPU for Q1 of US\$1.55, ranging from US\$1.06 (Volpara Scorecard customer only) to US\$5.87 (a multi-product deal). A number of CRA-only deals closed in Q1, with the ARPU ranging from US\$1.17 to US\$2.71.

Overall, we added over US\$600K ARR in Q1, which is high for a traditionally quieter quarter, with deals coming from right across our product suite but particularly around risk assessment, and we continue to see low SaaS churn.

Some of the major deal wins included the following:

- Sentara Healthcare—an integrated, not-for-profit system of 12 hospitals in Virginia and North Carolina, United States
- OU Health—a leading academic health system in Oklahoma, United States
- Wellstar Health System—an integrated, not-for-profit system operating 11 hospitals and 9 cancer centres in Georgia, United States

Other developments

While there is no further word yet on the expected FDA changes to implement federal breast density reporting, significant tailwinds for risk assessments and genetic testing in the United States continue to build. Already, the US Centers for Disease Control and Prevention (CDC) have risk assessment recommendations for all women 18 to 44, and the American College of Radiology (ACR) recommends that all women receive a risk assessment by age 30. Individual states, such as Nevada (as of 27 May 2021), are now enacting laws requiring that women be provided breast cancer risk assessments and, if appropriate, genetics testing, and are ensuring the appropriate reimbursement structures are in place. These dynamics will continue to drive interest in Volpara's products.

“Our focus for FY22 is Risk & Genetics,” said Dr Highnam. “States moving more strongly in that direction will continue to help drive and accelerate growth in the Volpara business at very little additional cost to the business itself, given our strong positioning in that space through both our Patient Hub product and our Electronic Health Record integrations.”

The payments to related parties of the entity and their associates included in item 6.1 of the Appendix 4C relates to salaries paid to executive directors and fees paid to non-executive directors.

Authorisation & Additional Information

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

ENDS

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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, 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

Definitions:

Annual Recurring Revenue (ARR): The normalised 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 market: An estimate of the number of US women who are imaged using at least element from the Volpara Breast Health Platform, based on the approximately 39M women imaged in the United States each year, most of them screening (as opposed to diagnostic). The percentage given should be considered indicative and not definitive.

Average Revenue Per User (ARPU): ARR per US woman screened as used to calculate the percentage of US market.

Volpara Breast Health Platform: Volpara's advanced AI software platform, an integrated suite of software solutions that collects and analyses information to better understand a patient's breast cancer risk, while objectively evaluating image quality and workflow-improvement opportunities. These capabilities are being extended to lung cancer screening.

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 2021 (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	6,431	6,431
1.2 Payments for		
(a) research and development	(1,975)	(1,975)
(b) product manufacturing and operating costs	(1,678)	(1,678)
(c) advertising and marketing	(159)	(159)
(d) leased assets	(26)	(26)
(e) staff costs	(4,327)	(4,327)
(f) administration and corporate costs	(1,187)	(1,187)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	22	22
1.5 Interest and other costs of finance paid	(35)	(35)
1.6 Income taxes paid	97	97
1.7 Government grants and tax incentives	389	389
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,448)	(2,448)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(4)	(4)
(d) investments	-	-
(e) intellectual property	(738)	(738)
(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)*	(8)	(8)
2.6	Net cash from / (used in) investing activities	(750)	(750)

*2.5 relates to business integration and acquisition expenses.

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	209	209
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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 (lease liability principal payments)*	(117)	(117)
3.10	Net cash from / (used in) financing activities	92	92

*3.9 relates to interest on lease repayments.

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	32,230	32,230
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,448)	(2,448)

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(750)	(750)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	92	92
4.5	Effect of movement in exchange rates on cash held	(5)	(5)
4.6	Cash and cash equivalents at end of period	29,119	29,119

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	7,958	7,873
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits >90 days)	21,161	24,357
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	29,119	32,230

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*	298
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>		

*6.1 relates to fees paid to Directors.

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	(2,478)	(2,478)
7.2	Credit standby arrangements	(10)	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	(2,488)	(2,478)
7.5	Unused financing facilities available at quarter end		(10)
7.6	<p>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.</p> <p>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%.</p>		

8.	Estimated cash available for future operating activities	\$NZ'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,448)
8.2	Cash and cash equivalents at quarter end (item 4.6)	29,119
8.3	Unused finance facilities available at quarter end (item 7.5)	10
8.4	Total available funding (item 8.2 + item 8.3)	29,129
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	11.9
	<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: 27 July 2021

Authorised by: By the Board
(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.