

# 2020 Full-Year Results Presentation

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# FY20 HIGHLIGHTS

## Strong Year of Recurring Revenue:

- Over 10M US women, 300k Australian women are now getting the benefits of safer, more comfortable, more sensitive breast cancer screening thanks to our software and your continual investment into the company.
- Finished the year with ARR of NZ\$18M+, up 172% compared to FY19 thanks to organic & inorganic growth and covering over ~27% of the women that get screened each year in the US.

## Strong Year for Activity:

- Acquisition of MRS Systems, Inc. (MRS), based in Seattle, in June 2019 for ~NZ\$21M, with a A\$55M capital raise.
- Continual investments into business capability and capacity with addition of three new executives to Volpara executive team in Operations, People and Customer Success to help drive the next wave of growth and innovation for the company.
- Substantial investment made in research, development and engineering of almost NZ\$11M.
- Reached 200 peer reviewed papers for our core AI technology.

## Strong Year for Accounting Revenues:

- Total Non-GAAP revenue of NZ\$16.3M<sup>1</sup>, up 226% compared to the prior year.
- Net loss for the year before tax of NZ\$22.3M, up from NZ\$11.8M or 90% compared to the prior year. FY20 includes a number of non-cash and non-operating amounts totalling ~NZ\$7.3M.
- Cash and cash equivalents were up from NZ\$14.4M at end FY19 to NZ\$31.4M at end FY20.

## Strong Position for FY2021:

- Resilient industry, company, and business model to Coronavirus.
- April/May 2020 capital raise to strengthen balance sheet & possible M&A , sees us with NZ\$69M+ in the bank.

# Our mission

“To reduce the mortality and cost of breast cancer by providing clinically-validated software that underpins personalized, high-quality breast cancer screening.”

<sup>1</sup> Refer to footnote on slide 6.

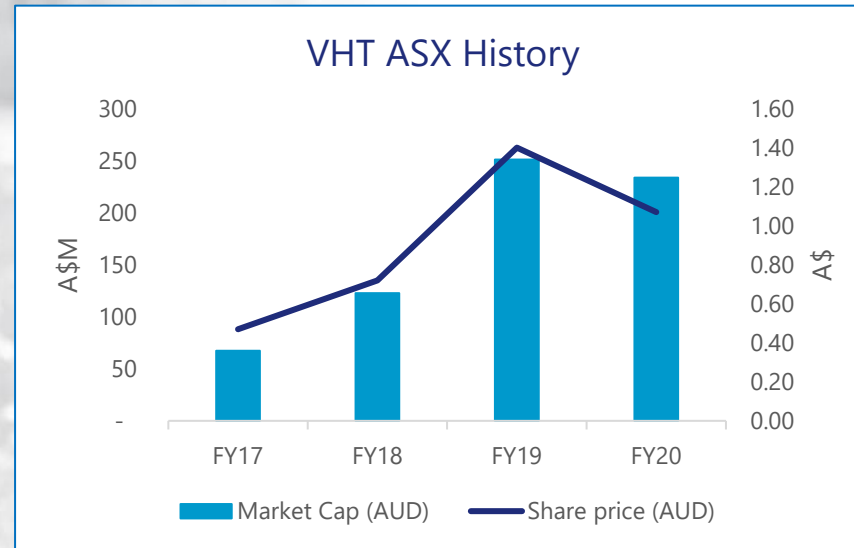


# COMPANY OVERVIEW

## Saving families from Cancer

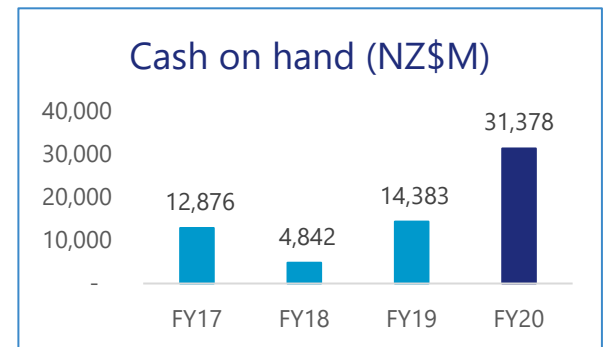
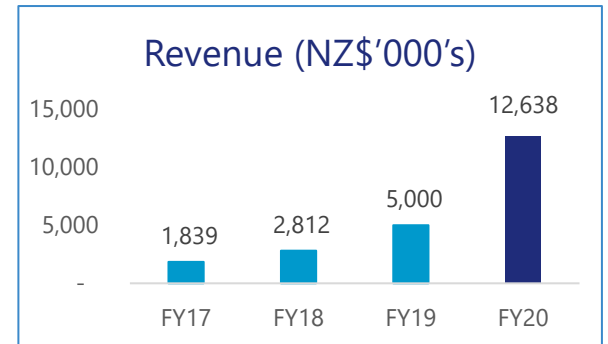


- Volpara (ASX:VHT) is an ASX listed medical technology company whose cancer screening software platform assists in the delivery of personalized patient care.
- Product suite includes: VolparaDensity, VolparaEnterprise, VolparaLive!, VolparaAspen Breast, VolparaAspen Lung.
- 174 staff across New Zealand, Australia, US, UK and France.
- Products sold direct and through distribution partners, including leading brands such as GE Healthcare.



### KEY CORPORATE DATA AS AT 31 MARCH 2020

|                      |                      |
|----------------------|----------------------|
| Share price          | A\$1.07              |
| 52 week low / high   | A\$0.79 - A\$2.17    |
| Shares on issue      | 218,479,977          |
| Market Cap.          | A\$233.8m            |
| Cash (31 March 2020) | NZ\$31.4m / A\$30.5m |
| Debt (31 March 2020) | No debt              |
| Enterprise value     | A\$203.3m            |



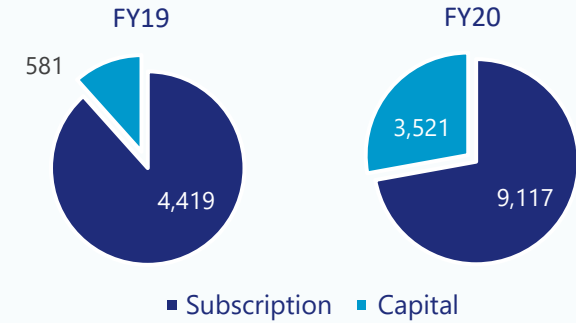
# KEY REVENUE METRICS

Full-year total IFRS revenue up 153% to NZ\$12.6M

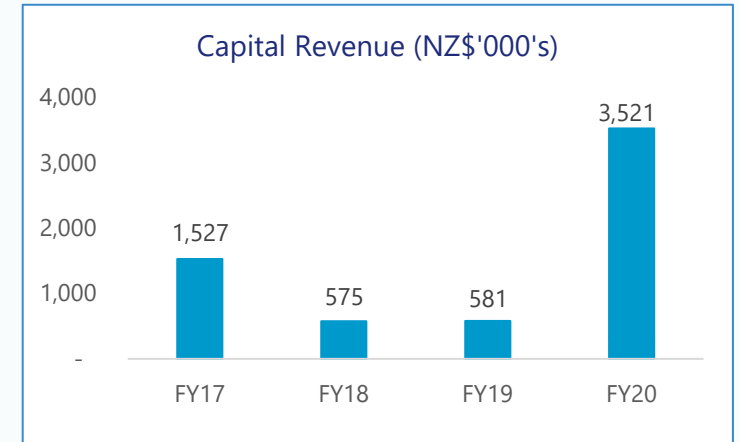
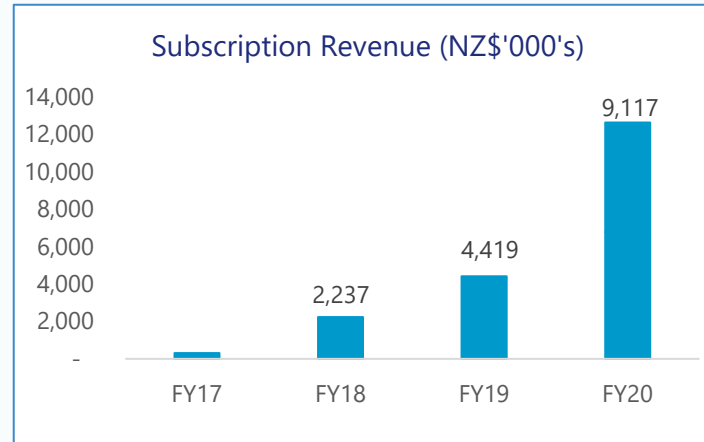
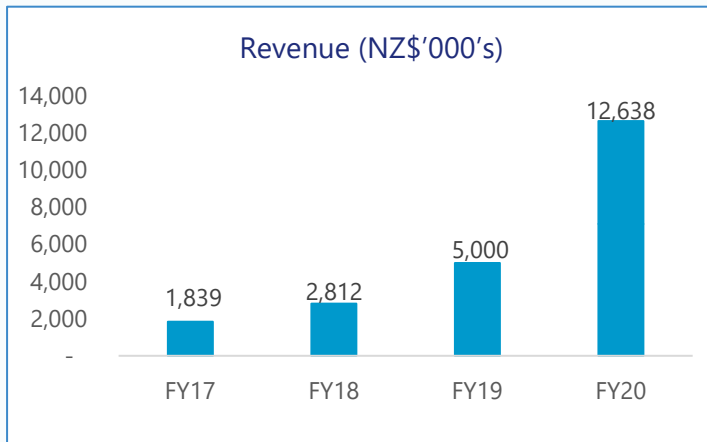
Non-GAAP annualized revenue of NZ\$18.5M\*

In the last 12 months ARR has increased from NZ\$6.6M+ to NZ\$18.0M+\*\*

PRODUCT MIX (NZ\$'000'S)



Increase in Capital in FY20 is mostly attributable to MRS. This will decrease over time as MRS transitions to SaaS.



\* If MRS had been acquired as at 1 April 2019 and before the non-cash revenue adjustment.

\*\* ARR increase is the result of continued organic growth plus the acquisition of MRS which added an initial contribution of approx. US\$5M in ARR from existing breast maintenance + lung contracts.

# PROFIT OR LOSS SUMMARY

## Highlights:

- Volpara increased its full year revenue by NZ\$7.6M from NZ\$5M to NZ\$12.6M, or 153%. Excluding a non-cash adjustment<sup>1</sup> of NZ\$3.6M the Group would have instead reported Non-GAAP revenue of NZ\$16.3M up 226% on the prior year.
- Growth in subscription revenues continued its upward trajectory, with revenues of NZ\$9.1M, up 106%.
- The Group's gross margin increased from 83% to 86%. The Non-GAAP<sup>2,3</sup> gross margin in FY20 exceeded 89%.
- Operating costs increased from NZ\$17.1M to NZ\$36.0M, or 110%, as a result of organic growth in line with the overall growth of the business together with the additional costs incurred after the acquisition of MRS.

|  | 2020<br>NZ\$'000 | 2019<br>NZ\$'000 | Change        |
|--|------------------|------------------|---------------|
| <b>P&amp;L SUMMARY</b>                                   |                  |                  |               |
| Revenue from contracts with customers                    | 12,638           | 5,000            | 153%          |
| Cost of revenue  | (1,772)          | (872)            | 103%          |
| <b>Gross profit</b>                                      | <b>10,866</b>    | <b>4,128</b>     | <b>163%</b>   |
| Government grants and other operating income             | 1,122            | 724              | 55%           |
| Sales and marketing                                      | (13,248)         | (8,433)          | 57%           |
| Product research, development and engineering            | (10,905)         | (5,647)          | 93%           |
| General and administration                               | (11,891)         | (3,049)          | 290%          |
| Foreign exchange gains                                   | 1,087            | 118              | 821%          |
| <b>Operating loss</b>                                    | <b>(22,969)</b>  | <b>(12,159)</b>  | <b>89%</b>    |
| Finance income   | 771              | 465              | 66%           |
| Finance expense  | (74)             | (59)             | 25%           |
| <b>Net loss for the period before tax</b>                | <b>(22,272)</b>  | <b>(11,753)</b>  | <b>90%</b>    |
| Income tax benefit                                       | 1,937            | 12               | 16,042%       |
| <b>Net loss for the year after tax</b>                   | <b>(20,335)</b>  | <b>(11,741)</b>  | <b>73%</b>    |
| <b>Other comprehensive income/expense</b>                | <b>1,498</b>     | <b>58</b>        | <b>2,483%</b> |
| <b>Total comprehensive loss for the year, net of tax</b> | <b>(18,837)</b>  | <b>(11,683)</b>  | <b>61%</b>    |

<sup>1</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, 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>2</sup>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.

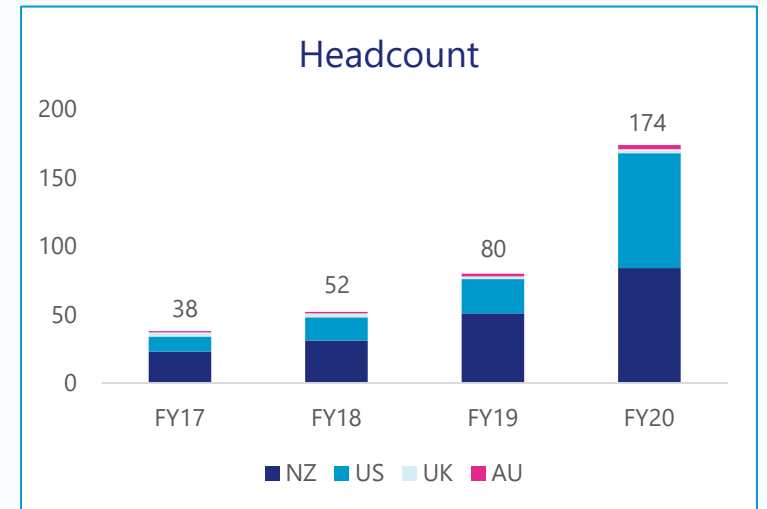
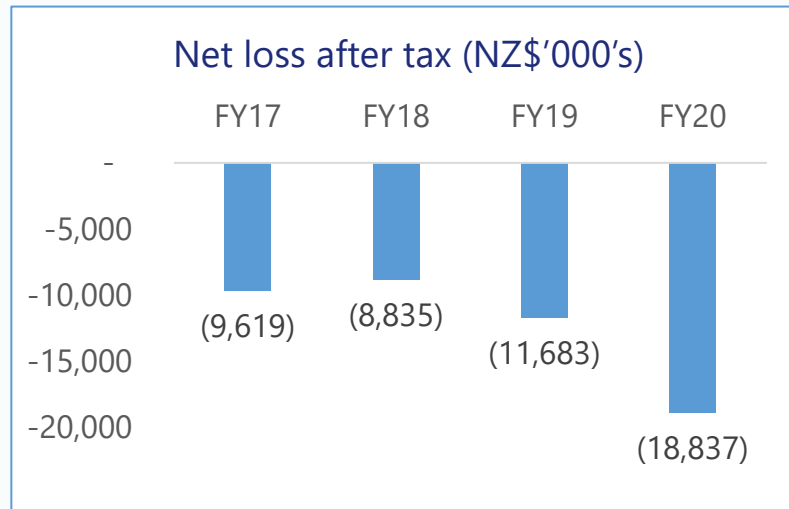
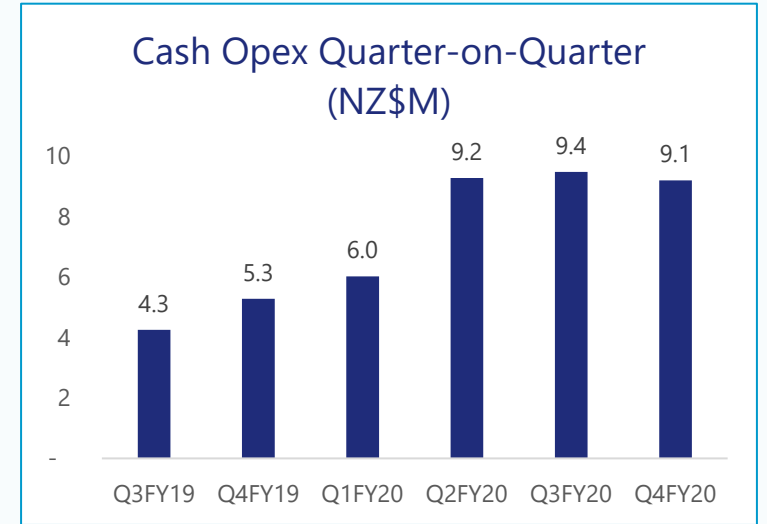
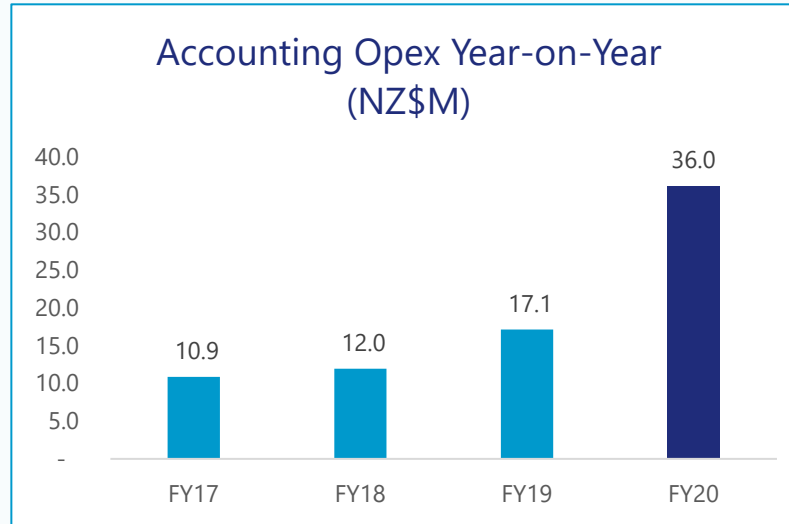
<sup>3</sup>Non-GAAP measures are not prepared in accordance with NZ GAAP, do not comply with International Financial Reporting Standards and therefore are not uniformly defined. The non-GAAP measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation.

# OPERATING COSTS

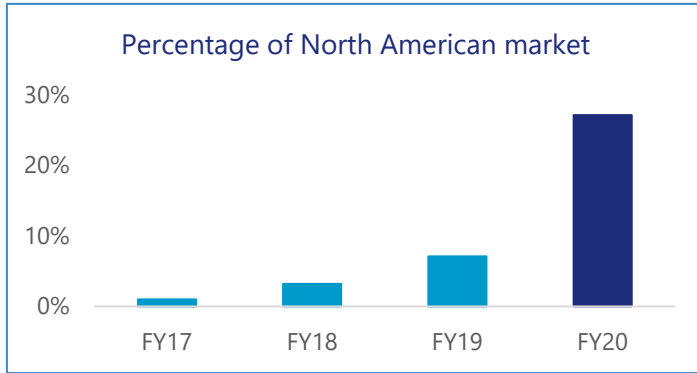
Volpara from its inception has employed scalable processes and best-in-class software tools and this, together with our strong financial discipline and the various initiatives mentioned below, allows for increased operating leverage to be achieved as revenue continues to grow.

In light of the uncertainty on wider business activity resulting from the COVID-19 pandemic, Volpara has undertaken various initiatives which we anticipate will yield cost savings/reductions of between 10-15% on annualised operating costs.

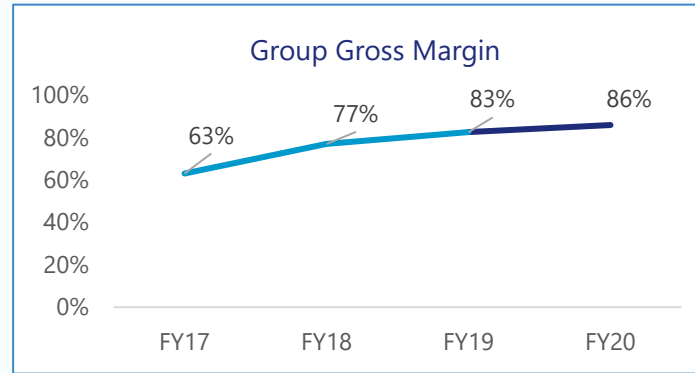
Opex increased after the acquisition of MRS in June 2019, however since then operating costs have remained in check, fluctuating between NZ\$9.1M and NZ\$9.4M for the last three quarters.



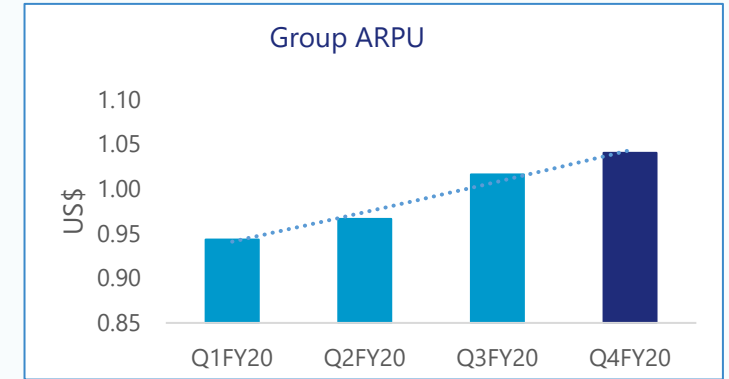
# OTHER METRICS



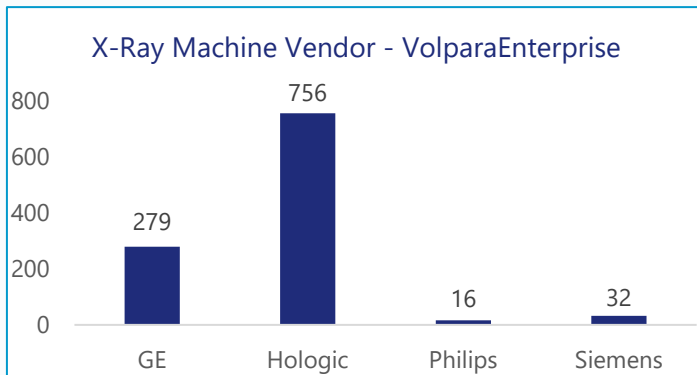
~27.1% of North American Market that has had a Group product applied on their images and data



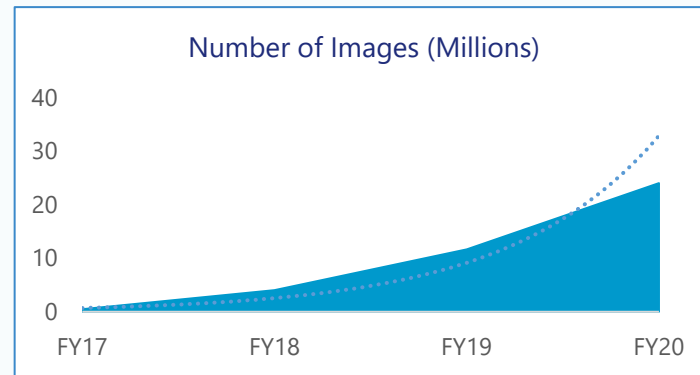
Gross Margin has increased from 63% to 86% since FY17



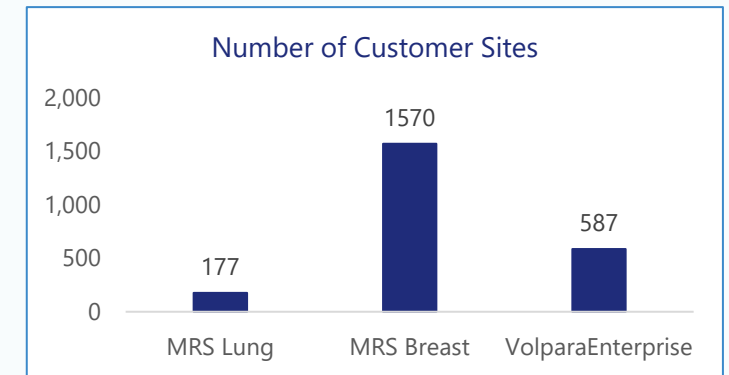
Group ARPU has increased from US\$0.94 in Q1 to US\$1.04 in Q4 – up 11% in the last 9 months



VolparaEnterprise is currently running on over 1,000 x-ray machines. ~69% of those are Hologic machines and ~26% GE



The number of images in the cloud has increased from 11.7M to over 24M in the last 12 months



Overall number of customer sites continues to grow steadily



# Transform and Prosper

# Business Outlook

## Saving Families from Cancer

### **Recognize world has changed with COVID-19 but breast screening remains a critical service**

- No governments/regulators want to restrict screening long-term and risk more late stage cancers, increased costs and avoidable deaths.
- We will continue to have a US (private-led, Govt paid) & Australia/NZ (Coronavirus under control) focus.
- We recognize Europe/Asia will take longer to recover due to porous borders and Govt led screening programs.

### **We continue to innovate**

- The data we have is valuable, and we need to continue extracting value for women from it.
- World class engineering team with a strong R&D pipeline.

### **Focus on long-term SaaS contracts which appear resilient even with COVID-19**

- Majority of our Volpara contracts are 5-year annual rolling contracts, paid annually in advance.
- Contracts are priced on products chosen, seat-licenses and volumes of screens.
- Sites expect screening to restart and then to have to catch-up on volumes.
- Cash collection continues to be strong & currently no obvious signs of any significant churn risks.

### **We can change how we operate and reduce customer acquisition costs**

- We have a strong US team that are actively working on closing a large outstanding sales pipeline.
- Focus of Q1/Q2 is on closing outstanding deals & increasing the ARPU from the existing customer base.
- We are transforming to digital & remote sales & marketing with increased sales productivity.
- We are also partnering to scale – Ambry Genetics is the first example.

### **We want to be ready for opportunities that will emerge in FY2021 from COVID-19**

- We are positioned strongly vs other companies due to balance sheet capacity and access to capital.
- We have been tracking M&A opportunities for many years that would add to US market share or increase ARPU.
- We have identified several M&A opportunities that are at various stages.