Vitura Health Limited

ACN 629 071 594

ASX APPENDIX 4D
FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

1. The reporting period covers the half-year ended 31 December 2024.
   The previous reporting period covers the half-year ended 31 December 2023.

2. Results for announcement to the Market

		31 Dec. 2024 $	31 Dec. 2023 $	Increase/ (decrease) $	Increase/ (decrease) %
2.1	Total revenues from ordinary activities	62,672,501	59,973,994	2,698,507	4.5%
2.2	The profit from ordinary activities after tax attributable to Members	1,702,620	3,269,665	(1,567,045)	(47.9)%
2.3	The net profit attributable to Members	1,702,620	3,269,665	(1,567,045)	(47.9)%
2.4	The Company does not propose to pay a dividend in respect of the half-year ended 31 December 2024.				
2.5	Not applicable.				

2.6 Current period commentary

Statement of Comprehensive Income

During the half-year ended 31 December 2024, the Company generated a consolidated profit after income tax of $1,579,899 (2024: $3,122,049), a decrease of 49% over the figure for the prior corresponding period largely due to an ongoing decline in the average selling price of the products sold through Canview and gross margin pressures experienced industry wide. Additionally, due to the acquisition of Doctors on Demand ("DoD"), Vitura is now required to amortise various intangible assets that, while they have an accounting expense, do not represent an outflow of cash or a deterioration in the value of the IP owned by DoD. Vitura also incurred a once off expense during the period relating to the decision to purchase a copy of the Canview platform as opposed to building a new platform from the ground up.

Revenues generated during the half-year ended 31 December 2024 totalled $62,672,501, comprising the sale and distribution of products ($50,025,196) and medical consultations and service fees ($12,647,305), the latter which included a full six months of revenue from the DoD business that the Company acquired in October 2023, whereas the prior corresponding period contained only two months of revenue.

Revenue from the sale and distribution of products fell from the prior corresponding period by roughly 11%, despite the number of units sold through the Canview platform increasing by 1% during the same period. As noted previously, the Australian medicinal cannabis industry has experienced continued average selling price ("ASP") compression across most SKUs, due to increased competition, price discounting and the entrance of popular "budget" brands that are successfully addressing the demands of price conscious patients in the current economic climate. ASP has fallen from an average of $116 per unit in H1 FY2024 to $106 in H1 FY2025. Vitura is confident it can combat some of these trends by increasing its patient numbers through clinic acquisitions that have been made during the half-year and after 31 December 2024, as well as the introduction of various products in the "budget" range.

Revenues from the provision of clinical consulting and other services increased substantially from the prior corresponding period by $8,820,898, or 231%, partially due to having a full six months of revenue from DoD compared to only two months in the prior period. Notwithstanding this, the DoD business has experienced strong growth, particularly from its B2B clients, as compared to the same period pre-acquisition.

The average gross margin achieved across the Group was 26.9% for the half-year ended 31 December 2024, being a fall of almost 2.5% from the prior corresponding period. As noted above, the gross margins generated by the medicinal cannabis industry have experienced market wide compression, with the decline in the ASP contributing to the fall. Increased competition has also resulted in the Company paying higher rebates to attract and secure customers and incentivise increased order sizes.

The Group's overall gross margin, however, has been bolstered by the addition of DoD which has margins closer to 34%. Vitura will aim to mitigate further gross margin attrition through the strategic acquisition of clinics, as recently announced to the market.

Total expenses for the half-year under review totalled $14,570,501, being an increase of $1,270,199 or 10% from the prior corresponding period. As mentioned above, Vitura now amortises intangible assets that were identified and acquired as part of the DoD business combination which has increased amortisation expense by about $350,000 during the half-year. To optimise working capital and facilitate the funding of strategic acquisitions, Vitura has drawdown a total of $12,250,000 in debt financing from the ANZ bank, most of which was not present in the prior corresponding period and has incurred an additional $228,000 in interest expense.

Finally, as a result of the decision to acquire a copy of the Canview platform, as opposed to developing one from the ground up, Vitura incurred a once off expense of about $450,000 relating to work performed on platform development by a third party, noting that a portion of the work performed can still be leveraged for future improvements on the acquired copy and has therefore been recognised as an intangible asset.

Statement of Financial Position

During the half-year ended 31 December 2024, the Group's cash and cash equivalents decreased by $3,950,891, or 35%, to $7,396,996 (2024: $11,347,887). The main drivers of this decrease was the $2,500,000 cash investment made by the Company to purchasing a copy of the Canview platform from Code4Cannabis, Vitura's former third-party software developer, and an additional $900,000 investment in internal development of the DoD platform, including B2B products and the creation of clinic verticals such as the smoking cessation clinic. These investments are expected to generate revenues into the second half of FY2025 and beyond and correlate with the increase in intangible assets and goodwill between the two corresponding periods as well as other current assets, as the majority of the Canview purchase price remained in trust at balance date, pending Certification of the copy of the platform that the Company acquired.

Trade and other receivables decreased by $4,898,847, or 36%, from the prior corresponding period. This movement is primarily driven by the $3.8 million amount that was owed from the Releaf Group that was relinquished in exchange for a 50% investment in that business's assets, as disclosed to the market on 20 November 2024. This reduction of the receivable correlates directly with the $3,823,862 increase in Investment in Associates using the equity method. The remainder of the decrease in trade receivables can be attributed to an improvement in collection times from customers due to various process improvements introduced by the Company's collections department.

Inventories increased by $2,081,424, or 42%, from the prior corresponding period. In an effort to offset falling margins experienced by Vitura and the broader medicinal cannabis market, a concerted effort has been made to invest in white label and exclusive products that have a higher margin profile. This requires the Company to invest in inventories upfront, as compared to taking stock on consignment. Vitura expects to realise some of the benefits of stabilising margins and a more favourable SKU mix in the second half of the financial year.

Total liabilities of the Group decreased by $2,544,205, or 8%, since 30 June 2024. Material movements include a 99% decrease in other current liabilities due to the settlement of the deferred consideration on the anniversary of the DoD acquisition, which was settled in cash but financed with a term loan from the ANZ Banking Group. This change is reflected in the material increases seen in both current and non-current interest-bearing liabilities, noting that this new facility requires repayments of $600,000 per quarter. Additionally, Vitura secured a trade finance facility also from the ANZ with a total limit of $3,000,000, about $2,100,000 of which had been drawn down as at balance date. This facility will help optimise the Company's working capital to free up cash for strategic purposes that will generate future revenues for Vitura. Trade and other payables decreased by $3,063,289 from the prior corresponding period due to movements in working capital and payment terms with suppliers.

Statement of Cash Flows

During the half-year ended 31 December 2024, cash receipts from customers (including GST) were $68,170,365, representing an increase of $5,484,305, or 9%, on the prior corresponding period. This increase has outpaced revenue growth due to the improvement in collections from customers, as evidenced by the decrease in trade and other receivables. Net cashflows from operations decreased by $6,938,342 due to investments made in inventories balances, a negative swing in the Group's working capital position and the timing of payments to suppliers as compared to the prior corresponding period.

Cash outflows from investment activities decreased by $2,114,039, as the figure for the prior corresponding period was elevated due to the acquisition of DoD. The Company's total investment spend of $10,507,614 during the first half of FY2025 included Vitura's purchase of a copy of the Canview platform, continued investment in the DoD platform and the settlement of the deferred consideration to the Vendors of Doctors on Demand.

Finally, net cashflows from financing activities materially increased from the prior corresponding period, totalling $6,735,701. Funds drawn down on the ANZ loan facility contributed to this material increase, partially offset by loans made to the Flora Holdings joint venture to assist in its acquisition of assets formerly owned by the Releaf Group and required loan amortisation on the abovementioned facility.

3. Net tangible assets per ordinary share as at 31 December 2024 were 1.45 cents.

   Net tangible assets per ordinary share as at 30 June 2024, being the previous corresponding balance date, were 1.26 cents.

4. There were no entities over which the Company gained or lost control during the reporting period.

5. The Company does not propose to pay a dividend in respect of the half-year ended 31 December 2024.

6. Not applicable.

7. During the reporting period, the Company held interests in the following associates:

Name of associate	ACN	Date acquired	Interest	Loss 2025	Loss 2024
Flora Holdings Pty Ltd	682 341 395	19 November 2024	50%	$0	N/A
Flora Medical Pty Ltd	669 423 287	19 November 2024	50%	$20,958	N/A
Flora Health Pty Ltd	669 851 129	19 November 2024	50%	$0	N/A

8. Not applicable.

9. The Company's Financial Report for the half-year ended 31 December 2024 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

ROBERT IERVASI
Independent Chair

Dated this 26th day of February, 2025