

ASX RELEASE

Appendix 4C – Q3FY23 Quarterly Cash Flow Report

Cash Highlights:

- **First positive net cash flow quarter on record. Net operating and investing cash inflow¹ in Q3FY23 of NZ\$1.3M, an improvement of 134% from a net outflow of NZ\$3.8M in Q3FY22**
- **Record quarterly cash receipts from customers of NZ\$11.2M, up over 60% compared to Q3FY22 (or approx. 42% constant currency)**
- **Cash receipts from customers YTD are NZ\$28.6M (unaudited), up over 39% compared to Q3FY22 (or over 23% constant currency)**

Software as a Service (SaaS) Highlights:

- **Contracted Annual Recurring Revenue (CARR) now ~US\$25.6M (~NZ\$40.2M²), up approx. US\$1.5M on the prior quarter (Q2FY23) – equal largest increase on record**
- **Annual Recurring Revenue (ARR) now ~US\$19.9M (~NZ\$31.2M²), up from US\$19.1M in the prior quarter (Q2FY23)**

Wellington, NZ, 18 January 2023: Volpara Health Technologies (“Volpara,” “the Group,” or “the Company”; ASX:VHT), a global leader in software for the early detection of breast cancer, has released its Appendix 4C Quarterly Cash Flow report for the quarter ending 31 December 2022.

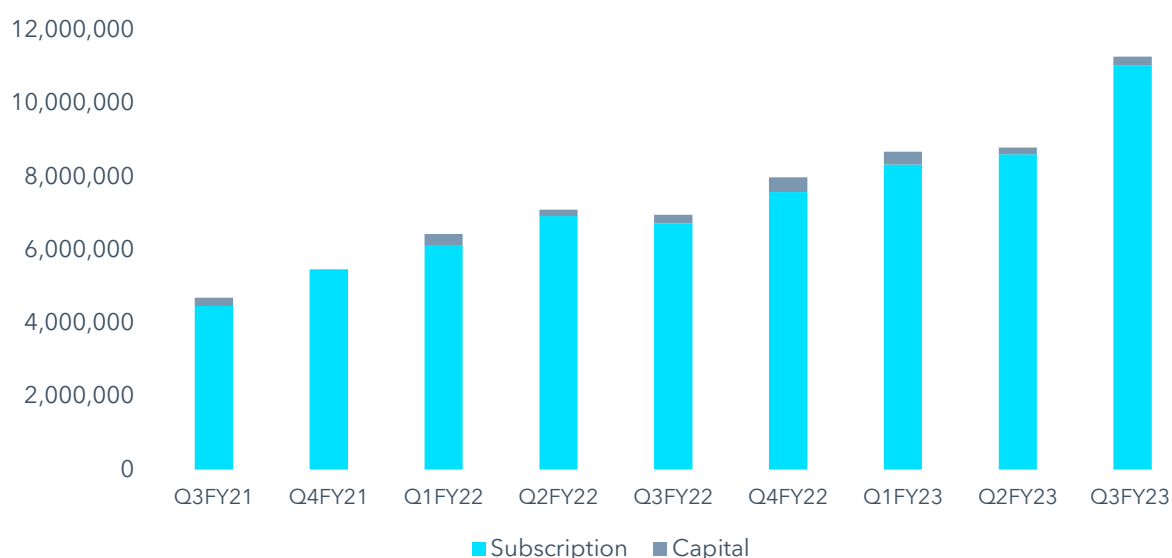
On Q3FY23, Volpara Group CEO Teri Thomas said: “We are happy to show successful execution of our strategy focused on profitable growth. As planned, our top line continues to increase while our cost base has declined. We continue to emphasise sales and positive engagements with our customers alongside settling into our streamlined operations.”

Cash receipts from customers was the strongest on record with ~NZ\$11.2M received, up approx. 60% on Q3FY22, or approx. 42% in constant currency. Receipts were solid and consistent throughout the quarter. We do not expect receipts in Q4 to match those of Q3, but we do expect them to show continued consistent growth on prior corresponding periods.

¹ Includes payments to acquire intellectual property from investing activities, which includes product development. Excludes investments.

²Twelve-month trailing exchange rate used of US\$0.636:NZ\$1 vs. US\$0.659:NZ\$1 at end Q2FY23.

Cash received - capital vs subscription (NZ\$)

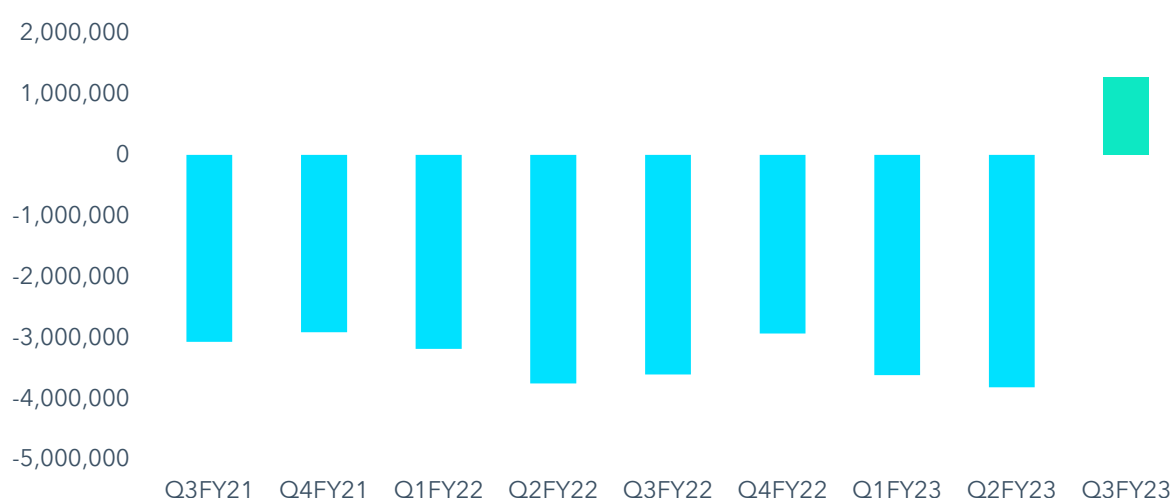


Net operating and investing cash inflow in Q3 was NZ\$1.3M¹, a significant improvement on the previous quarter's NZ\$3.8M net cash outflow and ahead of guidance. This represents the Company's first ever cash flow positive quarter on record, ahead of guidance of Q4FY24, and was largely a result of:

1. A material uplift in cash receipts due to improved debtors days;
2. Reduced costs due to the redundancies made in Q2FY23 and overall costs reductions which were in line with Volpara's revised strategy and guidance of "less money out"; and
3. Government grants and R&D tax credit received totalling approx. NZ\$0.9M.

All of these more than offsetting the cost of the final CRA bonus plan payment of approx. NZ\$500k.

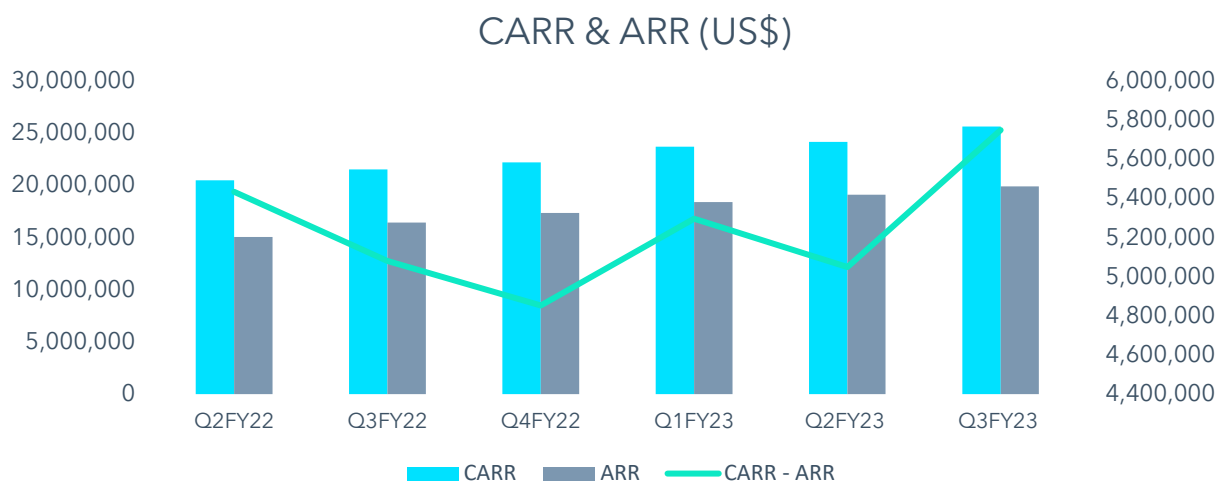
Net operating and investing¹ cash outflow (NZ\$)



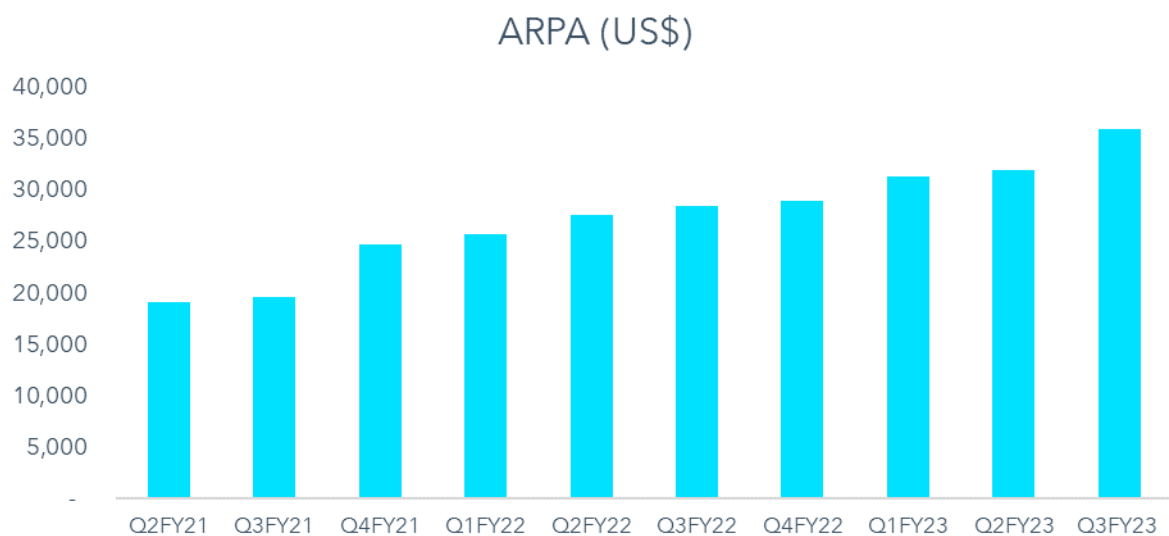
The Company's first ever net cash flow positive quarter leaves Volpara in a strong cash position at the end of Q3 with NZ\$12.0M in the bank and no debt on its balance sheet. Volpara maintains a revolving credit facility of NZ\$10M in place with our main commercial bank, however given the

current materially improved net cash flow position management believe the cash on hand is sufficient to achieve maintainable net operating cashflow break-even without the need for further capital.

Overall, the Company added approx. US\$1.5M of CARR in Q3, which results in a net run rate of over US\$1.1M per quarter for FY23. Q3 included contracts with a number of new “elephants” as per the separate ASX announcement made on 9 January 2023. Additionally, a key renewal contract was closed with Centura Health.



ARPA has increased from US\$31.9K at the end of Q2FY23 to US\$35.9K at the end of Q3. This movement is line with the continued focus on larger customers.



Other Recent Operational Highlights for the Quarter

The company exhibited at the Radiological Society of North America (RSNA) conference, where attendance was up 61% from 2021 and lead count was up 80% from 2021. The Company booth included demonstration stations, examples of positive customer outcomes, and a new corporate mascot, the blue-footed booby. This mascot drew new visitors and was unexpected and fun. Key themes from RSNA included focus on productivity, applications of artificial intelligence, and acceptance of imaging in the cloud.



Other

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.

Webinar details

Date: Wednesday 18th January 2023
Time: 9:00am AEDT (Sydney/Melbourne), 11:00am NZDT (Auckland/Wellington)
To register: https://us02web.zoom.us/webinar/register/WN_WgrpDdEjSPWYt856kQ6SRA
Dial in details: Will be provided to you upon registration

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)

Volpara Health Technologies makes software to save families from cancer. Healthcare providers use Volpara to better understand cancer risk, empower patients in personal care decisions, and guide recommendations about additional imaging, genetic testing, and other interventions. Our AI-powered image analysis enables radiologists to quantify breast tissue with precision and helps technologists produce mammograms with optimal image quality, positioning, compression, and dose. In an industry facing increasing staffing shortages, our software streamlines operations and provides key performance insights that support continuous quality improvement.

Volpara is the preferred partner of leading healthcare institutions around the world. Our software is used in over 2,000 facilities by more than 5,000 technologists, impacting nearly 15 million patients globally. It helps providers conduct more than three million cancer risk assessments each year and can be deployed stand-alone or fully integrated with electronic health record systems, mammography reporting systems, imaging hardware, and genetic laboratories. Volpara holds the most rigorous security certifications and numerous patents and regulatory registrations, including FDA clearance and CE marking. Since listing on the ASX in April 2016, the Company has raised A\$132 million. With an office in Seattle, Volpara is based in Wellington, New Zealand.

For more information, visit www.volparahealth.com

Definitions:

Annual Recurring Revenue (ARR): Annualised recurring revenue based on the trailing 12 months' average accounting revenue. Excludes non-recurring revenue items such as capital sales.

Average Revenue Per Account (ARPA): CARR per customer account.

Contracted Annual Recurring Revenue (CARR): Total annual recurring revenue for all signed contracts, regardless of installation status.

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")

Q3 – 31 December 2022 (31 March year-end)

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (9 months) \$NZ'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,151	28,576
1.2 Payments for		
(a) research and development	(2,120)	(7,224)
(b) product manufacturing and operating costs	(2,142)	(6,021)
(c) advertising and marketing	(585)	(1,374)
(d) leased assets	(40)	(112)
(e) staff costs	(4,000)	(13,808)
(f) administration and corporate costs	(1,231)	(4,676)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	37	138
1.5 Interest and other costs of finance paid	(84)	(306)
1.6 Income taxes paid	358	149
1.7 Government grants and tax incentives	439	439
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,783	(4,219)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(13)	(45)
(j) investments	-	-
(k) intellectual property	(504)	(1,908)
(l) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (9 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)*	-	(4)
2.6	Net cash from / (used in) investing activities	(517)	(1,957)

*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	33	70
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)*	(155)	(446)
3.10	Net cash from / (used in) financing activities	(122)	(376)

*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	11,619	18,152
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,783	(4,219)

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (9 months) \$NZ'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(517)	(1,957)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(122)	(376)
4.5	Effect of movement in exchange rates on cash held	(808)	355
4.6	Cash and cash equivalents at end of period	11,955	11,955

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	11,955	10,909
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits >90 days)	-	710
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,955	11,619

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*	249
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	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	(10,000)	-
7.4	Total financing facilities	(10,000)	-
7.5	Unused financing facilities available at quarter end		(10,000)
7.6	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.		
	7.3 is a \$10.0m unsecured revolving credit facility with Kiwibank, with a line fee of 1.5% p.a. payable each quarter and interest payable at 9.10% p.a. should Volpara draw down on the facility.		

8.	Estimated cash available for future operating activities	\$NZ'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,783
8.2	Cash and cash equivalents at quarter end (item 4.6)	11,955
8.3	Unused finance facilities available at quarter end (item 7.5)	10,000
8.4	Total available funding (item 8.2 + item 8.3)	21,955
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <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>	N/A
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: 18 January 2023

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.