

B. BTC Shareholder update

June 2022



Dear Shareholder,

BTC is an early-stage healthcare company driven by the opportunity to improve the health outcomes of patients. I'm pleased to confirm we are successfully executing on our strategy, with two new agency distribution agreements announced today. We continue to be focused on maximising the growth potential of BTC's current investments whilst at the same time, securing and integrating new healthcare assets. As the demand for healthcare continues to increase through greater disease prevalence and an ageing population, our strategy to acquire and grow a group of high quality healthcare assets remains compelling.

I am pleased to provide you with a detailed update on BTC health's investments, along with an operational update of BTC's wholly owned investee companies, BioImpact Pty Ltd (BioImpact) and BTC Speciality Health Pty Ltd (BTC Speciality Health) (collectively 'BTC').

New Agencies Acquired

BioImpact has entered into two exclusive licensing and distribution agreements with two new agencies announced today for products branded Alteco LPS Adsorber® and EasyReach™. BioImpact has sublicensed these products to BTC Speciality Health which will market and promote both products to hospital clinical staff.



Alteco LPS Adsorber®

Alteco LPS Adsorber® is an innovative, safe, single-use medical product, used to treat sepsis or septic shock in patients with suspected or confirmed septicaemia caused by gram-negative bacteria. Sepsis is a time-critical medical emergency that arises when the body's response to an infection damages its own tissues and organs leading to failure of multiple organs, and death if not recognised and not treated promptly. The Alteco LPS Adsorber® is used as an extracorporeal filter, typically in the ICU environment where a critically ill patient has been placed on haemoperfusion. The unique matrix

design, optimised surface area and proprietary components of the LPS Adsorber actively bind circulating endotoxins, removing them from the patient's bloodstream. A new sterile filter is used for each treatment which lasts approximately 2 hours.

BTC recognises there is an unmet need for sepsis treatment. The Australian Sepsis Network reports that almost 5,000 of an estimated 18,000 Australians treated in an intensive care unit die each year as a result of sepsis. Sepsis imposes significant economic burdens on the healthcare system and individuals with an estimated cost per case of \$39,300.

The Alteco LPS Adsorber® is a Class IIa medical device with Conformité Européenne (CE) approval and it has been available in select global markets since 2007. BTC Speciality Health intends to make a submission to the Therapeutic Goods Association (TGA) for product registration, and on grant of marketing approval, will make the Alteco LPS Adsorber available to Australian hospitals in early 2023.



EasyReach™

Designed by Professor Oliver Pearce (UK) and Dr. Parminder Singh (Melbourne), EasyReach™ is a range of post-surgical garments for patients recovering from hip surgery, hip replacement, back and other forms of orthopaedic surgery where patient mobility is limited. EasyReach™ post-surgical garments support patient recovery, relieving pain through cooling of the surgical site. The response from the clinical trial undertaken by Prof. Pearce and Dr. Singh in 2021 was extremely positive, with patients complimenting the ease of use, whilst restoring dignity and supporting pain management. BTC expects to leverage its existing relationship with orthopaedic surgeons in relation to the support they provide with the ambIT™ infusion pumps. BTC expects to execute its launch plans and commence selling EasyReach™ by the end of calendar year 2022. BTC holds the exclusive distribution rights to this product range in Australia and New Zealand.

B. BTC Shareholder update

June 2022



New Products Integrated



Bronchitol® and Aridol®

The exclusive sale and distribution rights for Bronchitol® and Aridol® were acquired by BioImpact from Pharmaxis on 30 June 2021 for \$2m. Since then, BTC has integrated these assets into its supply chain and made Bronchitol® and Aridol® available to Australian patients. A new sales and marketing plan has been launched to promote both products: Aridol® as the bronchial hyperresponsiveness test of choice to diagnose asthma, Bronchitol® as an effective, portable and convenient mucociliary clearance medication for those diagnosed with Cystic Fibrosis. Integration has been completed and BTC's effort are now focused on increasing patient access to these products.

Sales of both products were \$1.3m in financial year 2022 and BTC anticipates annual minimum growth of 3% per annum. These growth expectations are consistent with BTC health's initial investment expectations.

Products in development



Neola®

Neola® is a device enabling life-changing decisions to be made for preterm infants through non-invasive continuous lung monitoring and real-time alerts of life-threatening complications. Neola Medical has installed the Neola® device at the University of Cork College (UCC), and initiated a clinical study, to confirm the optimal positioning of the probes on the chest. The first phase of the clinical study was conducted on 50 preterm infants and the results were positive.

Neola Medical will apply for CE approval once product development has been finalised. Once CE approval is

granted, BTC will apply to the TGA for product approval in Australia and MedSafe for product approval in New Zealand.

Neola® has gained high interest with Key Opinion Leaders (KOLs) at Australian Neonatal Intensive Care Units (NICUs). BTC expects to obtain a demonstration device to use with Australian neonatologists for clinical evaluation in 2023.

Agency pipeline

BTC health seeks to further expand its investments in medical devices and speciality pharmaceutical assets including orphan drugs. Several opportunities are being actively considered by BioImpact, which if concluded may allow for these novel products to be made available to Australian patients under the Special Access Scheme (SAS), in advance of BTC health making a full marketing application to the TGA. We are pleased to be using the strength and reach of our global network to identify and source novel drug therapies, which although registered in other jurisdictions around the world, have yet to be made available to patients in Australia and New Zealand.

ISO 13485 Audit

Each year, BTC undertakes an independent recertification of its ISO 13485 certification. The last audit was conducted in August 2022 and I am pleased to report the audit confirmed very strong compliance with our companywide quality systems, procedures, and controls. ISO13485 certification underscores BTC's commitment to provide safe and efficacious healthcare products that are of the highest quality in the pursuit of better patient outcomes.

B. BTC Shareholder update

June 2022



Financial update

BTC 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 btchealth.com.au. With a view to providing shareholders with a greater insight into the operating results of BTC's underlying investments, a pro-forma consolidated, unaudited, financial view of BTC and its wholly owned subsidiaries is provided below.

	30-Jun-22	30-Jun-21	Var \$	Var %
Income (excluding i/co revenue)	7,737,581	7,115,150	622,431	9%
EBITDA (excluding cost of options, i/co revenue)	(353,074)	(464,306)	111,233	24%
Depreciation, Amortisation, Options	(404,454)	(8,030)	(396,424)	n/a
Net Profit Before Tax (NPAT) (excluding i/co revenue)	(757,527)	(472,336)	(285,191)	(60%)
	(9.8%)	(6.6%)		
<i>Income by segment (excluding i/co revenue)</i>				
Listed entity (BTC health Limited)	636	19,910	(19,274)	(97%)
Underlying business	7,736,945	7,080,532	656,413	9%
<i>EBITDA by segment (excluding cost of options, i/co revenue)</i>				
Listed entity (BTC health Limited)	(469,512)	(391,686)	(77,826)	(20%)
Underlying business	116,438	(72,621)	189,059	260%
<i>NPBT by segment (excluding i/co revenue)</i>				
Listed entity (BTC health Limited)	(670,444)	(391,686)	(278,758)	(71%)
Underlying business	(87,083)	(80,651)	(6,433)	(8%)

Income

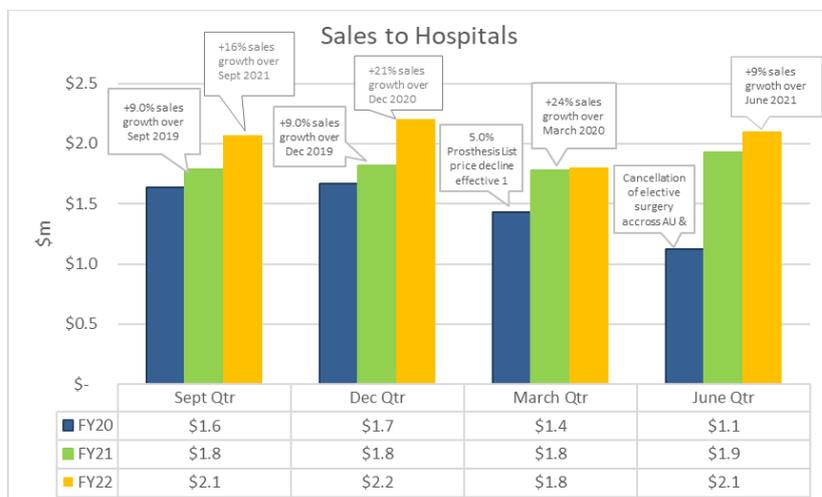
Pro-forma income of \$7.7m improved 9% compared to the prior year and can be split into two segments; income received from the listed entity BTC and income from the underlying business.

BTC health Limited: BTC health received management fee income of \$94.4k from its investee company BTC Speciality Health. On consolidation, management fee income received within the group is eliminated. As a result, \$nil management fee income is captured in the consolidated accounts above. BTC health income reflects interest received on cash reserves. In the prior year, BTC health recorded \$13.3k of management fee income from Bio101, an investee company which was subsequently sold in July 2020. The remaining income earned in financial year 2021 reflects government grants received and interest on cash reserves.

Underlying business: Underlying business income of \$7.7m grew 9% over prior year and largely comprised product sales to Sigma Healthcare, our wholesale and distribution partner, which supplies BTC products to public and private hospitals on our behalf.

B. BTC Shareholder update

June 2022



During the financial year ended 2022, sales to hospitals from Sigma totalled \$8.2m (2021: \$7.3m), growing 12% year on year. Specialty pharmaceuticals (Bronchitol® and Aridol®) contributed \$1.3m of sales to hospitals (2021: \$nil). The remaining medical devices and medical consumables totalled \$6.9m (2021: \$7.3m), contracting -5% year on year. The ongoing impact of elective surgery cancellation associated with hospital staff shortages reduced the expected volume of elective surgeries. Elective surgery waitlists have increased and private health insurers, clinicians and hospitals are expected to increase elective surgeries to pre-COVID 19 rates. June quarter sales were particularly strong, with medical devices and medical consumables achieving \$1.8m and closely aligned to 2021 demand. A number of new accounts have been onboarded during 2022 for our cornerstone product, ambIT® infusion pumps and general surgery medical devices. We anticipate sales of this product range will rebound and grow over the prior year's run rate.

The variance between sales to hospitals and consolidated income relates to the Sigma wholesale margin earned for undertaking the customer order and logistics function on behalf of BTC Speciality Health. Wholesaler inventory on hand is consistent with June 2021.

EBITDA

EBITDA loss excluding cost of options and intercompany revenue (\$353.1k) improved 24% compared to the prior year and can be split into two segments; costs of running the listed entity BTC and the costs attributable to the underlying business.

BTC health Limited: EBITDA loss excluding cost of options (\$469.5k) increased (\$77.8k) primarily due to an increase in legal fees associated with transaction due diligence costs, increased insurance, audit, tax fees, listing fees and share registry costs. The increase in cost base was partially offset by a restructure of director fees.

Underlying business: The underlying business comprises the operating results of BTC Speciality Health and BioImpact. The performance of the underlying business was particularly pleasing, generating its first year of profit. EBITDA ratio of 1.5% is expected to improve as BTC generates increased demand for its products and is able to leverage overhead efficiencies further.

The increase in sales flowed through to gross profit, however the ongoing impact of global supply chain cost pressures has materially increased freight costs, reducing gross margin ratio. Product diversification has partially offset the impact

B. BTC Shareholder update

June 2022



of increased freight as BTC's product mix broadened to include speciality pharmaceutical products, which generate higher margins than BTC's medical device and consumable portfolios.

Operating costs were relatively flat year on year and costs were actively managed. BTC operates a lean structure, currently employing 14 FTE's excluding vacant positions. Leveraging the existing overhead structure will ensure profit is maximised as new products are introduced to the market.

Working Capital

	30-Jun-22	30-Jun-21	Var \$	Var %
Cash at bank	2,351,284	2,386,854	(35,570)	(1%)
Debtors	1,503,431	1,486,953	16,478	1%
Inventory	1,041,982	1,089,298	(47,316)	(4%)
Payables & Provisions	1,446,777	928,632	518,145	56%
Net working capital	3,449,920	4,034,473	(584,553)	(14%)

Working capital of \$3.4m has reduced 14% over prior year, largely reflecting timing of inventory received and conversion of this inventory into cash.

Debtors are well managed and receivables are collected within terms, as a result there is no requirement to hold a doubtful debt provision. As BTC distributes its products via wholesalers, it holds one primary receivable account with its 3PL warehouse which manages the debt risk with individual wholesalers.

Inventory holdings equate to 2-3 months cover, which is marginally less than traditionally held. Holding additional stock cover has enabled BTC to manage supplier shortages associated with manufacturer input constraints and global freight delays. After considering stock held by wholesalers, stock within BTC's supply chain is 3-4 months.

Consolidated cash at hand of \$2.4m is in line with prior year. Cash will continue to be optimised through management of the business' working capital needs.

Government reforms

The Department of Health (DOH) is presently working through a series of healthcare funding reforms in relation to the funding pathways for the Pharmaceutical Benefit Scheme (PBS) and the Prosthesis List (PL). These schemes regulate the funding of pharmaceuticals and medical devices in Australia. A large proportion of sales from BTC health's investee companies are from products which are reimbursed either through the PBS or via the PL. Although the commercial impact of these reforms has to date been relatively small, we anticipate further legislative changes over the course of the next 12 months. In response, we are engaging actively with the DOH, our suppliers and customers to ensure we maintain both product margins and patient access, and secondly that our in-licensing strategy gives a relatively greater focus to products with reimbursement falling outside the scope of the PBS and PL frameworks.

B. BTC Shareholder update

June 2022



Growth strategy

Notwithstanding the widely acknowledged disruptions from the pandemic, BTC continued to invest significant time and resources in the evaluation and due diligence of two significant potential transactions, one in the pharmaceutical space and the other in medical equipment and consumables. Both targets were considered transformative opportunities for BTC health's investee companies, providing a clear pathway towards greater scale and profitability for the combined business.

Despite the strong underlying rationale in each case, it is regrettable that these transactions did not proceed. In the one instance, BTC health and the vendor were unable to agree on key terms central to the investment case. In the second instance, the recent state of capital markets, combined with certain constraints under the Pooled Development Fund Act, presented an uncertain funding environment for the transaction, circumstances which the BTC health board considered were not in shareholders' best interests to proceed.

When capital markets improve, transformative merger and acquisition targets will once again be considered. However, in the present environment BTC health has chosen to focus its growth strategy on non-dilutive opportunities including new agency distribution agreements. New agencies generally provide incremental revenue and returns to BTC without the need for significant capital outlay.

The Board would like to thank its employees, customers, shareholders, and supply partners for their ongoing support over the last 12 months. As a high-growth Australian SME we continue to set high expectations for our business as we create a path forward to achieve greater operating scale, sustainable profitability along with improved liquidity and valuation of our issued share capital.

I look forward to sharing further updates as we realise our growth plans.

Dr. Richard Treagus
Executive Chairman
BTC health Limited

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 www.btchealth.com.au

Authorisation

This announcement was authorised for release to the ASX by the Board.

Contact Information

Richard Treagus
Chairman
BTC health Limited
Ph: +61 417 520 509
E-mail: rtreagus@btchealth.com.au

Sharon Papworth
Company Secretary
BTC health Limited
Ph: 1800 100 282
E-mail: spapworth@btchealth.com.au