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ASX Release

Austco Healthcare increases revenues by 17%, invests further in sales capability and R&D

- **Revenue from customers up 17% to $42.0 million**
- **Software and SMA revenues up 65% to $8.5 million**
- **Gross Margins increased to 53.4% compared to 52.5% in pcp**
- **Research and Development investment up $0.9 million to $4.6 million**
- **NPAT down $0.07 million to $2.3 million**
- **Open Sales Order book grew to a record high of $36.1 million**
- **No dividend has been declared to fund organic and inorganic growth**

Austco Healthcare Limited (**ASX:AHC**) (**Austco**), a global leader in clinical communications solutions, announces a 17% increase in revenue from customers over the prior comparative period (pcp) to $42.0 million for FY23.

Software and SMA revenues were the largest driver of increased revenues, up 65% or $3.3 million to $8.5 million. This growth more than offset supply chain increased costs and allowed for improved Gross Margins up from 52.5% to 53.4% for the year.

The company achieved revenue and gross margin growth during FY23 despite fluctuations in raw material availability and pricing due to ongoing supply chain disruptions. During the year, the company undertook proactive measures to ramp up manufacturing output, resulting in a corresponding boost in revenue recognition. Even with the increase in manufacturing output and revenues, our Open Sales Order book grew to a record high of $36.1 million as of August 16, 2023.

As outlined in recent investors presentations, Austco has taken strategic advantage of its increased revenues to invest in its future sales and product capability. We continue to grow our investment in Sales and Marketing resources across several markets but have also increased our investment in Research and Development (up $1.1 million to $3.2 million) and also have funded $0.2 million of M&A costs, some of which have been incurred in finalising the acquisition of Teknocorp, which is intended to complete this quarter.

The investment in additional Sales and Marketing resources and Research and Development is expected to give rise to further increases in organic revenue growth. Further, the earnings per share accretive acquisition of Teknocorp will drive inorganic revenue growth.

Reported NPAT was down $0.07 million to $2.3 million as compared to pcp, as funding investments in Sales, Research and Development and M&A utilised the margin improvement from this financial year.

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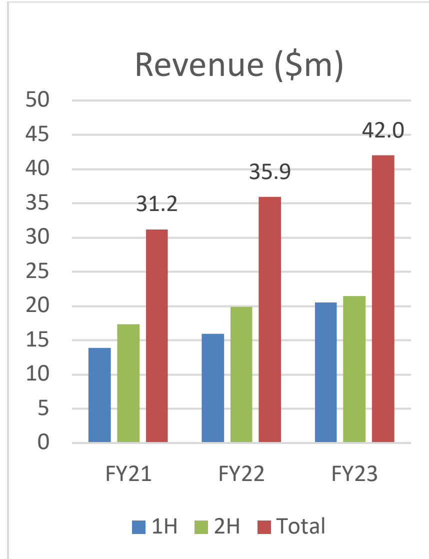
Revenues from customers

Total FY23 revenues of $42.0 million were up $6.1 million or 17% on FY22. This is the highest reported revenue over the last 10 years.

Both halves contributed to the record revenues, although second half revenues of $21.4 million were up 3% on first half revenue.

The North American market continued to drive the increase in revenues from customers.

Despite the record revenues demonstrating our ability to convert our Sales Orders into recognised revenue, new contract wins have maintained a strong Open Sales Order book to underwrite revenues in FY24. The Open Sales Order book currently sits at $36.1 million.



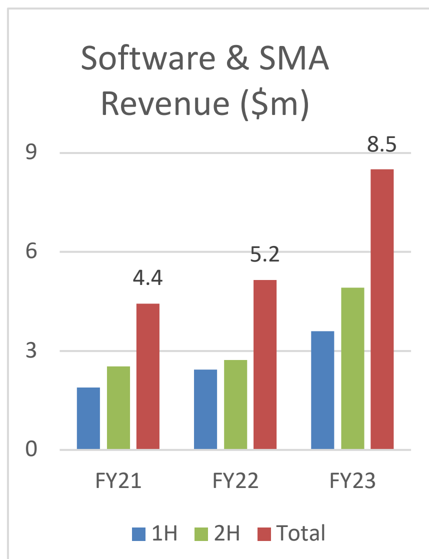
Software and SMA revenues from customers

High margin software and SMA revenues are key to our strategic growth plan and have been our primary focus over the past few years.

With the prior year's COVID-19 restrictions (which impacted our ability to drive software sales as high solution sales require face to face interactions) now passed, we have seen strong take up, with software and SMA revenues up 65% or $3.3 million.

Software and SMA revenues in FY23 accounted for 20.2% of total revenues, up from 14.4% of FY22 revenues.

We expect this trend to continue as customers navigate towards higher solution sales with a higher proportion of software and as customers renew SMA's at a higher rate seeing the value of support and software upgrades over the life of their product deployment.



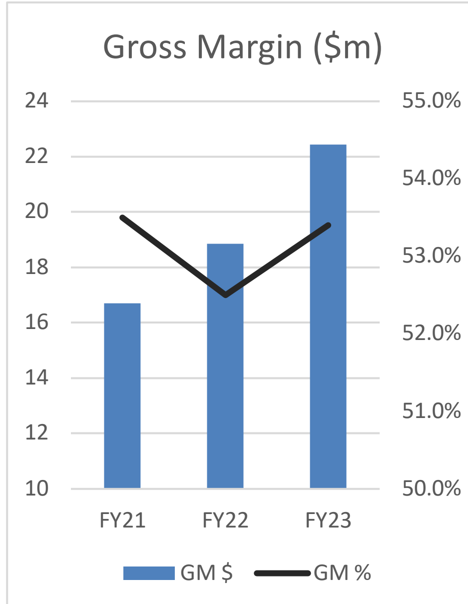
Gross Margins on revenues from customers

The Company recorded gross margin percentage growth despite ongoing global supply chain challenges, which have adversely impacted raw material availability and pricing.

Material growth in software and SMA revenues more than offset supply chain increased costs and allowed for improved Gross Margins up from 52.5% to 53.4% for the year.

In addition to software and SMA revenue growth, new products to market assisted in gross margin growth.

Off higher revenues and higher margins, the amount of Gross Margin delivered in FY232 materially increased from $18.8 million to $22.4 million.



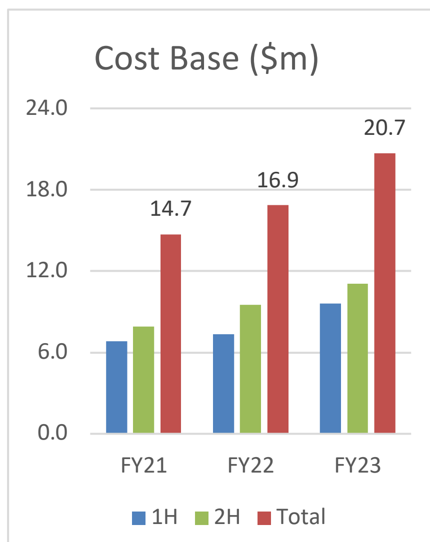
Indirect Cost Base

During the year, our cost base grew from $16.9 million in FY22 to $20.7 million in FY23 as we:

- Invested in Sales resources across multiple regions;
- Invested in additional R&D activities by putting on an offshore team to deal with a restricted development cadence from the core US team as resources were diverted from our product roadmap to configure and test alternate parts necessary to deal with supply chain issues. This was a significant contributor to the increased $1.1 million in net R&D expensed in FY23. We disbanded this offshore team in August 2023 as they had completed the backlog of tasks; and
- Invested $0.2 million in M&A activity, mainly in relation to the recently announced Teknocorp acquisition which is nearing completion.

With a long sales cycle, the payback for additional sales resources is not immediate; however, initiatives put in place in FY22 assisted in driving FY23 revenue growth.

Further, the Teknocorp acquisition will be EPS accreditive in FY24 and the increased R&D costs from the offshore team will be reduced in FY24.



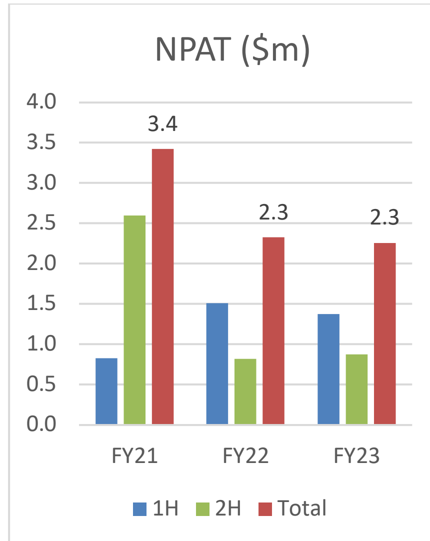
Statutory Net Profit after Tax

Statutory NPAT is $2.26 million for FY23, 4% lower than FY22 NPAT of $2.33 million.

Whilst higher revenues and stronger gross margins provided for a higher gross margin amount, this was strategically consumed, as discussed above, to position Austco for growth in future years.

During the year, Austco also increased the amount of deferred tax assets recognised, reflecting the profitable trading (and outlook) of its US business ($0.5 million) and Australian business ($0.1 million). This gave rise to an income tax credit for the year.

The FY21 result in the corresponding chart benefited from $1.9 million of one off Other Income, being COVID grants and legal settlement related.



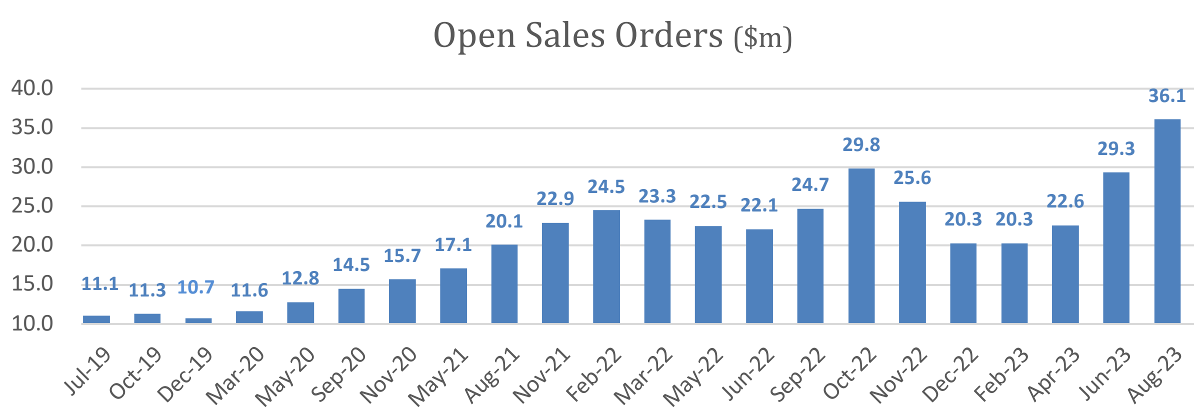
Open Sales Orders

Recent contract wins in Canada and Singapore have contributed to the growth of Austco's OSO. Our Open Sales Order book now stands at $36.1 million at 16 August 2023, up from $29.3 million at 30 June 2023.

Open Sales Orders (OSO) represent confirmed contracted orders from customers that have not yet been fulfilled and, as such, no revenue recognised.

During the pandemic, we have observed a material build-up in our confirmed orders as site access restrictions and supply chain challenges hampered our ability to convert sales into revenue. In FY23, we materially delivered on the backlog of orders.

Faced with the uncertainties stemming from supply chain disruptions, we made the strategic decision to augment our inventory levels. This strategy was pursued throughout FY23, resulting in our current inventory reaching $10.8 million.



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Cash and Working Capital Position

Cash on hand was $4.7 million at 30 June 2023, down from $7.6 million at June 2022. Cash generated from operating activities of $0.3 million was modest and reflected further increases in our working capital needs, mainly inventory and receivables arising from a growing business. Dividend payments in FY23 net of dividends reinvested also consumed $1.0 million.

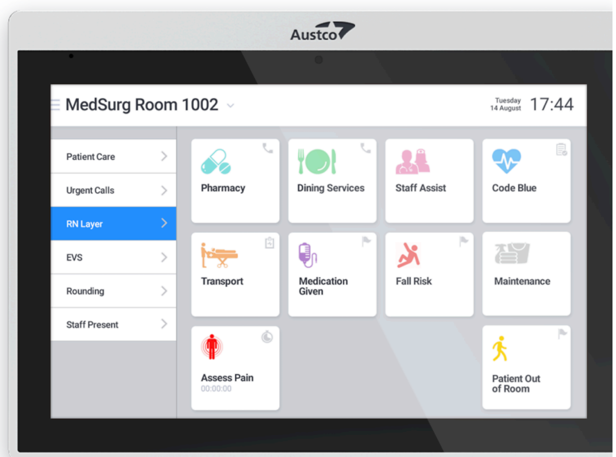
Dividend

No dividend has been declared, to fund organic and inorganic growth.

Research & Development

In the reporting period, the Company invested a further $4.6 million (FY22; $3.7 million), of which $1.4 million was capitalised (FY22; $1.5 million) in the development of its innovative nurse call and clinical communications platform, Tacera. Austco involves healthcare staff of all levels in the design process, ensuring our products meet the requirements of nurses, patients and healthcare administrators.

Innovation lies at the core of the company's product roadmap. Through collaboration and an openness to embrace emerging technologies, we aim not only to meet the demands of today's healthcare industry but also position the company to exceed the evolving needs of our customers.



The company remains dedicated to its ongoing efforts to enhance its market-leading real-time locating (RTLS) solution and software suite. These advancements encompass not only the core RTLS technology but also include advanced clinical workflow optimization, efficient task management, and insightful business intelligence solutions.

By leveraging cutting-edge locating technology, caregivers can streamline their workflows with precision. This includes the seamless automation of essential tasks such as automatic presence tracking, alarm cancellation, and comprehensive logging of completed rounds. Additionally, the convenience of one-touch mobile assistance is integrated, providing caregivers instantaneous access to precise location notifications directly on their iPhone and Android mobile devices through Austco's innovative Pulse Mobile platform.

On a global scale, our Tacera and Pulse brands are recognised as premier healthcare communications and clinical workflow solutions. The development of an open architecture, VOIP capable system that delivers IP to the patient's bedside is key to the evolution of the Tacera and Pulse brands well into the future.

The Future/Outlook

The prospects for Austco Healthcare have never been more promising. Over the course of the financial year, we bolstered our sales and marketing capabilities in high-growth markets, strategically positioning the business to capture new opportunities within the growing healthcare technology sector. The investments we have directed toward sales resources and product development are expected to be the driving forces behind sustained organic growth in the coming years.

Fulfilling our $36.1 million order backlog will depend on the continued improvement of the global supply chain, which has encountered widely reported disruptions affecting lead times and manufacturing costs across various industries. Encouragingly, there has been a gradual improvement in the availability and pricing of raw materials, giving us confidence that the company can build on the momentum and continue to grow revenues and profits.

Austco's strategic roadmap remains focused on growth-oriented initiatives. These include introducing innovative products, establishing strategic partnerships, and exploring potential mergers and acquisitions. These initiatives underpin our commitment to sustain and increase the company's growth trajectory well into the foreseeable future.

This announcement was approved for release to the ASX by the board.

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Further Information

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About Austco Healthcare Limited (ASX Code – AHC)

Austco Healthcare Limited is an international provider of healthcare communication and clinical workflow management solutions. Headquartered in Australia, the company has subsidiaries in six countries and supports healthcare facilities through its global reseller network, which includes growing markets in health, aged care and acute care. Austco Healthcare services markets including Australia, New Zealand, Canada, UK, USA, Asia and the Middle East. For further information, please refer to the Company's website www.austcohealthcare.com.