



FY24 Half-Year Results - Shareholder Update

Highlights:

- **BTC statutory profit after tax of \$1.7m (H1 FY23: -\$0.26m)**
- **BTC and investee companies consolidated revenue of \$4.9m (H1 FY23: \$4.7m)**
- **BTC and investee companies total cash reserves of \$2.4m (30 Jun 23: \$2.2m)**
- **New investee company BTC Cardio established for cardiothoracics and critical care**
- **Investee companies completed four exclusive distribution agreements during the period:**
 - **Micrel Medical Devices S.A.- Rhythm™ Evolution electronic infusion pumps**
 - **IZI Medical Inc. and Illumark GmbH - Neuro-spinal product range**
 - **Eurosets S.r.l - ECMO and Cardio-pulmonary products**
 - **Morpheus AG - Rebellion™ bone removal surgical instrument.**

Melbourne, Australia: **BTC health** (ASX : BTC) (the **Company** or **BTC**) is pleased to announce its half year financial results for the six-month period ending 31 December 2023, along with a general business update.

Overview

The Company undertook a restructure and cost-out exercise in Q1 FY24. This was necessary to create a more agile organizational structure, and to reposition the business to move into new medical areas other than the acute pain infusion product space, which to date has comprised the core business for the investee companies.

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. This consortium has been assisting with providing greater access to new medical products from around the world. The additional funds raised are being used to support working capital costs associated with the set-up, registration, and inventory requirements for the introduction of these new medical products.

BTC Speciality Health is primarily focused on medical devices and consumables in the therapeutic areas of acute pain management and neuro-spinal surgery. It is presently the main operational driver and source of revenue for the group. BTC Pharma (formally BioImpact) is the company dedicated to speciality pharmaceutical products, and BTC Cardio which was established in Q2 FY24 undertakes the marketing and distribution of highly specialized cardiovascular medical equipment and consumables, used by cardiac surgeons and critical care experts.

During H1 FY24 the investee companies made good progress with their respective growth strategies, entering into four exclusive license and distribution agreements with international manufacturers, as well as continuing to drive revenue growth and operational efficiencies in the underlying business. Accordingly, BTC recorded a fair value gain on its investments of \$2.0m.

BTC Speciality Health - revenue for Q2 FY24 was \$3.1m representing an increase of 73% on the previous quarter, resulting in total revenue for H1 FY24 of \$4.9m. This growth was due to a combination of maintaining good underlying sales with the pain infusion pumps, as well as the acquisition of the neuro-spinal business from Point Blank Medical in late September.

Gross margin for the six months was in line with expectations at \$2.17m (44%), Operating expenses were \$1.69m and Net profit before tax was \$0.47m.

The neuro-spinal business comprising the IZI Medical and Illumark products was transferred effectively from Point Blank Medical (Sydney) to BTC Speciality Health in early October. On 18th December BTC Speciality Health licensed Rebellion®, a novel bone cutting tool from Morpheus AG in Germany, and the neuro-spinal team has already begun making it available to select neurosurgeons. Rebellion is a non-Implantable, single-use, consumable medical instrument.

With demand continuing to be strong, the remaining inventory of the Avanos ambIT® infusion pumps are expected to be sold out in coming months. The strategy is to transition customers across to the Elasto-Q and Rhythmic Evolution pumps. The Rhythmic Evolution pump was approved by the Therapeutic Goods Administration (TGA) in November. The sales team has completed their training and commenced with hospital trials, which is the first step in the process of initiating new accounts. The re-imburement framework and the government-initiated changes to the Prostheses List have created a high degree of uncertainty for medical device suppliers, and we continue to monitor developments very closely to ensure we are best positioned to respond to any changes in hospital procurement patterns.

BTC Pharma - sales attributable to the respiratory products; Bronchitol® and Aridol® were in line with expectations at \$0.58m, representing a 10% increase over the prior corresponding period (H1 FY23 \$0.53m). The company is presently evaluating additional opportunities with other niche and specialised products.

BTC Cardio - the company entered into an agreement with Eurosets S.r.l. granting the company exclusive rights to sell and distribute its range of Cardiopulmonary (CP) and Extracorporeal Life Support (ECLS) systems in Australia and New Zealand. The Eurosets products represent the very best of medical innovation and quality; comprising sophisticated medical equipment and single-use consumable products, used by perfusionists, anaesthetists, critical care, and emergency medical staff.

It is a decisive step for the company to establish and build a strong presence in a highly specialized field of medical care, and an opportunity to disrupt the current market dynamics, at a time when established competitors are experiencing quality and supply challenges, and when major hospitals are seeking to diversify their supplier base.

During 2020/21, there were 12,700 coronary artery bypass graft procedures, 12,000 heart valve repair or replacement procedures, and 129 heart transplants performed in public and private hospitals across Australia¹. During the same year the national data base recorded 451 extra corporal membrane oxygenation (ECMO) patient cases from 28 hospitals in Australia². ECMO is one of the most expensive medical interventions, costing \$305,463 per complex admission to the intensive care unit³.

BTC Cardio has received marketing approval for the Eurosets products from the TGA and will be formally launching the Eurosets ECLS and CP range to medical specialists and clinical staff in Q3 FY24.

¹ Australian Institute of Health and Welfare (2023) Heart, stroke and vascular disease: Australian facts, AIHW, Australian Government.

² EXCEL Registry Report 01/2019-12/2021.

³ A survey of extracorporeal membrane oxygenation practice in 23 Australian adult intensive care units. Critical Care and Resuscitation, Vol 22 (2), June 2020.

Outlook for FY24

2023 was a year of change for BTC Health, and we have used these changes to initiate a positive shift within the business. This has been reflected in a strong operating result for the investee companies, and a H1 FY24 profit for the group of \$1.7m. We expect to build further momentum through the course of the second six months.

BTC Speciality Health is expecting to sell the balance of the ambIT® infusion pumps, and at the same time initiate some preliminary sales with the new Elasto-Q and Rhythmic Evolution pumps, all the while closely monitoring our customer service levels, and any alternative reimbursement framework that may apply from 1st July of this year.

The neuro-spinal team will continue with the launch of the Rebellion bone removal instrument and be evaluating further opportunities to introduce additional neuro-spinal products into this area of the business.

The Eurosets launch will be a key event for BTC, and we reasonably anticipate some of the Australian public hospitals to be issuing requests for tenders during the course of CY2024.

We anticipate concluding the acquisition and licensing of additional medical equipment, devices and consumables during the balance of FY24, and we look forward to updating shareholders on these developments.

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 3122.

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