

21 June 2021

Azure Health Technology Ltd

(to be renamed VGI Health Technology)

Focused on nutraceutical and pharma opportunities

Azure Health Technology (soon to be renamed VGI Health Technology, post an extraordinary general meeting scheduled for 9th July) listed on the NSX in May 2021 after raising \$2.5m at \$0.20/share to give a market capitalisation at listing of \$27.4m. The company was previously listed on the ASX (in 2007), but delisted on 1st May 2020 and in the following month acquired Invictus Biopharma Ltd. Invictus Biopharma delivered an experienced group of board members and executives and two drug delivery technologies which fit well with Vitamin E (tocotrienols) nutraceutical products and prescription medicines. VTL is launching two patented nutraceutical products, NE1-Elite® for reduction of Delayed Onset Muscle Soreness and muscle recovery and NE1-Heart® for the maintenance of heart health. VTL sells nutraceuticals based on its improved delivery platform for tocotrienols and is also developing a pipeline of four drug candidates addressing indications with great unmet needs, Pancreatic Cancer and Non-Alcoholic Fatty Liver Disease (NAFLD). The company has appointed US manufacturers for the nutraceutical products and is about to commence Phase II clinical studies on the Cancer and NAFLD drug candidates. VTL will build shareholder value by generating sales revenues from its nutraceuticals business while at the same time advancing the drug development program to efficacy data readouts for two Phase II clinical studies in pancreatic cancer and NAFLD within the next 18 to 24 months.

Business model

VTL is pursuing two business channels focusing on “evidence-based nutraceuticals” and prescription medicines based on improved delivery of Tocotrienol based drugs. The two business channels have different paths to commercialisation. The US nutraceutical business is a consumer-based sports nutrition and heart health market which will generate short-term revenues. The prescription medicine business will target licensing transactions with pharmaceutical companies after completing Phase II proof of concept studies and completing efficacy data readouts. The first US manufacturing run was completed in Q1 of 2021 and these finished products have now been received in VTL’s Florida-based subsidiary, Invictus Nutraceuticals, Inc. The launch of these nutraceutical products has commenced in the US. VTL intends to partner with large pharmaceutical companies which can take drug candidates to market after proof of concept (whether the drugs are efficacious or not) has been established. Retail distribution of the nutraceutical products is expected to be announced in H2 of 2021.

Recent News

Funds raised from the NSX IPO in May are intended to assist in commercialising the nutraceutical products as sports nutrition products and advancing the two Phase II trials to commencement of dosing of patients. VTL expects distribution channels to launch in H2 2022. In early June VTL confirmed the appointment of an additional licenced manufacturer in the US which will supply finished nutraceutical products for sale in the US and internationally and clinical study drugs for the two phase II clinical studies for the Cancer and Liver drugs.

Pro-forma earnings history AUD

Year end	Revenue	EBITDA	PBT	NPAT	EPS (c)	OCF	EV//EBITDA (x)	P/E (x)
Jun 2019	3.3	2.75	(2.75)	(2.75)	3.95	(0.6)	n.a.	n.a.
Jun 2020	0	(1.42)	(1.42)	(1.42)	(1.95)	(2.1)	n.a.	n.a.
Half Year								
Dec 2020	0	(1.34)	(1.34)	(1.34)	(1.28)	(1.2)	n.a.	n.a.

Source: Prospectus, Company data *Based on shares at the time of reporting

Shares Summary

Share Code	VTL
Share price	\$0.24
Market Capitalisation	\$32.9M
Number of Shares	137.2M
Est. Net Cash post IPO	\$1.0M
Share Registry	Link Market Services Ltd

RaaS 5-Point Score* = 0/5

Revenue increasing (0); EPS increasing (0), Return on Capital Employed [ROCE] (0); EBIT interest cover >3x (0) Gross Operating cash flow/EBITDA >90%(0)

Upside Case

- Successful generation of sales revenues from nutraceutical products in the US & internationally
- Execution of partnership transactions with major pharmaceutical companies for the cancer and NAFLD drugs
- Phase II clinical studies result in positive efficacy data readouts in 18-24 months

Downside Case

- Slow progress in distribution strategy
- Delays in phase II trials
- May not secure large pharma deals for its Cancer & NALFD drug candidates

Board of Directors and Management

Chairman	Mr Lou Panaccio
CEO	Dr Glenn Tong
Director	Mr Jiayi (Steven) Yu
CFO	Mr Ian Forbes
CSO	Dr David Kingston
President & CEO Invictus Nutraceuticals, Inc. (US)	Mr Richard Estalella

Catalysts

- Interest from an established pharmaceutical company
- US nutraceutical distributorships signed

Comparable Companies

Invex Therapeutics(ASX: IXC.ASX), Hexima Ltd.(ASX:HXL), Wellfully Ltd.(ASX:WFL)

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* The RaaS 5-Point score is based on the company’s performance in its last reported full year. Past performance is not a reflection of future performance.

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FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd
ABN 99 614 783 363
Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD
ABN 92 168 734 530
AFSL 456663

Effective Date: 6th May 2021



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- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

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 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

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Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)
In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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