

Results for announcement to the market for the half-year ended 31 December 2023

1. The reporting period covers the half-year ended 31 December 2023.
The previous reporting period covers the half-year ended 31 December 2022.

2. Results for announcement to the Market

	31 Dec. 2023 \$	31 Dec. 2022 \$	Increase/ (decrease) \$	Increase/ (decrease) %
2.1 Total revenues from ordinary activities	59,973,994	57,656,779	2,317,215	4.0%
2.2 The profit from ordinary activities after tax attributable to Members	3,269,665	7,679,713	(4,410,048)	(57.4)%
2.3 The net profit attributable to Members	3,269,665	7,679,713	(4,410,048)	(57.4)%
2.4 On 23 August 2023, the Directors of Vitura declared a dividend of one cent per ordinary share franked as to 100% in respect of the year ended 30 June 2023. The Record Date for the dividend was 5 September 2023 and the payment of the dividend and allotment of shares issued under the Company's Dividend Reinvestment Plan ("DRP") occurred on 28 September 2023. A total of \$5,438,321 was paid in cash and \$142,000 in respect of the above dividend was settled via the issue of 461,294 shares in the Company under the DRP. The Company does not propose to pay a dividend in respect of the half-year ended 31 December 2023.				
2.5 The Record Date for determining entitlements to the above dividend was 5 September 2023.				

2.6 **Current period commentary**

Statement of Comprehensive Income

During the half-year ended 31 December 2023, the Company generated a consolidated profit after income tax of \$3,122,049 (2023: \$7,662,038), a decrease of 59% over the figure for the prior corresponding period due to a decline in the average selling price and gross margin pressures experienced industry wide, one-off costs relating to the acquisition of Doctors on Demand Pty. Ltd. ("DoD") and further investment in commercial and strategic opportunities which the Company anticipates will generate additional revenues and profitability in the second half of the year.

Revenues generated during the half-year ended 31 December 2023 totalled \$59,973,994, comprising the sale and distribution of products (\$56,147,587) and medical consultation and service fees (\$3,826,407), the latter of which included two months of revenue from the DoD business that the Company acquired in late October.

Revenue from the sale and distribution of products fell marginally from the prior corresponding period by roughly 1%, despite the number of units sold through the CanView platform increasing by almost 10% over the same period. During the past year, the Australian cannabis industry has experienced considerable average selling price compression across all SKUs as a result of increased competition, price discounting and the addition of new suppliers bringing with them a marked increase in the number of medicinal cannabis products offered. Vitura has also entered into a number of commercial rebate agreements with larger customers which the Company anticipates will drive increased sales and revenues in future, noting that, in a number of cases, the relevant suppliers contribute to reduce the amounts paid. Revenues from the provision of clinical consulting and other services increased sharply from the prior corresponding period by \$2,971,653, or 348%, largely due to the acquisition of Doctors on Demand which was completed on 26 October 2023.

The average gross margin achieved across the Group was 29.4% for the half-year ended 31 December 2023, being a fall of almost 6% from the prior corresponding period. As noted above, the medicinal cannabis industry has experienced market wide compression in the average selling price putting considerable pressure on gross margins. Increased competition has also resulted in the Company paying increased rebates to attract and secure customers and encourage increased orders. The Group's overall gross margin, however, has been bolstered by the addition of Doctors on Demand which has margins closer to 35% which the Company expects will have a positive impact on its results for the second half of the current financial year.

2.6 Current period commentary (Cont.)

Operating expenses for the half-year under review totalled \$13,300,301, an increase of \$4,144,167, or 45%, from the prior corresponding period. A material factor contributing to this increase is the acquisition of DoD which resulted in significant one-off transaction and integration costs, including legal and accounting costs, and, as from the beginning of November, the inclusion of additional personnel and sales and marketing expenses.

As part of its *Vision 26* strategy, Vitura is also investing heavily in new business opportunities and the introduction of additional product verticals to capitalise on the significant numbers of patients and doctors who use the DoD service. The introduction of these new products and services in the second half of the 2024 financial year, and beyond, is expected to generate improved trading results for the Company overall.

Statement of Financial Position

During the half-year ended 31 December 2023, the Group's cash and cash equivalents decreased by \$5,853,163, or 31%, to \$12,995,887 (2023: \$18,849,050). The main drivers of the decrease were the net payment of \$12,114,123 as part consideration for the acquisition of Doctors on Demand Pty. Ltd., the payment of the Company's second consecutive dividend of \$5,438,321 and the payment of \$2,104,654 in income tax.

Trade receivables increased by \$2,746,495, or 29%, from the prior corresponding period. Other receivables included \$530,874 due from the Australian Taxation Office, which the Company will recoup progressively during the second half of the financial year, and an amount of \$100,180 relating to the final working capital adjustment for DoD which has since been received.

The balance of inventories held by the Group at balance date was \$4,970,366, down \$1,938,504, or 28%, from the prior corresponding period. While the total number of discrete SKUs (products) sold through Vitura's CanView platform now exceeds 350, a larger proportion of the SKUs are now held by the Company on a consignment basis, meaning that fewer products are initially owned by the Company which, in turn, delivers improvements in its working capital position as the products are only acquired by the Company prior to the eventual sale.

Total liabilities for the Group increased by \$21,199,943, or 177%, since 30 June 2023. This material increase is principally attributable to the addition of \$6,250,000 in debt financing from the ANZ Bank and a further \$6,250,000 in deferred consideration as part of the acquisition of DoD. The balance of trade and other payables now contains supplier and employee payables for the DoD business that were not present at the end of the corresponding prior period. As mentioned in its 2023 Annual Report, Vitura also signed a new lease agreement during the half-year in respect of its larger Gold Coast office, which significantly increased its interest-bearing liabilities at balance date, together with a corresponding increase in its right-of-use assets.

Statement of Cash Flows

During the half-year ended 31 December 2023, cash receipts from customers (including GST) were \$62,686,060, representing an increase of \$4,707,595, or 8%, on the prior corresponding period. Net cash flows from operations increased by more than 25% during the half-year, assisted by improvements in working capital, notably the decrease in inventory and increase in trade payables, and a significant increase in interest received.

Cash outflows from investing activities increased significantly from the prior corresponding period due primarily to the acquisition of Doctors on Demand Pty. Ltd. As mentioned above, approximately half of the acquisition price (\$12,013,943) was funded by the Company with cash.

Net cashflows from financing activities improved materially from an outflow of \$5,824,148 in the prior period to an inflow of \$9,126. The payment of a second one cent dividend to Vitura shareholders (\$5,438,321) was offset by proceeds from the ANZ Bank loan of \$6,250,000 and the proceeds from the exercise of 1,500,000 options (\$405,000).

Further details relating to the Group's financial performance can be found in the Directors' Report in the Company's Financial Report for the half-year ended 31 December 2023.

3. Net tangible assets per ordinary share as at 31 December 2023 were 1.40 cents.
Net tangible assets per ordinary share as at 30 June 2023, being the previous corresponding balance date, were 5.00 cents.
4. On 26 October 2023, the Company acquired 100% of the issued capital of Doctors on Demand Pty. Ltd. Refer *Note 29* of the Company's Financial Report for the half-year ended 31 December 2023 for details of the acquisition.
- Also during the period under review, the Group lost control of the following wholly-owned subsidiaries which were deregistered as the companies were dormant, had no assets or liabilities and were surplus to the Group's requirements:
- Prominent Brands Pty. Ltd. (control lost on 2 December 2023)
 - Canview Dispensary Queensland Pty. Ltd. (control lost on 2 December 2023)
 - NRT Australia Pty. Ltd. (control lost on 2 December 2023)
 - CDA Pharmaceuticals Pty. Ltd. (control lost on 27 December 2023)
5. Refer Item 2.4 above for details of the dividend paid during the half-year ended 31 December 2023.
6. The Company introduced a Dividend Reinvestment Plan on 26 August 2022, being the same date it declared its maiden dividend in respect of the year ended 30 June 2022. The last date for the receipt of an election notice for participation in the Plan was 6 September 2023.
7. As at 31 December 2023, Vitura Health Limited held a 50% direct beneficial interest in Cortexa Pty. Ltd., a 50:50 incorporated joint venture in conjunction with Canadian-based PharmAla Biotech Holdings Inc. (CSE: MDMA) to supply MDMA and Psilocybin that meet an acceptable standard of good manufacturing practice for prescription use in Australia as from 1 July 2023. The loss incurred by Cortexa Pty. Ltd. during the reporting period was \$248,077.
8. Not applicable.
9. The Company's Financial Report for the half-year ended 31 December 2023 was reviewed by the Company's auditor, Pilot Partners. The review report issued by Pilot Partners does not contain any modified opinion or emphasis of matter.

Signed on behalf of Vitura Health Limited



RODNEY D. COCKS
Chief Executive Officer

Dated this 23rd day of February, 2024