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ASX Release

Austco Healthcare second half revenues drive 37% increase in NPAT

- **Revenue from customers up 25% in 2HFY21 (on 1HFY21) to $31.3 million for FY21**
- **Gross Margins increase to 55.2% for 2HFY21**
- **Software and SMA revenues down $0.5 million to $4.4 million in FY21**
- **Reported EBIT up $1.3 million on FY20 to $4.0 million for FY21**
- **Reported NPAT up 37% to $3.4 million for FY21, above high-end guidance range provided in May**
- **Open Sales Order book continues to grow, now at $20.1 million**

Austco Healthcare Limited (**ASX:AHC**) announces a 0.4% increase in total revenue (excluding interest income) over FY20 to $33.2 million. Despite a year that remained dominated by COVID-19 supply chain issues and restricted access to customer sites, Austco Healthcare increased net profit after tax to $3.4 million, up from $2.5 million in FY20.

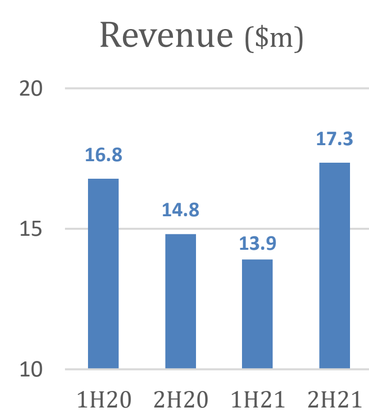
The $3.4 million NPAT is above the $2.8 - $3.3 million guidance range provided to the market in May 2021.

Revenues from customers

This year was again one of two distinct halves. The first half saw revenue continue to be hampered by supply chain issues and customer site access restrictions throughout most of our regions due to COVID-19. Despite continuing to win orders from customers, our revenues dropped to $13.9 million in 1H21.

In the second half of the financial year, regional site access restrictions still existed but were shorter in duration and in fewer regions at any one time. The second half revenue performance was $17.3 million, a 25% increase on first-half sales revenue.

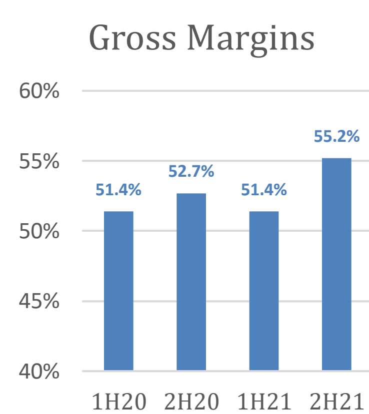
Total FY21 revenues from customers ended at $31.3 million, slightly below last year at $31.6 million.



Gross Margins on revenues from customers

Part way through the year we reached a strategic milestone being the complete outsourcing of the manufacture of our products to contract manufacturers. This strategic initiative has helped Austco Healthcare successfully navigate the COVID-19 related supply chain challenges we and the whole industry have had to deal with but has also allowed the Company to produce higher Gross Margins, with 2H margins growing to 55.2%, up from 51.4% in 1H.

Whilst we did benefit from some foreign exchange rate improvement in the $A throughout the year, the Gross Margin improvement also arose from higher margin new products released throughout the year, in particular, our new proximity enabled call points.

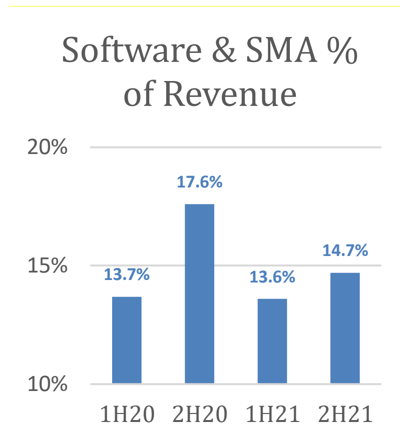


Software and SMA revenues from customers

High margin software and SMA revenues form a key part of our strategic growth; however, COVID-19 restrictions continue to impact our ability to drive software sales as high solution sales require face to face interactions.

Despite the limitations that COVID-19 has on Software revenues, we managed to increase Software and SMA revenues from 13.6% in 1HFY21 to 14.7% in 2HFY21.

Software and SMA revenues decreased $0.5 million year on year, however we saw a $0.6 million increase in 2HFY21 as compared to 1HFY21.



Indirect Cost Base

Whilst we continue to operate in a COVID-19 impacted market, we have maintained a prudent approach to costs, and in FY21 we reduced our cost base with total overhead expenses of $14.7 million compared to the $15.2 million in FY20.

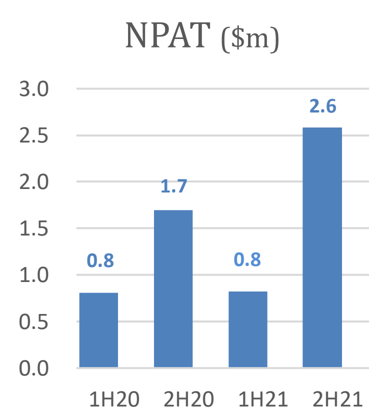
Once we have confidence that we are entering into a post COVID-19 marketplace in the majority of our regions, we will recommence our investment in sales and marketing resources to focus on further growing our sales pipeline and increasing revenues, specifically in the North American and European markets.

Net Profit after Tax

Statutory NPAT is $3.4 million for FY21 compared to $2.5 million for FY20.

The second half NPAT of $2.6 million drove the full-year result as we benefited from a rebound in revenues, particularly in the last quarter.

Included in the profit for the year was $1.5 million of grant Income arising from COVID-19 related government stimulus packages received from various jurisdictions in which the Group operates.



COVID-19 impact to business

The well documented pandemic continues to impact the business in two ways:

- restricting our ability to deliver our products to hospitals and aged-care facilities and install our solutions; and
- global shortages of critical raw materials shared with other industries has impacted delivery timelines and put price pressure on these components.

The impact of limited site access, which has varied region by region throughout the year, has given rise to a build-up in our Open Sales Order (confirmed orders) book. The Open Sales Order book currently stands at $20.1 million.

Whilst the supply chain challenges have been successfully managed by the Company, as evidenced by our increased Gross Margins, risks still exist for the business, which will need to be navigated throughout FY22, and possibly beyond. The most significant risk for the Company remains a global shortage of certain semiconductors, which has resulted in higher prices and historically long delivery timelines.

As regions enter their fourth, fifth and sixth waves, uncertainty persists regarding the potential impact on revenue for FY22. However, as shown in FY21, the Company has successfully navigated the last 18 months of COVID-19 in a profitable manner.

Moreover, the Company still believes the long-term investment into the global nurse call and workflow solutions market will accelerate further as governments and health care operators across the globe increase investment in healthcare infrastructure required to manage the COVID-19 crisis and future pandemics.

During the year, the Company recognised $1.5 million of grant income arising from government stimulus packages from four of the six regions in which it operates. The significant majority of these funds have come from USA based programs, where we employ the most staff. All of this grant income has been received by the Company at 30 June 2021. Currently, all programs are complete. At this stage, no further grant income is expected by the Company.

Improved Cash and Working Capital Position

Cash on hand was $7.8 million at 30 June 2021, up $1.4 million from June 2020. Solid cash generated from operating activities of $3.2 million drove the increase in cash.

Research & Development

Continued investment in research and development remains core to the prospects of the Company. During FY21, the Company expended a further $3.2 million (FY20; $3.7 million) in research and development on its core Tacera flagship product as well as its Pulse Mobile and Enterprise Reporting software-based solutions. We believe this allows us to retain Tacera as a best-in-class product within its market.

In the last quarter of FY21, the Company successfully delivered its new real-time-locating (RTLS), and proximity enabled call points to customers around the world.

This new locating technology supports automated workflows, including auto-presence and auto-cancellation of alarms, auto-logging of completed rounds, and one-touch mobile assistance with exact location notifications delivered directly to iPhone and Android mobile devices.

The Company has also continued to focus on enhancing its market-leading software suite with advanced clinical workflow, task management, and business intelligence solutions.

RTLS enabled call point

Austco's Tacera and Pulse brands are recognized globally as best-in-class healthcare communications and clinical workflow systems. The development of an open architecture, VOIP capable system that delivers IP to the patient bedside is key to the evolution of the Tacera and Pulse brands well into the future.

The Future/Outlook

Our open sales order book is very strong at $20.1 million, which is historically high due to increasing demand for our products and recent large contract wins. However, the Company's ability to deliver on the order backlog will depend on hospital and aged-care site access restrictions and supply chain lead times.

We are hopeful that higher community vaccination rates will lead to reduced interruptions to our business and enable confidence for all parties to plan for installations on-site, and also go some way in reducing the bottlenecks in our supply chain. When this occurs across our regions, we will start to see the benefit of the high open sales order book flow through to higher recognised revenues and profits.

As mentioned above, we will also increase our investments in marketing and sales capabilities when appropriate to further assist in revenue growth longer term.

The Group believes one of the outcomes of COVID-19 on the global nurse call and workflow solutions market will be recognition by numerous governments of their level of underinvestment and unpreparedness to manage the pandemic.

We believe the Group is extremely well placed to benefit from this market growth due to its broad coverage across multiple regions and its market-leading products, subject to COVID-19 constraints and the supply chain risks resolving.

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

~ Ends ~

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.