



## ASX ANNOUNCEMENT

### VOLPARA TO ACQUIRE MRS SYSTEMS, INC. AND LAUNCH CAPITAL RAISING

Wellington, NZ, 3rd June 2019: Volpara Health Technologies Limited (**Volpara**; ASX: VHT), a medical technology company whose AI imaging algorithms assist the early detection of breast cancer, has today entered into a binding agreement to acquire US-based MRS Systems, Inc. (**MRS**) and launched a fully underwritten \$55m equity capital raising to fund both the acquisition and further organic growth.

#### Highlights

- Volpara has agreed to acquire MRS for US\$14.59 million<sup>1</sup> (~A\$21.15 million<sup>2</sup>) (**Acquisition**)
- MRS is a 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
- A leading provider of breast clinic management software, MRS has an estimated ~20% market share of breast clinics in the US, with its software used in more than 1700 breast clinics, and is forecasting Annual Recurring Revenue (**ARR**) of ~US\$4.5 million for FY19 (year ending 31 December 2019), and along with capital sales, expects ~US\$7.5m total revenue for FY19
- The Acquisition provides Volpara with an expanded and mature presence in the US, with an enlarged sales footprint and technical support; product suites that are highly complementary - creating cross-selling opportunities for both MRS and Volpara; the combination of MRS clinical data and Volpara images will enrich Volpara's AI capability
- To fund the Acquisition (and costs) and to fund further organic growth, Volpara will launch a fully underwritten equity capital raising consisting of an institutional placement to raise A\$45 million and a pro rata accelerated non-renounceable entitlement offer to raise approximately A\$10 million (**Capital Raising**)
- Completion of the Acquisition is expected to occur around mid-June 2019, subject to the satisfaction of customary conditions precedent

#### ACQUISITION DETAILS

##### Overview

Volpara has today (Sydney time) entered into a binding merger agreement to acquire 100% of the issued share capital of MRS for total consideration of US\$14.59 million (~A\$21.15 million<sup>2</sup>), subject to certain purchase price adjustments at completion (including for working capital).

##### Strategic rationale for the Acquisition

The Acquisition is consistent with Volpara's goal to save families from breast cancer through the use of AI imaging algorithms to assist the early detection of breast cancer. Application of AI requires well-curated data, and the combination of the two companies opens up that potential. The integration of MRS' solution instantly increases the number of US clinics to which Volpara has access from ~400 to over 2,000 (an increase of more than 400%). This access will provide a platform to enable many more women to benefit from Volpara's personalised risk assessment and enhanced patient-outcome tracking while generating the massive amounts of data that optimise AI. The combination of MRS' clinical data and Volpara's breast images and algorithms provides the basis for more complete products, greater customer support through more efficient workflow, and ultimately more accurate risk-

<sup>1</sup> The final purchase price will be adjusted for certain purchase price adjustments (including working capital)

<sup>2</sup> Assumes an exchange rate of A\$1.42 – US\$1.00

detection tools powered by AI, as well as increased revenue and enhanced profitability for both companies.

In the shorter term, it is expected that the Acquisition will provide Volpara with:

- a much stronger US presence, technical expertise, and a mature, experienced US HQ based in Seattle
- a significant increase in ARR
- accelerated sales through cross-selling opportunities
- increased potential ARPU (annual revenue per user) through new products for the sales team

Volpara CEO, Dr Ralph Highnam, commenting on the Acquisition, said: *"We've been talking to MRS for many years and have been extremely impressed with the quality of the people and the products they build. So I'm very happy to now announce that we are combining to create a world-class entity with a strong US base and an extended range of integrated products which will help detect breast cancer earlier."*

## FUNDING

Volpara is issuing further equity to fund the purchase price for MRS (including the associated costs of the transaction) and to fund further organic growth. The fully underwritten equity raising comprises:

- a placement to institutional shareholders at an offer price of A\$1.50 per new share (**Offer Price**) to raise A\$45 million (**Placement**); and
- a 1 for 27 pro rata accelerated non-renounceable entitlement offer to Eligible Shareholders (**Entitlement Offer**) that hold Volpara shares (**Shares**) at 7:00 pm (Sydney time) on Wednesday, 5 June 2019 (**Record Date**) at the Offer Price to raise approximately A\$10 million.

The Offer Price for each new Volpara share (**New Share**) of A\$1.50 represents:

- an 18.9% discount to the last closing price of the Shares on ASX on Friday, 31 May 2019, being A\$1.85;
- a 14.9% discount to the 30 day VWAP of the Shares on ASX; and
- a 16.2% discount to the theoretical ex-rights price (**TERP**) of the Shares, being \$1.79.<sup>3</sup>

The Capital Raising is lead managed, and fully underwritten, by Bell Potter Securities Limited (**Bell Potter**). Morgans Corporate Limited has been appointed as a co-lead manager.

### Placement and Institutional Entitlement Offer

In addition to the Placement, eligible institutional shareholders of Volpara are being invited to participate in the accelerated institutional component of the Entitlement Offer (**Institutional Entitlement Offer**). Any New Shares that would have been issued in respect of institutional entitlements not taken up by eligible institutional shareholders by the close of the Institutional Entitlement Offer and the New Shares that would have been issued to ineligible institutional shareholders (had such ineligible institutional shareholders taken up their entitlements) (**Institutional Shortfall Shares**), will be offered through an institutional shortfall bookbuild expected to be conducted on Tuesday, 4 June 2019 (**Institutional Shortfall Bookbuild**).

Volpara shares have been placed in a trading halt while the Placement, Institutional Entitlement Offer and Institutional Shortfall Bookbuild are undertaken.

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<sup>3</sup> TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer based on the last traded price and issue of Shares at the offer price in the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Volpara shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP.

Settlement of the New Shares issued under the Placement, the Institutional Entitlement Offer and the Institutional Shortfall Bookbuild is expected to occur on Wednesday, 12 June 2019, with allotment of New Shares expected to occur on Thursday, 13 June 2019.

The New Shares to be issued under the Placement will be issued within Volpara's existing placement capacity under ASX Listing Rules 7.1 and 7.1A.

### Retail Entitlement Offer

Eligible Retail Shareholders will be entitled to participate in the retail component of the Entitlement Offer (**Retail Entitlement Offer**) which will open on Tuesday, 11 June 2019 and will close at 5:00 pm (Sydney time) on Wednesday, 26 June 2019.

**Eligible Retail Shareholders** are those shareholders with a registered address in Australia or New Zealand at the Record Date who were not invited to participate in the Institutional Entitlement Offer. Volpara considers it is unreasonable to extend the Retail Entitlement Offer to shareholders with registered addresses in jurisdictions outside Australia and New Zealand having regard to the small number and nominal value of New Shares that would be offered in such jurisdictions and the cost of complying with the legal and regulatory requirements in those jurisdictions.

In addition to each Eligible Retail Shareholder's entitlement under the Retail Entitlement Offer, Eligible Retail Shareholders will also be offered the opportunity to subscribe for additional New Shares, up to a maximum number of additional New Shares equal to each Eligible Shareholder's initial entitlement, but only to the extent that there is a shortfall under the Entitlement Offer (**Shortfall Facility**) and at the Board's absolute discretion. Any New Shares that are not taken up by Eligible Retail Shareholders (whether on exercise of any entitlement or under the Shortfall Facility) will be subscribed for by Bell Potter as underwriter.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferrable.

Each New Share will rank equally with existing Shares on issue. Volpara will seek quotation of the New Shares issued under the Placement and the Entitlement Offer on ASX.

An investor presentation which provides further details on the Acquisition, the Company's business operations and strategy, and on the Placement and Entitlement Offer, was lodged with ASX today and is also available to shareholders outside the United States at the Company's website at [www.volparasolutions.com](http://www.volparasolutions.com). The retail entitlement offer booklet for the Retail Entitlement Offer (**Retail Entitlement Offer Booklet**) will be released to the ASX separately and will be mailed to all Eligible Retail Shareholders on Tuesday, 11 June 2019.

### Indicative Timetable\*\*

Event	Date (2019)
Trading halt request	Before market open on Monday, 3 June
Announcement of the Acquisition and Capital Raising	Monday, 3 June and Tuesday, 4 June
<b>Conduct of Placement and Institutional Entitlement Offer</b>	Monday, 3 June and Tuesday, 4 June
<b>Institutional Shortfall Bookbuild</b>	Tuesday, 4 June
<b>Announcement of results of Placement and Institutional Entitlement Offer</b>	Before market open on Wednesday, 5 June
Trading halt lifted and trading resumes on an ex-entitlement basis	5 June
<b>Record Date for eligibility to participate in the Entitlement Offer</b>	<b>7:00 pm (Sydney time) on Wednesday, 5 June</b>

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Event	Date (2019)
Retail Entitlement Offer Booklet and Entitlement and Acceptance Form despatched to shareholders	Tuesday, 11 June
<b>Retail Entitlement Offer opens</b>	Tuesday, 11 June
Settlement of New Shares under the Placement and the Institutional Entitlement Offer	Wednesday, 12 June
<b>New Shares allotted and issued under the Placement, the Institutional Entitlement Offer and the Institutional Shortfall Bookbuild</b>	Thursday, 13 June
New Shares allotted and issued under the Placement, the Institutional Entitlement Offer and the Institutional Shortfall Bookbuild commence trading on ASX on a normal settlement basis and despatch of holding statements	Friday, 14 June
<b>Closing Date of Retail Entitlement Offer</b>	<b>5:00 pm (Sydney time) on Wednesday, 26 June, unless extended</b>
Announcement of results of Retail Entitlement Offer (including any shortfall)	Monday, 1 July
Settlement of Retail Entitlement Offer and New Shares allotted and issued under the Retail Entitlement Offer	Wednesday, 3 July
New Shares issued under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Thursday, 4 July
Despatch of holding statements for New Shares issued under the Retail Entitlement Offer	

*\*\* These dates are indicative only and are subject to change. Volpara reserves the right, subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules, to amend this indicative timetable. In particular, Volpara reserves the right to extend the Closing Date, accept late applications under the Entitlement Offer (either generally or in particular cases), and withdraw or vary the Placement or Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the allotment and issue of New Shares. Volpara will consult with Bell Potter in relation to any change to this indicative timetable and any such change may require the consent of the Bell Potter.*

## INVESTOR PRESENTATION

Further details of the Acquisition and the Capital Raising are set out in the investor presentation also provided to ASX today. The investor presentation contains important information including the terms and effects of the Acquisition, key risks relating to the Acquisition, and an investment in Volpara shares and foreign selling restrictions with respect to the Capital Raising. Any person considering an investment in Volpara should read the investor presentation, including the key risks, in its entirety and seek their own independent advice before making any decision in this regard.

## INVESTOR CONFERENCE CALL

Investors are invited to join a conference call hosted by CEO, Dr Ralph Highnam, CFO, Craig Hadfield, and CCO, Mark Koeniguer on Wednesday, 5 June 2019 at 11.00 am (Sydney time).

To register, please follow this link:

<https://services.choruscall.com.au/diamondpass/volpara-10000454-invite.html>

You will receive a calendar notification with dial-in details and a PINK for fast track access to the call.

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## RETAIL ENTITLEMENT OFFER

For further information on, or if you have any questions in respect of, the Retail Entitlement Offer, you may call the Volpara Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) Monday to Friday from 8.30 am to 5.30 pm (Sydney time), during the retail offer period, being 11 June 2019 until 26 June 2019.

ENDS.

### For further information, please contact:

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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 38 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](http://www.volparasolutions.com).

### IMPORTANT NOTICES

*This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement 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.*

*This announcement contains certain "forward-looking statements". Forward-looking statements can generally be identified by the use of forward-looking words such as "forecast", "estimate", "likely", "anticipate", "believe", "expect", "future", "project", "opinion", "opportunity", "predict", "outlook", "guidance", "intend", "should", "could", "may", "target", "plan", "propose", "to be", "foresee", "aim", "will", and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, and include statements in this announcement regarding the conduct and outcome of the Capital Raising, the use of the proceeds, and the Acquisition. Forward-looking statements, opinion, and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections and guidance on future earnings and estimates are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and may involve significant elements of subjective judgement, assumptions as to future events that may not be correct, known and unknown risks, uncertainties, and other factors, many of which are outside the control of Volpara. A number of factors could cause actual results, performance, or achievements to vary materially from any forward-looking statements and the assumptions on which statements are based, including but not limited to the risk factors set out in the investor presentation released by Volpara to ASX today. Except as required by applicable law or regulation (including the ASX Listing Rules), Volpara undertakes no obligation to provide any additional or updated information or update any forward-looking statements, whether as a result of new information, future events or results, or otherwise.*

*The Information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with Volpara's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at [www.asx.com.au](http://www.asx.com.au). You are advised to read these Important Notices carefully before reading or making any other use of this announcement or any information contained in this announcement. In accepting this announcement, you agree to be bound by these terms and conditions, including any modifications to them.*

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