

ASX RELEASE

Appendix 4D – Volpara Half-Year Financial Results

Key financial and operation highlights:

- Revenue from customers up 17.5% to NZ\$19.8M
- Core¹ subscription revenue up 26.5% to \$14.9M
- Subscription² revenue up 19.0% to NZ\$19.3M
- Net loss for the period after tax improved 16.6% to NZ\$4.4M
- Second consecutive free cash flow positive half-year³
- Normalised non-GAAP EBITDA⁴ improved 67.9% to –NZ\$1.4M
- Revenue guidance maintained at NZ\$40.0M–NZ\$42.0M for the full year
- EBITDA guidance maintained at +NZ\$0.5M to -NZ\$2.0M for the full year

Wellington, NZ, 21 November 2023: [Volpara Health Technologies Ltd](#) (“Volpara,” “the Group,” or “the Company”; ASX: VHT), a global leader in software for the early detection of breast cancer, has today released its Interim Financial Report together with the attached Appendix 4D and a Half-Year Results Investor Presentation for the period ended 30 September 2023 (H2 FY24).

Volpara Group CEO Teri Thomas said: “Our team is very pleased with these record half-year results, as the fruits of our labour in managing costs while driving focused growth in our core products and most profitable markets is clear. We are excited about the future ahead of us as we continue to grow our SaaS business and our impact on families globally. Onward and upward!”

Revenue growth

Volpara increased half-year revenue for the period ended 30 September 2023 by almost NZ\$3.0M, or 17%, from NZ\$16.9M in HY23 to NZ\$19.8M (14% in constant currency [CC]). The Group’s subscription revenues have maintained solid, organic growth, of 19%, or NZ\$3.1M, to NZ\$19.3M from NZ\$16.2M (16% CC). The three core revenue products (Analytics With Scorecard), Patient Hub and Risk Pathways) have increased by

¹ Core subscription revenues includes revenues for Analytics (and Scorecard), Patient Hub and Risk Pathways.

² Subscription revenues includes Core subscription revenues plus other recurring revenue streams including: support, Live, Lung, Transpara, collaboration fees, etc.

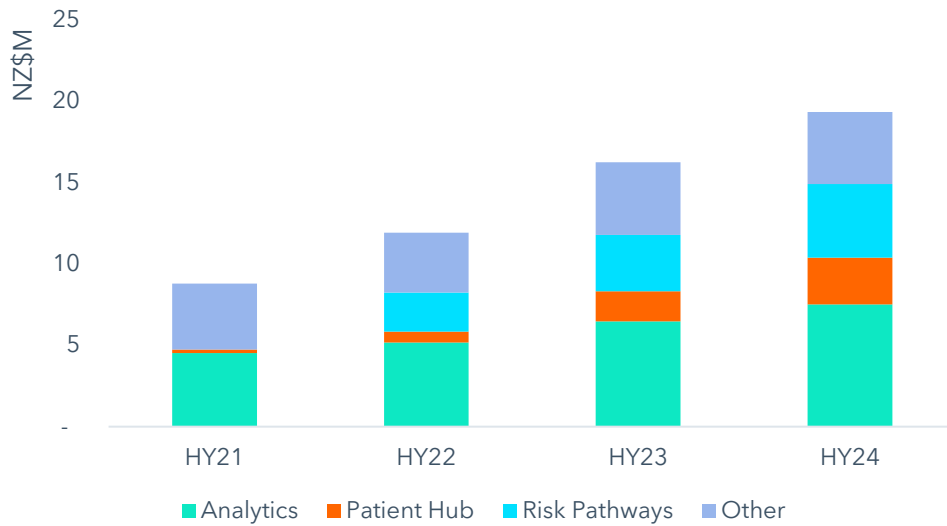
³ Free cash flow includes net operating cash flows, PP&E, investments in intangible assets and lease liability costs.

⁴ 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.

27% (23% CC) to \$14.9m. Capital revenues declined 22% (25% CC) from NZ\$0.7M to NZ\$0.5M as Volpara continues its migration of customers from legacy systems to Patient Hub.

As previously announced, Volpara now has Contracted Annual Recurring Revenue (CARR) of over US\$28.4M (~NZ\$46.3M⁵), while Annual Recurring Revenue (ARR) is now US\$22.5M (~NZ\$36.6M).

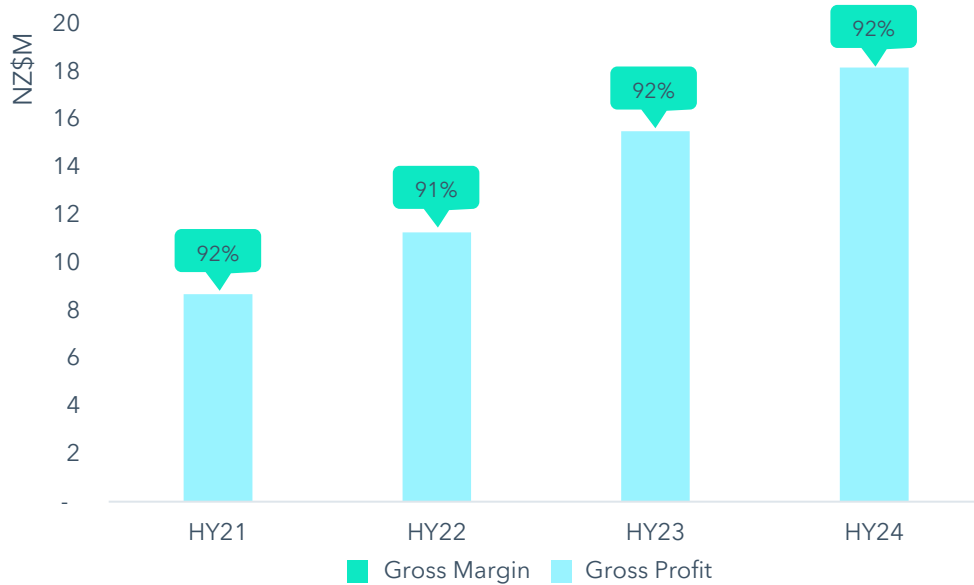
Revenue by product



Gross margin

The Group’s gross margin remained consistent at 92% for HY24. Commission costs increasing due to a number of material contract renewals, whereas cloud hosting costs remained flat despite the increase in number of customers.

Gross profit and margin %

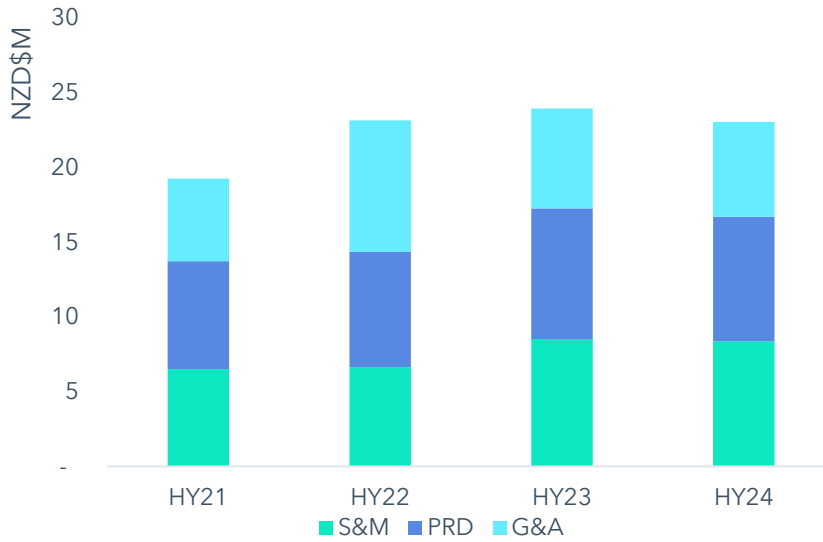


⁵ Twelve-month trailing exchange rate used of US\$0.613:NZ\$1.

Operations and net loss for the period after tax

Operating costs decreased NZ\$0.9M (4%) from NZ\$24.0M to NZ\$23.1M (5% CC). Sales and Marketing decreased by 2% (4% CC). Product Research, Development & Engineering costs and General and Administration costs both decreased 5% (6% CC).

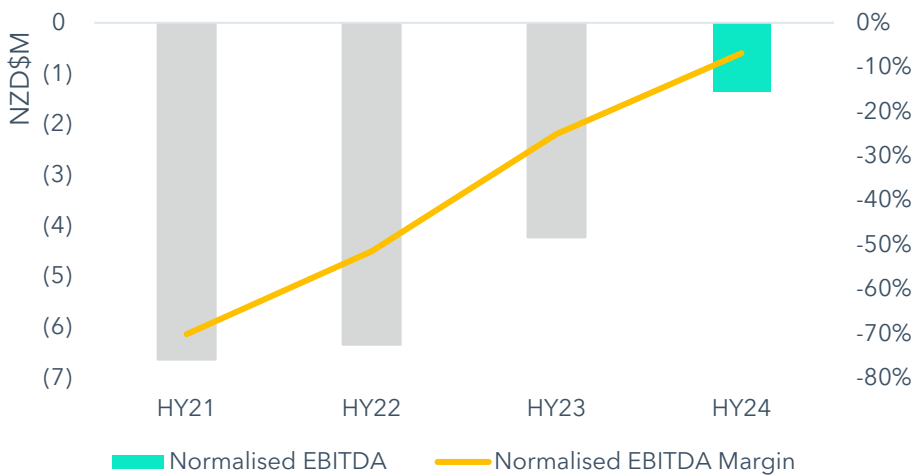
Operating expenses



With Volpara’s operating expenses declining and revenue continuing to grow, the Group’s normalised non-GAAP Earnings before interest, tax, depreciation and amortisation, impairment, one-off items, and non-cash items (normalised non-GAAP EBITDA) improved 68% from –NZ\$4.2M in HY23 to –NZ\$1.4M in HY24. Similarly, the Group’s net loss after tax has improved 17% from NZ\$5.3M to NZ\$4.4M.

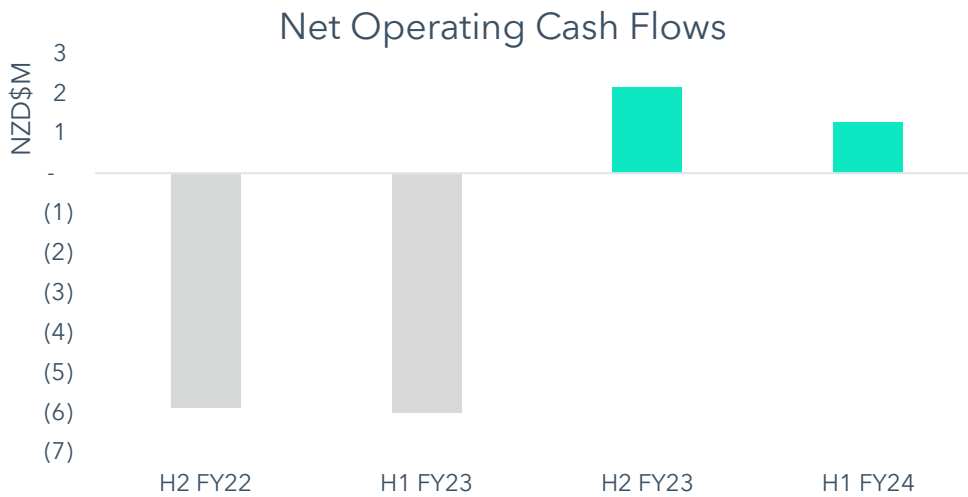
Volpara’s net margin improved from –31% in HY23 to –22% in HY24. Normalised non-GAAP EBITDA improved from –25% to –7%.

Normalised EBITDA and Margin



Cash flows

The Group’s cash receipts increased 30% (26% CC), or NZ\$5.2M, from NZ\$17.4M to NZ\$22.6M. Operating payments to suppliers and employees decreased by 5% (7% CC) from NZ\$23.0M to NZ\$21.8M—resulting in an overall net improvement in operating cash flows of 121% from a NZ\$6.0M outflow to a NZ\$1.3M inflow compared to the prior corresponding period.



Cash balance

Volpara’s cash balance as at 30 September 2023 was NZ\$13.2M. Additionally, Volpara maintains access to a revolving credit facility of NZ\$2.5M.

Operational highlights

During the first half of the fiscal year the Company delivered a number of strategically important operational achievements:

Volpara’s Microsoft Partner of the Year awards

Volpara won Microsoft’s global Healthcare and Life Sciences Partner of the Year Award, chosen from over 4,200 nominations from more than 100 countries. The award recognises a partner organisation that excels at providing innovative healthcare and life sciences solutions based on Microsoft cloud technologies, driving customer growth, transformation, and enhanced patient care. Volpara was also named Microsoft’s New Zealand Partner of the Year for its entrepreneurial spirit, social impact, and growth.

Volpara’s five-year contract with BreastScreen Victoria

Volpara signed a five-year SaaS contract with BreastScreen Victoria, a public breast screening programme which operates more than 50 locations and diagnoses 37% of all breast cancers in the state. The contract, which represents A\$1.4M (NZ\$1.53M) in total contract value (TCV), will see the widespread implementation of Volpara® Analytics™ software to aid in the early detection of breast cancer.

Early achievement of net positive operating cash flow

Volpara achieved its fourth consecutive net operating cash flow—positive quarter in Q2FY24, reaching its first full year of net positive operating cash flow a full year and a half ahead of FY25, the guidance outlined by the Company’s revised strategy of July 2022.

CancerX

Volpara became a founding member of CancerX, a public-private partnership aimed at revolutionising cancer innovation in the United States. Part of President Biden’s revitalised Cancer Moonshot, CancerX aims to “end cancer as we know it,” cutting the US death rate from cancer in half over the next 25 years. Volpara will contribute its deep bench of subject matter expertise and advocate for a comprehensive approach that goes beyond post-diagnosis treatment, addressing cancer risk for improved prevention and early detection.

Outlook

While focusing on delivering the revenue guidance of NZ\$40M–42M (or 15–20%) for the full year, we continue our strategy of profitable growth from our most lucrative products and markets. We have invested in the development of a brand-new module for our Analytics software, called Quiver, due out next year. It will further automate the repetitive, labour-intensive compliance tasks that impede the ability of clinical staff to do their best work.

We see increasing opportunity in areas outside mammography as population health, value-based care, and ACO activities drive interest in cancer prevention. Volpara early adopters like Advocate Aurora Health, which is deploying cancer risk assessment in primary care and OB-GYN settings, will drive this new standard of care and need for technology solutions.

President Biden’s recent executive order calling for widespread regulation of AI will have widespread implications for the healthcare industry. As Volpara continues to develop new AI products, we will watch this space closely.

With our successful ahead-of-schedule transition to being a cashflow-positive company, we now look to the future and continuing our growth and impact. We've invested in a new Director Business Development for Europe to take advantage of new opportunities in reporting density and quality.

Investor conference call

Investors are invited to join a webcast hosted by Teri Thomas, Managing Director and Craig Hadfield, CFO, today at 9:00 am Australian Eastern Daylight Time (AEDT)/11:00 am NZDT (Auckland/Wellington).

To register for the webcast, please follow this link:

https://us02web.zoom.us/webinar/register/WN_XUifVss8QPS3kDGrOvHDog

Registered participants will receive a confirmation email containing the Zoom access link and alternative phone dial-ins.

ENDS

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. We help leading healthcare providers positively impact communities around the world. They use Volpara solutions to better understand cancer risk, empower patients in personal care decisions, improve and maintain quality, and guide recommendations about additional imaging, genetic testing, and other interventions.

Our focus on customer value means that our AI-powered image analysis enables radiologists to quantify breast tissue with precision and helps technologists produce mammograms with optimal image quality. In an industry facing increasing staff shortages, our software helps streamline operations and provides key performance insights that support continuous quality improvement.

A Certified B Corporation, Volpara is the preferred partner of leading healthcare institutions around the world. It maintains the most rigorous security certifications and holds over 100 patents and numerous regulatory registrations, including FDA clearance and CE marking. Since listing on the ASX in April 2016, Volpara has raised A\$132 million. Volpara is based in Wellington, New Zealand, with an office in Seattle.

For more information, visit www.volparahealth.com

Definitions:

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

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.

Appendix 4D

In accordance with Listing Rule 4.2A, please find attached the Half-Year Appendix 4D for the period ended 30 September 2023.

It is recommended that this Appendix 4D half-year report be read in conjunction with the Interim Financial Report for the period ended 30 September 2023, the Annual Report for the year ending 31 March 2023 and any public announcements made by the company during the half-year.

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Volpara Health Technologies Limited

Results for announcement to the market

Half-Year Report 30 September 2023

Name of the Entity

Volpara Health Technologies Limited (the "Company" or "Group")

ARBN

609 946 867

Reporting Period

30 September 2023

Previous Corresponding Reporting Period

30 September 2022

Dividends

NZ\$nil.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the period ended 30 September 2023.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in the Interim Financial Report.

Net tangible assets

Net tangible assets backing per ordinary share (NZ\$0.01) (six months to 30 September 2022: NZ\$0.01).

Details of associate and joint venture entities

None.

	6 months to 30 Sept. 2023 Unaudited	6 months to 30 Sept. 2022 Unaudited	Amount change Unaudited	Percentage change Unaudited
	NZ\$'000	NZ\$'000	NZ\$'000	%
Revenue from ordinary activities	19,912	17,349	▲ 2,563	15%
Operating deficit	(5,118)	(5,408)	▼ 290	-5%
Net loss before tax for the period	(4,987)	(5,548)	▼ 561	-10%
Net loss after tax for the period	(4,408)	(5,286)	▼ 878	-17%

	6 months to 30 Sept. 2023 Unaudited	6 months to 30 Sept. 2022 Unaudited	Variance Unaudited	
	NZ\$'000	NZ\$'000	NZ\$'000	
Revenue breakdown				
Software as a Service	15,303	11,948	▲	28%
Software maintenance agreements	3,212	3,338	▼	-4%
Capital sales	512	659	▼	-22%
Lung	611	745	▼	-18%
Other	199	194	▲	3%
Revenue from customers	19,837	16,884	▲	17%
Government grants and other operating income	75	465	▼	-84%
Total revenue	19,912	17,349	▲	15%

Note:

The information provided in this Appendix 4D is based on the Volpara Health Technologies Limited Interim Financial Report for the financial half-year ended 30 September 2023.

Volpara Health Technologies Limited Interim Financial Report for the financial half-year ended 30 September 2023 has been subject to review by the Company's auditors. A copy of the Independent Review Report is included in the Interim Financial Report.