

ASX RELEASE**Appendix 4C – Q3FY21 Quarterly Cash Flow Report****Highlights:**

- **Largest-ever Q3 sales performance, with Annual Recurring Revenue (ARR) now NZ\$20.7M (US\$13.5M¹)—up 20% compared to the previous corresponding period—driven by increasing demand for the Volpara Breast Health Platform**
- **Strong quarterly cash receipts from customers—NZ\$4.6M—despite COVID-19 and the weak US dollar**
- **NZ\$60.6M cash on hand at end Q3FY21**
- **Average Revenue per User (ARPU) at US\$1.22—up 5% from US\$1.16 in Q2FY21**
- **Churn remains low**
- **US coverage remains approx. 27%**
- **First payment from partnership with genetics company**

Wellington, NZ, 28 January 2021: Volpara Health Technologies (“Volpara,” “the Group,” or “the Company”; ASX: VHT), a health technology software company whose integrated breast care platform assists in the delivery of personalised patient care, has released its Appendix 4C Quarterly Cash Flow report for the quarter ending 31 December 2020.

Of Q3, Volpara Group CEO Dr Ralph Highnam said: “It has been a truly remarkable sales quarter, with a set of outstanding new deals coming over the line and growing our recurring revenue significantly, despite COVID-19. Very encouragingly, our ability to identify women at high cancer risk who should have genetics testing has potential to be a game-changer and significantly increase our ARPU. Over the next few quarters, our focus will be on ramping up those genetics relationships and connections as quickly as we can.”

Despite challenges caused by the COVID-19 pandemic, including restrictions on hospital visits and no on-site tradeshows, the Company recorded its largest-ever Q3 sales performance, adding NZS\$1.1M (US\$720K) of ARR and bringing total ARR to NZ\$20.7M (US\$13.5M). This overall increase in NZ\$ ARR was offset by the substantial decline in the US dollar against all other currencies.

¹ Twelve-month trailing exchange rate used of US\$0.651:NZ\$1 vs US\$0.640:NZ\$1 at end Q2FY21.

Volpara's strong Q3 came from a mix of significant upsells, major new deals, and the continued migration of customers from older versions of MRS products to the latest version of Aspen® Breast software—a testament to the success of the June 2019 acquisition of MRS Systems, Inc. As was the case in Q2FY21, significant upsells included another one of our earliest Volpara®Enterprise™ customers, who extended their contract and moved to our integrated Volpara Breast Health Platform.

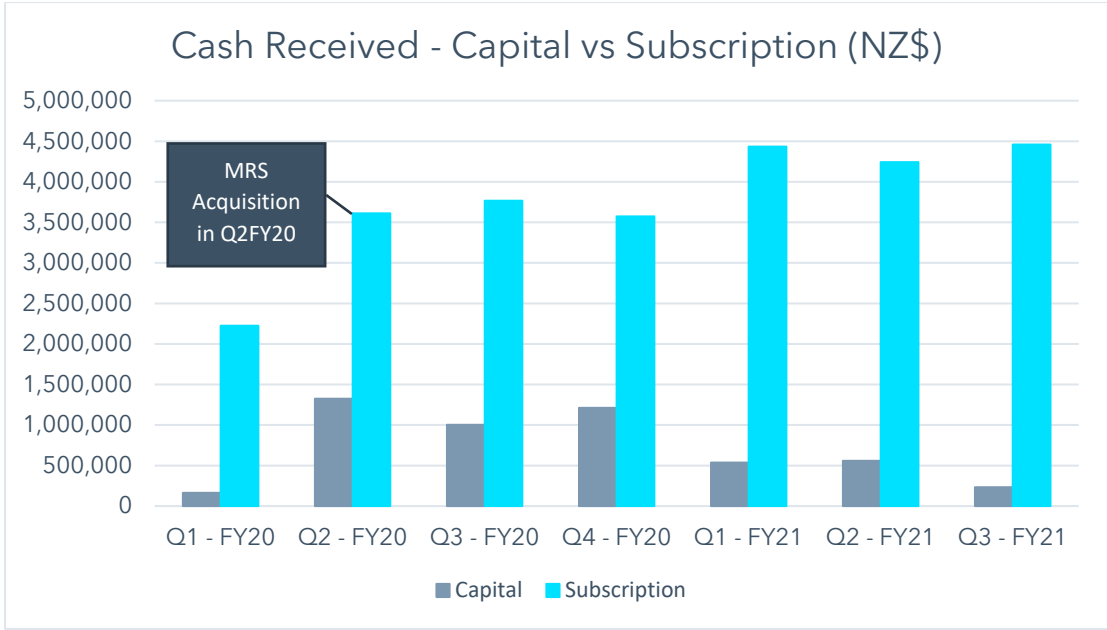
Powered by artificial intelligence, the Volpara Breast Health Platform helps clinics provide personalised screening to patients by optimising advanced risk assessment, clinical decision support, continuous quality improvement, and practice and enterprise management.

Other notable deals included BreastScreen Queensland also signing up to VolparaEnterprise, with installation currently underway. This contract is significant not only for its upsell opportunities for other modules of Volpara's Breast Health Platform but also for Volpara's entry into a major public health screening program.

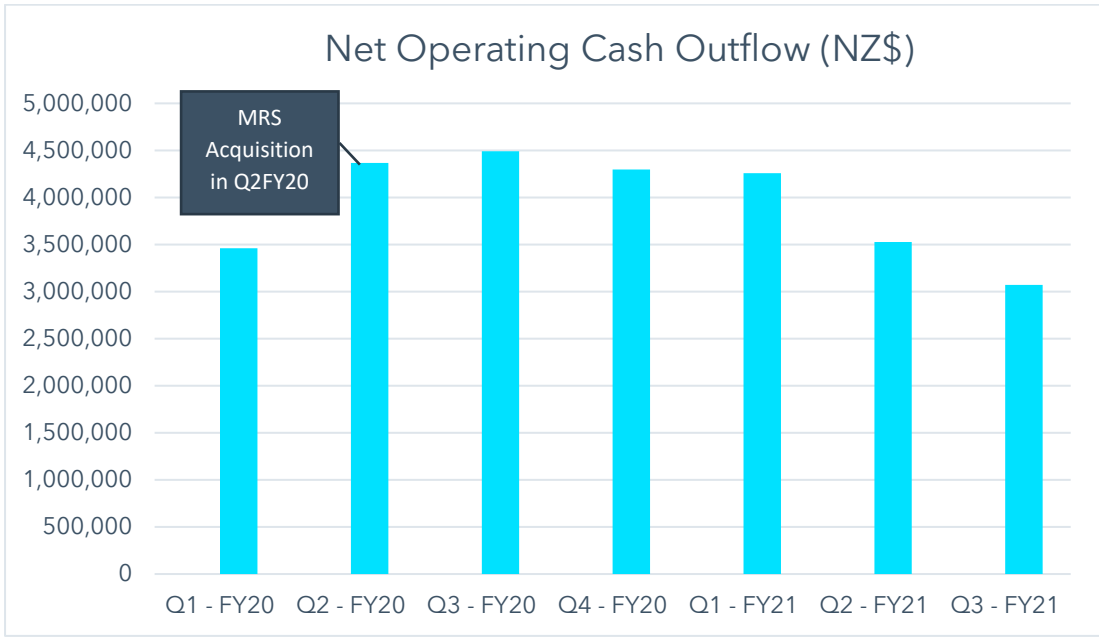
The ARPU (Average Revenue per User) rose to US\$1.22, with the ARPU for deals in Q3 ranging from US\$1.43 for a single product to US\$5.12 for multi-product bundles (with some smaller volume deals above this range), clearly indicating the upselling opportunities ahead as Volpara continues to transition legacy capital users to SaaS through the Breast Health Platform.

Cash receipts from customers were NZ\$4.6M, up 2 percent compared to Q3FY20, and have remained strong despite COVID-19 and the significant US dollar weakness. This represents Volpara's sixth straight quarter with cash receipts from customers greater than NZ\$4.5M.

Cash receipts for the nine months ended 31 December 2020 were up over 20 percent. Importantly, and as shown below, receipts in Q1 through Q3 FY21 have seen strong inflows from subscription customers, which were also up approximately 20 percent year on year.



Net operating cash outflow in Q3 was NZ\$3.1M, less than budgeted and the lowest since Volpara’s acquisition of MRS Systems, Inc., in June 2019. This continues the downward trend in cash outflows, despite the US dollar weakness, reflecting consistent cash receipts from customers and control of costs, as shown below.



At the end of Q3, the Company had NZ\$60.6M cash on hand.

The payments to related parties of the entity and their associates outside of Board fees identified in item 6.1 of the Appendix 4C are payments made to a Director, Karin Lindgren, for legal services she provided to the Company.

In other news, Volpara still awaits word from the US FDA on breast density legislation, which has been held up due to COVID-19 and other factors, but we did receive the first sales receipts from our genetics partner, Ambry, based on the relationship we launched and announced in April 2020.

Volpara now markets Ambry's CARE (Comprehensive, Assessment, Risk, and Education) Program™ within the United States and is in the process of creating an online ordering process for genetic testing within the Aspen Breast practice management software, which includes using Volpara®Density™ software as an automated breast density measure for subsequent risk calculation.

Authorisation & Additional Information

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

Investor webcast scheduled

Investors are invited to join a webcast hosted by Group CEO Dr Ralph Highnam, Volpara Health CEO Katherine Singson, and CFO Craig Hadfield, on Thursday, 28 January 2021, at 9:00 am Australian Eastern Daylight Time (AEDT).

To register for the webcast, please follow this link:

https://us02web.zoom.us/webinar/register/WN_L0PH7y7MSqePluiLaVbZDg

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

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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. VHT is based in Wellington, New Zealand.

For more information, visit www.volparahealth.com

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: Approximately 39M a year are imaged in the United States, most of them screening. The percentage we give is an estimate of the number of women who are imaged using at least one of Volpara's suite of products. This should be considered indicative and not definitive.

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 – 31 December 2020 (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	4,637	14,281
1.2 Payments for		
(a) research and development	(1,983)	(6,065)
(b) product manufacturing and operating costs	(1,608)	(4,063)
(c) advertising and marketing	(165)	(438)
(d) leased assets	(24)	(72)
(e) staff costs	(3,167)	(12,209)
(f) administration and corporate costs	(1,318)	(4,087)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	33	1,022
1.5 Interest and other costs of finance paid	(40)	(121)
1.6 Income taxes paid	87	22
1.7 Government grants and tax incentives	440	1,328
1.8 Other (provide details if material)	38	82
1.9 Net cash from / (used in) operating activities	(3,070)	(10,320)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(6)	(52)
(d) investments	-	-
(e) intellectual property	-	(488)
(f) other non-current assets	-	-

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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)	(9)	(546)
2.6	Net cash from / (used in) investing activities	(15)	(1,086)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	39,499
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	103	1,739
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(1,601)
3.5	Proceeds from borrowings	-	2,821
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)	(140)	(419)
3.10	Net cash from / (used in) financing activities	(37)	42,039

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	64,293	31,385
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,070)	(10,320)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(15)	(1,086)

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Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (9 months) \$NZ'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(37)	42,039
4.5	Effect of movement in exchange rates on cash held	(528)	(1,375)
4.6	Cash and cash equivalents at end of period	60,643	60,643

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	7,532	9,919
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits >90 days)	53,111	54,374
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	60,643	64,293

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*	228
6.2	Aggregate amount of payments to related parties and their associates included in item 2*	18

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.

*6.2 relates to consulting fees paid to Karin Lindgren.

7. Financing facilities	Total facility amount at quarter end \$NZ'000	Amount drawn at quarter end \$NZ'000
<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>		
7.1 Loan facilities	(2,821)	(2,821)
7.2 Credit standby arrangements	(10)	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	(2,831)	(2,821)
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 a loan of US\$1.7M from the US Government's Small Business Administration in relation to the Paycheck Protection Program repayable at 1% p.a.; and 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)	(3,070)
8.2 Cash and cash equivalents at quarter end (item 4.6)	60,643
8.3 Unused finance facilities available at quarter end (item 7.5)	10
8.4 Total available funding (item 8.2 + item 8.3)	60,653
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	19.8
<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: 28 January 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.