



15 November 2023

1. VOTE AGAINST RESOLUTIONS 8, 9 AND 10 TO PROTECT YOUR INVESTMENT
2. YOUR BOARD IS SEEKING YOUR SUPPORT AFTER DELIVERING RECORD REVENUES AND PROFIT AND PAYING FULLY FRANKED DIVIDENDS
3. DON'T LET A SMALL GROUP OF SHAREHOLDERS DESTABILISE THE COMPANY
4. VOTES MUST BE RECEIVED BY 10.00AM (MELBOURNE TIME) ON SUNDAY, 26 NOVEMBER 2023

Dear Shareholder

Correcting false and misleading statements being made about resolutions to be put to shareholders at the Company's 2023 Annual General Meeting.

The Company is aware that a small group of shareholders is running an online campaign opposing certain resolutions to be put to shareholders at the Company's AGM to be held at 10.00 am (Melbourne time) on Tuesday, 28 November 2023.

In the context of this campaign, this small group of shareholders has made a number of false and misleading statements about the relevant resolutions.

The purpose of this letter is to:

1. correct these false and misleading statements and explain the true nature and effect of the relevant resolutions; and
2. thereby ensure that these resolutions are properly understood by shareholders so they can exercise their voting rights on a fully informed basis.

Contrary to the false and misleading statements being made by this small group of shareholders:

- adoption of the Company's Remuneration Report (in accordance with Resolution 1) and amending the Company's Constitution (in accordance with Resolution 3) WILL NOT DILUTE SHAREHOLDERS' HOLDINGS IN ANY WAY;
- approval of the Company's employee incentive plan (in accordance with Resolution 4) will allow the Company to issue securities under that plan without using up its placement capacity under Listing Rule 7.1 and the issue of those securities will seek to align the interests of the employees with those of the shareholders, help the Company to retain cash reserves and attract experienced and talented employees and incentive employees to focus on achieving individual and Company performance that creates shareholder value;
- a decline in the Company's share price during the relevant performance period does not result in either of the Company's executive directors, Mr Rodney Cocks and Mr Guy Headley, being "paid more shares". The number of performance rights to be granted is calculated on a 5-day VWAP and those rights are subject to multi-year performance hurdles relating to the Company's share price and earnings per share. Neither Mr Cocks nor Mr Headley will receive any shares if the Company's share price and earnings per share do not increase to levels at or above the relevant thresholds; and

VITURA HEALTH LIMITED

ASX : VIT

PO Box 6168, South Yarra

Victoria 3141, Australia

VITURA.COM.AU

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 **Doctors
on Demand**



- Mr Cocks' and Mr Headley's remuneration is determined by the Company's independent Nomination and Remuneration Committee (of which neither Mr Cocks nor Mr Headley are members) and is linked to robust key performance metrics based on the creation of shareholder value.

The true nature and effect of the resolutions to be put to shareholders at the AGM, which have been the subject of false and misleading statements by a small group of shareholders, are explained in Annexure A to this letter.

We would like to remind all shareholders that, during the two financial years since the Company completed its successful merger with CDA Health Pty. Ltd., the Company has delivered exceptional financial performance for all of its shareholders, including:

- Record revenue in FY2023 of \$117.34 million, a year-on-year increase of 75%
- Record profit after tax in FY2023 of \$13.75 million, a year-on-year increase of 129%
- Declaration and payment of a \$0.01 fully franked dividend in FY2023 for the second consecutive year to reward shareholders
- Vitura was the first, and to date the only, ASX-listed company operating in the medicinal cannabis space to generate a profit.

We urge all shareholders not to put this enviable track record of performance at risk and to vote AGAINST Resolutions 8, 9 and 10.

If you remain unsure about any of the proposed resolutions, or wish to seek any further information, I encourage you to:

- read the Notice of AGM (including the accompanying Explanatory Statement) issued by the Company on 27 October 2023:
 - o <https://www.vitura.com.au/announcements/>
 - o <https://www.vitura.com.au/wp-content/uploads/2023/10/Vitura-Health-Notice-of-2023-Annual-General-Meeting.pdf>, or
- contact the Company directly at companysecretary@vitura.com.au or by phone on 1300 799 491.

We encourage you to lodge a proxy vote so that it is received by 10.00 am (Melbourne time) on Sunday, 26 November 2023. The quickest way to vote is online at www.investorvote.com.au using the Control Number 133437.

We also encourage you to attend the AGM, either in person or online.

Thank you for your continued support of Vitura Health.

Yours sincerely

A handwritten signature in blue ink, appearing to read "M Walker".

Dr. Marcia Walker

Interim Chair



Annexure A

RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

Resolution 1 asks shareholders to approve the adoption of the Remuneration Report section of the Directors' Report for the Company for the year ended 30 June 2023 (**FY23 Remuneration Report**).

The Company explained its strategy and approach for remunerating directors and senior executives for FY23 in the Remuneration Report contained in the Company's Annual Report for the year ended 30 June 2022 (**FY22 Remuneration Report**). The FY22 Remuneration Report was approved by shareholders at the Company's 2022 AGM.

The proposed remuneration of the Company's directors and senior executives for FY23, as described in the FY23 Remuneration Report, is consistent with the strategy and approach explained to shareholders in the FY22 Remuneration Report.

Contrary to the false and misleading statements being made publicly by a small group of shareholders, approval of Resolution 1 WILL NOT RESULT IN ANY DILUTION TO SHAREHOLDERS.

Further, remuneration of the Company's directors and senior executives is determined by the Company's independent Nomination and Remuneration Committee. During FY23, the members of the Nomination and Remuneration Committee were Ms Jenelle Frewen (Chair), Dr Simone Scovell and Dr Marcia Walker, each of whom was an independent non-executive director throughout their respective periods of appointment in FY23.

Mr Cocks and Mr Headley are not members of the Company's Nomination and Remuneration Committee and do not have any role in determining the remuneration of the Company's executive directors, including their own.

During FY23, the Company's Nomination and Remuneration Committee engaged two independent expert firms, Loftswood and BDO, to undertake an extensive benchmarking exercise and independently review the Company's processes and strategy for determining director and executive remuneration. The Nomination and Remuneration Committee has determined the remuneration settings for Key Management Personnel in line with market benchmarks and conventional reward practices among Vitura's ASX peers so as to retain and incentivise senior executives and to attract appropriately skilled and experienced people to the business.

The Board has abstained from making a recommendation in relation to Resolution 1 and Mr Cocks and Mr Headley will not vote on this resolution.

RESOLUTION 3 – AMENDMENT TO CONSTITUTION

Resolution 3 asks shareholders to approve an amendment of the Company's Constitution so that it reflects the Company's current name.

On 6 February 2023, following the approval of its shareholders at the 2022 AGM, the Company changed its name from "Cronos Australia Limited" to "Vitura Health Limited". However, the Company's Constitution contains various references to Cronos Australia Limited and the purpose of Resolution 3 is to enable these references to be updated to reflect the Company's current name.

Contrary to the false and misleading statements being made publicly by a small group of shareholders, approval of Resolution 3 WILL NOT RESULT IN ANY DILUTION TO SHAREHOLDERS.

Resolution 3 does not ask shareholders to approve any other amendments to the Company's Constitution other than to change the name.



RESOLUTION 4 – APPROVAL OF AMENDED PLAN

Resolution 4 seeks shareholder approval for the adoption of the Company's amended employee incentive scheme known as the "Amended Equity Incentive Plan" (**Amended EIP**).

The Company's current Equity Incentive Plan (EIP) has operated since the Company listed on the ASX in November 2019 and was last approved by shareholders on 15 December 2021. The Amended EIP, similarly to the EIP, allows the Company to grant shares, performance rights and options, and issue shares on exercise or conversion of such options and performance rights, to employees instead of paying them salary or cash bonuses. This aligns the interests of the employees with those of the shareholders, helps the Company to retain cash reserves and attract experienced and talented employees and incentivises employees to focus on achieving individual and Company performance that creates shareholder value.

Updates to the legislative regime surrounding employee share schemes have triggered the need for the Company to amend the EIP. In any event, Listing Rule 7.2 requires shareholder approval of employee incentive plans every 3 years for the purpose of exception 13 of that rule.

Resolution 4 does not ask shareholders to approve the grant of new shares, options or performance rights under the Amended EIP.

Instead, if Resolution 4 is passed, any securities issued under the Amended EIP in the three years from the date on which Resolution 4 is passed will be excluded when calculating the Company's 15% placement capacity under Listing Rule 7.1. If Resolution 4 is not passed, any securities issued under the Amended EIP will be included in calculating the Company's 15% placement capacity under Listing Rule 7.1.

Consistent with market practice for all ASX-listed entities and in light of the two comprehensive reports from the two independent experts referred to above in respect of executive remuneration for FY24, the Company intends to issue equity incentives to senior executives (whether or not Resolution 4 is approved).

For the avoidance of doubt, the Company must seek shareholder approval under Listing Rule 10.14 in respect of any future issues of securities under the Amended EIP to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

The Board has abstained from making any recommendations in respect of Resolution 4 given that each director is entitled to participate in the Amended EIP.

RESOLUTIONS 5 AND 6 – APPROVAL OF ISSUE OF SECURITIES TO MR COCKS AND MR HEADLEY

Resolutions 5 and 6 ask shareholders to approve the issuance of performance rights to Mr Cocks and Mr Headley, both executive directors of the Company.

As detailed in the FY23 Remuneration Report and described above, the Company engaged external, independent experts (Loftswood and BDO) to report on market practices and the Company's processes to inform the Nomination and Remuneration Committee's recommendations for the remuneration of the Company's directors and senior executives. The findings made by these independent experts included that:

- Listed companies typically adopt a reward structure which places a significant proportion of key executives' total remuneration packages 'at risk'; and
- the 'at risk' proportion is frequently offered as performance rights vesting over a period of future years conditional on the achievement of key performance hurdles which would deliver increasing shareholder value.

Resolutions 5 and 6 seek to give effect to a shareholder value-aligned remuneration strategy by deferring significant proportions of Mr Cocks' and Mr Headley's respective remuneration packages for the three financial years ending 30 June 2026.

The quantum and structure of these grants are consistent with and guided by the advice received from the two independent expert firms referred to above.



Mr Cocks and Mr Headley will become entitled to be issued a proportion of the available shares in the Company only if, by the close of market on 30 June 2026, the respective share price and earnings per share hurdles, as detailed in the Notice of Meeting, are met.

Resolutions 5 and 6 seek to incentivise the Company's two executive directors to continue to focus on the Company's long-term performance and to maximise shareholder value for all shareholders by linking Mr Cocks' and Mr Headley's remuneration to growth of the Company's share price and earnings per share.

Contrary to the false and misleading statements being made publicly by a small group of shareholders, a decline in the Company's share price during the relevant performance period does not result in either Mr Cocks or Mr Headley being "paid more shares" and there is an incentive for Mr Cocks and Mr Headley to deliver long-term growth and business sustainability in the interests of shareholder value creation given they are executive directors and shareholders of the Company. Mr Cocks and Mr Headley would also be further incentivised in this respect by the issue of the performance rights the subject of Resolutions 5 and 6.

The number of performance rights being issued is calculated by reference to the share price as at a point in time, being the 5-day VWAP in the week following the AGM. Those rights are subject to performance hurdles as set out above, and neither Mr Cocks nor Mr Headley will receive any shares if the share price and earnings per share do not increase to a level at or above those thresholds.

Further, the performance rights proposed to be granted to Mr Cocks and Mr Headley, which may lead to a future issuance of shares if the relevant performance hurdles are met, are being granted in lieu of cash payments being made to Mr Cocks and Mr Headley. If Resolutions 5 and 6 are not approved by shareholders, the Company may consider alternative commercial means to incentivise Mr Cocks or Mr Headley, including by the payment of cash.

Mr Cocks and Mr Headley have each abstained from making any recommendation in respect of the resolution concerning their own remuneration.

RESOLUTIONS 8 TO 10 – APPOINTMENT OF DIRECTORS ASSOCIATED WITH THE SHAREHOLDER CAMPAIGN

Resolutions 8 to 10 ask shareholders to approve the appointment of three additional directors to the Company's Board.

These resolutions are supported by the shareholders currently conducting the online campaign opposing Resolutions 1, 3, 4, 5 and 6 (or their associates). **The Board unanimously recommends that shareholders vote against Resolutions 8 to 10.**

For the reasons set out in section 9.4 of the Explanatory Statement, the Board does not consider any of the nominees for these additional Board positions to be independent, each instead being or being associated with the Company's most substantial shareholder. If these resolutions were to pass, the board would only have 2 independent directors out of a total of 7 and would therefore not comply with the relevant Corporate Governance Principles and Recommendations of the ASX.

Further, if Resolutions 8 to 10 are approved, the Company's Board will increase in size from 4 to 7 members. This will impose additional burdens on the Company's cash position.

The Company's Nomination and Remuneration Committee, which is comprised entirely of independent Directors, is already undertaking steps to identify and propose an appropriate person to be appointed as the fifth, independent, member of the Board.

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