

## Volpara FY23 Annual Results Announcement

### Highlights:

- Volpara achieved record revenue from customer contracts, surpassing the guidance and reaching NZ\$35.0M, up 34% (20% constant currency). Initial guidance ranged between NZ\$33.5M and NZ\$34.5M.
- Normalised non-GAAP EBITDA<sup>1</sup> improved 57% to -NZ\$6.1M
- Net loss for the year after tax showed significant improvement of 40% to -NZ\$9.8M
- Volpara sets guidance for FY24 constant currency<sup>2</sup> revenue of between NZ\$40.0M and NZ\$42.0M, up 15% to 20% on FY23
- Volpara guides to FY24 EBITDA<sup>1</sup> range of between NZ\$0.5M and -NZ\$2.0M

Wellington, NZ, 25 May 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 today released its full-year results for the financial year ended 31 March 2023.

Teri Thomas, Volpara’s CEO and Managing Director, said: “This year has been a banner year for Volpara but also for our industry, with validation of the importance of density via the FDA ruling. We are thrilled about the focus on breast cancer which validates the importance of our work. We are energised and positioned well to achieve continued growth outlook for FY2024.”

### Record revenue

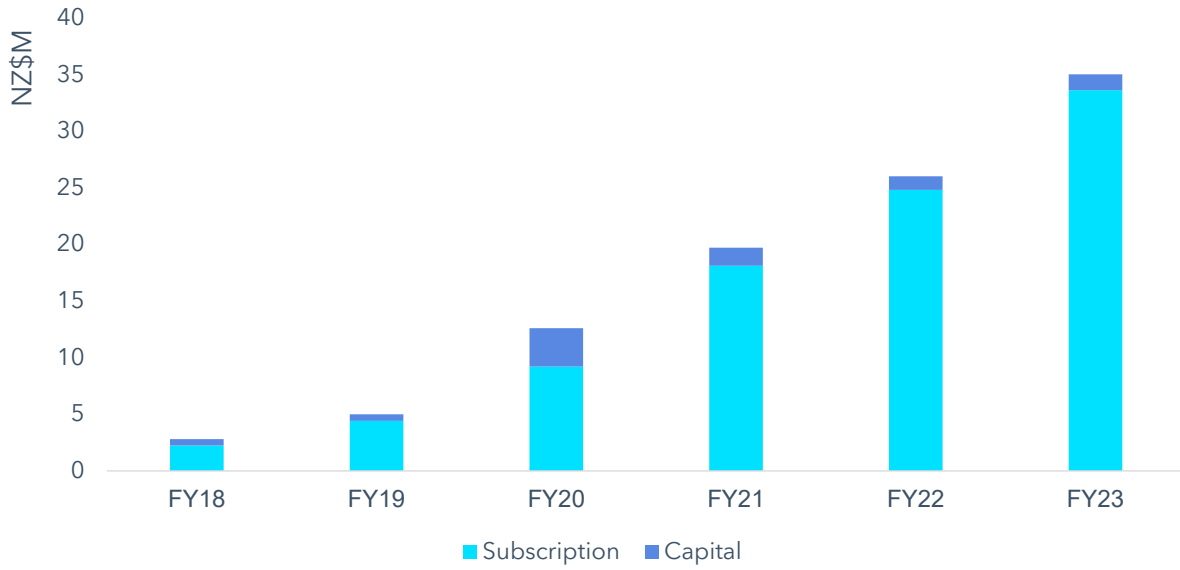
Volpara significantly increased its full-year revenue for the year ended 31 March 2023 to deliver NZ\$35.0M (or 20% in constant currency) up by NZ\$8.9M, or 34%, from NZ\$26.1M in FY22.

Volpara's strong emphasis on Software as a Service (SaaS) has proven to be advantageous for the business in the current macro environment, as subscription revenues have grown by 35% (21% constant currency) year on year. On the other hand, capital revenues, which had experienced three consecutive years of decline, rebounded in FY23 and grew 15% (5% constant currency) after the implementation of price increases during the year.

<sup>1</sup> 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.

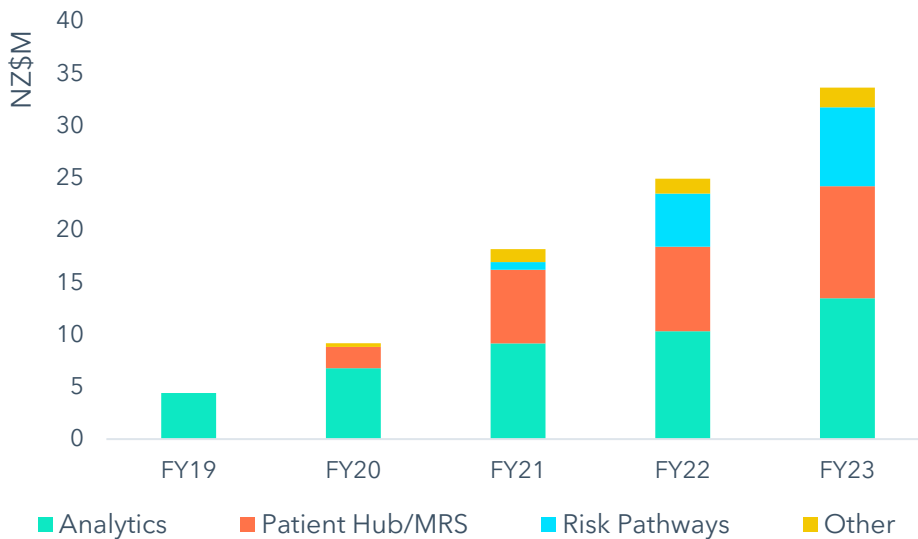
<sup>2</sup> Using an exchange rate of US\$0.624: NZ\$1.00

### Subscription vs Capital Revenues



All three core products, Analytics™, Patient Hub™/MRS®, and Risk Pathways™, experienced strong revenue growth of 30%, 33%, and 49%, respectively. The "Other" category, which includes revenue from Lung and Genetic lab interfaces (along with other items), also demonstrated increases compared to the previous period.

### Revenue by Product



*Note: Analytics includes Scorecard, Density Support & Live™. Patient Hub includes MRS Support & Risk™.*

As previously announced, Volpara now has CARR of ~US\$26.5M (~NZ\$42.6M<sup>3</sup>), up US\$4.3M on prior year.

Furthermore, the Company has estimated that it has a software product that is used in over 40% of the mammography screening volume in the United States. It is worth noting that a significant portion of the

<sup>3</sup> Based on the twelve-month trailing exchange rate used of US\$0.624:NZ\$1

customers use only one Volpara product. As a result, this presents an excellent opportunity for the Company to cross-sell additional products to its existing customer base. To maximise the advantages of using multiple industry-leading Volpara products, the Company has made it a priority in FY23 to integrate its acquired products seamlessly, to provide a unified Volpara experience that will be highly beneficial to its customers.

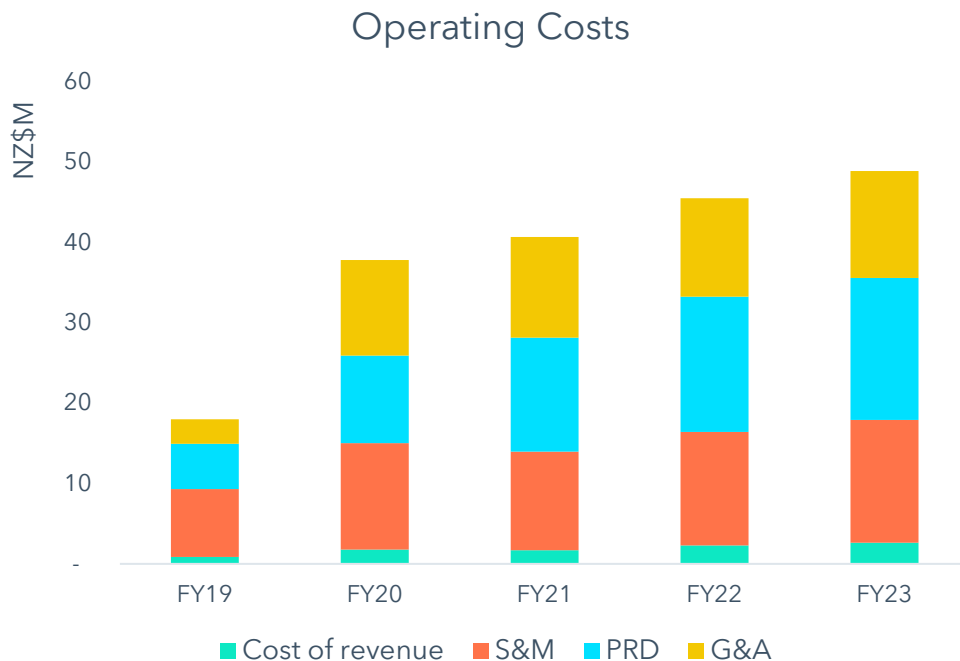
### Stable operating costs

Overall operating costs have stabilised, and significant improvements have been observed in each of the four major cost categories relative to revenue. Specifically:

- Cost of revenue: Azure costs increased only slightly despite a large number of customer deployments during the year; offset by increased commission costs in line with revenue growth.
- G&A: costs increased by NZ\$1.0M, or 8.5% year on year, largely due to revenue-driven insurance premium increases, and redundancy costs. On a constant currency basis, costs rose 3.8%, or NZ\$464K.
- S&M: after adjusting for currency fluctuations, costs decreased NZ\$313K, or 2.2%, largely attributed to a small headcount reduction.
- PRD: costs increased NZ\$219K, or 1.3% constant currency. Key factors contributed to the overall increase:
  - Software tooling increased by NZ\$230K;
  - Amortisation of capitalised development costs rose by NZ\$656K.

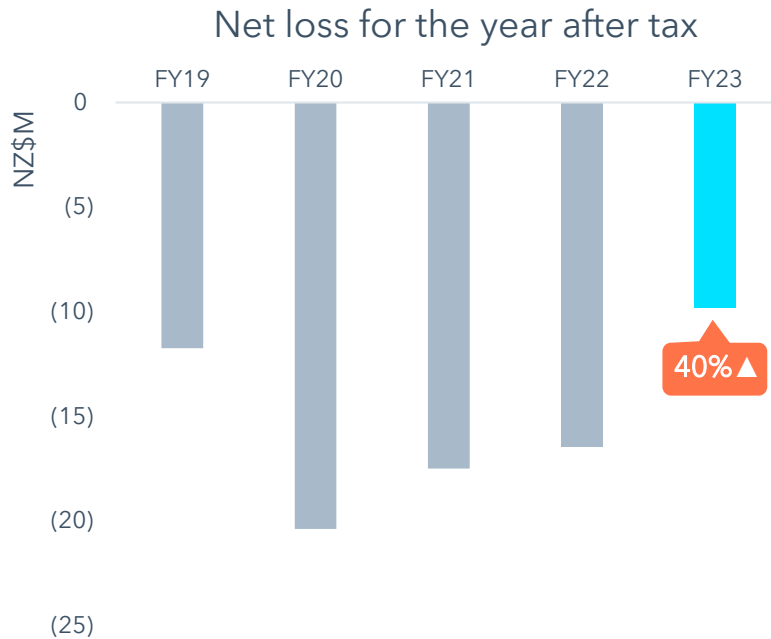
These were offset by:

- Employee and contractor costs, which decreased by NZ\$722K due to headcount reductions

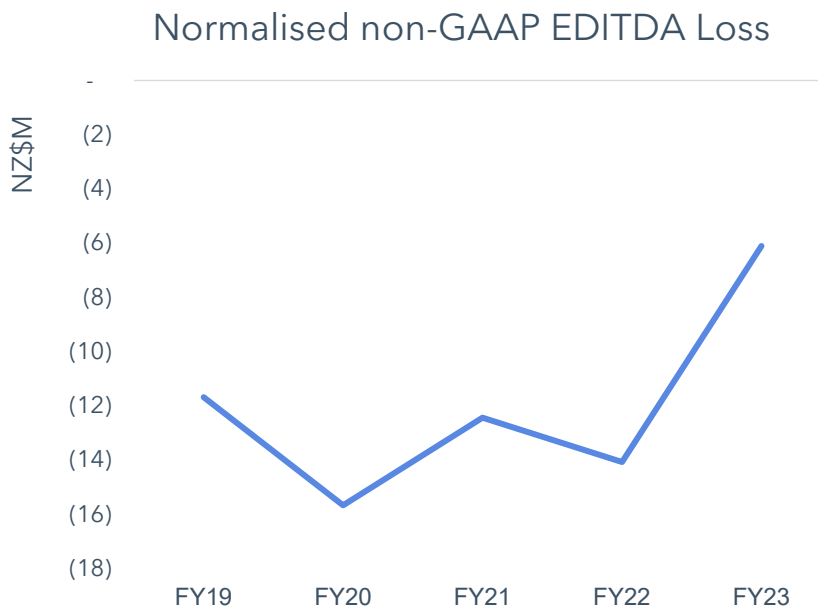


### 57% EBITDA improvement

Since the revised strategy was announced in July 2022, there has been a material improvement in the net loss after tax. The company has successfully managed to reduce its net loss by 40% through a number of strategic initiatives resulting in increased revenues and a reduced cost base. This places Volpara in a promising position with a path towards profitability.



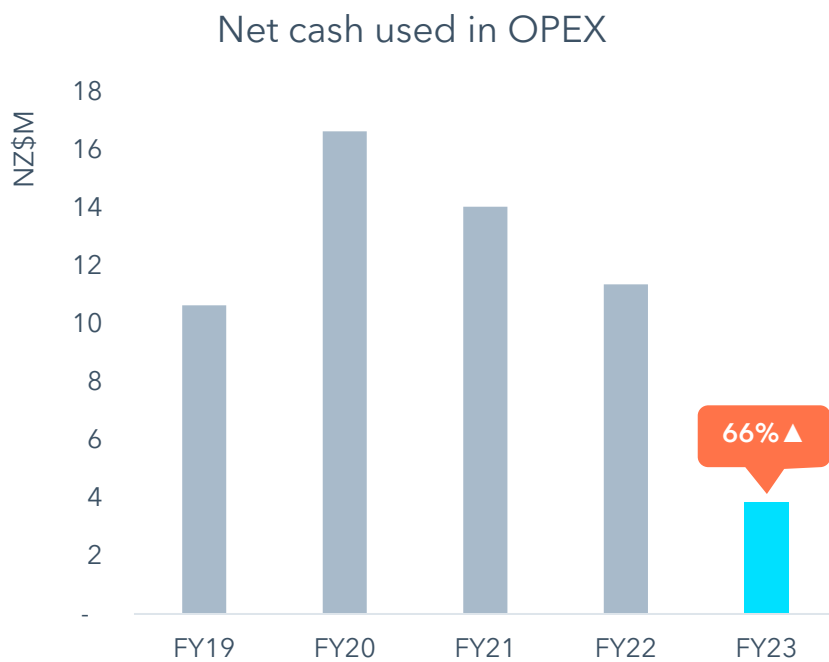
The normalised non-GAAP EBITDA loss has substantially improved in both H1, where it progressed from NZ\$6.4M to NZ\$4.2M, and H2, where it progressed further from NZ\$7.7M to NZ\$1.9M. As a result, there was an overall improvement of NZ\$8.0M, or 57%, from NZ\$14.1M to NZ\$6.1M. This positive outcome can be attributed to the synergistic impact of revenue growth and a streamlined cost base, contributing to the overall progress on EBITDA.



Volpara’s net margin improved from –63% in FY22 to –28% in FY23. Per the normalised non-GAAP EBITDA result noted above, the Group’s normalised net margin improved from –53% to –17%.

**66% decrease in net operating cash outflows, large increase in cash receipts**

The Group experienced a 35% increase (22% in constant currency) in cash receipts, increasing NZ\$10.1M from NZ\$28.5M to NZ\$38.6M. Meanwhile, operating payments to suppliers and employees rose by 6%, from NZ\$40.2M to NZ\$42.4M, resulting in an overall net decrease in operating cash outflows by 66%, reaching -NZ\$3.8M from -NZ\$11.4M. Cash receipts exceeded revenue recognised by NZ\$3.6M, or 10%, primarily due to delayed installations caused by factors such as the pandemic, customer IT resource limitations, and EMR installation delays. The revenue associated with installations will be recognised in FY24 or later.



The net operating and investing cash outflow<sup>4</sup> for the year amounted to NZ\$6.4M, representing a 53% decrease compared to NZ\$13.5M in the prior period.

**Healthy cash balance**

As of 31 March 2023, Volpara’s cash balance stood at a healthy NZ\$12.7M. During the year, Volpara successfully established a NZ\$10M revolving credit facility with its primary bank, Kiwibank, which has been the Company's trusted banking partner since its inception. Although the Company currently does not require additional funds, this facility offers a valuable and cost-effective source of working capital without diluting ownership. With our current forecasts and the existing cash reserves, Volpara has ample access to capital to continue executing our growth strategy confidently.

<sup>4</sup> Includes payments to acquire intellectual property from investing activities, which includes product development. Excludes investments.

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## Investor conference call

The Company is holding a webinar with investors this morning at 09:00 am AEST (11:00 am NZST). The call will discuss the Company's FY23 results. Please use the following link:

### Webinar details

**Date:** Thursday 25th May 2023  
**Time:** 10:00am AEST (Sydney/Melbourne), 12:00pm NZST (Auckland/Wellington)  
**To register:** [https://us02web.zoom.us/webinar/register/WN\\_VHzaS1KgQLSoQQTmuPGmGA](https://us02web.zoom.us/webinar/register/WN_VHzaS1KgQLSoQQTmuPGmGA)  
**Dial in details:** Will be provided to you upon registration

Volpara's management team will be visiting Australia to meet with investors in July. If you would like a meeting, please email the contact details below.

### Authorisation & Additional Information

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

**ENDS**

### For further information, please contact:

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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 over 17 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. Volpara is based in Wellington, New Zealand, with an office in Seattle.

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

### Reconciliation of IFRS to normalised non-GAAP<sup>5,6,7,8</sup>

	FY23 NZ\$'000	FY22 NZ\$'000	Variance NZ\$'000	Variance %
Revenue from contracts with customers	35,010	26,113	8,897	34%
<b>Net loss for the year after tax</b>	<b>(9,801)</b>	<b>(16,441)</b>	<b>6,640</b>	<b>-40%</b>
<b>Non-cash and one-off items<sup>5</sup></b>				
Less: Net interest income	193	(29)	222	-766%
Less: Tax (benefit)/expense	(1,579)	287	(1,866)	-650%
Plus: Business integration and acquisition expenses	4	45	(41)	-91%
Plus: Share-based payments expense	1,014	1,102	(88)	-8%
Plus: Depreciation and amortisation	5,483	4,659	824	18%
Less: Gains on FX transactions	(2,186)	(578)	(1,608)	278%
Plus: Revenue adjustment <sup>6</sup>	-	289	(289)	-100%
Plus: Bad debts write-off	-	(3)	3	-100%
Plus: Release of employee retention plan	(130)	(928)	798	-86%
Plus: Redundancy costs	897	-	897	100%
Plus: PPP loan forgiveness <sup>7</sup>	-	(2,478)	2,478	-100%
<b>Normalised non-GAAP EBITDA<sup>8</sup></b>	<b>(6,105)</b>	<b>(14,075)</b>	<b>7,970</b>	<b>-57%</b>
<b>Net margin (NPAT/Revenue)</b>	<b>-28%</b>	<b>-63%</b>	<b>35%</b>	<b>56%</b>
<b>Normalised non-GAAP net margin (normalised non-GAAP EBITDA/normalised revenue)</b>	<b>-17%</b>	<b>-53%</b>	<b>35%</b>	<b>67%</b>

<sup>5</sup> Non-cash and one-off items have been taken from the cash flow reconciliation note 9 in the financial statements.

<sup>6</sup> Accounting standards require assets and liabilities acquired within a business combination to be measured at fair value. Deferred revenue balances are therefore valued at the cost of fulfilling the service plus a small margin. This differs to the normal basis of recognition of deferred revenue. As a result of this adjustment, deferred revenue previously recorded by MRS and CRA that would have flowed to revenue in the current year was reduced. Furthermore, it is important for the users to understand that this is a one-off, non-cash, technical accounting adjustment which will not impact revenue in future periods, once fully unwound, and does not nor has not impacted on the cash generation of the business. The Directors and management believe this measure provides useful information to users of the financial statements to assist in understanding the Company's financial performance and position.

<sup>7</sup> In May 2020, the Company received approximately US\$1.7M in cash as part of the US government's Paycheck Protection Program (PPP) loan scheme established in response to COVID-19. On 27 September 2021, the Company received confirmation that the loan and any accrued interest had been forgiven and all obligations have been met. As a result, NZ\$2.5M was recognised as other operating income and the corresponding liability has been extinguished. It has been excluded from normalised non-GAAP EBITDA as it is a one-off item.

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# Appendix 4E Preliminary Final Report

for the year ended 31 March 2023

## Results for announcement to the market

### Detail of Reporting Period

Current	1 April 2022 to 31 March 2023
Comparative	1 April 2021 to 31 March 2022

### FINANCIAL RESULTS

	Year ended 31 Mar 23 NZ\$'000	Year ended 31 Mar 22 NZ\$'000	%
Revenue from contracts with customers	35,010	26,113	34%
Net loss for the year after tax (attributable to shareholders)	(9,801)	(16,441)	-40%
Loss per share	(0.04)	(0.07)	-45%
Cash and cash equivalents and cash on deposit	12,711	18,145	-30%

### Dividends

No dividends have been declared or paid for the year ended 31 March 2023 (2022: \$nil).

### Commentary on the Results

Please refer to our Results Presentation for commentary on the results.

### NET TANGIBLE ASSETS

	Year ended 31 Mar 23	Year ended 31 Mar 22
Net tangible assets (NZ\$'000)	4,618	12,902
Ordinary number of shares	254,089,909	251,935,081
Net tangible assets per share (NZ\$)	0.02	0.05

### Preliminary Final Report

The preliminary final report for Volpara Health Technologies Limited is attached and has been prepared using the principles of recognition and measurement requirements of IFRS and NZ IFRS.

### Audit Status

The report is based on the annual accounts which have been audited and are attached.



**Teri Thomas**  
Chief Executive Officer  
and Managing Director



**Craig Hadfield**  
Chief Financial Officer

25 May 2023