

26 February 2024

## ASX Release

### **Austco Healthcare increases revenues by 11%, further investment in R&D and accelerates direct to market capabilities in Australia**

- **Accumulated orders yet to be delivered grow to an all-time high of \$44.4 million**
- **Revenue from customers up 11% to \$22.8 million**
- **Software and SMA revenues up 11% to \$4.0 million**
- **Gross Margins decreased to 51.9% compared to 54.8%**
- **NPAT down from \$1.4 million pcp to \$1.2 million due to investment in strategic growth initiatives**
- **Teknocorp acquisition completed and a term sheet for the acquisition of Amentco announced**

Austco Healthcare Limited (**ASX:AHC**), a global leader in clinical communications solutions, is pleased to announce an 11% surge in revenue from customers over the prior comparative period (pcp), reaching \$22.8 million for 1HFY24. This achievement underscores the company's continued growth trajectory and commitment to delivering innovative solutions to healthcare providers globally.

In addition to the strong revenue growth, our software and SMA revenues also experienced an 11% increase to \$4.0 million over the pcp, constituting a solid 17% of total revenues.

The company is especially pleased to report a significant increase in its contracted orders, growing to an impressive \$44.4 million, inclusive of a \$3.3 million contribution from our recently acquired Teknocorp. This represents a significant uptick from the \$20.3 million figure reported in February 2023 (see graph below).

Whilst gross margins at 51.9% experienced a slight dip compared to the prior corresponding period, primarily due to factors such as the consumption of higher-cost raw materials procured during COVID and higher revenue contribution from specific price-sensitive markets and projects, we remain confident that our strategic initiatives, particularly those related to the Teknocorp acquisition, will bolster margins and revenue contribution over the medium term.

Overhead expenses rose from \$9.6 million to \$10.8 million compared to the prior comparative period, albeit showing a decrease from the \$11.0 million recorded in the second half of FY23. First half expenses included expenses in respect of our strategic growth initiatives being a combination of M&A transaction costs (\$0.1 million), increased investment in Research & Development (\$0.5 million), and recruitment expenses (\$0.2 million) aimed at bolstering resources necessary for meeting the demands of our record-high order book. This strategic allocation of resources underscores our commitment to meeting customer needs while laying a solid foundation for sustained growth and innovation.

Despite a modest decrease in NPAT of \$0.2 million compared to the pcp, reflecting our strategic investment in talent acquisition, R&D, and market expansion initiatives, we are committed to enhancing our capabilities and offerings that support long-term growth. Our recent acquisitions and ongoing investment in R&D represent our dedication to driving the business forward in terms of sales capabilities, product offerings, and future profitability. The rapid growth of our accumulated orders to \$44.4 million demonstrates the success of these strategic investments and our unwavering focus on delivering value to our stakeholders.

With our continued investment in talent, infrastructure, and innovation, Austco Healthcare remains positioned for long-term growth as we forge ahead in our goal to revolutionise clinical communications worldwide. We remain committed to delivering exceptional value to our customers, shareholders, and the broader healthcare community.

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### Revenues from customers

Revenue from customers was up 11% to \$22.8 million compared to pcp. Revenue from customers was also up on our 2HFY23 revenues of \$21.4 million, despite 2H being traditionally stronger than 1H.

Notably, this growth is attributed to a strategic product mix adjustment, with a decrease in installation revenues and an increase in equipment revenues, reflecting our ongoing commitment to optimising our offerings to meet market demands.

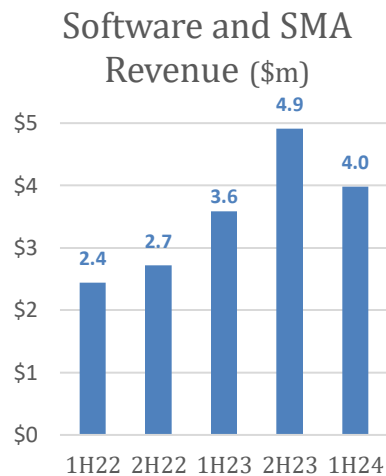
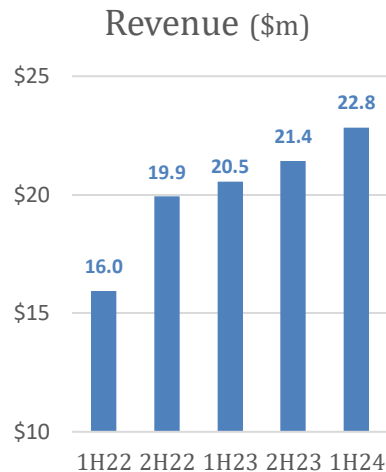
This sustained growth not only reaffirms our position as a leader in the industry but also underscores our commitment to delivering value to our stakeholders and driving long-term success for Austco Healthcare.

### Software and SMA total revenues

Growth in Software and Service Maintenance Agreement (SMA) revenues by 11% to \$4.0 million, accounting for 17% of total revenues, underscores our commitment to developing cutting-edge software solutions.

As we continue to invest in the development of innovative software solutions, Software and SMA revenues will continue to play a vital role in driving our company's growth and success.

Moving forward, we are confident that our continued focus on software innovation will further solidify our position as a leader in the healthcare technology sector. With Software and SMA revenues at the forefront of our revenue streams, we are positioned to capitalise on emerging opportunities and drive sustained success for Austco Healthcare.

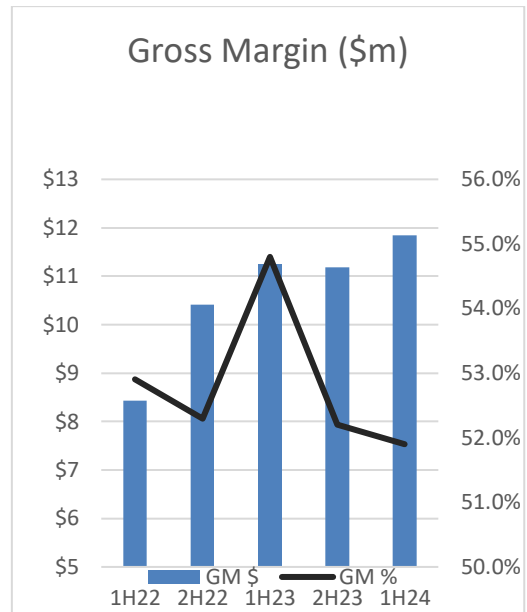


**Gross Margins on revenues from customers**

Gross Margin increased from \$11.3 million to \$11.8 million from higher revenues.

Gross margins at 51.9% were down on pcp of 54.8% and the 52.2% delivered in 2HFY23. The reduction was driven by:

- Consumption of higher cost raw materials procured during COVID to maintain product delivery certainty, the balance of which is expected to be consumed in 2HFY24;
- Higher revenue contribution from two lower margin markets (Latin America and Asia); and
- Contribution from lower margin Teknocorp projects. The strategic initiatives of this acquisition will assist in increasing the margin and revenue contribution of this business.

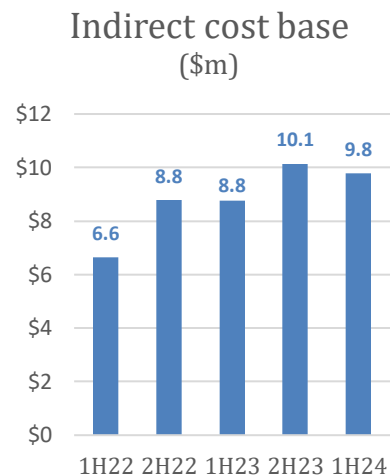


**Indirect Cost Base (excluding D&A and interest expense)**

Overhead expenses (excluding D&A and interest expense) increased from \$8.8 million to \$9.8 million from the previous corresponding period, but was a decrease from the \$10.1 million recorded in the second half of FY23.

The increase includes a combination of M&A transaction costs for the acquisition, additional R&D incurred and expensed directly to the profit and loss, and recruitment costs as we continue to source the best talent to achieve our strategies.

The additional recruitment, R&D expensed directly against profit and M&A transaction costs all have been incurred to step change the business in terms of sales capabilities and product offering to the market. The growth in our Open Sales Order book to \$44.4 million arises from these investments.



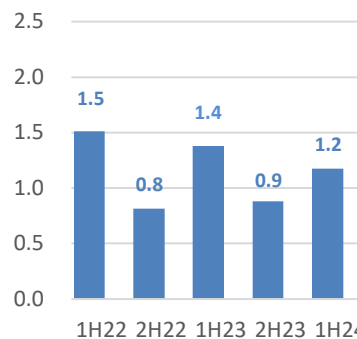
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**Statutory Net Profit after Tax**

Statutory NPAT was \$1.2 million for 1HFY24 compared to \$1.4 million in the pc (1HFY23) and \$0.9 million in 2HFY23.

The Company’s continued investment in R&D, recruitment and M&A transaction costs over these reporting periods have consumed the financial benefits of revenue growth. Outside of M&A costs we do not expect significant additional costs growth such that future revenue and margin growth would contribute to increased profits going forward.

Reported NPAT (\$m)

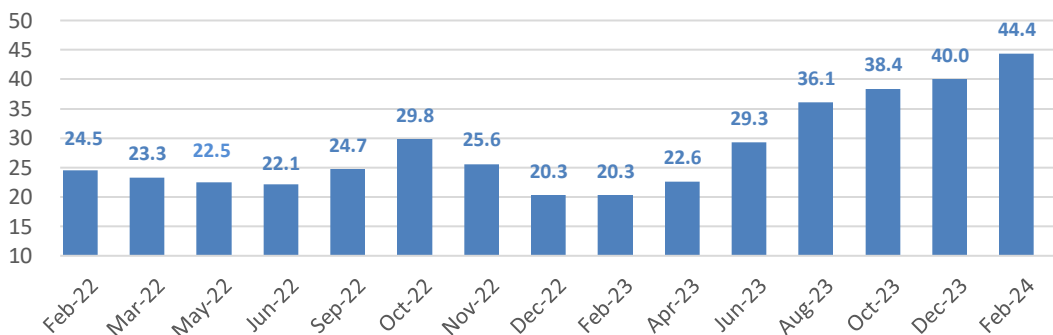


**Open Sales Orders**

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

Despite recording growth in recognised revenues, we continue to win new work at a greater rate and as such, our OSO continues to build. A substantial increase in our Open Sales Orders to \$44.4 million, inclusive of a \$3.3 million contribution from our recently acquired Teknocorp, serves as a strong foundation for our ongoing revenue growth trajectory. This figure is a significant increase from our Open Sales Order book of \$20.3 million reported in February 2023.

Open Sales Orders(\$m)



**Cash and Working Capital Position**

Cash on hand was \$5.0 million at 31 December 2023, up \$0.3 million from June 2023. Borrowings of \$1.5 million have been used to fund the acquisition of Teknocorp. Cash generated from operating activities of \$1.9 million assisted in limiting the amount of borrowing required.

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### Acquisitions

On 27 November 2023, the Company acquired the businesses of Teknocorp and Victorian Monitoring Systems (VMS) by way of an asset sale. Teknocorp and VMS are security and healthcare solutions providers and have been certified Austco Nurse Call resellers for more than 20 years. Teknocorp specialises in providing integrated nurse call, security, access control and complementary systems to small and medium-scale enterprises in public and private sectors.

This acquisition increases Austco’s direct sales capability, provides growth opportunities and enhances its range of solutions to better meet the needs of the Australian healthcare market.

During the reporting period, these acquired businesses contributed revenues of \$2.4 million and net profit of \$0.4 million to the group.

On 21 February 2024, the Company announced that it had entered into a conditional binding term sheet to purchase Queensland based Amentco Enterprise Group Pty Ltd, which will further accelerate its Australian direct sales capability.

This acquisition is priced at 3.5 times earnings before interest depreciation amortisation and tax (EBITDA), consistent with the Teknocorp acquisition. Amentco is forecast to achieve approximately \$13 million in revenue and \$3 million in EBITDA in FY2024.

The acquisition is expected to be immediately earnings per share accretive, not including any revenue synergy benefits.

### Research & Development

We increased our investment in research and development for the period by outlaying \$2.3 million (of which \$1.4 million was expensed and \$0.9 million was capitalised). This compares to an outlay of \$1.8 million for the pcp (of which \$0.9 million was expensed and \$0.9 million was capitalised).

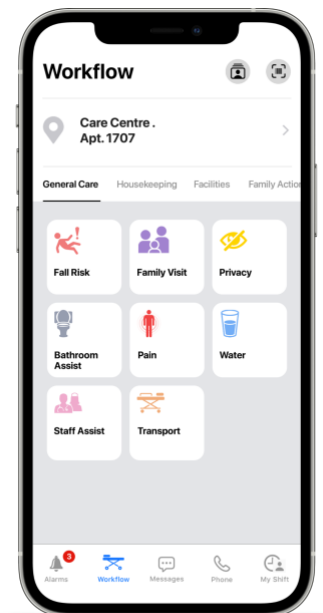
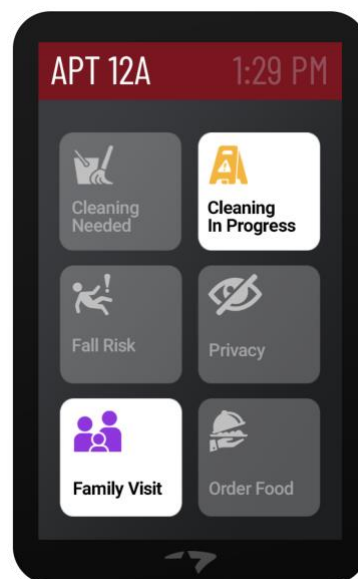
The Company continues to drive innovation in the healthcare sector with the introduction of a diverse range of new products and enhancements aimed at empowering healthcare organisations to effectively manage patient care and streamline workflow processes.

Among the latest offerings are advanced real-time locating system (RTLS) with features tailored specifically for the aged care and hospital markets.

Our enhanced mobile app functionality also equips clinicians with the tools to seamlessly receive and manage alerts, ensuring timely responses to critical situations.

Furthermore, we have integrated our systems with a leading fall prediction system, enhancing patient safety measures and proactive care strategies.

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### ***The Future/Outlook for Austco Healthcare***

As we move into the next phase of growth, Austco Healthcare remains committed to setting a new standard for clinical communications and enhancing patient care outcomes. With a solid foundation, we are positioned to capitalise on emerging opportunities.

Looking ahead, several key areas define our business outlook:

1. **Innovation and Product Development:** We will continue to prioritise innovation and product development, investing in the development of solutions that address the evolving needs of healthcare organisations worldwide. Our focus will be on developing platforms that streamline communication, improve workflow efficiency, and enhance patient outcomes.
2. **Mergers and Acquisitions (M&A).** By strategically integrating complementary businesses, technologies, and talent, we will strengthen our competitive edge and drive sustainable growth. Through targeted M&A activities, we intend to capitalise on synergies and augment our capabilities. Our M&A strategy aligns with our strategic vision of delivering innovative solutions and value to our customers, stakeholders, and the broader healthcare industry.
3. **Strategic Partnerships and Collaborations:** Collaboration is key to driving innovation and expanding our reach. We will actively seek out strategic partnerships and collaborations with industry leaders, technology providers, and healthcare organisations to leverage synergies, access new markets, and accelerate product development initiatives.
4. **Financial Performance and Sustainability:** While pursuing growth opportunities, we remain committed to achieving sustainable financial performance. Along with delivering our record high order book of \$44 million, we will focus on optimising operational efficiencies, managing costs effectively, and maximising revenue streams to drive profitability and long-term value creation for our shareholders.

In summary, Austco Healthcare is well-positioned for continued success and growth in the rapidly evolving healthcare industry. With a clear strategic vision and a commitment to innovation, we are confident in our ability to deliver meaningful impact and drive positive change in the healthcare industry.

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](http://www.austcohealthcare.com).

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