

ASX RELEASE

Appendix 4C – Q3FY22 Quarterly Cash Flow Report

Cash Highlights:

- Quarterly cash receipts from customers of NZ\$7.0M, up approx. 50% compared to Q3FY21 (or over 56% constant currency)
- Subscription-based receipts in Q3FY22 of over NZ\$6.7M, up approx. 51% compared to Q3FY21 (or approx. 54% constant currency)
- Net operating and investing cash outflow¹ in Q3FY22 of NZ\$3.6M, an improvement from NZ\$3.8M in Q2FY22
- NZ\$21.3M cash on hand at end Q3FY22
- On track to meet revenue guidance for the year of NZ\$25.0M

SaaS Highlights:

- Annual Recurring Revenue (ARR) now ~US\$21.5M (~NZ\$30.4M²), up almost US\$1.1M on the prior quarter (Q2FY22) and a record Q3, up over 34% on previous best Q3
- Coverage of over 35% of US women being screened, up from prior quarter of ~34%
- Average Revenue Per User (ARPU) over the installed base of US\$1.47 at end Q3; average ARPU for deals in Q3 of US\$1.65—ranging from US\$1.05 to US\$6.68
- Software as a Service (SaaS) churn remains low

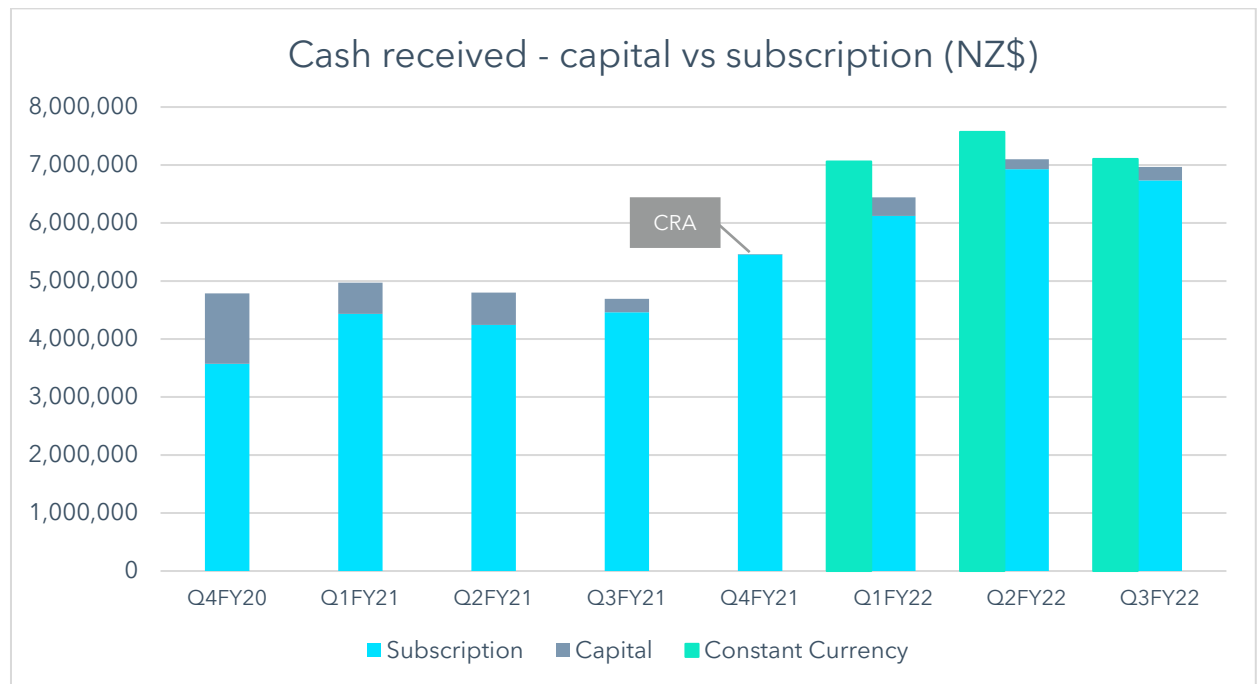
Wellington, NZ, 31 January 2022: Volpara Health Technologies (“Volpara,” “the Group,” or “the Company”; ASX:VHT), a global health technology software leader providing an integrated platform for the delivery of personalised breast care, has released its Appendix 4C Quarterly Cash Flow report for the quarter ending 31 December 2021.

On Q3FY22, Volpara Group CEO Dr Ralph Highnam said: “This was another strong quarter commercially and we are well on track for the guidance we gave the market of NZ\$25M in revenue for FY22. We have plenty of cash in the bank, and our aim now is to maintain our strong growth while driving down net operating and investing cash outflow and utilizing the data we’re collecting to create ever more impact for women globally.”

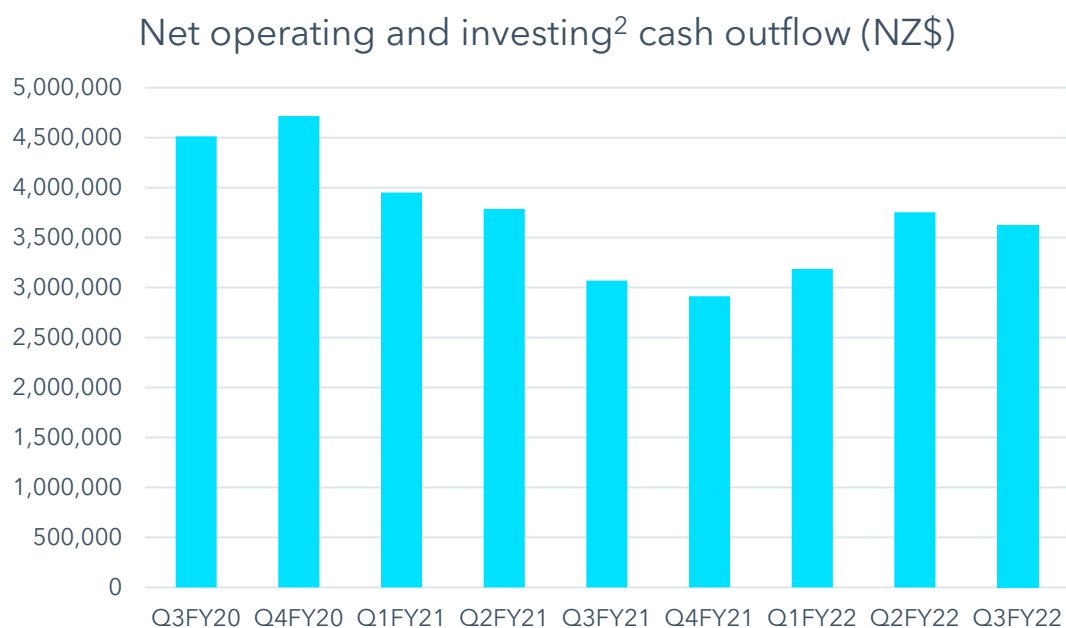
Cash receipts from customers remain strong and continue to significantly increase year on year, with NZ\$7.0M received, in line with the previous quarter and showing growth of over 50% on Q3FY21, or over 56% in constant currency.

¹ 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.

² Twelve-month trailing exchange rate used of US\$0.707:NZ\$1 vs US\$0.705:NZ\$1 at end Q2FY22.



Net operating and investing cash outflow in Q3 was NZ\$3.6M,³ an improvement on last quarter's outflow of NZ\$3.8m.



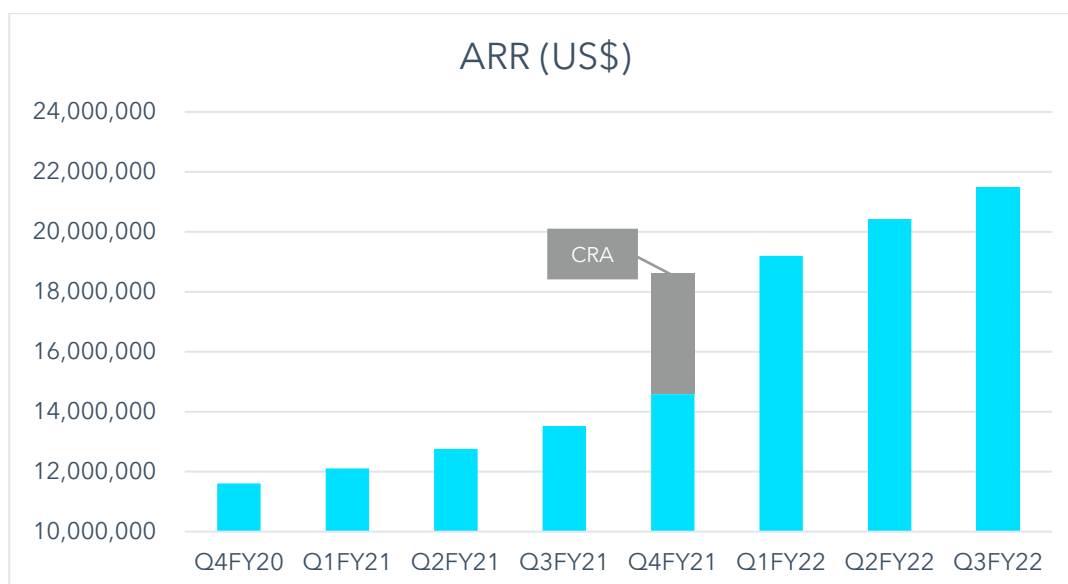
The Company maintains a strong cash position at the end of Q3, with NZ\$21.3M in the bank. Currently, Volpara has no debt on its balance sheet.

Overall, the Company added almost US\$1.1M ARR in Q3, which is up over 34% on Volpara's previous best Q3. Contracts were signed across Volpara's full product suite as both platform deals and standalone sales for software such as Volpara® Risk Pathways™ (formerly CRA Risk), Volpara®

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

Analytics™, and Volpara® Patient Hub™. A number of expansions within the existing installed base were also upsold. The ratio of net new ARR contributed by entirely new customers versus expansions within the existing installed base is approximately two-thirds to one-third.

ARPU for the installed base increased from US\$1.46 at the end of Q2FY22 to US\$1.47 at the end of Q3, with an average ARPU for deals in Q3 of US\$1.65 and a range of US\$1.05 to US\$6.68.



Other Recent Operational Highlights for the Quarter

Consumer-facing breast density microsite goes live

In October, for Breast Cancer Awareness Month, Volpara launched special consumer-facing webpages to provide a wider understanding about the importance of breast density:

<https://www.volparahealth.com/for-patients/your-mammogram-experience/>

<https://www.volparahealth.com/for-patients/breast-density-explained/>

We also progressed towards the formal release of “Project Thumb,” which puts images directly into patient letters to better inform women about breast density for sites that have both Volpara Scorecard and Volpara Patient Hub. This not only steps us toward having women demand Volpara-level care, but also provides a more compelling reason for people to buy multiple products.

BreastScreen Queensland goes live

After significant delays due to COVID-19, December saw BreastScreen Queensland go live with Volpara Analytics across the entire state. Volpara Analytics examines every single image to provide enterprise-wide quality assurance. For Volpara, this is a major step forward with public screening services, one that will be carefully watched around the world as screening services look for more ways to optimize their services.

Radiological Society of North America (RSNA) annual meeting

In November 2021, Volpara attended the RSNA show in Chicago, USA. The single-most important exhibition in the radiology industry, RSNA provided an opportunity for the Company to showcase its proprietary and highly clinically validated breast care platform to over 23,000 decision-makers.

Represented by key members of Volpara's US sales and marketing team, the Company generated a number of high-quality customer and business development leads that ensure it is poised to continue its commercial growth and deliver strong revenues and ARR over the coming quarters.

RSNA also saw continued discussions with our Lung partners as we continue to position ourselves to play a bigger part in lung cancer screening in the future.

Read more about Volpara's RSNA experience here: [Volpara December RSNA Investor Newsletter](#).

Read more about Volpara's RSNA papers, available at the November/December link here: [Research Brief Newsletters](#).

Data

Volpara is now contracted to deliver screening services to over 35% of the women that attend screening in the United States. Volpara now has over 56M raw x-ray images in the cloud, representing over 4.3M unique women, some over multiple years, covering a range of populations and x-ray machines. During Q3, we launched Volpara® Data Platform™ 1.0, an internal product, to enhance our ability to use that data to make an ever-greater impact for women.

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: Monday, 31 January 2022

Time: 9:00 am AEDT (Sydney/Melbourne), 11:00 am NZDT (Auckland/Wellington)

To register: https://us02web.zoom.us/webinar/register/WN_9ZCIVFG4Q2qYtYbAWk7uXA

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)

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

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.

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 2021 (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	6,967	20,509
1.2 Payments for		
(a) research and development	(2,510)	(6,590)
(b) product manufacturing and operating costs	(1,890)	(5,325)
(c) advertising and marketing	(762)	(1,166)
(d) leased assets	(27)	(77)
(e) staff costs	(3,503)	(12,356)
(f) administration and corporate costs	(1,659)	(4,269)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	23	125
1.5 Interest and other costs of finance paid	(35)	(105)
1.6 Income taxes paid	81	85
1.7 Government grants and tax incentives	-	389
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,315)	(8,780)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	(131)	(131)
(c) property, plant and equipment	(15)	(19)
(d) investments	-	(357)
(e) intellectual property	(292)	(1,767)
(f) 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)*	(32)	(48)
2.6	Net cash from / (used in) investing activities	(470)	(2,322)

*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	59	286
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)*	(121)	(358)
3.10	Net cash from / (used in) financing activities	(62)	(72)

*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	25,030	32,230
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,315)	(8,780)

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)	(470)	(2,322)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(62)	(72)
4.5	Effect of movement in exchange rates on cash held	138	265
4.6	Cash and cash equivalents at end of period	21,321	21,321

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	11,173	12,269
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits >90 days)	10,148	12,761
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	21,321	25,030

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*	216
6.2	Aggregate amount of payments to related parties and their associates included in item 2*	-

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.

*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	(10)	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	(10)	-
7.5 Unused financing facilities available at quarter end		(10)
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.		
Includes an unsecured overdraft facility with Kiwibank at a variable interest rate of 7.5%.		

8. Estimated cash available for future operating activities	\$NZ'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,315)
8.2 Cash and cash equivalents at quarter end (item 4.6)	21,321
8.3 Unused finance facilities available at quarter end (item 7.5)	10
8.4 Total available funding (item 8.2 + item 8.3)	21,331
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	6.4
<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: 31 January 2022

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.