



5 June 2019

Dear Shareholder

**Volpara Health Technologies Limited – Entitlement Offer
Notification to ineligible shareholders**

On Monday, 3 June 2019, Volpara Health Technologies Limited (New Zealand company number 2206998 / ARBN 609 946 867) (ASX: VHT) (**Volpara** or **Company**) announced that it had entered into a merger agreement under which it would acquire MRS Systems, Inc., a Seattle-based medical software company that provides comprehensive patient tracking, and communication, and a radiology reporting platform, for sub-specialty radiology applications including breast and lung imaging (**Acquisition**).

Capital raising for Acquisition

In connection with the Acquisition, Volpara announced that it was conducting a fully underwritten equity capital raising by way of an institutional placement (**Placement**) and a pro rata accelerated non-renounceable entitlement offer (**Entitlement Offer**) to eligible shareholders to subscribe for one new fully paid ordinary share in Volpara (**New Share**) for every 27 existing fully paid ordinary shares (**Existing Shares**) registered in the name of an eligible shareholder at 7:00pm (Sydney time) on Wednesday, 5 June 2019 (**Record Date**), at an offer price of A\$1.50 per New Share, to raise an aggregate total of approximately A\$55 million. The Placement and Entitlement Offer are lead managed, and fully underwritten, by Bell Potter Securities Limited. Morgans Corporate Limited has been appointed as a co-lead manager.

The Entitlement Offer comprises an institutional entitlement offer (**Institutional Entitlement Offer**) and an offer to Eligible Retail Shareholders (as defined below) to participate on the same terms as the Institutional Entitlement Offer (**Retail Entitlement Offer**).

The Placement and the Institutional Entitlement Offer have already closed and the results were announced on the ASX on 5 June 2019. The Placement and the Institutional Entitlement Offer raised an aggregate total of A\$50 million.

The proceeds of the Placement and the Entitlement Offer will be partly used by Volpara to fund the Acquisition (and associated costs), and to fund further organic growth, as further described in the announcement released to ASX on 3 June 2019.

The Entitlement Offer is being made without disclosure by the Company in accordance with section 708AA of the *Corporations Act 2001* (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73) (**Corporations Act**), meaning that a prospectus does not need to be prepared with respect to the Entitlement Offer. Shareholder approval is not required for the Entitlement Offer.

Volpara today lodged a retail entitlement offer booklet (**Retail Entitlement Offer Booklet**) with ASX which sets out further details in respect of the Retail Entitlement Offer.

This letter is to inform you about the Retail Entitlement Offer and to explain why you will not be eligible to subscribe for New Shares under the Retail Entitlement Offer. This letter is neither an offer to issue New Shares to you, nor is it an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter, but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.**

Details of the Entitlement Offer

Under the Retail Entitlement Offer, an offer will be made to Eligible Retail Shareholders (defined below) to apply for one New Share for every 27 Existing Shares registered in the name of an Eligible

Retail Shareholder on the Record Date. In addition to being able to apply for New Shares under the Retail Entitlement Offer, Eligible Retail Shareholders who take up their full entitlement will also be able to apply for additional New Shares that are not subscribed for by other Eligible Retail Shareholders under the Retail Entitlement Offer (**Additional Shares**) up to a maximum of their original Entitlement (i.e. 1 Additional Share for every 27 Existing Shares held at the Record Date), subject to the overall discretion of the Board.

Eligibility to participate in the Retail Entitlement Offer

The Company has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to make the Retail Entitlement Offer available to shareholders in countries other than Australia and New Zealand (**Ineligible Shareholders**) having regard to:

- the relatively small number of Volpara shareholders in jurisdictions other than Australia and New Zealand where the Retail Entitlement Offer would be made;
- the number and value of Volpara shares for which such shareholders would otherwise be entitled; and
- the costs of complying with the legal and regulatory requirements in each jurisdiction other than Australia and New Zealand where the Retail Entitlement Offer would be made.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, since you are a shareholder who is resident outside Australia and New Zealand, Volpara wishes to inform you that it will not be extending the Retail Entitlement Offer to you, you will not be able to subscribe for New Shares under the Retail Entitlement Offer, and you will not be sent a copy of the Retail Entitlement Offer Booklet or a personalised entitlement and acceptance form.

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are those shareholders of Volpara who:

- are registered as a holder of Existing Shares as at 7:00pm (Sydney time) on Wednesday, 5 June 2019 (being the Record Date);
- have a registered address on the Volpara share register in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Existing Shares for the account or benefit of such person in the United States);
- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or other document to be lodged or registered in the jurisdiction in which the offer is received by them.

Shareholders who are not Eligible Retail Shareholders are ineligible shareholders and are consequently unable to participate in the Retail Entitlement Offer. Volpara may (at its absolute discretion) extend the Retail Entitlement Offer to certain institutional shareholders in foreign jurisdictions who did not participate in the Institutional Entitlement Offer (subject to compliance with applicable laws).

Non-renounceable entitlement offer

As the Retail Entitlement Offer is non-renounceable, entitlements in respect of the New Shares you would have been entitled to if you were an Eligible Retail Shareholder will lapse and you will not receive any payment or value for your entitlements in respect of any New Shares that would have been offered to you if you had been an Eligible Retail Shareholder. New Shares equivalent to the number of New Shares you would have been entitled to if you were an Eligible Retail Shareholder may be allocated to other Eligible Retail Shareholders who subscribe for New Shares in excess of their entitlements under the Retail Entitlement Offer or will otherwise be taken up by the underwriter to the Retail Entitlement Offer.

Further information

If you have any questions in relation to any of the matters set out above, please contact the Volpara Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) Monday to Friday from 8.30am to 5.30pm (Sydney time) during the period of the Retail Entitlement Offer.

On behalf of the board of Volpara, I thank you for your continued support of the Company.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Paul Reid".

Paul Reid
Chair
Volpara Health Technologies Limited

Important information

This letter may not be released to US wire services or distributed in the United States. This letter does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction. The New Shares have not been, and will not be registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act of 1933 and any applicable US state securities laws.

The provision of this letter is not, and should not be considered as, financial product advice. The information in this letter is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker, or other professional advisor.