1/31 Sabre Drive
Port Melbourne VIC 3205
ABN 67 108 208 760
t +61 (03) 9209 9688

25 August 2022

ASX Release

Austco Healthcare increases revenues by 15%, invests in future growth and declares a fully franked dividend

- **Revenue from customers up 15% to $35.9 million for FY22**
- **Software and SMA revenues up $0.7 million to $5.1 million in FY22**
- **Gross Margins remain robust at 52.5%**
- **EBIT (excluding grant income) flat at $2.0 million for FY22**
- **Underlying NPAT (excludes grant income) up 14% to $1.7 million**
- **Reported NPAT down 32% to $2.3 million for FY22**
- **Open Sales Order book remains robust, currently at $22.7 million (mid-August 2022)**
- **Fully franked dividend of 0.3 cents per share declared**

Austco Healthcare Limited (**ASX:AHC**), a global leader in clinical communications solutions, announces a 15% increase in revenue from customers to $35.9 million for FY22.

Despite another year of COVID-19 supply chain issues (which have worsened during FY22) and continued restricted access to some customer sites (which have lessened during FY22), Austco Healthcare delivered a statutory net profit of $2.3 million.

Further key milestones delivered for the year were:

- Delivery of underlying profitability from operations (being NPAT excluding other income) of $0.9 million in 1HFY22 and $0.9 million in 2HFY22;
- Maintaining strong Gross Margins despite the challenges of increased costs of manufacturing, with 52.5% achieved in FY22;
- A strategic buildup of inventories, increasing $4.1 million over the year to ensure supply of product;
- Growing our investment in Sales and R&D resources, increasing our cost base to organically grow the business faster and further;
- Continued strong Open Sales Orders, representing over 7 months of revenue, currently $22.7 million in August 2022;
- Achieved positive cashflow from operations at $1.9 million for FY22;
- Despite the strategic buildup in inventories and increase in our cost base, maintained a robust cash balance of $7.7 million; and
- Given the strength of the business, whilst conservatively balancing supply chain challenges, the Board has declared a fully franked dividend of 0.3 cents per share.

Austco HEALTHCARE

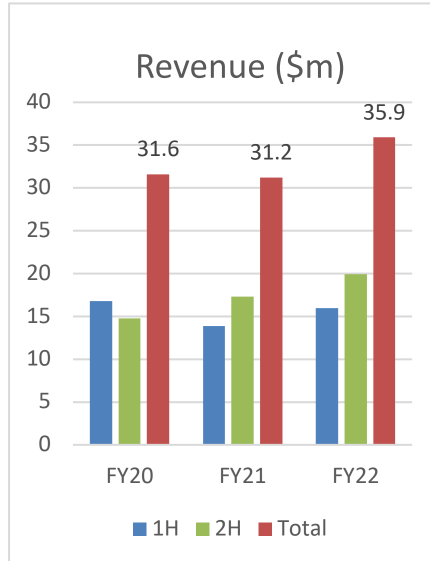
Revenues from customers

Total FY22 revenues of $35.9m were up $4.6m or 15% on FY21. This is the highest reported revenue over the last 10 years.

Strong second half revenues of $19.9m drove the record revenue result, up 25% of the first half reported revenue of $16.0m.

North American markets drove the increase in revenues from customers as we continued to observe the majority of site access restrictions relating to COVID in our other markets.

Supply chain issues continued to restrict our ability to convert our Sales Orders into recognised revenue. Whilst these challenges remain, and will need to be continually managed through FY23, our strong Q4, which drove the 2H, demonstrates the positive impact on revenue that will occur once these supply chain distributions subside.

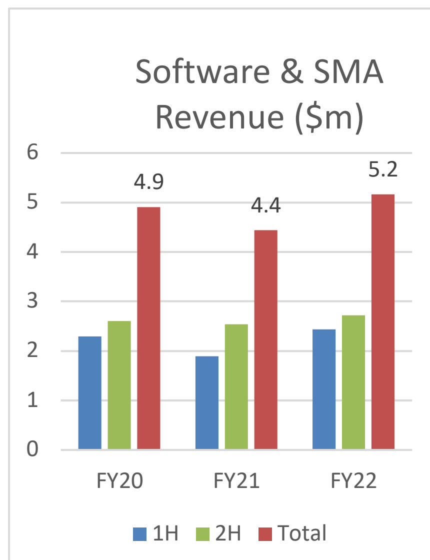


Software and SMA revenues from customers

High margin software and SMA revenues form a key part of our strategic growth plan. Over the past two years, 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 $4.4m (or 14.2% of total revenues) in FY21 to 5.2m (or 13.3% of total revenues) in FY22.

Whilst software & SMA revenues increased by $0.8m over the financial years, in terms of percentage of total revenues, they decreased. This is due to the high proportion of hardware revenue delivered in the year, either as it was held up due to access to site restrictions or was held up due to raw material shortages in our supply chain.



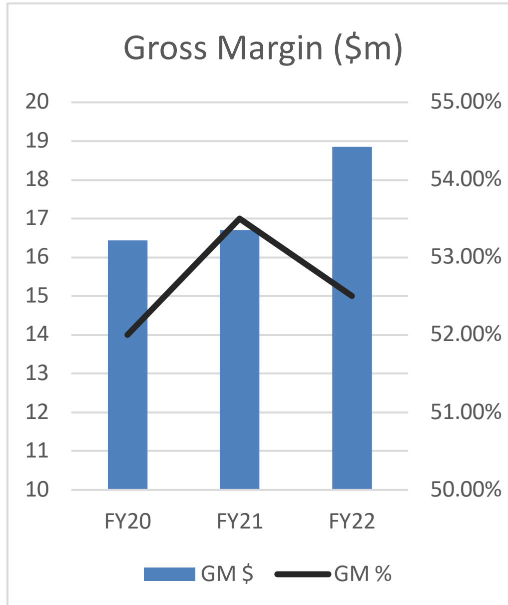
Gross Margins on revenues from customers

Gross Margins remained under pressure throughout FY22 due to challenges our contract manufacturers have in sourcing certain component materials to make our products.

Shortages of some components meant accessing new sources of supply in the secondary market which came at a premium price. In other instances, lack of supply of certain semiconductors meant we were forced to find alternates, which led to the utilisation of our R&D and Regulatory teams to validate the replacement and re-certify the product.

The cost to us of these shortages is financial, with our Gross Margin dropping from 53.5% last year to 52.5% in FY22. But there is also a non-financial cost, being the cadence of our new product development as resources are diverted from our product road map to deal with configuring and testing alternate parts.

Whilst the margin did drop, the amount of Gross Margin delivered in FY22 materially increased from $16.7m to $18.8m from stronger revenues.



Indirect Cost Base

During the year we commenced growing our cost base by recruiting new sales resources, primarily for the US market, as well as R&D resources to increase the cadence of our product development.

Our Indirect costs increased from $14.7m in FY21 to $16.9m in FY22.

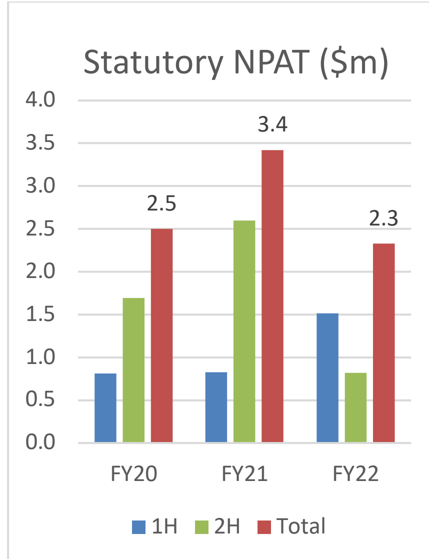
With a long sales cycle, the payback for additional sales resources is not immediate. But we expect these investments will contribute positively to organic revenue growth in FY24 and beyond.

Statutory Net Profit after Tax

Statutory NPAT is $2.3 million for FY22 compared to $3.4 million for FY21.

Statutory NPAT benefits from Other Income, being Grant Income from COVID related programs, and in the prior year proceeds from a legal settlement. This Other Income distorts the underlying operational business performance, which is summarised below.

Despite receiving more grant assistance in FY21, the COVID impact on our results was similar over both FY21 and FY22.



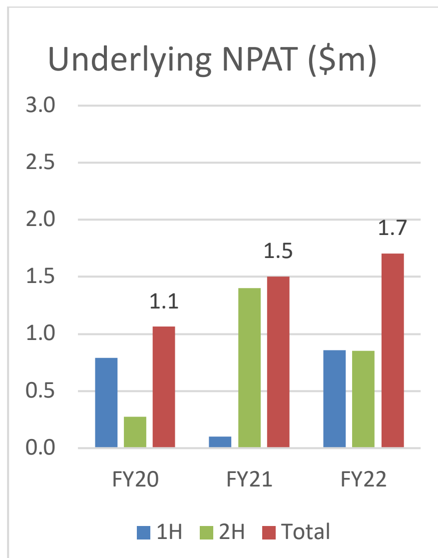
Underlying Net Profit after Tax

Removing Other Income, being Grant Income from COVID related programs and, in the prior year, proceeds from a legal settlement, we can judge the performance of the underlying operational business performance.

Underlying NPAT grew from $1.5m in FY21 to $1.7m in FY22.

The contribution in FY22 is split evenly between 1H and 2H.

We look forward to an FY23 with fewer COVID challenges. Once this occurs, we believe the Group is extremely well placed to benefit from our large Open Sales Order book.



Open Sales Orders

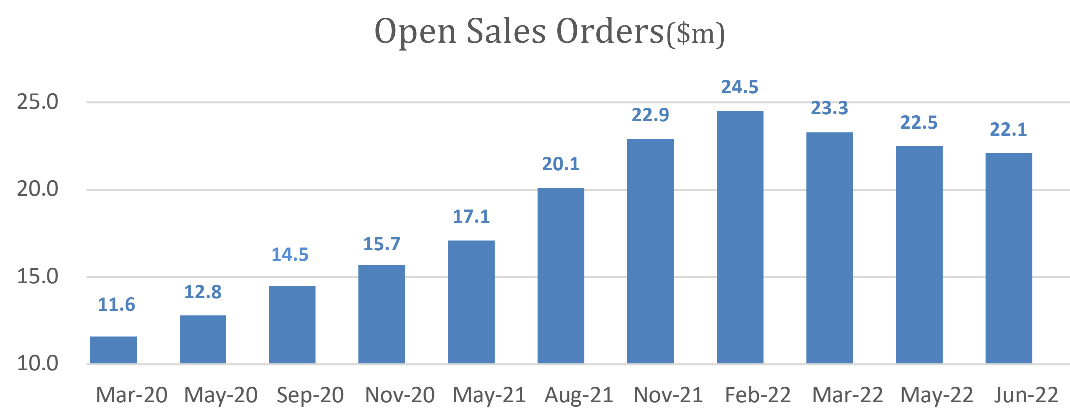
Open Sales Orders represent confirmed contracted orders from customers that have not yet been fulfilled and, as such, no revenue recognised.

Since the beginning of COVID-19, we have observed a material build-up in our confirmed orders as site access restrictions and supply chain challenges have hampered our ability to convert sales into revenue.

Strategic investments into inventory levels will allow for these orders to be converted to revenues once access restrictions ease across our markets. Over FY22, we have built up our inventories by $4.1m with this in mind. This strategy enabled us to have a strong Q4 and drove the 25% 2H growth in our FY22 revenues.

Our recent investment in more sales resources in line with our organic growth ambitions will further add to the expected growth in revenues over the next few reporting periods, noting that our industry's sales cycle is long - up to 18 months.

The Open Sales Order book was $22.1m at 30 June 2022. It currently stands at $22.7m at 15 August 2022.



Improved Cash and Working Capital Position

Cash on hand was $7.7 million at 30 June 2022, down $0.1 million from June 2021. Cash generated from operating activities of $1.9 million assisted in absorbing our strategic investment of additional inventory of $4.1 million to address the supply chain challenges and ensure we maintain gross margins as well as ensuring continuity of supply of our products to our customers.

Dividend

Given the strength of the business, whilst conservatively balancing supply chain challenges, the Board has declared a fully franked dividend of 0.3 cents per share.

The dividend will operate with an ex-dividend date of 16 September 2022 and payment date of 7 October 2022.

A dividend reinvestment program will also operate for this dividend, with elections for DRP required by 21 September 2022.

Austco
HEALTHCARE

Research & Development

In FY22, the Company invested a further $3.7 million (FY21; $3.2 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.

The Company has continued to focus on enhancing its market-leading real-time-locating (RTLS) solution and software suite with advanced clinical workflow, task management, and business intelligence solutions.

With locating technology, caregivers can automate 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, via Austco's Pulse Mobile.

Our Tacera and Pulse brands are recognised 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

During the year, the Company bolstered its sales and marketing capabilities in strategic markets, which will allow us to capitalise on new opportunities emerging in the growing healthcare market. Our investment in product development is also helping drive organic growth in our sales pipeline and open sales orders.

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. Whilst supply chain uncertainty still exists, we have seen some improvements in the availability and pricing of raw materials used to manufacture Austco's products.

As the supply chain situation continues to improve, we will see further increases in recognised revenues and profits.

We believe the Company has successfully managed the challenging environment over the past two years, which gives us confidence in our ability to benefit from its broad coverage across multiple regions and its market-leading products.

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

~ Ends ~

Further Information

Clayton Astles
Chief Executive Officer
Telephone AUS: +61 411 531 170
Telephone US: +1 416 565 7457
Email: clayton.astles@austco.com

Brendan Maher
Chief Financial Officer and Company Secretary
Telephone AUS: +61 439 369 551

Email: brendan.maher@austco.com

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.