Volpara HEALTH

Investor Presentation

Half-year results to 30 September 2022

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Volpara HEALTH

OUR PURPOSE:

Saving families from cancer.

Impact

- **Saving families from cancer**
- **A principled, resilient business**
- **Responsible climate stewardship**
- **A thriving workforce**

Certified B Corporation

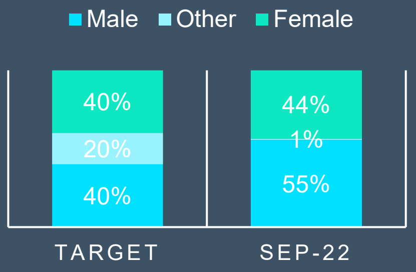
- Advancing cancer screening science and protocols
- Detection and increasing prevention
- Empowerment of women to demand personalised care

- Ethical governance to create sustained stakeholder value
- Preservation of health privacy with the highest security measures
- Strategic partnerships with leading risk and genetic companies

- A culture of waste reduction
- Reduced carbon footprint via a digital-first engagement model

- Empowered, diverse & inclusive workforce

GENDER



- Engaged staff having fun while changing women's health

Half-year 2023 highlights[1]

CONTRACTED ANNUAL RECURRING REVENUE

US$24.1M (NZ$36.6M)

+18% YOY from **US$20.4M (NZ$29.0M)**

ANNUAL RECURRING REVENUE

US$19.1M (NZ$29.0M)

+27% YOY from **US$15.0M (NZ$21.3M)**

TOTAL REVENUE

NZ$16.9M

+37% YOY (22% in constant currency)

NORMALISED NON-GAAP EBITDA LOSS[2]

NZ$4.2M

33% improvement YOY

NET OPERATING CASH OUTFLOW

NZ$6.0M

-10% YOY from NZ$5.5M

NET LOSS AFTER TAX

NZ$5.3M

38% improvement YOY

MARKET REACH

40.5% (approx.)

of women having at least one product applied on their images and data, **up** from approx. 34%

GROSS PROFIT MARGIN

91.8%

Up from 91.4%

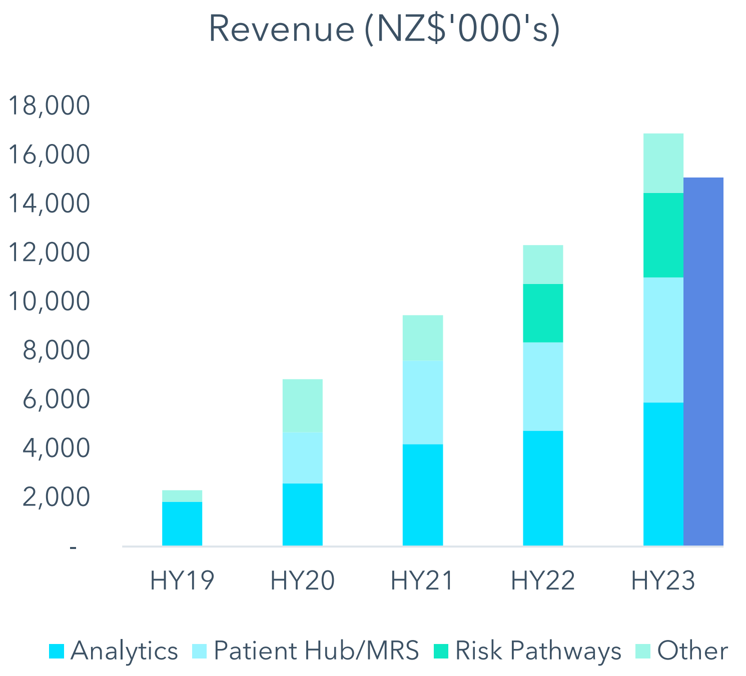
CASH AND CASH EQUIVALENTS

NZ$11.6M

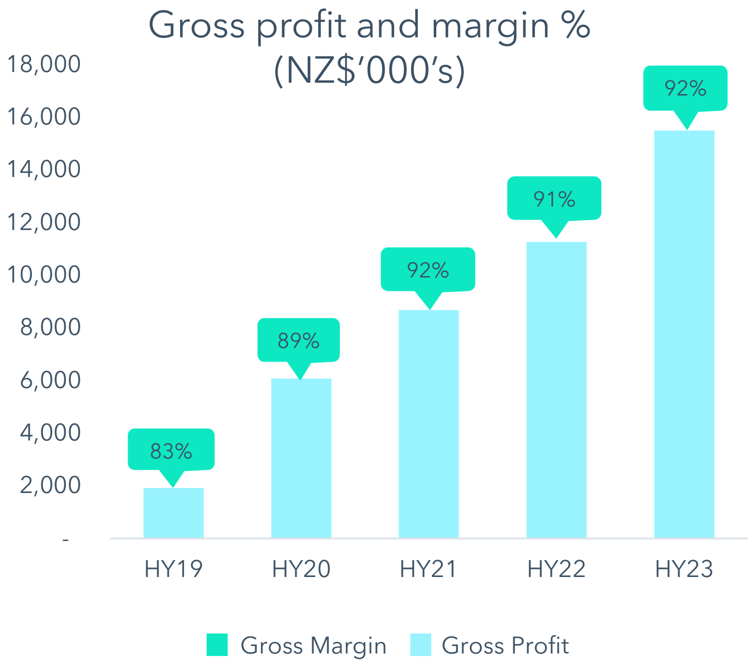
down from NZ$18.1M at end FY22

[1] Comparatives are HY22 results unless otherwise stated.
[2] Normalised non-GAAP adjusted loss is net loss before interest, tax, depreciation, amortisation, impairment, one-off items, and non-cash items.

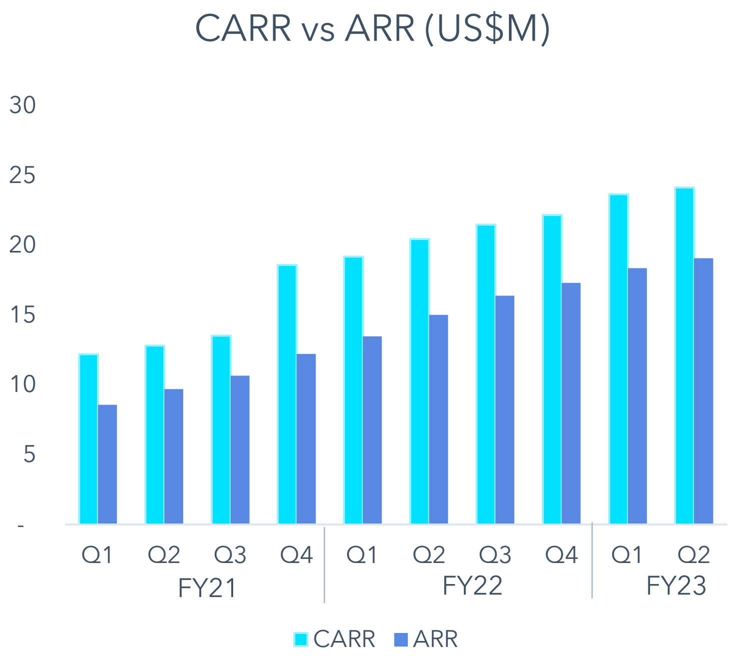
Solid growth on the top line and margin



Revenue has grown in all three core products of Analytics™, Patient Hub™/MRS®, and Risk Pathways™ by 24%, 41%, and 45%, respectively. "Other" includes Lung and Genetics revenue (among other items), all up on prior period.

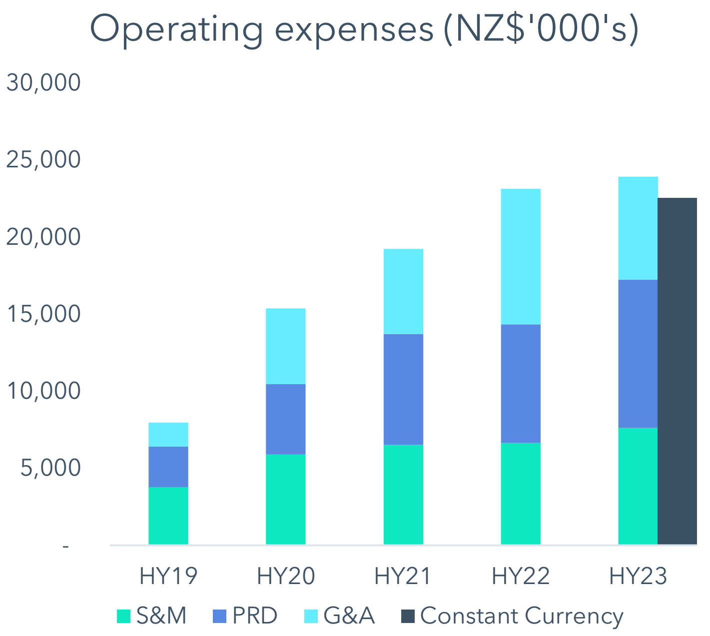


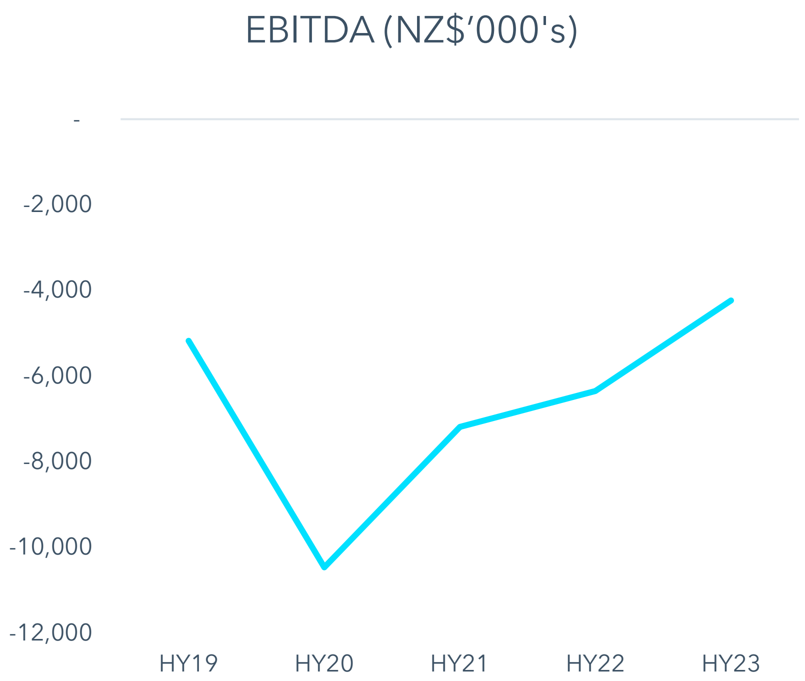
Scalability of the back end of the cloud-based products continues to reduce costs to serve and increase gross margin.

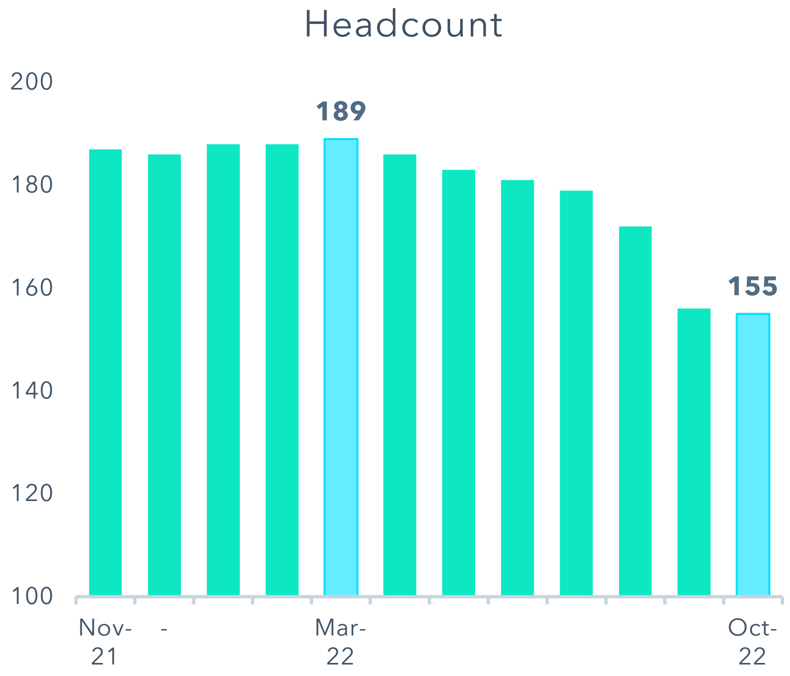


Both CARR and ARR continue to grow QoQ with the gap between them decreasing as we focus on improving speed to go-live from order.

Scalable cost base







Operating expenses increased 3.4% YoY; however, on a CC basis decreased by 2.5%. The revised strategy will deliver cost savings in excess of NZ$3M (in CC) in H2 and NZ$7–8M in FY24, where the focus will remain on both R&D and S&M.

EBITDA continues to improve YoY, with HY23 decreasing by NZ$2.2M to NZ$4.2M. The reduced headcount and other cost reductions combined with increased revenue in H2FY23 will see further improvements in EBITDA as the business tracks toward break-even.

As signalled in the revised strategy update, headcount has been reduced from a high of 189 in March '22 to 155 as of end October '22. Current plans will see headcount settle around 160–165 until break-even is achieved in line with guidance.

Financial Performance

Revenue grew 37% YoY (22% constant currency) to NZ$16.9M, driven primarily through continued growth in the revenue base over time, supplemented by new installations going live.

Gross profit increased 38% YoY (22% constant currency), reflecting an increased gross margin of 92%.

Sales & marketing and product research, development, and engineering increased 15% and 25% YoY (4% and 21% constant currency), respectively, driven by increased headcount on HY22. H2FY23 should see material reductions as a result of the restructure completed in September.

General and administration costs have decreased 24%, or NZ$2.1M, mostly as a result of HY22 having included a one-off NZ$2.5M accrual for the earn-out related to the CRA acquisition milestone.

Net loss for the period after tax has improved 38% YoY; similarly, the normalised non-GAAP EBITDA[1,2] improved 33% YoY to NZ$4.2 from NZ$6.4M in HY22. These both reflect the improved scalability of the cost base.

	HY22	HY23	Change
Revenue from contracts with customers	12,323	16,884	37%
Cost of revenue	(1,059)	(1,383)	31%
Gross profit	**11,264**	**15,501**	**38%**
Gross margin	**91.4%**	**91.8%**	**+0.4pp**
Grants and other income	2,506	465	(81%)
Sales and marketing	(6,652)	(7,633)	15%
Product research, development, and engineering	(7,702)	(9,632)	25%
General and administration	(8,808)	(6,687)	(24%)
Foreign exchange gains	423	2,578	509%
Net loss for the period before interest and tax	**(8,969)**	**(5,408)**	**(40%)**
Net finance income/(expense)	11	(140)	(1,373%)
Income tax benefit	448	262	(42%)
Net loss for the period after tax	**(8,510)**	**(5,286)**	**(38%)**
Normalised non-GAAP EBITDA[1,2]	**(6,350)**	**(4,233)**	**(33%)**
Normalised non-GAAP EBITDA margin	**(52%)**	**(25%)**	**+51.4pp**

[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] Refer to the Directors' Report in the Half-Year Financial Report for a detailed reconciliation of Normalised non-GAAP EBITDA.

Outlook for remainder of FY23

Volpara is delivering strong growth in line with its upgraded guidance of between NZ$33.5M and NZ$34.5M

We continue our strategy of balancing purpose with profitable growth leveraging focus: our most profitable products, most lucrative markets, and providing the best value for "elephants," or large enterprise accounts.

We continue to work towards the stated goal of operating cash flow break-even by Q4FY24 which will be achieved through new customer contracts expanding Volpara's CARR and working largely within the current FTE headcount of approx. 160.

Operating expenses for the remainder of the year will decrease by approx. NZ$3.0M, as stated previously, showing further improvement in the scalability of the cost base. We're building a strong base to take advantage of our investment in R&D for new innovations in the next few years, and to continue our top-line growth in new ways.

We await the release of the FDA's breast density legislation, expected between now and early 2023 as per the latest FDA release, which can be found here.

RSNA

- World's largest radiology-focused conference
  - 400 educational presentations
  - 700 exhibitors
  - Strong attendance expected
- Volpara ready to meet with "elephant" prospects, partners, collaborators
- Our focus: key markets & products, generating leads

FDA's density mandate – late 2022/early 2023

- Validates importance of breast density
- Sets example for ROW
- Federal ruling = everyone must be informed
- Density feeds into risk assessment

Volpara HEALTH

Q&A

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