

9 September 2021

Doctor Care Anywhere enters Australian telehealth market with the strategic acquisition of GP2U Telehealth Pty Ltd

Key Highlights

- Doctor Care Anywhere acquires 100% of telehealth provider GP2U Telehealth Pty Ltd (“GP2U Telehealth”), trading as both GP2U and Psych2U, for a total consideration of A\$11.0 million (2.5x unaudited gross revenue¹ for the financial year ended 30 June 2021)
- GP2U Telehealth provides virtual GP services under the brand GP2U and tele-mental services under the brand Psych2U
- The Psych2U brand represents c.78% of GP2U Telehealth’s revenue, with income streams via a mixed billing service, including a channel partnership with HCF, Australia’s largest not-for-profit health insurer
- GP2U Telehealth delivered 54.8% gross revenue growth for the financial year ended 30 June 2021 (A\$4.4 million unaudited gross revenue for the financial year ended 30 June 2021)
- Acquisition provides the platform to build a market leading telehealth business in Australia in partnership with other Australian stakeholders

Doctor Care Anywhere Group PLC (ASX:DOC, “Doctor Care Anywhere” or “the Company”) announces the acquisition of Australian based GP2U Telehealth Pty Ltd. GP2U Telehealth provides virtual GP services under the brand GP2U and tele-mental health services under the brand Psych2U, with the latter representing 78% of GP2U Telehealth’s total revenue. The acquisition represents Doctor Care Anywhere’s first entry into the Australian telehealth market, following its successful IPO in December 2020.

Doctor Care Anywhere sees significant opportunities to grow national mental health and GP telehealth services in Australia and will focus on the ever-growing mental health burden in Australia, particularly in rural and remote areas. Approximately half of all adults in Australia will experience mental health concerns at some point with an estimated cost to the economy of up to A\$220 billion each year². In response to the mental health consequences of the COVID-19 pandemic, the Australian government has increased spending on mental health to A\$6.3 billion for 2021-22³, including a significant expansion of telehealth services to respond to high levels of mental distress in communities across the country.

GP2U Telehealth is well placed to meet this demand through its mental health service provision and its recent growth performance demonstrates clear strategic and commercial reasons for this acquisition, including:

- Consultation growth by psychiatrists, psychologists, and GPs of 51.4% to 35,000 for FY21
- A track record of serving patients and their local GPs across Australia, especially those in under-served regional, rural, and remote areas
- Opportunities to extend its current channel partnerships
- Increasing its existing base of clinicians comprising 10 GPs, 28 psychiatrists and 22 psychologists to support future growth

¹ Unaudited gross revenue of A\$4.4m represents the total value of services provided through GP2U, of which GP2U recognised net revenue of A\$1.3m with a ~100% gross margin

² Data according to the Australian Government Department of Health (March 2021): <https://www.health.gov.au/health-topics/mental-health-and-suicide-prevention/about-mental-health>

³ Data according to the Australian Government Department of Health (May 2021): <https://www.health.gov.au/news/budgets-historic-23-billion-investment-in-mental-health-and-suicide-prevention>

- Partnering with Australian psychiatrists, psychologists, and GPs to explore evidence based shared care models, advances in e-health technologies and innovative ways to work across international borders
- Synergies including ‘know how’ in running telehealth services successfully at scale and potential technology integration with Doctor Care Anywhere’s proprietary platform

Dr Bayju Thakar, CEO of Doctor Care Anywhere, said:

“This acquisition represents another important milestone for Doctor Care Anywhere; giving us a platform on which to build our presence in the Australian market and further expand our international business. It will give GP2U the support it needs to make a real difference in helping patients, particularly those in rural and remote regions, access high quality virtual GP care and, in particular, support existing GP practices in the provision of tele-mental health. Both service lines are ideally suited to the innovative and responsive applications provided by a telehealth approach, especially where the geographical distance between clinician and patient is prohibitive.

Building on our significant organic growth, we believe that this is the right time to be expanding our telehealth activity internationally to serve and care for more patients through the strategic acquisition of GP2U Telehealth and we are very excited to be entering the Australian market.”

Sarah Richardson, General Manager GP2U Telehealth Pty Ltd, said:

“GP2U Telehealth has had a positive impact on thousands of patient lives across Australia thanks to the work of our experienced and dedicated team of clinicians. We are proud that our virtual GP and tele-mental health services have transformed the health journeys of so many people, enabling access to high quality care pathways, especially for those living in remote and rural areas.

I am excited to join the Doctor Care Anywhere family. Their experience in delivering high quality digital health services and the opportunity for technology synergies between our companies will help us to achieve our growth plans, meet the current high demand for services and allow more patients to benefit from high quality healthcare, wherever and whenever they need it most.”

Sheena Jack, CEO of HCF said:

“Doctor Care Anywhere’s acquisition of GP2U Telehealth Pty Ltd, is a welcome investment in the Australian telehealth market. Demand for virtual GP and tele-mental health services from our membership base has increased substantially in recent years and our strong partnership with the GP2U Telehealth team has allowed us, as the largest non-for-profit health insurer, to offer high quality, telehealth care to our members across Australia. We look forward to working closely with Doctor Care Anywhere as they support the team to deliver their next phase of growth.”

Transaction Terms

Doctor Care Anywhere will acquire 100% of the shares in GP2U Telehealth.

- The equivalent of A\$11.0 million total consideration payable
- A\$3.3 million settled in cash on completion of the transaction, funded by DOC’s existing cash reserves
- The equivalent of A\$7.7 million settled in DOC CDIs, subject to 12 months escrow. A total of 10,555,173 CDIs were issued to shareholders of GP2U Telehealth at a price of A\$0.73 per CDI
- There is no deferred or earn-out consideration to be paid as part of the transaction
- There are no material liabilities on the balance sheet of GP2U Telehealth

Aurenda Partners acted as the sole corporate, strategic and M&A advisor to Doctor Care Anywhere, alongside Herbert Smith Freehills as legal counsel and PwC as financial due diligence advisor.

Further detail on the historical financial performance of GP2U Telehealth is included in the investor presentation accompanying this announcement.

Shareholders and other interested parties are invited to join a webcast presentation at 9:30am AEST on Thursday 9 September 2021, hosted by CEO Dr Bayju Thakar and CFO Dan Curran.

Those who wish to attend can join using the following link:

<https://us02web.zoom.us/j/87325667601>

- ENDS -

This ASX announcement has been authorised for release by the Board of Directors.

About Doctor Care Anywhere:

Doctor Care Anywhere is a doctor led UK-based telehealth company that is committed to delivering the best possible patient experience and clinical care through digitally enabled, joined up, evidence-based pathways on its proprietary platform. Doctor Care Anywhere utilises its relationships with health insurers, healthcare providers and corporate customers to connect with patients to deliver a range of telehealth services. The Doctor Care Anywhere Board of Directors includes three experienced Australian non-executive Directors who have a deep understanding of the Australian health system. CEO Dr Bayju Thakar is a qualified medical doctor.

About GP2U Telehealth:

Founded in Australia in 2011 and based in Hobart, Tasmania, GP2U Telehealth provides virtual GP services via the brand GP2U and tele-mental health services through the brand Psych2U to patients across Australia.

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