ASX RELEASE

Volpara February Newsletter

Wellington, NZ, 21 February 2019: Volpara Health Technologies ("Volpara"; ASX: VHT), a medical technology company whose AI imaging algorithms assist the early detection of breast cancer, is pleased to provide investors with its February Investor Newsletter.

The eNewsletter outlines the Company's recent activities and upcoming events, including:

- Changes to the Volpara Board
- A Q&A with Paul Reid, Volpara's incoming Independent Chairman
- An update on international screening trials
- Latest financials
- On the Blog
- Recent Research
- Volpara in the News

The Investor Newsletter can be viewed at the end of this cover note, or by clicking here: https://bit.ly/2NfKIW0

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About Volpara Health Technologies Limited (ASX: VHT)

VHT is a MedTech SaaS company founded in 2009 on research originally conducted at Oxford University. VHT's clinical applications for screening clinics provide feedback on breast density, compression, dose and quality, while its enterprise-wide software, VolparaEnterprise, provides role specific dashboards and wide-ranging benchmarking analytics to help clinics manage their business more efficiently.

VHT's technology and services have been used by customers and/or research projects in 36

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$40 million, including A$20 million in April and May 2018. VHT is based in Wellington, New Zealand.

For more information, visit www.volparasolutions.com

VHT uses the following definitions:

Total Contract Value (TCV): The value of contracts signed in the specified period. The revenue from

these deals might be recognised over one or many years, and the customer might or might not have a cancellation clause of some kind.

Annual Recurring Revenue (ARR): The normalized amount of cash reasonably expected to be

booked for the next 12 months based on the contracts signed previously, and assuming installation

upon order.

Churn: The percentage of revenue from customers that either discontinue or reduce their subscription in a given 12-month period.

February 2019

Message from the CEO

Dear investor,

Welcome to the February 2019 Newsletter. Over the last few days, a number of reports and recommendations have emerged from the United States that directly relate to Volpara's business, especially in connection to a new US federal law for Breast Density Notification.

US Senator Dianne Feinstein (CA) has stated: "As part of the funding bill Congress passed yesterday, the FDA must now ensure mammography reports include appropriate breast-density information. Dense tissue can hide cancer on mammograms, so this information is vital to catching breast cancer early."

According to DenseBreast-Info.org, the law directs the FDA, through the regulatory process, to develop reporting language and ensure that mammography reports and summaries received by patients and their providers include appropriate information about breast density.

At this point, timelines and exact wording of the forthcoming changes remain uncertain. However, this has significant potential to assist around Volpara®Density™ in further

increasing our momentum in the United States.

Also, the US Preventative Services Taskforce (USPSTF), comprised of an independent panel of experts on prevention and evidence-based medicine that makes annual reports to Congress, has this week issued draft recommendations relating to breast cancer.

These recommendations support the use of breast cancer risk-reducing medications such as tamoxifen, raloxifene or aromatase inhibitors in women who are at an increased risk of developing breast cancer but at low risk of developing adverse reactions to medication. Modern breast cancer risk-assessment tools include breast density as an input, and some of the recommended drugs, such as tamoxifen, are known to work best in women with decreasing breast density.

Cuzick et al., the creators of TC8, the leading risk-assessment tool, state: “The 12- to 18-month change in mammographic breast density is an excellent predictor of response to tamoxifen in the preventive setting.”

As you read this update, we look forward to contributing 11 abstracts to the 25th European Congress of Radiology, which starts at the end of next week in Vienna. One of those abstracts will feature the first results from the DENSE project, a randomised control trial which started in the Netherlands in 2010 and uses the VolparaDensity clinical application to select women for additional imaging.

The Volpara®Live!™ system, launched at RSNA in November last year, continues to generate significant interest with the first round of quotes currently being distributed, and now going through the budgeting process.

As you can tell, there’s much going on as the world moves towards ever more personalised screening, and towards detection of breast cancers earlier and earlier. We look forward to updating you all as we hear more.

Very best regards,

Ralph P. Highnam, PhD
CEO & Chief Scientist

Paul Reid to become Independent Chairman, Roger Allen continues as Director

On 1 March, Paul Reid will become the Independent Chairman of Volpara, with Roger Allen AM remaining on the Board as a Non-Executive Director. At the time of its IPO, the Company indicated its intention to appoint an Independent Chairman, in line with ASX best-practice guidelines.

With a background in high-growth tech companies, Paul Reid joined the Board in March last year as a Non-Executive Director. Along with the CEO and CFO, Paul is based near Volpara's headquarters in Wellington, New Zealand.

Roger Allen was a major early-stage investor in Volpara, and then as Chairman guided the Company through IPO and early-stage growth. Roger has indicated his intention to continue to serve on the Board as a Non-Executive Director and remains a significant shareholder.

Q&A with new Independent Chairman

What is your professional background?

I have always been passionate about organisations driven by data and mathematics. With a Bachelor of Science (Hons) degree, I started my career at Ernst & Young, spending the next 20 years in corporate organisations, including Air NZ, Carter Holt Harvey and New Zealand Post, culminating in serving as CEO of New Zealand's meteorological service, MetService.

After that, I pursued early-stage opportunities, becoming founding CEO and now Chairman of Figured Ltd, a management accounting platform for farming, with over 15,000 subscriptions and fast growth in the USA, UK, Australia and NZ.
I also have spent the last five years building out my governance career and currently serve as a Director of Comvita Ltd (NZE: CVT), Christchurch International Airport Ltd and Figured Ltd.

What business transformations have you led?

I have led a number of business transformations throughout my career, but two stand out to me. As General Manager of Airport Services at Air New Zealand shortly after its financial collapse, my role was to reduce operating costs while modernising the airport customer experience.

The other standout transformation was Figured Ltd, which was on the edge of failure after poor technology and business model choices. We faced the usual early-stage company decision of closing it down or doubling down while completely renewing the technology and introducing a new business model. Figured went on to win the NZ Hi Tech Start Up Company of the Year award and is now an international technology success story.

What motivates you to work with early-stage companies?

I am excited by the generation of hundreds of new jobs from early-stage businesses and technologies. The circular effect on capital when investors receive a great financial return is also rewarding. I see a pattern of investors who have benefited, reinvested in new ventures and perpetuated growth.

What attracted you to Volpara?

Everyone knows somebody affected by breast cancer, and it's important we do everything we can to detect cancers as early as possible and prevent death. Apart from the huge social good Volpara does, I am passionate about the maths which underpin Volpara's science and technology IP. I foresee a huge growth opportunity for the technology, not only in breast cancer but in other healthcare applications.

Update on international screening trials

Public screening makes up about half the world mammography market. Globally, Volpara is involved in multiple trials, many of which are producing excellent papers as their teams seek to understand the full impact of our products on the women screened by their systems, and on the screening systems themselves. Here's a summary of some of the bigger trials underway:

UK (PROCAS II)
This is a large follow-on trial around Manchester, where researchers are investigating stratified screening based on breast density and breast cancer risk. Following PROCAS I, Volpara was chosen as the density provider, and we anticipate that what is essentially an IT trial will run for two years. The trial started in 2018 (after some delays due to GDPR), with the fixed sites up and running, and the mobile vans now close to being connected so they can get fully underway. The PROCAS team will discuss the reliability of Volpara®Density™ software over time at ECR 2019 next week. We are pleased with the way this project is running and believe it will demonstrate a powerful stratified screening system.

Netherlands (Project DENSE)
This project, begun in 2011, is set to deliver its first results next week. A randomized control trial involving tens of thousands of women, it uses VolparaDensity to put people into an MRI screening protocol in addition to the standard x-ray protocol. We will report the results in due course.

Australia (Various)
We have multiple trials underway in Australia based not on VolparaDensity but our quality-control product, Volpara®Enterprise™. One state-based trial reported positively on VolparaEnterprise some time ago, but then lost their clinical lead. This position has just been filled, so we look forward to discussing the product and budgets with the new clinical lead.

Another state trial is set to take place soon. This one looks at the training of VolparaEnterprise, emphasising not only quality and productivity but radiation dose and its

monitoring. Discussions proceed with many of the big radiology imaging chains while we continue to win VolparaDensity contracts with smaller private sites.

We are confident that these state-based programs will start using our products once required trials and budget approvals are in place (this contrasts with the US market, where trials are not needed).

Latest financials

In Q3 FY19, Volpara received a record NZ$1.9m from customers, up 192 percent on Q3 FY18. The Company's total contract value (TCV) for the year to date stands at NZ$10.8m, up 56 percent from the end of FY18. At the end of Q3, Volpara had NZ$17.1m cash in the bank.

The average price per woman (ARPU) in the US for Volpara®Enterprise™ software has increased 50 percent, to US$2.50 per woman. The business continues to scale well, with a current gross margin of 83 percent compared to 84 percent in FY18.

On the Blog

New breast surgery and density white paper available

We are very excited to share our most recent white paper, Improved Surgical Outcomes and Breast Implant Selection: Application of Automated Volumetric Breast Measurements, by Drs Monica Saini and Ariane Chan. Request the white paper here

The impact of customising annual breast screenings based on a patient's breast density

Dr Cathrine Keller speaks to Volpara about the importance of informing women on breast density. Dr Keller is the President and Managing Physician of Lake Medical Imaging, a full-service diagnostic imaging practice. Continue reading

Volpara and ScreenPoint Medical sign memorandum of understanding (MOU)

Volpara and image analysis developer ScreenPoint Medical have signed an MOU under which the two companies will bring ScreenPoint's artificial intelligence–based Transpara detection-and-decision-support software to Volpara users globally.

ScreenPoint Medical, based in the Netherlands, develops image-analysis technology for the automated reading of mammograms and digital breast tomosynthesis exams, using big data, deep learning and artificial intelligence. Continue reading

Recent Research

The European Congress of Radiology will hold its 25th annual meeting next week in Vienna, Austria. Volpara users have contributed 11 abstracts, including seven oral presentations and four poster presentations:

- Additional MRI screening in women with extremely dense breasts: primary outcome of the first round of the randomised DENSE trial (Netherlands) – is it reducing interval cancers?
- Reproducibility and measurement error in automated breast density assessment (UK) – a good to excellent consistency was found over time.
- Factors influencing the disagreement between the automated volumetric breast density and radiologist's visual assessment in assessment of breast density (South Korea) – when women have surgery and bilateral differences in density, then Volpara and visual can disagree.
- Mammographic parenchymal pattern: correlation with age, breast density and prediction of cancer detection and nodal status in a UK screening population (UK) – patterns of dense tissue can add information to just the overall breast density.
- Multiparameter dose monitoring in mammography: the use of combined breast thickness and density determined DRLs (Diagnostic Referencing Levels) (Italy) – breast density is critical to include when considering minimum and maximum radiation doses.
- Accuracy of mammography dosimetry in the era of the European Directive 2013/59/Euratom transposition (Italy) – the Volpara method is accurate.
- Proposal of a breast phantom for dosimetry quality-control procedures in digital mammography and digital breast tomosynthesis (Netherlands) – using Volpara's quantitative values to understand true breast structure.
- Validation of volumetric breast density software using a 3D-printed single-material breast phantom (Netherlands) – Volpara appears very accurate.
- Patient-specific mammographic dose in a cohort of 1 million women: implications for population dose assessment (Volpara) – to understand dose, you need to understand breast density.
- Effect of different reading protocols on the association between mammographic sensitivity and volumetric breast density (Volpara) – Volpara's density scores

demonstrate remarkably strong relationship to risk of missing cancer, no matter what the screening protocol actually is.

- Low-dose breast density assessment (Volpara) – accurate density scores can be generated with just 10% of the standard radiation dose.

Volpara in the News

How Europe's clinicians and patients are using data & AI to fight cancer

Microsoft - Features, Artificial Intelligence

The effectiveness of mammography dramatically decreases when examining 'dense' breasts with a higher percentage of fibroglandular tissue. To address this challenge, the Veneto Institute of Oncology (IOV) is using a new breast density assessment tool from Volpara that has the potential to help millions of people. Leaping beyond the limits of a traditional mammogram, the cloud-based solution assesses images of a patient's breast tissue, honing in on its density.

Continue reading

New breast-cancer screening guidelines stoke debate over patient notification

The Globe and Mail

Women with dense breast tissue are more likely to develop cancer, but most who fall in that category have no way of knowing they are at risk because the information isn't routinely included in mammogram reports in many parts of Canada.

Continue reading

Volpara Solutions Launches Next-Generation VolparaDensity Software to Support SmartCurve Paddles

Imaging Technology News

Volpara Solutions Inc. received U.S. Food and Drug Administration (FDA) 510(k) clearance for new technologies used in the Volpara Density clinical application for breast density assessment. The updated version of VolparaDensity more accurately reflects breast density from images captured using the Hologic SmartCurve system.

Continue reading

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3 ASX healthcare shares to bring your portfolio to life

The Motley Fool

In 2018 the healthcare sector was once again the place to invest your money.

During the 12 months the S&P/ASX 200 Health Care (Index: ^AXHJ) (ASX: XHJ) put on a gain of 17% compared to a decline of around 7% for the benchmark ASX 200 index.

Continue reading

Upcoming events

27 February - ECR – Vienna, Austria

2 March - NERRS Breast Imaging Course – MA, USA

12 March - 9th Multidisciplinary Breast Cancer Conference – WA, Australia

13 March - 2019 Breast Imaging Meeting (BIG/RANZCR) – WA, Australia

15 March - NCoBC 2019 – NV, USA

4 April - 2019 SBI/ACR Breast Imaging Symposium – FL, USA

5 June - 9th International Breast Density and Cancer Risk Assessment Workshop – HI, USA

www.volparasolutions.com