

## ASX RELEASE

### Volpara Strategy Update

#### Highlights:

- **Strategy focused on delivering operating cashflow break-even in Q4FY24 and net operating cashflow profitability in FY25, using current cash on hand**
- **Drive commercial growth from disciplined investment into most profitable products, focus on highest-revenue geographic regions, and overall operational cost reduction**
- **Sales efforts to prioritise—high-value, large-revenue sales opportunities**
- **Total cost savings equate to NZ\$10-11M through the end of FY24**
- **Continue to invest in science and technology**

Wellington, NZ, 28 July 2022: Volpara Health Technologies (“Volpara”, or “the Company”; ASX: VHT), a global leader in software for the early detection of breast cancer, is pleased to announce it has completed its strategic review undertaken by CEO Teri Thomas and the executive management team. The Company will focus on accelerating the pathway to net operating cashflow break-even and profitability, which is expected in Q4FY24 and FY25, respectively.

Given the recent global financial instability, the aim of the strategic review was to assess the options to improve shareholder value in this new operating environment. This included a company-wide review of operations, partnerships, sales, marketing, the product portfolio, and cost-saving opportunities.

As determined by its strategic review, approved by the Board of Directors, the Company will focus on the following:

- Investment and allocation of resources into its core capabilities to cement competitive advantage and drive growth in Volpara’s highest-margin products;
- Concentration of sales efforts within its high-revenue markets of the United States and Australia;
- High-revenue, high-margin business development opportunities; decreased customer acquisition costs (CAC); and improved customer support infrastructure including cross training;
- Operational cost reductions of approx. NZ\$3M in H2FY23 and NZ\$7-8M in FY24; and
- A new set of clear guiding principles to help staff make decisions in their daily work to support the Company’s drive to profitability.

Volpara Group CEO Teri Thomas said: “Volpara has the most research-validated technology in the industry, a great reputation, rich data for ongoing development, and the expertise to execute on new

innovation. This time focusing our expertise in both the products and geographical areas that provide maximum value to shareholders will position us well for growth as a profitable company within the foreseeable future.”

### **Product development focused on driving cross- and upselling opportunities**

Disciplined investment and assignment of resources for product development will support Volpara’s most profitable products. These key products are Risk Pathways™, Analytics™, and Patient Hub™.

- **Risk Pathways:** A complete program for identifying and managing high-risk cancer patients which was acquired from CRA Health, LLC, in February 2021 (Ref announcement 2 Feb 2021).
- **Patient Hub:** Customisable mammography reporting and patient communications software which was acquired from MRS Systems, Inc., in June 2019. (Ref announcement 14 June 2019).
- **Analytics:** Smart dashboards, alerts, and mammography quality reporting to optimise exam quality and breast cancer screening operations. Future Analytics offerings will be enhanced by the wealth of data available in **Volpara Analytics and Data Platform (VDAP)**, a set of software tools for creating de-identified datasets suitable for research and statistical reporting, and secure cloud storage to host the de-identified data. Combining the Analytics product with VDAP will provide the infrastructure to open commercial opportunities such as providing insight to customers from the data from our rich imaging data set.

These products provide Volpara’s strongest competitive advantages across the market for both Risk Pathways and Patient Hub, and provide the Company significant profitable revenue generation opportunities with large genetic lab partners.

**Interfaces:** The development of additional connections among key products is expected to unlock growth within Volpara’s existing customer base, as well as multi-product purchases from new customers. In addition, Volpara will expand its revenue-generating foundation of interfaces that provide automation of genetic test request ordering.

### **Targeted sales efforts towards larger customers (“elephants”)**

Volpara is focussing on sales growth with an emphasis on “elephants” (large organisation commercial opportunities), primarily in the United States and Australia. “Elephant” opportunities, such as Volpara’s recent contract signing with RadNet (the largest provider of US outpatient imaging services), are expected to be key drivers of recurring revenue growth over the remainder of FY23 and FY24 and will further enhance shareholder value. Volpara can confirm that these larger opportunities continue to progress.

### **Limited investment in lower-margin products**

Volpara will pause or limit investment into lower-margin products or those with a long lead time to strong revenue generation. Financial and resource investment into legacy products such as Secured Access™, Quest™, Server™, Data Manager™, MRS7™, the old version of Patient Hub and MRS6™ will also cease as all functionality is captured within other products.

### **Focus on most profitable geographical regions**

The United States and Australia remain Volpara's key regions for driving strategic growth, representing 98.4%<sup>1</sup> of the Company's revenue. Regions such as Japan, Korea, and Singapore deliver sub-optimal revenue relative to the resources and investment required for efficient growth. By exiting these regions, Volpara will save money on regulatory filing fees, audit fees, and ongoing operational support efforts.

### **Operational cost reductions**

By aligning product development resources behind Volpara's most profitable products and creating additional connections among those products we can unlock new growth within our existing customer base. This past week the Company conducted a reduction in non-sales US headcount and anticipate a similar reduction in New Zealand (where the required consultation process is under way) based on this product portfolio management process.

The total cost savings for H2FY23 is approximately. NZ\$3M and for FY24 is approximately \$7-8M. These savings are anticipated to have no material negative impact on top line revenue growth.

By reducing costs and emphasising most profitable activities and products, the Company anticipates it will achieve net operating cashflow break-even by Q4FY24 and net operating cashflow profitability for FY25, using the cash on hand.

### **Authorisation & Additional Information**

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

### **ENDS**

### **For further information, please contact:**

Teri Thomas, CEO  
Volpara Health Technologies  
[teri.thomas@volparahealth.com](mailto:teri.thomas@volparahealth.com)  
+64 4 499 6029

Hannah Howlett  
WE Communications  
[WE-AUVolpara@we-worldwide.com](mailto:WE-AUVolpara@we-worldwide.com)  
t: +61 4 5064 8064

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<sup>1</sup> Based on the first quarter of unaudited revenue in FY23.

## **About Volpara Health Technologies Limited (ASX:VHT)**

Volpara Health Technologies is a global leader in the research and development of artificial intelligence for the early detection of breast cancer. Volpara's software provides clinicians feedback on breast density, compression, dose, and quality, enabling them to offer their patients personalised breast care and enhanced risk assessment.

Founded in 2009 on research originally conducted at the University of Oxford, Volpara has seen its technology and services used by customers and/or research projects in 40 countries. Volpara's ground-breaking work is supported by 100 patents, over 200 peer-reviewed publications, the most rigorous security certifications, and numerous trademarks and regulatory registrations, including FDA clearance and CE marking. Since listing on the ASX in April 2016, Volpara has raised A\$132 million. With offices in Seattle and Boston, Volpara is based in Wellington, New Zealand.

For more information, visit [www.volparahealth.com](http://www.volparahealth.com)