

# BTC health.

BTC health (BTC) - ASX Announcement

22 August 2023

## **Shareholder Update - Financial Year 30 June 2023**

### Highlights:

- BTC Speciality Health sales to customers of \$8.3m (2022: \$8.2m)
- BTC and investee companies consolidated cash reserves of \$2.2m (2022: \$2.4m)
- Elasto-Q infusion pumps registered with the TGA and Medsafe
- Strong pipeline of new infusion pumps and specialised medical products

Melbourne, Australia: BTC health (ASX: BTC) (the Company or BTC) is pleased to announce its full year audited financial results and annual report for the year ending 30 June 2023, along with a general business update.

#### Overview

Notwithstanding the devaluation of the investment in BTC Speciality Health, the underlying business, as measured by sales, customer service and margins, continued to perform well. Following the loss of the Avanos supply contract in April, the company successfully negotiated extended product supply terms through to the end of December 2023 and has subsequently proceeded to source alternative infusion pumps. BTC Specialty Health remains in a position to supply ambIT® infusion pumps to Australian and New Zealand customers through to mid-2024, based on expected customer demand.

Given these developments, the BTC's Board and management responded by adopting three key priorities:

- i) Reduce overhead expenditure and build a strong cash position
- ii) Re-assure hospital customers of the company's ability to supply ambIT® infusion products through to the middle of 2024, and
- iii) Source a wider range of infusion pumps and new medical products from alternative suppliers

#### **Business restructure**

Over the last four months the Company has made good progress on all three fronts. Combined overhead expenditure has been reduced by \$1.1m on an annualised basis, sales across key product lines have continued to perform well, and alternative infusion pumps have been sourced, with Elasto-Q™ infusion pump already registered with the TGA and Medsafe.

The Company has restructured and outsourced certain administrative functions, which have lowered costs and are expected to create further efficiencies over time. BTC Speciality Health has nevertheless maintained a strong sales force presence with associated high customer service levels, remaining well placed to respond to opportunities and accelerate growth as new products and agencies become available during FY24.



#### Investee company performance

BTC health is an investment entity and therefore does not consolidate the operating results of its investments. Statutory accounts are reported on a standalone basis and can be accessed via the ASX, or via BTC's website <a href="https://document.com.au">btchealth.com.au</a>. With a view to providing shareholders with a greater insight into the operating results of BTC's investee companies, the following unaudited financial information is provided.

Sales to hospitals by BTC Speciality Health were \$8.3m for the full year, representing a modest increase (\$0.1m) over the prior year. Sales in WA were down due to loss of a single large hospital account, although this was fully offset by strong sales growth across both public and private hospitals in NSW.

Prostheses list pricing reforms were deferred for a further 12 months by the Department of Health and Aged Care to 1 July 2024, and accordingly pricing levels to hospitals were maintained, with overall gross margins remaining in-line with prior year at 40.1%.

Sales attributable to BioImpact's respiratory product portfolio were \$1.16m (-9%) for the year, as compared to \$1.27m for FY22. Bronchitol sales were negatively impacted (-29%%) by the Pharmaceutical Benefit Scheme listing another prescription product for the treatment of cystic fibrosis, whilst sales of Aridol delivered strong growth (+38%), as lung function testing resumed more widely after the pandemic.

Working capital of \$4.05m increased +17% over prior year (2022: \$3.45m), primarily due to an increase in inventory and a reduction in payables to suppliers. BTC Speciality Health had inventory of \$1.36m at 30 June 2023, with all payables and receivables within terms.

BTC is fully committed to providing safe and efficacious healthcare products which meet the highest quality standards. Each year BTC Speciality Health undertakes an independent audit of its ISO13485 quality certification. An audit was conducted in August 2023 and the report confirmed full compliance with companywide quality systems, procedures and controls.

#### **Strategy and Outlook**

BTC has had a singular focus in recent months on right-sizing the business, extending the cash runway, maintaining high levels of customer service, and pursuing alternative sources of supply for quality infusion pump products. Notwithstanding a challenging 6-month period, the investee companies remain on a firm footing and well placed to leverage their position in the hospital channel to introduce new products and agencies into the Australian and New Zealand markets.

Richard Treagus, Executive Chairman commented, "We previously outlined our strategy to focus on new product and agency opportunities that would deliver incremental revenue and returns to BTC. We are very excited by the strength and viability of our new product pipeline, which presently represents a good cross section of novel medical devices, as well as established product lines. We therefore expect to announce progress on this front in the coming weeks and months."

END	

#### **Forward-looking Statements**

This ASX-announcement contains forward-looking statements that are subject to risks and uncertainties. Such statements involve known and unknown risks and important factors that may cause the actual results, performance or achievements of BTC health to be materially different from the statements in this announcement.

#### **About BTC Health**

BTC health Ltd ("BTC") is a Pooled Development Fund which makes active investments in businesses that acquire, develop and distribute innovative medical products in Australia and New Zealand. The company is building a group of high-growth businesses which together are focused on providing access to some of the best specialized therapeutics and medical devices from around the world. BTC is listed on the Australian Stock Exchange (Code: BTC). Additional information can be found at <a href="https://www.btchealth.com.au">www.btchealth.com.au</a>



Authorisation
This announcement was authorised for release to the ASX by the board of directors of BTC health Limited, Level 1, 10 Oxley Rd, Hawthorn, VIC

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