

## ASX RELEASE

### Appendix 4C – Q2FY22 Quarterly Cash Flow Report

#### Cash Highlights:

- Record quarterly cash receipts from customers—NZ\$7.1M, up approx. 52% compared to Q2FY21 (or over 68% constant currency)
- Subscription-based receipts in Q2FY22 of over NZ\$6.9M, up approx. 63% compared to Q2FY21 (or approx. 74% constant currency)
- Net operating cash outflow in Q2FY22 of NZ\$3.8M, consistent with Q2FY21
- NZ\$25.0M cash on hand at end Q2FY22

#### SaaS Highlights:

- Annual Recurring Revenue (ARR) now ~US\$20.4M (~NZ\$29.0M<sup>1</sup>), up over US\$1.2M from end Q1FY22
- Coverage of over 34% of US women being screened, up from prior quarter of ~33%
- Average Revenue Per User (ARPU) over the installed base was US\$1.46 at end Q2; average ARPU for deals in Q2 was US\$2.04
- Volpara closed its largest contract to date that will deliver US\$2.15M in revenue over 5 years, representing US\$430K in ARR
- SaaS churn continues to remain low

Wellington, NZ, 26 October 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 September 2021.

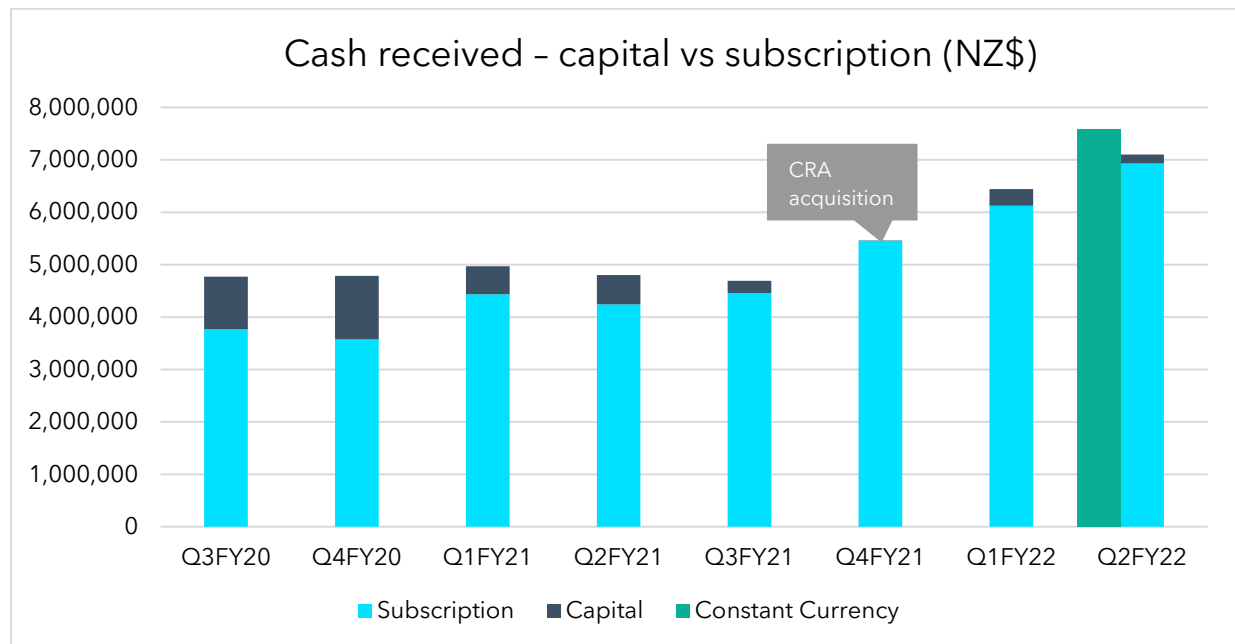
Of Q2FY22, Volpara Group CEO Dr Ralph Highnam said: “Q2 is traditionally our weakest quarter for sales, and yet today we’ve shown that we’ve had a record quarter not only for sales but also cash inflows. This year we focused on “accelerating out of COVID,” and that’s exactly what we’ve achieved. Our job now is to keep that momentum and passion for what we do as we go through the second half of the year, keeping in mind potential winter waves of COVID in the northern hemisphere.”

For the third quarter running, cash receipts from customers were Volpara’s strongest on record, with NZ\$7.1M received, almost NZ\$700k (or 11%) up on the previous quarter. Showing growth of 52% on Q2FY21, or over 68% in constant currency, this quarter was Volpara’s first with receipts

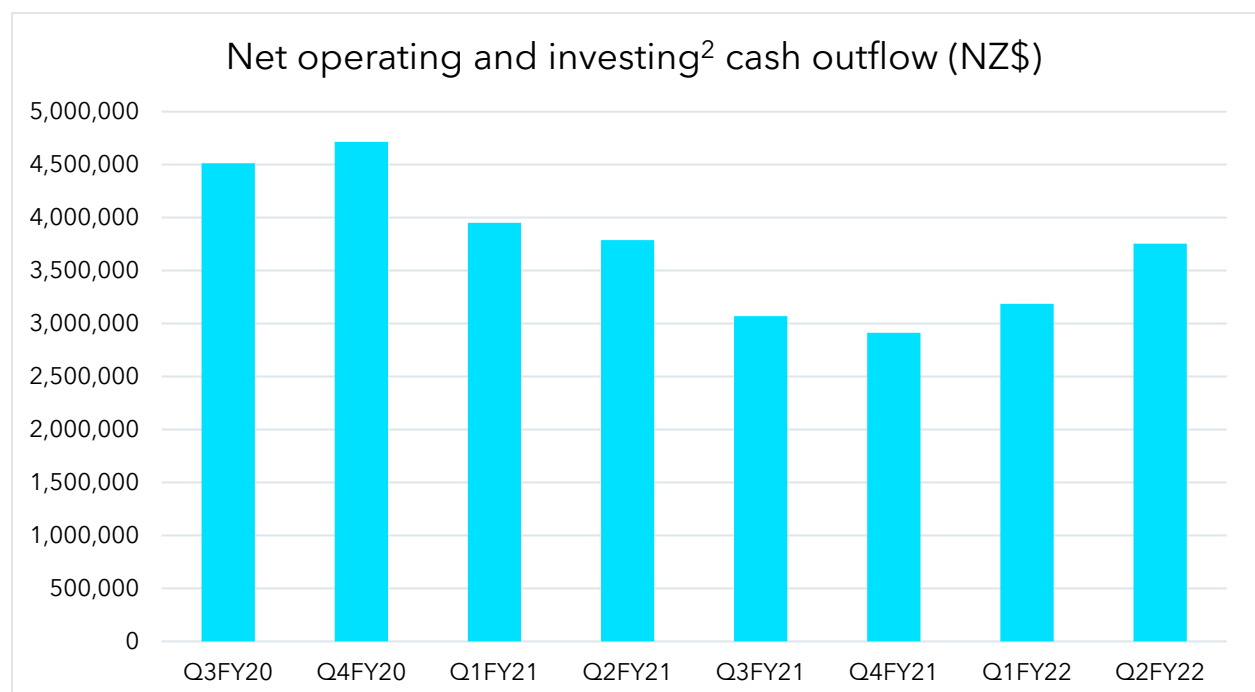
---

<sup>1</sup> Twelve-month trailing exchange rate used of US\$0.705:NZ\$1 vs US\$0.691:NZ\$1 at end Q1FY22.

greater than NZ\$7.0M. Importantly, subscription-based receipts continue to grow at a much faster rate, up approximately 63% year on year, or approximately 74% in constant currency.



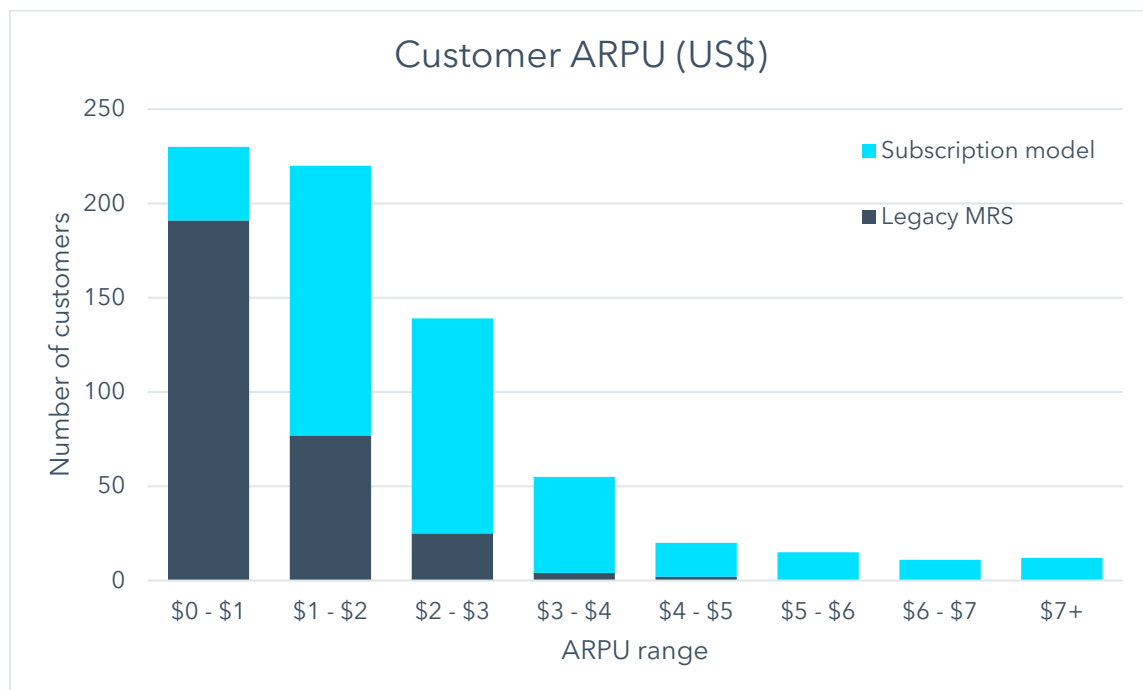
Net operating and investing cash outflow in Q2 was NZ\$3.8M.<sup>2</sup> When excluding the investment in intellectual property, which includes product development, operating outflows totalled NZ\$3.0M, including some material supplier contract renewals such as our annual insurance program.



<sup>2</sup> Includes payments to acquire intellectual property from investing activities, which include product development. Excludes one-off investment in RevealDX.

The Company maintains a strong cash position at the end of Q2, with NZ\$25.0M in the bank. Currently Volpara has no debt on its balance sheet.

ARPU for the installed base increased from US\$1.42 at the end of Q1FY22 to US\$1.46 at the end of Q2, up 5%, with an average ARPU for deals in Q2 of US\$2.04. The graph below shows Volpara's range of ARPUs making up the average of US\$1.46. It also shows that legacy MRS support contracts are heavily weighted towards the lower ARPU ranges, with Volpara's subscription-based products weighted more to the higher ARPUs.



Overall, the Company added over US\$1.2M ARR in Q2, which is up over 92% on Volpara's previous best Q2. Contracts were signed across Volpara's full product suite as both standalone sales and platform deals. Many existing customers also increased contracts with Volpara whether by adding on products or expanding use of existing products.

### **Other Recent Operational Highlights for Quarter**

In July 2020, **Volpara initiated Project Thumb**, a multi-phase strategy to reach consumers directly with educational content and increase market share of the Company's proprietary breast density assessment technology. The first phase, released earlier this month in honour of Breast Cancer Awareness Month, is an educational website that provides detailed information about the link between high breast density and breast cancer risk as well as information on mammography, patient access, and additional resources. The new website can be accessed [here](#).

The second phase, personalised mammography result letters with expanded breast density information, has now been integrated into its first US site. The Volpara® Density Profile™ is inserted into the letters generated by Volpara® Patient Hub™ software and include two thumbnail images of patients' mammography exam, a precise volumetric density score, and a QR code

directing them to the Volpara educational website. This phase has received positive feedback from clinicians, patient advocates, and patients alike. A sample result letter follows this release.

**Development of Analytics in Action continues.** A client-centred service designed exclusively for customers of Volpara® Analytics™ software, Analytics in Action is designed to help breast imaging managers encourage a culture of learning and continuous performance improvement and recognise individuals who meet quality benchmarks as objectively measured by Analytics, the only software that provides automated and objective assessment of image quality on every mammogram. With personalised, hands-on training provided by Mammography Educators, leaders in mammography positioning training, the program further differentiates the Analytics product while potentially increasing staff engagement, customer retention, and ARPU. Analytics in Action is set to begin a pilot program with several customers and in late November will be a highlight of Volpara's RSNA, the world's largest radiology conference, in Chicago.

In May 2020, Volpara received a **Paycheck Protection Program** loan for US\$1.7M from the US government as part of its COVID-19 response package. In late September 2021 that loan was forgiven in full by the Small Business Administration.

In other news, Volpara Group CEO **Dr Ralph Highnam recently contributed to the journal *Diagnostic Imaging Europe***, where he provided information on how [Volpara's acquisition of US-based company CRA Health, LLC](#), will drive breast cancer screening. The interview can be found [here](#).

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**

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

Ralph Highnam, CEO  
Volpara Health Technologies  
[ralph.highnam@volparahealth.com](mailto:ralph.highnam@volparahealth.com)  
t: +64 21 149 0541

Hannah Howlett  
WE Communications  
[WE-AUVolpara@we-worldwide.com](mailto:WE-AUVolpara@we-worldwide.com)  
t: +61 407 933 437

## 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](http://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.

[REDACTED]

October 13, 2021

PATIENT TEST  
19000 33RD AVE W  
LYNNWOOD, WA 27858

Dear Ms. Test,

We are pleased to inform you that the results of your bilateral 3D Digital Screening Mammogram performed on Tuesday, October 5, 2021, are normal. We would like you to have a bilateral screening mammogram in 1 year. National breast cancer screening guidelines vary. Current American College of Radiology guidelines recommend screening mammograms every year beginning at age 40. Please follow up as indicated or at the discretion of your referring provider.

Your mammogram indicates that your breast tissue is heterogeneously dense. Dense breast tissue is relatively common and is found in more than forty percent (40%) of women. The presence of dense breast tissue may make it more difficult to detect abnormalities in the breast and may be associated with an increased risk of breast cancer. We are providing this information to raise your awareness of this important factor and to encourage you to talk with your physician about this and other breast cancer risk factors. Together, you can decide which screening options are right for you. More information on breast density can be found on our website at [REDACTED]

Although mammography is the most accurate method for early detection, not all cancers are found through mammography. [REDACTED] recommends women with dense breast tissue to consider adding whole breast screening ultrasound to their annual examination. We offer this service at our [REDACTED] and [REDACTED] locations using the [REDACTED] which has been shown to increase cancer detection compared with standard mammography alone. For more information or to request an appointment please visit our website at [REDACTED]

The results of this procedure have been sent to Dr. [REDACTED] MD. Those results and the images will become part of your medical record here at [REDACTED]. It is your responsibility to inform any new health care provider of the date and location of this examination.

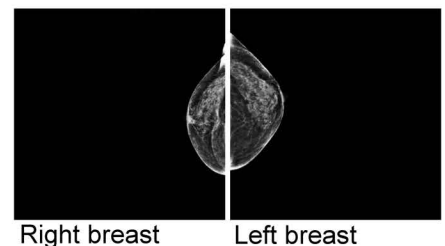
Please contact your health care provider if you notice any changes to your breasts or have any further questions.

Sincerely,

[REDACTED]

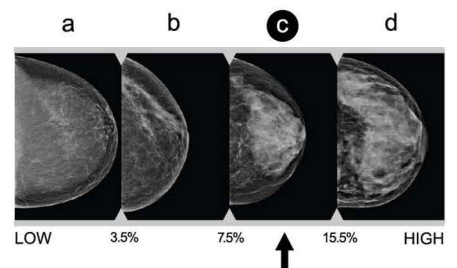
### Volpara Density Profile™

#### Your mammography images



#### Your breast tissue composition

Your breast tissue composition is c (10.8% volumetric breast density). This means that you have high breast density.



To learn more about your breast composition and how to discuss it with your doctor, visit [www.volparadensity.com/c](http://www.volparadensity.com/c)



[www.volparadensity.com/c](http://www.volparadensity.com/c)

## 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")**

Q2 – 30 September 2021 (31 March year-end)

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$NZ'000</b>	<b>Year to date (6 months) \$NZ'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	7,111	13,542
1.2 Payments for		
(a) research and development	(2,105)	(4,080)
(b) product manufacturing and operating costs	(1,757)	(3,435)
(c) advertising and marketing	(245)	(404)
(d) leased assets	(24)	(50)
(e) staff costs	(4,526)	(8,853)
(f) administration and corporate costs	(1,423)	(2,610)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	80	102
1.5 Interest and other costs of finance paid	(35)	(70)
1.6 Income taxes paid	(93)	4
1.7 Government grants and tax incentives	-	389
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,017)</b>	<b>(5,465)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(4)
(d) investments	(357)	(357)
(e) intellectual property	(737)	(1,475)

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (6 months) \$NZ'000
	(f) other non-current assets	-	-
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)	(16)
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(1,102)</b>	<b>(1,852)</b>

\*2.5 relates to business integration and acquisition expenses.

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	18	227
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)*	(120)	(237)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>(102)</b>	<b>(10)</b>

\*3.9 relates to interest on lease repayments.

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	29,119	32,230
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,017)	(5,465)



Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (6 months) \$NZ'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,102)	(1,852)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(102)	(10)
4.5	Effect of movement in exchange rates on cash held	132	127
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>25,030</b>	<b>25,030</b>

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	12,269	7,958
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits >90 days)	12,761	21,161
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>25,030</b>	<b>29,119</b>

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*	211
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.

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$NZ'000</b>	<b>Amount drawn at quarter end \$NZ'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	(10)	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	(10)	-
7.5	<b>Unused financing facilities available at quarter end</b>		(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 an unsecured overdraft facility with Kiwibank at a variable interest rate of 7.5%. The loan of US\$1.7M from the US Government's Small Business Administration in relation to the Paycheck Protection Program was forgiven on 27 September 2021.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$NZ'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,017)
8.2	Cash and cash equivalents at quarter end (item 4.6)	25,030
8.3	Unused finance facilities available at quarter end (item 7.5)	10
8.4	Total available funding (item 8.2 + item 8.3)	25,040
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	8.3
	<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: 26 October 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.