

ASX ANNOUNCEMENT

VITURA HEALTH TO ACQUIRE 24/7 NATIONWIDE TELEHEALTH BUSINESS - DOCTORS ON DEMAND



19 OCTOBER 2023

Melbourne, Australia – Vitura Health Limited (ASX: VIT) (Vitura and Company) is pleased to announce that it has entered into binding agreements (**Agreements**) to acquire the entire issued capital of Doctors on Demand Pty Ltd ACN 163 312 570 (DoD) for an aggregate consideration of \$25 million comprising an upfront cash component, a deferred cash component and an equity component (**Acquisition**).

The Acquisition is expected to complete on or around 26 October 2023 (subject to the satisfaction or waiver of the limited conditions precedent described below) (**Completion**).

About Doctors on Demand

Founded in 2015 by Brisbane pharmacists John Martin and John Neilson, DoD is a private Australian company that operates a leading digital platform to facilitate the treatment of patients and the provision of telehealth, healthcare and related services by Australian registered healthcare practitioners via videoconference. Those healthcare practitioners offer the telehealth services 24 hours a day, 365 days a year via DoD's proprietary platform through the provision of online consultations with patients by virtually examining and taking the medical history of the patient via videoconference and other technologies.

As telehealth pioneers, the foundations of DoD predate the COVID-19 pandemic and the widespread adoption of telehealth as a medical consultation format. Since that time, DoD's technology has increased in scale and sophistication, with key business metrics achieved including:

- 120+ doctors that currently treat patients on the DoD platform
- Record number of consults in a 24-hour period during September 2023, being 1,040 consults



- An average number of 776 consults in a 24-hour period during September 2023
- The annual run rate of consults as at September 2023 is 280,000+ consults
- All consults are privately billed at \$60 per consult between 8am and 6pm Monday to Friday and \$90 per consult between 6pm and 8am Monday to Friday, all day Saturday, Sunday and on public holidays

All consults conducted through the DoD platform between a doctor and a patient are via videoconferencing on the DoD platform. The consults are not solely via audio or an asynchronous consultation (which does not have real-time visible interaction between the doctor and patient). Videoconferencing is the highest quality of telehealth consult, allowing the doctors using the DoD platform to achieve better outcomes for patients.

While DoD has a thriving consumer business that services patients nationwide, a significant share of the revenue derived by DoD comes from its corporate business via the provision of telehealth services pursuant to its service agreements with some of Australia's leading health insurers and corporates. DoD's B2B business has resulted in consult numbers in the hundreds of thousands for policyholders, employees and their families and, as such, is an important area of DoD's business that Vitura will continue to invest in and grow.

Strategic Rationale for Acquisition

The decision by the Vitura Board to acquire DoD has been based on a strategic rationale, including as follows:

- Integrating DoD into the Company will further embed Vitura as a diversified digital health company, with the Acquisition bringing a significant number of prescribers and patients, while also enabling the Company to enter new service and product verticals. It also diversifies the Company's operations and revenues beyond medicinal cannabis into a significantly wider addressable market. The Board is confident that this will support the Company's sustainable growth and profitability into the future.
- This Acquisition is one of the steps that Vitura's Board and Executive team have executed on in addressing the core strategic priorities of the Company's Vision26 strategy that commenced in July 2023 and extends to the end of FY2026. Specifically, the addition of significant numbers of patients and prescribers into the Vitura ecosystem is at the core of the Vision26 strategy.
- The Acquisition allows Vitura to enter into new healthcare verticals such as urgent care, men's and women's health, weight loss and smoking cessation, in addition to every day health consults, medical certificates, pathology referrals and specialist referrals.
- Vitura intends to look to immediately enhance the current DoD service offering by giving patients the new ability to purchase a range of medications following their consults, for an enhanced end-to-end patient experience.
- Vitura's clinical governance will be further strengthened by DoD's Clinical Advisory Committee that supports the 120+ doctors that currently treat patients on the DoD platform.



- The Acquisition will allow the Company to integrate the CDA and Cannadoc clinical businesses (noting we have integrated Cannadoc into CDA), into the DoD operations, and will enable patients to access the Pain Management and Mental Health verticals, for which medicinal cannabis and other treatments may be prescribed, if appropriate.
- The Company will benefit from DoD's success and expertise in the operation of a large scale and large volume telehealth business. The existing DoD leadership, together with their team, will transition to Vitura to be part of the next phase of growth of the Company.
- The DoD Chief Executive Officer, Kirsty Garrett, will be appointed as the Vitura Chief Operating Officer, responsible for DoD, CDA Clinics, Cannadoc and several shared service functions. Kirsty will join the Executive Leadership Team of Vitura and report to the Vitura Chief Executive Officer.
- The DoD proprietary technology stack is 100% owned by DoD and has been developed in house by a skilled software development team.
- DoD operates a mature marketing engine with a positive Return on Advertising Spend (ROAS) which is being achieved by the DoD marketing team. This will encourage Vitura to invest in additional spend to continue to grow both the B2C and B2B businesses.
- We believe that the widespread adoption of telehealth is being partly driven by cost of living pressures, availability of doctors and pressure on clinics from some state governments enforcing the collection of payroll tax for contracted doctors, all dynamics that the Board considers are likely to continue into the future.
- DoD is based in South Brisbane and will be the fifth physical location for Vitura beyond our Melbourne and Gold Coast headquarters and our Melbourne and Gold Coast distribution centres. Less than an hour from our Gold Coast locations, the South Brisbane location is ideal for continuing to build our high performing culture.

Agreements

The Acquisition will be effected pursuant to the Agreements, which comprise:

- a share sale and subscription agreement between Vitura, the shareholders of DoD (being Supercomp No. 19 Pty Ltd ACN 065 448 286 as trustee for Tacos Superannuation Fund, JNWCL Pty Ltd ACN 146 028 006 as trustee for Martin Superannuation Fund, John Daniel Martin as trustee for JDM Family Trust, Sigma Company Limited ACN 004 132 923 (collectively, **DoD Shareholders**)) and Regal Funds Management Pty Ltd ACN 107 576 821 as trustee for Regal Emerging Companies Opportunities Fund and Regal Emerging Companies Fund III (**Regal**) dated 19 October 2023 (**Main Sale Agreement**); and
- a share sale agreement between Vitura, Kirsty Garrett and Yeates Ventures Pty Ltd ACN 159 475 859 (**Employee Sellers**) dated 19 October 2023.



Consideration

The total consideration payable by Vitura under the Agreements for the Acquisition is \$25 million and is payable as follows:

- \$6.25 million to be paid by the issue of 17,380,423 fully paid ordinary shares in Vitura (**VIT Shares**) to Regal on Completion at a deemed issue price of \$0.3596 per VIT Share (being the seven-day volume weighted average price of ordinary shares in Vitura as at close of trading on 18 October 2023);
- \$12.5 million in cash to be paid to the DoD Shareholders, Regal and the Employee Sellers in their respective proportions on Completion (subject to any typical working capital adjustments to be calculated post-Completion); and
- \$6.25 million in cash to be paid to DoD Shareholders and Employee Sellers in their respective proportions on the date that is 12 months from the date of Completion.

The cash component of the consideration payable by Vitura will be funded from a combination of current cash reserves and a new debt facility of \$6.25 million to be provided by ANZ Bank. ANZ has provided a funding commitment to Vitura in respect of that debt facility subject to the execution of formal documentation and the satisfaction or waiver of customary conditions precedent.

The VIT Shares will be issued to Regal under Vitura's existing placement capacity under ASX listing rule 7.1 without the need for shareholder approval and half of those VIT Shares will be subject to a voluntary escrow period of six months from the date of their issue.

Conditions

Completion of the Main Sale Agreement is subject to limited conditions precedent relating to certain key employees of DoD entering into new executive employment agreements with Vitura, or its wholly owned subsidiaries, and Regal being issued shares in DoD upon conversion of all convertible notes in DoD held by Regal.

Completion of each Agreement is also subject to and conditional upon the simultaneous completion of the other Agreement.

Other

The Agreements are otherwise on customary terms and conditions for a transaction of this nature, including pre-completion obligations, termination rights, warranties provided by the parties and restraints on the DoD Shareholders.



Commenting on the Acquisition, Vitura's CEO and Executive Director, Rodney Cocks said:

"Today marks a significant milestone in the history of Vitura, as we announce the acquisition of Doctors on Demand. Just like the merger between Cronos Australia and CDA Health to form Vitura was a game changer, we see this transaction to acquire Doctors on Demand as having the same significant impact. This not only embeds Vitura as a diversified digital health company as we bolt on more services, products and verticals beyond medicinal cannabis, but also supports and assists our sustainable growth and profitability. The transaction also brings with it hundreds of thousands of patients and more than 120 skilled and dedicated doctors who treat patients on the Doctors on Demand platform.

Today the real work starts, as we ready for integration beyond the transaction closing date. We look forward to continuing to serve Doctors on Demand's B2C customers and B2B patients with high quality healthcare solutions, while we grow the existing business and introduce additional verticals. Concurrently, we will also continue to serve the patients, prescribers, pharmacists and suppliers on our CanView platform, just like we have for years now.

We would like to acknowledge the hard work that has gone into building Doctors on Demand from the ground up in 2015 to the successful, nationwide business that it is today. Firstly, to John Martin and John Neilson who had the initial vision to build an innovative platform to help those people in remote Australia access timely, high quality healthcare by leveraging technology. To Doctors on Demand's CEO, Kirsty Garrett, and her amazing team, we look forward to welcoming you all into the Vitura family. Finally, to Sigma and Regal Funds who had the foresight to invest in the early days and have been supportive shareholders on the Doctors on Demand journey.

Finally, I would like to thank the highly capable and commercial Vitura team who made this acquisition possible and acknowledge the months of work in getting to today. We look forward to updating the market on the integration of the DoD operations into Vitura and success of Doctors on Demand in the coming months."

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About Vitura Health Limited (ASX:VIT)

Vitura Health Limited is listed on the ASX (ASX:VIT) and, via its wholly owned subsidiaries, operates the following businesses:

- Burleigh Heads Cannabis - operates the market leading prescriber, patient, pharmacy and supplier online platform, CanView, which sells and distributes 260+ product SKUs within Australia from 39 international and domestic medicinal cannabis brands.
 - CanView is being developed to be a complete end-to-end healthcare ecosystem designed to provide doctors, pharmacists and patients with a simple and cost-effective way to facilitate the treatment of patients with increased efficiency and compliance. The CanView system is based on a medicines wholesaling platform which seamlessly brings together a number of disparate SAAS (software-as-a-service) providers including inventory control, invoicing, customer management, reporting and analytics, all linked together through customised integration from third party providers. Underpinning the suite of SAAS elements are a number of bespoke, internally-generated operating procedures and intellectual property assets, supported by the CanView customer support and infield customer engagement teams. Through the integration of the different elements which together make up CanView, the platform provides the best user experience in the industry.

Through the Company's relationships with third party integrators, CanView provides Australian doctors with the ability to integrate their patient management systems directly with the platform and to use their patient information to generate electronic prescriptions within the CanView platform, without the need to input the patient's details. Prescriptions are then sent directly to the CanView patient app where patients can manage their treatment and submit the prescription and subsequent repeats to one of the 3,600+ Australian pharmacies with accounts on CanView for dispensing.

While the Company's current operations focus on the sale and distribution of medicinal cannabis products, Vitura is fully licensed and equipped, via its two state-of-the-art distribution centres in Melbourne and the Gold Coast, to distribute all products under Schedules 2, 3, 4, 8 and 9. The establishment during the year of the Company's joint venture to distribute psychedelic products, including MDMA and Psilocybin, is a timely example of the many opportunities that the Company believes can be seamlessly integrated into its existing digital health platform business.

- The Company owns 50% of Cortexa Pty Ltd, an incorporated joint venture with Canadian-based PharmAla Biotech (CSE:MDMA). Cortexa aims to be the leading supplier of psychedelics, GMP MDMA and GMP psilocybin, for research and therapeutic use in Australia.
- The Company owns CDA Clinics that undertakes nationwide telehealth consultations with patients seeking access to medicinal cannabis.
- The Company owns 75.5% of Cannadoc Health Pty Ltd, a medicinal cannabis clinic business that undertakes nationwide telehealth consultations with patients seeking access to medicinal cannabis.

www.vitura.com.au

www.canview.com.au

www.burleighheadscannabis.com

www.cortexa.com.au

www.cdaclinics.com.au

www.cannadoc.com.au



Authorised by

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Forward-looking statements

This announcement includes forward-looking statements which may be identified by words such as 'anticipates', 'believes', 'expects', 'intends', 'may', 'will', 'could', or 'should' and other similar words that involve risks and uncertainties. These forward-looking statements are based on the Company's expectations and beliefs concerning future events as at the date of this announcement. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company, which could cause actual results to differ materially from such statements. The Company makes no undertaking to update or revise the forward-looking statements made in this announcement to reflect any change in circumstances or events after the date of this announcement.