

# Volpara Health

## AI-driven cancer screening software

Volpara Health is a New Zealand-based health technology software company operating a Software-as-a-Service (SaaS) business model. It markets a range of tightly integrated AI-based breast cancer screening applications that allow physicians to calculate breast density and predict optimal imaging parameters. In H122 (financial year ending 31 March), the company estimates that at least one Volpara software product was used in 34% of US women undergoing breast screening. Recent improvements to the software now allow personalised risk prediction capabilities for screening patients. Volpara's ambition for H222 is to expand the breast health platform while developing its capability in lung cancer screening.

### Breast screening market

Breast cancer is the world's [most prevalent cancer](#). In 2020, there were 2.3 million cases diagnosed resulting in 685,000 deaths. When identified early, breast cancer survival probabilities reach >90%. Supported by US government directives for identifying those most at risk, in 2021 [38.9m mammograms](#) were performed in the US. Volpara is targeting this market by offering a range of cloud-based, AI-driven software that facilitates more personalised breast care. The product suite is supported by the 10-year [DENSE trial](#), which showed that density-based breast screenings have a significant positive impact on early cancer diagnosis.

### AI improves decision, detection and performance

At the foundation of the five main Volpara breast health products is a cloud-based database of more than 50 million anonymised mammography and tomosynthesis (essentially a 3D mammogram) images and four key artificial intelligence/machine learning (AI/ML) algorithms. Volpara asserts that its breast health platform can provide enhanced clinical decision support, personalised detection strategies and optimised programme performance by computing and predicting information such as volumetric breast density, compression pressure, radiation dose and image quality. Volpara's technology is clinically validated and supported by a library of more than 375 scientific publications.

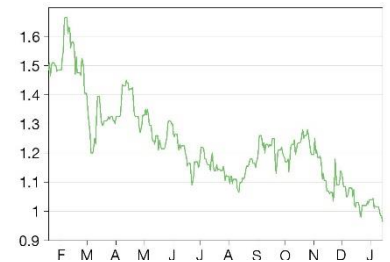
### Platform expanding in 2022

Volpara distributes its SaaS product both directly and through established suppliers such as GE Healthcare and Fujifilm Medical. In H122, Volpara reported revenue of NZ\$12.3m (up 30% y-o-y), of which >95% is from subscription services, and a gross margin of 91.4%. The company is on track to meet revenue guidance of NZ\$25–26m for FY22. We believe that at the current run rate it has sufficient cash (NZ\$25m at September 2021) to cover operating cash burn (NZ\$5.5m in H122) over the next 18 months. For the remainder of FY22, Volpara aims to expand its electronic health records sales channel by leveraging its recent acquisition of CRA Health, and continue ongoing development in the lung cancer screening market. Any positive clarification on the delayed FDA breast density regulations will represent significant support for Volpara's equity story and act as a share price catalyst.

**Healthcare**
**17 January 2022**

**Price** **A\$0.96**  
**Market cap** **A\$241m**  
 A\$/NZ\$1.06

#### Share price graph



#### Share details

Code VHT  
 Listing ASX  
 Shares in issue 251.1m

#### Business description

Volpara Health is a health technology software company that markets a suite of AI-based breast cancer screening software. The technology is based on a substantial database of images and can provide important information such as breast density and optimal imaging parameters. Volpara aims to continue expanding its breast health platform while developing capabilities in lung cancer screening.

#### Bull

- Growing revenue and high gross margin (>91%).
- New FDA breast density regulations represent a significant catalyst.
- Platform validated and supported by library of scientific publications.

#### Bear

- Strong competition in the cancer imaging market.
- Difficulty and/or failure in replicating breast screening model in lung cancer.
- Company remains cash flow negative.

#### Analysts

Harry Shriver +44 (0)20 3077 5700  
 Jacob Thrane +44 (0)20 3077 5700

[healthcare@edisongroup.com](mailto:healthcare@edisongroup.com)

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