

**BTC Health Limited
Appendix 4D
Half Year Report****1. Company Details**

Name of entity: BTC Health Limited
ABN: 45 091 979 172
Reporting period: For the half year ended 31 December 2023
Previous period: For the half year ended 31 December 2022

2. Results for announcement to the market

All amounts are in AUD	31 Dec 2023 \$	31 Dec 2022 \$	Increase/ (Decrease)	Change %
Revenues from ordinary activities	1,972,148	5,783	1,966,365	34003%
Profit/(loss) from ordinary activities after tax attributable to the owners of BTC Health Limited	1,650,883	(258,005)	1,908,888	740%
Profit/(loss) for the half year attributable to the owners of BTC Health Limited	1,650,883	(258,005)	1,908,888	740%

	31 Dec 2023	31 Dec 2022
Basic earnings per share (cents)	0.53	0.09
Diluted earnings per share (cents)	0.53	0.09

Comments

The profit for the Company after providing for income tax amounted to \$1,650,883 (31 December 2022: loss of \$258,005)

Refer to Review of Operations on page 3 of the accompanying half-year financial report and the BTC Health shareholders update for detailed explanation and commentary on the results.

3. Dividends

There were no dividends paid, recommended or declared during the half-year reporting period.

4. Net Tangible Assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.67	4.49

5. Audit qualification or review.

The financial statements were subject to a review by the auditors Grant Thornton and the review report is attached as part of the half year report.

6. Attachments

The half-year report of BTC Health Limited for the half-year ended 31 December 2023 is attached and includes all the information required by Listing Rule 4.2A.

BTC HEALTH LIMITED

ABN 45 091 979 172

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2023

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BTC HEALTH LIMITED
ABN 45 091 979 172

HALF-YEAR FINANCIAL REPORT

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

The Directors of BTC Health Limited ("the Company") present the half-year financial report for the half-year ended 31 December 2023.

Directors

The following persons were Directors of the Company during the financial period and up to the date of this report, unless stated otherwise.

Richard Treagus – Executive Chairman

Felicity McNeill – Non-Executive Director

Brendan York – Non-Executive Director

Principal Activities

The Company is a Pooled Development Fund, registered under the Pooled Development Funds Act 1992 and invests in entities operating in the healthcare sector. There have been no changes to principal activities of the Company during the half-year period.

As at 31 December 2023, the Company held direct interests in three investee companies:

- BTC Specialty Health Pty Limited ("BTC Specialty Health");
- BTC Pharma Pty Limited ("BTC Pharma") – previously BiolImpact Pty Ltd; and
- BTC Cardio Pty Limited ("BTC Cardio").

The Company continues to seek investment opportunities in the sector.

Review of Operations

The following is a review of operations for the six-month period to 31 December 2023:

Financial Performance:

Summary Results	31 December 2023 \$	31 December 2022 \$
Revenue	8,550	5,783
Expenses	(321,265)	(263,788)
Fair value gain on investments held at fair value	1,963,598	-
Profit/(Loss) for the period	1,650,883	(258,005)

The company made a profit after tax during the half-year of \$1,650,883 (31 December 2022: loss of \$258,005). Revenue of \$8,550 comprises interest income on cash reserves. Expenses of \$321,265 increased as compared to the prior reporting period due to increased share-based payment charges of \$95,825 (31 December 2022: \$62,211) following new option grants during the period, and increased company secretary expenses of \$38,204 (31 December 2022: \$nil) following a restructure of administrative functions of the Company.

Statement of Financial Position & Funding:

The cash balance as at 31 December 2023 was \$2,119,172 (30 June 2023: \$1,736,899). The increase in the cash balance was primarily due to the \$887,816 capital raise completed in September 2023 offset by loans of \$241,970 provided to BTC Speciality Health to support additional working capital requirements of that investee company, in addition to the operating cash outflows of \$263,573 in the half year reporting period.

BTC HEALTH LIMITED
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HALF-YEAR FINANCIAL REPORT

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Investments:

The valuation of each investee company is recognised on the statement of financial position with changes in fair value recognised through the profit and loss. During the half year reporting period the investee companies made good progress with their respective growth strategies and BTC Health continued to assess new potential investment opportunities to further diversify its investments in the healthcare sector, consistent with its stated growth strategy.

BTC Speciality Health

BTC Health's 100% owned investee company BTC Speciality Health is an established distributor of medical devices, consumables, and speciality pharmaceuticals in the Australian and New Zealand public and private hospital markets.

The investment was valued at \$1,740,120 at 31 December 2023 (30 June 2023: \$nil), with the increase in value primarily due to BTC Specialty Health's acquisition of the IZI and Ilumark neuro-spinal products in October 2023, and a reduction in operating expenses following the restructure of that business in Q1 FY24.

BTC Specialty Health's revenue for the half-year ended 31 December 2023 was \$4.3m which increased 3% compared to the prior year (31 December 2022: \$4.2m). In this reporting period, BTC Specialty Health purchased the distribution rights of IZI Medical and Ilumark products from Point Blank Medical, for a maximum purchase consideration of \$720,000 (\$320,000 upfront and up to \$400,000 of contingent payments). This established a presence for BTC Speciality Health in the neuro-spinal therapy area.

BTC Specialty Health also received Therapeutic Goods Administration registration for the Elasto-Q elastomeric pumps and entered into a license agreement with Micrel for the exclusive distribution of the Rhythmic Evolution electronic infusion pumps. These new pumps are expected to replace the ambIT infusion pumps when they are discontinued in Q4 FY24.

BTC Pharma

BTC Health's 100% owned investee company BTC Pharma is in the business of licensing and/or acquiring the rights to specialized pharmaceutical products. The company also has the right to sub-license these rights to BTC Specialty Health, which in turn, uses its expertise to register, promote and distribute the products in the territory, typically defined as the Asia Pacific region.

The investment was valued at \$1,373,159 at 31 December 2023 (30 June 2023: \$1,200,000), which comprises the fair value of the license and distribution agreement with Pharmaxis for respiratory products, Bronchitol and Aridol, which are sold within the Australian and New Zealand markets.

BTC Pharma sales attributable to the respiratory products; Bronchitol® and Aridol® for the half year ended 31 December 2023 was \$0.58m which increased 10% compared to the prior year (31 December 2022: \$0.53m)

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HALF-YEAR FINANCIAL REPORT

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

BTC Cardio

BTC Health's 100% owned investee company BTC Cardio was established in October 2023 and is in the business of building a diversified, quality portfolio of highly specialized cardiology, cardio thoracic and critical care products. In November 2023, BTC Cardio entered into an exclusive license distribution agreement with EuroSets for the rights to supply the full range of Extracorporeal Life Support and Cardio Pulmonary Bypass products in Australia and New Zealand. These products have been registered with the Therapeutic Goods Administration with a comprehensive national launch scheduled for Q3 FY24.

Significant Changes in the State of Affairs

On 1 September 2023, the Company completed a capital raise for \$0.9m under a share placement of 42,276,954 ordinary shares with an issue price of 2.1 cents to a consortium of three new strategic investors. The consortium provides greater access to new medical products around the world. New products commercialised by BTC Health from this consortium will be subject to royalty agreements.

The funds raised will be used to support costs associated with the introduction of new medical products into the Australian and New Zealand markets.

On 10 November 2023, the Company granted 10,000,000 options at an exercise price of 4.9 cents to the Executive Chairman Richard Treagus as part of a long-term incentive. The options have an expiry date of 10 November 2028.

On 10 November 2023, the Company granted 4,000,000 options at an exercise price of 4.9 cents to key employees of the Company as part of a long-term Incentive. These options have an expiry date of 10 November 2028.

Subsequent Events

Subsequent to the reporting date, the Board amended Company policy on management fees, such that no management fees from investee companies are payable from 1 July 2023.

Other than the above, as at the date of these financial statements authorised for issue, there are no events arising since 31 December 2023 that require amendment or disclosure.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

Auditor's Declaration of Independence

A copy of the auditor's declaration under section 307C in relation to the half year is included on page 6.



Richard Treagus
Executive Chairman

23 February 2024

Grant Thornton Audit Pty Ltd

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Auditor's Independence Declaration

To the Directors of BTC Health Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of BTC Health Limited for the half year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton
Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance
Melbourne, 23 February 2024

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BTC HEALTH LIMITED
ABN 45 091 979 172

**STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	31 December 2023	31 December 2022
	\$	\$
Revenue		
Interest income	8,550	5,783
Gain on financial assets held at fair value through profit or loss	1,963,598	-
	1,972,148	5,783
Expenses		
Executive Director fees	(20,000)	(20,000)
Non-Executive Director fees	(40,000)	(67,500)
Listing and CHESSE fees	(12,260)	(16,279)
Share registry fees	(9,473)	(6,173)
Share based payments	(95,825)	(62,211)
Insurance	(36,981)	(28,170)
Legal Fees	-	(6,640)
Audit Fees	(65,872)	(27,263)
Non-recoverable GST	-	(15,854)
Company Secretarial	(38,204)	-
Other expenses from operations	(2,650)	(13,698)
	(321,265)	(263,788)
Profit / (Loss) before income tax expense	1,650,883	(258,005)
Income tax	-	-
Profit / (Loss) for the period	1,650,883	(258,005)
Other comprehensive income for the half year	-	-
Total comprehensive income / (loss) for the half year period attributable to owners of BTC Health Limited	1,650,883	(258,005)
Basic earnings / (loss) per share (cents per share)	0.53	(0.09)
Diluted earnings / (loss) per share (cents per share)	0.53	(0.09)

The accompanying notes form part of this financial report.

BTC HEALTH LIMITED
ABN 45 091 979 172

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	31 December 2023	30 June 2023
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	2,119,172	1,736,899
Loans to investee companies (Note 2)	241,970	-
Prepayments	67,371	4,775
TOTAL CURRENT ASSETS	2,428,513	1,741,674
NON-CURRENT ASSETS		
Financial assets (Note 3)	3,163,598	1,200,000
TOTAL NON-CURRENT ASSETS	3,163,598	1,200,000
TOTAL ASSETS	5,592,111	2,941,674
CURRENT LIABILITIES		
Trade and other payables	73,076	57,163
Unclaimed monies	104,581	104,581
TOTAL CURRENT LIABILITIES	177,657	161,744
TOTAL LIABILITIES	177,657	161,744
NET ASSETS	5,414,454	2,779,930
EQUITY		
Issued capital (Note 4)	56,553,428	55,665,612
Share based payment reserve	382,585	286,760
Accumulated losses	(51,521,559)	(53,172,442)
TOTAL EQUITY	5,414,454	2,779,930

The accompanying notes form part of this financial report

BTC HEALTH LIMITED
ABN 45 091 979 172

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	31 December 2023	31 December 2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	8,550	5,783
Payments to suppliers and employees	(272,123)	(209,078)
Net cash used in operating activities	(263,573)	(203,295)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan advanced to investee companies	(241,970)	(791,798)
Net cash used in investing activities	(241,970)	(791,798)
CASH FLOW FROM FINANCING ACTIVITIES		
Share placement	887,816	-
Net cash provided by financing activities	887,816	-
Net increase/(decrease) in cash and cash equivalents held	382,273	(995,093)
Cash and cash equivalents at beginning of the half-year	1,736,899	2,170,493
Cash and cash equivalents at end of half-year	2,119,172	1,175,400

The accompanying notes form part of this financial report

BTC HEALTH LIMITED
ABN 45 091 979 172

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Issued capital \$	Accumulated losses \$	Share based payment reserve \$	Total \$
At 1 July 2022	55,665,612	(43,004,580)	200,932	12,861,964
Loss for the period	-	(258,005)	-	(258,005)
Total comprehensive loss for the period	-	(258,005)	-	(258,005)
Transactions with owners in their capacity as owners:				
Share based payments expense	-	-	62,211	62,211
At 31 December 2022	55,665,612	(43,262,585)	263,143	12,666,170
At 1 July 2023	55,665,612	(53,172,442)	286,760	2,779,930
Profit for the period	-	1,650,883	-	1,650,883
Total comprehensive income for the period	-	1,650,883	-	1,650,883
Transactions with owners in their capacity as owners:				
Issue of shares (net of capital raising costs)	887,816	-	-	887,816
Share based payments expense	-	-	95,825	95,825
At 31 December 2023	56,553,428	(51,521,559)	382,585	5,414,454

The accompanying notes form part of this financial report

BTC HEALTH LIMITED
ABN 45 091 979 172

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 1: Significant Accounting Policies

General information

BTC Health is a listed public company on the Australian Securities Exchange limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 1, 10 Oxley Street, Hawthorn VIC 3122.

A description of the Company's principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 23 February 2024.

Statement of compliance

The condensed half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 'Interim Financial Reporting'.

The half-year financial report does not include all notes of the type normally included within the full financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

This financial report should be read in conjunction with the annual financial report for the year ended 30 June 2023 and any announcements made by BTC Health Limited during the interim reporting period in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Basis of Preparation

This general purpose half-year condensed financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board (the 'AASB') and the *Corporations Act 2001* in Australia.

The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2023 annual report unless otherwise stated. The half-year financial report has been prepared on a historical cost basis, except for financial assets that have been measured at fair value.

The preparation of the financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting judgements and estimates may not equal the related future actual results.

Reporting Currency

All amounts are presented in Australian dollars as the functional and presentation currency of the Company.

BTC HEALTH LIMITED
ABN 45 091 979 172

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 1: Significant Accounting Policies – Continued

Going Concern Basis

This financial report has been prepared on a going concern basis.

Adoption of New and Revised Accounting Standards

New or amended Accounting Standard Interpretations adopted in the current period

The Company has adopted all of the new or amended Accounting Standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. These Standards and Interpretations did not have a material impact on these financial statements.

New Accounting Standards and interpretations not yet adopted

There are no new accounting standards or interpretations applicable that would have a material impact for the Company.

Critical accounting judgments, estimates and assumptions

In applying the Company's accounting policies, management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. No other critical judgements, other than in the determination of accounting policies as set out within this note, have been made. There have been no material changes, except as described below, to the critical judgements made or the basis of estimation for significant estimates between the previous annual financial statements and these interim financial statements.

Determination of investment entity status

BTC Health was admitted to the Australian Securities Exchange as an investment entity and continues to meet the criteria set out under AASB 10 *Consolidated Financial Statements* to qualify as an investment entity. This judgement is reconsidered by management and the Board at each reporting date. Consequently, investee companies are not consolidated in BTC Health's financial statements. Instead, the investments held by BTC Health in these companies is recorded as an investment held at fair value through profit or loss in BTC Health's financial statements.

Valuation of investments

Investments in investee companies are held at fair value. These investments are 'Level 3' in the fair value hierarchy, based on unobservable inputs, as the investee companies are unlisted and not traded in an active market. Consequently, they are valued in accordance with the Directors' valuations. The Directors have used the historical and budgeted performance of the investee companies as the basis for the valuation of the investments, adjusted for reasonable assumptions about future performance (such as estimated cash flows, projected business growth plans and other market data available).

Should the assumptions used by the directors change in subsequent periods, the fair value may be impacted and accounted for through the profit or loss. Further disclosure as required by AASB 13 *Fair Value Measurement* is set out in Note 5.

BTC HEALTH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 2: Loans to investee companies

	31 December 2023	30 June 2023
	\$	\$
Loans to investee companies		
<i>Current:</i>		
BTC Speciality Health	241,970	-
Total Loans to investee companies	241,970	-

There are no loans to BTC Pharma or BTC Cardio as at 31 December 2023 or 30 June 2023.

Note 3: Financial Assets

	31 December 2023	30 June 2023
	\$	\$
Financial assets carried at fair value through profit or loss		
<i>Non-Current:</i>		
BTC Pharma	1,373,159	1,200,000
BTC Speciality Health	1,740,120	-
BTC Cardio	50,319	-
Total Non-Current Financial Assets	3,163,598	1,200,000

BTC Health Limited, as an investment entity, has applied the exception to consolidation in accordance with AASB10 *Consolidated Financial Statements* and measures its investments in its subsidiaries at fair value through profit or loss in accordance with AASB 9 *Financial Instruments*.

BTC Pharma is 100% owned by BTC Health and is in the business of acquiring specialized pharmaceutical assets. It has the right to sub-license the intellectual property rights to BTC Specialty Health, which in turn, uses its expertise to register, promote and distribute the respective products in the territory, typically defined as the Asia Pacific region.

BTC Speciality Health is 100% owned by BTC Health Limited and is an established distributor of medical devices and consumables in the Australian and New Zealand public and private hospital market.

BTC Cardio is 100% owned by BTC Health and is in the business of supplying a quality portfolio of highly specialised cardiology, cardio thoracic and critical care products.

Further disclosures required by AASB 13 *Fair Value Measurement* are included at Note 5.

BTC HEALTH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 4: Issued Capital

	31 December 2023 Shares	30 June 2023 Shares	31 December 2023 \$	30 June 2023 \$
Ordinary shares – fully paid	324,123,308	281,846,354	56,553,428	55,665,612

Movements in ordinary share capital:

Details	Date	Shares	Issue Price	\$
Balance	1 July 2023	281,846,354		55,665,612
Issue of shares	1 September 2023	42,276,954	2.1 cents	887,816
Balance	31 December 2023	324,123,308		56,553,428

Note 5: Fair value of financial instruments: Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of unlisted investments are determined in accordance with Directors' valuations, which are based on their experience in the industry. These investments are considered to be Level 3 in the fair value hierarchy. Directors have used assumptions, such as estimated cash flows, project plans and other market data available in determining their valuation of unlisted investments. Directors have reviewed discounted cash flows to determine the fair value of the investments.

There was a gain recognised in the profit or loss for the half-year ended 31 December 2023 of \$1,963,598 (31 December 2022: \$nil).

The key inputs used in the determination of the fair value of the investments includes the execution of strategic plans which are commercial in confidence. The strategic plans consider cashflow forecasts for products which are currently marketed and distributed by BTC health's investee companies. Cash flows for expected or pipeline future licensed products have not been included in the cash flow assumptions. The cash flow assumptions include unobservable inputs on forecast revenue, growth rates, gross margin and operating costs.

The discount rate applied to cash flow projections which are derived from the Company's weighted average cost of capital (WACC), adjusted for varying risk profiles were:

- Pre-tax discount rate 17.65% (30 June 2023: 17.68%)
- Post-tax discount rate 13.24% (30 June 2023: 13.26%)

All investments have been assessed with the same WACC as they have similar economic and risk profiles.

An increase/decrease in the discount rate by 100 basis points would result in a change in fair value of -8/+10%.

A 5% increase/decrease in revenue forecasts of the cash flow projections for the investee Companies would result in a change in fair value of +\$2.2m/-\$2.1m.

BTC HEALTH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 5: Fair value of financial instruments: Valuation techniques and assumptions applied for the purposes of measuring fair value - continued

Name of Investment	Core Activity	Basis of Valuation
BTC Pharma Pty Ltd	In licence speciality pharmaceuticals and medical devices	<p>Valuation is based on an ‘income approach’, being a present value technique taking into account the future cash flows expected from the investment over a five-year period and a terminal value.</p> <p>The approach has been consistent year-on-year, with exception to the adoption of a perpetuity model with terminal value. The company reviews its valuation policy at each reporting date to ensure it remains appropriate. The valuation model used by the company is updated at each reporting date, taking into account changes in assumptions in the period, updated financial results and budgeted performance of the investee companies, and analysis of past performance against initial forecasts.</p>
BTC Speciality Health Pty Ltd	Commercialisation and distribution of pharmaceuticals and medical devices	<p>Valuation is based on an ‘income approach’, being a present value technique taking into account the future cash flows expected from the investment over a five-year period and a terminal value.</p> <p>The approach has been consistent year-on-year, with exception to the adoption of a perpetuity model with terminal value. The company reviews its valuation policy at each reporting date to ensure it remains appropriate. The valuation model used by the company is updated at each reporting date, taking into account changes in assumptions in the period, updated financial results and budgeted performance of the investee companies, and analysis of past performance against initial forecasts.</p>
BTC Cardio Pty Limited	Commercialisation of cardiology, cardiothoracic and critical care products	<p>Valuation is based on an ‘income approach’, being a present value technique taking into account the future cash flows expected from the investment over a five-year period and a terminal value.</p>

BTC HEALTH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 5: Fair value of financial instruments: Valuation techniques and assumptions applied for the purposes of measuring fair value - Continued

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured or disclosed at fair value, grouped into Levels 1 to 3 based on the lowest level of input that is significant to the entire fair value measurement, being:

- a) Level 1 – financial instruments are valued by reference to quoted prices in an active market for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm’s length basis.
- b) Level 2 - Financial instruments are valued using inputs other than quoted prices covered in Level 1. These other inputs include quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The inputs included in this level encompass quoted prices in active markets for similar assets or liability, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities. Financial instruments that are valued using other inputs that are not quoted prices but are observable for the assets or liabilities also fall into this level.
- c) Level 3 - Financial instruments that have been valued, in whole or in part, by using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Unobservable valuation inputs are determined based on the best information available, which might include the Company’s own data, reflecting its assumptions as well as best practices carried out or undertaken by other market participants. These valuation techniques are used to the extent that observable inputs are not available.

Financial assets measured and recognised at fair value:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 December 2023				
Financial assets				
Unlisted investments – Financial assets carried at fair value through profit or loss	-	-	3,163,598	3,163,598
	-	-	3,163,598	3,163,598
30 June 2023				
Financial assets				
Unlisted investments – Financial assets carried at fair value through profit or loss	-	-	1,200,000	1,200,000
	-	-	1,200,000	1,200,000

There were no transfers between levels during the year.
There are no financial liabilities measured at fair value.

BTC HEALTH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Note 5: Fair value of financial instruments: Valuation techniques and assumptions applied for the purposes of measuring fair value – Continued

Reconciliation of Level 3 fair value measurements of financial assets:

	31 December 2023	30 June 2023
	\$	\$
Opening Balance	1,200,000	10,819,890
Gain/(loss) on fair value of financial assets	1,963,598	(9,619,890)
Closing Balance	<u>3,163,598</u>	<u>1,200,000</u>

Note 6: Contingent Liabilities

The Company had no contingent liabilities as at 31 December 2023 (30 June 2023: \$nil).

Note 7: Subsequent Events

Subsequent to the reporting date, the Board amended Company policy on management fees, such that no management fees from investee Companies are payable from 1 July 2023.

Other than the above, as at the date of these financial statements authorised for issue, there are no events arising since 31 December 2023 that require amendment or disclosure.

Note 8: Segment Information

Operating and reportable segments have been identified on the basis of internal reports of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Executive Chairman.

The Company has a single reportable operating segment being investments in biotechnology and pharmaceutical ventures.

Note 9: Related Parties

During the half-year ended 31 December 2023, the Company issued securities to Kingfisher Medical Pty Ltd, Tau Medical Pty Ltd and GLK Medical Pty Ltd. A senior executive of the Company, Mr J Kahanovitz, is also a director and shareholder of these entities. \$0.9m was raised under a share placement of 42,276,954 ordinary shares and as a result of this transaction, Mr J Kahanovitz has become a substantial shareholder of the Company holding 13.5% voting power.

Other than this, and payments to Executive and Non-Executive Directors (set out in Statement of Profit or Loss and Other Comprehensive Income), there are no further related party transactions to disclose.

DIRECTORS' DECLARATION

In the Directors opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statement and notes give a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors,

A handwritten signature in black ink, appearing to read 'Richard Treagus', with a stylized flourish at the end.

Richard Treagus
Executive Chairman

23 February 2024

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Independent Auditor's Review Report

To the Members of BTC Health Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of BTC Health Limited (the Company), which comprises the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of BTC Health Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Company financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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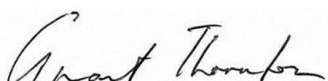
Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.


Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton
Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance
Melbourne, 23 February 2024