

Volpara FY22 Annual Results Announcement

Highlights:

- **Record revenue from customer contracts up 32% to NZ\$26.1M (or NZ\$27.1M, up 37% in constant currency). Exceeds revenue guidance of between NZ\$25M and NZ\$26M.**
- **Subscription revenue up 37% to NZ\$24.8M (or NZ\$25.8M, up 42% in constant currency)**
- **Gross margin remained consistent at over 91%**
- **Net loss for the year after tax improved 6% to NZ\$16.4M**
- **Normalised non-GAAP EBITDA¹ loss declined 13% to -NZ\$14.1M**

Wellington, NZ, 26 May 2022: [Volpara Health Technologies](#) (“Volpara,” “the Group,” or “the Company”; ASX:VHT), a global health technology software leader providing an integrated platform for the delivery of personalised breast care, has today released its full-year results for the financial year ended 31 March 2022.

Ralph Highnam, Volpara’s CEO during FY22 and now Chief Science and Innovation Officer, said: “FY22 played out as we anticipated. We are very pleased to have exceeded our revenue guidance and to see the global company come ever closer together, a process which will accelerate now we’re moving into (we hope) a post-COVID world with a new CEO, Teri Thomas, with a laser focus on profitable growth.”

Teri Thomas, Volpara’s CEO, said: “FY22 has been a great year for Volpara, with strong forward momentum in spite of Covid-driven uncertainties. Volpara has amassed a talented team of individuals who are passionate about our purpose, saving families from cancer. I’m honoured to lead this team forward into our next year of making a positive impact on our customers and communities and for our shareholders.”

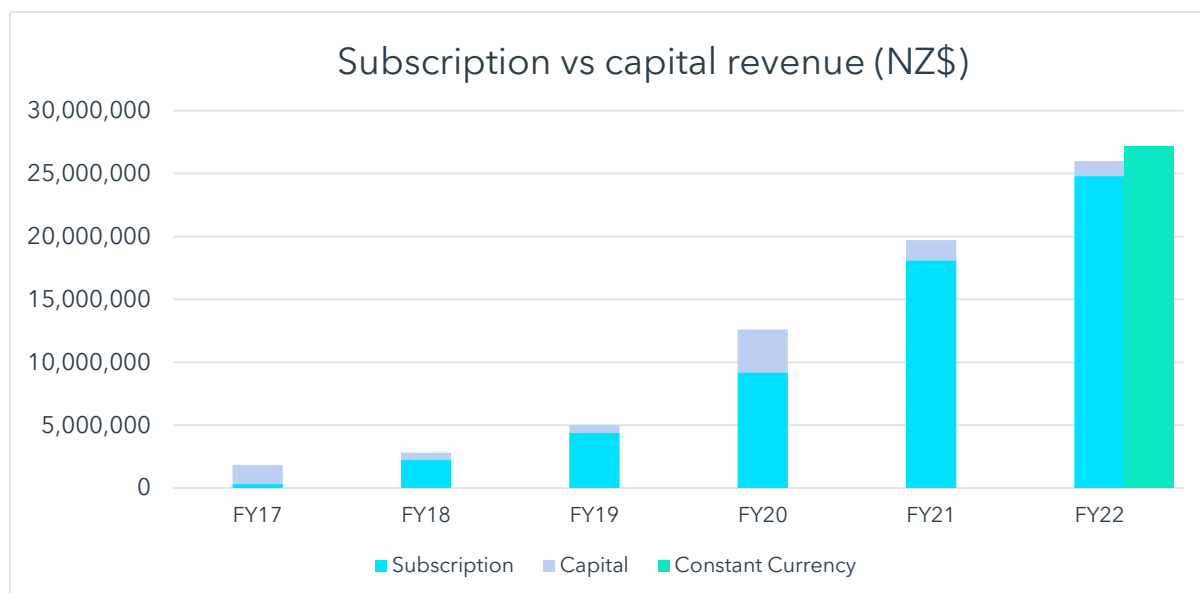
Revenue growth

Volpara significantly increased its full-year revenue for the year ended 31 March 2022 to deliver NZ\$26.1M (or NZ\$27.1M, up 37% in constant currency) up by NZ\$6.4M, or 32%, from NZ\$19.7M in FY21.

Subscription revenues continue to grow at a faster rate than total revenue as the transition to SaaS, now also including CRA’s subscription revenues. Subscription revenues increased to NZ\$24.8M, up 37% from NZ\$18.1M.

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.

As previously announced Volpara now has ARR of ~US\$22.2M (~NZ\$31.8M²), up US\$3.6M or approx. 20% year on year. Additionally, the Company now estimates it has at least one software product being used in the screening of over 35.5% of US women.



Gross margin

The Group's gross margin was maintained at over 91% in FY22 – consistent with FY21 – and in line with guidance of between 90 and 92%. Although further cost reductions were achieved through the continued work on the scaling of Microsoft Azure services, some one-off or non-standard costs were incurred during the year. We continue to expect gross margins to remain above 90% in FY23.

Operations and Net loss for the year before tax

Operating costs increased from NZ\$39.0M to NZ\$43.2M, up 11%, predominantly attributable to a full year of CRA costs being incurred totalling approx. NZ\$3.8M. 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) declined 13% from -NZ\$12.4M in FY21 to -NZ\$14.1M in FY22. Overall, the Group's net loss after tax improved 6% from NZ\$17.5M to NZ\$16.4M.

As part of the acquisition of CRA Health, LLC (CRA), in January 2021, Volpara agreed to a retention plan component for key employees of CRA with two potential US\$2M pay-outs based on certain ARR targets to be achieved by 31 December 2021 and 30 June 2022. Fair value was paid for the acquisition of the business, with these retention payments being targeted towards key employee retention. The acquisition of CRA has proven successful, contributing a significant amount of ARR for the year and enabling access to increased sales at large US health systems and new patient populations. The agreed-upon ARR performance targets for the retention

² Based on the twelve-month trailing exchange rate used of US\$0.698:NZ\$1

plan encompassed specific requirements, including installation timeframes and customer go-live dates. Based on these requirements, due to implementation delays generally resulting from customer resource shortages caused by the COVID-19 pandemic and/or the customers' EHR vendors, the 31 December 2021 ARR target under the retention plan was not met. This resulted in a US\$1.8M writeback to the statement of profit or loss. The second ARR target may not be reached for the same reasons and as such a write down of the second tranche is also likely, with only a small amount being provided for as contingency. The company continues to retain all key personnel from the CRA business, who are now fully integrated into Volpara's organisation and focused on achieving organic growth for the company's cancer risk assessment software among large US health systems. In recognition of the successful CRA integration, a separate one-time company bonus plan of up to US\$750,000 has been provided to such key personnel contingent on the continued employment by the company through calendar year 2022 and subject to the Board's discretion.

Operating cash flows

The Group's cash receipts increased 45% (or over 50% constant currency), from NZ\$19.7M to NZ\$28.5M, whereas operating payments to suppliers and employees increased 14% from NZ\$35.1M to NZ\$40.2M—resulting in an overall net decrease in operating cash outflows of almost 20% from NZ\$14.0M to NZ\$11.4M. Cash receipts outstripped revenue recognition by NZ\$2.4M or 9%, largely the result of delayed installations (due to the pandemic, customer IT resource constraints and/or EMR installation delays) for which the revenue will be recognised in FY23 or later. Net operating and investing cash outflow³ for the year totalled NZ\$13.5M, down 9% compared with NZ\$14.8M in the prior period.

Cash balance

Volpara's cash balance as of 31 March 2022 was NZ\$18.1M. Subsequent to year-end, Volpara is pleased to have completed a NZ\$10M revolving credit facility with Kiwibank, the Company's primary bank in New Zealand and the one with which the company has banked since inception. While the company does not require additional funds at this time, it provides the company with a low-cost, non-dilutionary working capital facility. Based upon our current forecasts and combined with the cash on hand, Volpara has access to sufficient capital to continue to execute on our growth strategy.

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 FY22 results. Please use the following link:

[Webinar Registration - Zoom](#)

³ Includes payments to acquire intellectual property from investing activities, which includes product development. Excludes one-off investment in RevealDX and settlement of net working capital adjustment related to the acquisition of CRA Health, LLC.

Volpara's management team will be visiting Australia to meet with investors in June. If you would like a meeting, please email the contact details below.

ENDS.

Authorisation & Additional Information

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

For further information, please contact:

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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 the University of Oxford. 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 40 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^{4,5,6, 7}

	FY22 NZ\$'000	FY21 NZ\$'000	Variance NZ\$'000	Variance %
Revenue from contracts with customers	26,113	19,747	6,366	32%
Net loss for the year after tax	(16,441)	(17,488)	1,047	-6%
Non-cash and one-off items⁴				
Less: Net interest income	(29)	(476)	447	-94%
Less: Tax expense/(benefit)	287	(1,461)	1,748	-120%
Plus: Business integration and acquisition expenses	45	698	(653)	-94%
Plus: Share-based payments expense	1,102	1,379	(277)	-20%
Plus: Depreciation and Amortisation	4,659	3,089	1,570	51%
Less: (Gains) /losses on FX transactions	(578)	189	(767)	-406%
Plus: Revenue adjustment ⁵	289	627	(338)	-54%
Plus: Bad debts written off	(3)	171	(174)	-102%
Plus: Retention plan provision	(928)	833	(1,761)	-211%
Plus: PPP Loan forgiveness ⁶	(2,478)	-	(2,478)	100%
Normalised non-GAAP EBITDA⁷	(14,075)	(12,439)	1,636	13%
Net margin (NPAT / Revenue)	-63%	-89%	26%	29%
Normalised non-GAAP net margin (normalised non-GAAP EBITDA/Normalised revenue⁵)	-53%	-61%	8%	13%

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.

⁶ In May 2020, the Company received approximately US\$1.7M in cash as part of the US government's Paycheck Protection Program (PPP) loan scheme established in response to COVID-19. On 27 September 2021, the Company received confirmation that the loan and any accrued interest had been forgiven and all obligations have been met. As a result, NZ\$2.5M has now been recognised as other operating income and the corresponding liability has been extinguished. It has been excluded from Normalised non-GAAP EBITDA as it is a one-off item.

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Appendix 4E Preliminary Final Report

for the year ended 31 March 2022



Results for announcement to the market

Detail of Reporting Period

Current	1 April 2021 to 31 March 2022
Comparative	1 April 2020 to 31 March 2021

FINANCIAL RESULTS

	Year ended 31 Mar 22 NZ\$'000	Year ended 31 Mar 21 NZ\$'000	%
Revenue from contracts with customers	26,113	19,747	32%
Net loss for the year after tax (attributable to shareholders)	(16,441)	(17,488)	-6%
Loss per share	(0.07)	(0.07)	0%
Cash and cash equivalents and cash on deposit	18,145	32,230	-44%

Dividends

No dividends have been declared or paid for the year ended 31 March 2022 (2021: \$nil).

Commentary on the Results

Please refer to our Results Presentation for commentary on the results.

NET TANGIBLE ASSETS

	Year ended 31 Mar 22	Year ended 31 Mar 21
Net tangible assets (NZ\$'000)	12,902	26,371
Ordinary number of shares	251,935,081	251,019,081
Net tangible assets per share (NZ\$)	0.05	0.11

Preliminary Final Report

The preliminary final report for Volpara Health Technologies Limited is attached and has been prepared using the principles of recognition and measurement requirements of IFRS and NZ IFRS.

Audit Status

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

A handwritten signature in black ink, appearing to read "Teri Thomas", positioned above a horizontal dotted line.

Teri Thomas
Chief Executive Officer

A handwritten signature in black ink, appearing to read "Craig Hadfield", positioned above a horizontal dotted line.

Craig Hadfield
Chief Financial Officer

A handwritten signature in black ink, appearing to read "Ralph Highnam", positioned above a horizontal dotted line.

Ralph Highnam
Chief Science & Innovation Officer

26 May 2022