



# Mannitol portfolio

Investment opportunity

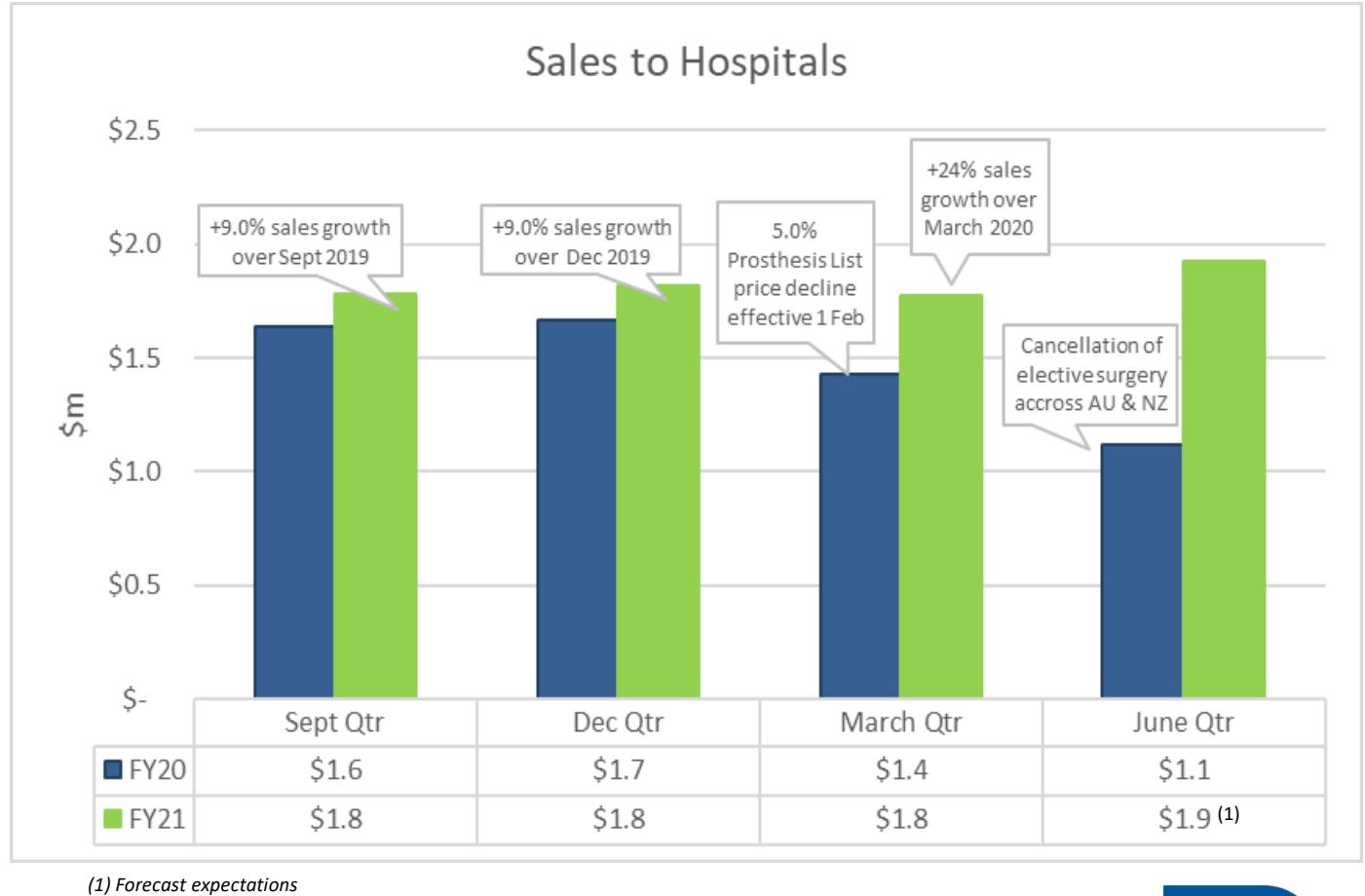
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BTC health  
ASX: BTC

# Business update

- 2021/22 financial year outlook for BTC health's core operating investment, BTC Speciality Health is strong and reflects the ability of the business to execute its growth plans.
- June quarter sales growth reflects rebound following cancellation of elective surgery in the prior year
- June quarter sales outperform current year run rate, driven by increased volume from new clinicians
- Full year Sales to Hospitals are forecast at \$7.3m
- Annual growth rate of 25% over prior year (FY20 sales to hospitals: \$5.8m)



BTC is executing on its growth plan, sales are expected to increase 25% over prior year

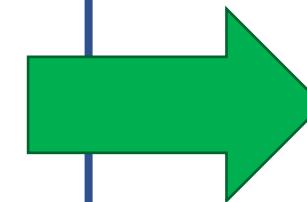
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# Growth Strategy

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## BTC's growth pillars:

1. Organic growth
  - FY21 growth estimated at 25%
  - Double digit growth expected in future years
2. New products
  - Expand current product range into profitable healthcare niche markets
3. Transformational Mergers and Acquisitions
  - Execute transformational growth
  - Confidential discussions in progress



## Mannitol portfolio

- Current sales \$1.4m per annum
- 45% margin
- Strong EBITDA through leverage of existing BTC overhead

# Mannitol Portfolio

- Comprises two inhalation respiratory products branded
  - Bronchitol®, used to treat Cystic Fibrosis by helping clear mucus from the lungs. It is an inhaled dry powder form of mannitol, a naturally occurring osmotic agent, which works by drawing water into the airways, making it easier to cough and improve lung function.
  - Aridol®, an innovative lung function test designed to help doctors diagnose and manage asthma by detecting active airway inflammation through measuring airway hyper-responsiveness.
- Bronchitol is funded through the Pharmaceutical Benefits Scheme (PBS) in Australia. Aridol® is fully funded, most commonly by respiratory clinics.
- Both products are approved by the Food and Drug Administration (FDA) in the United States, Therapeutic Goods Administration (TGA) in Australia and has Conformité Européenne (CE) approval in Europe.
- Supplied and manufactured by Pharmaxis in a purpose built, FDA and TGA approved facility, located in Frenchs Forest, NSW Australia.
- Distributed and marketed in Australia, Europe, United States and other countries across the globe by leading specialist pharmaceutical companies including Chiesi.



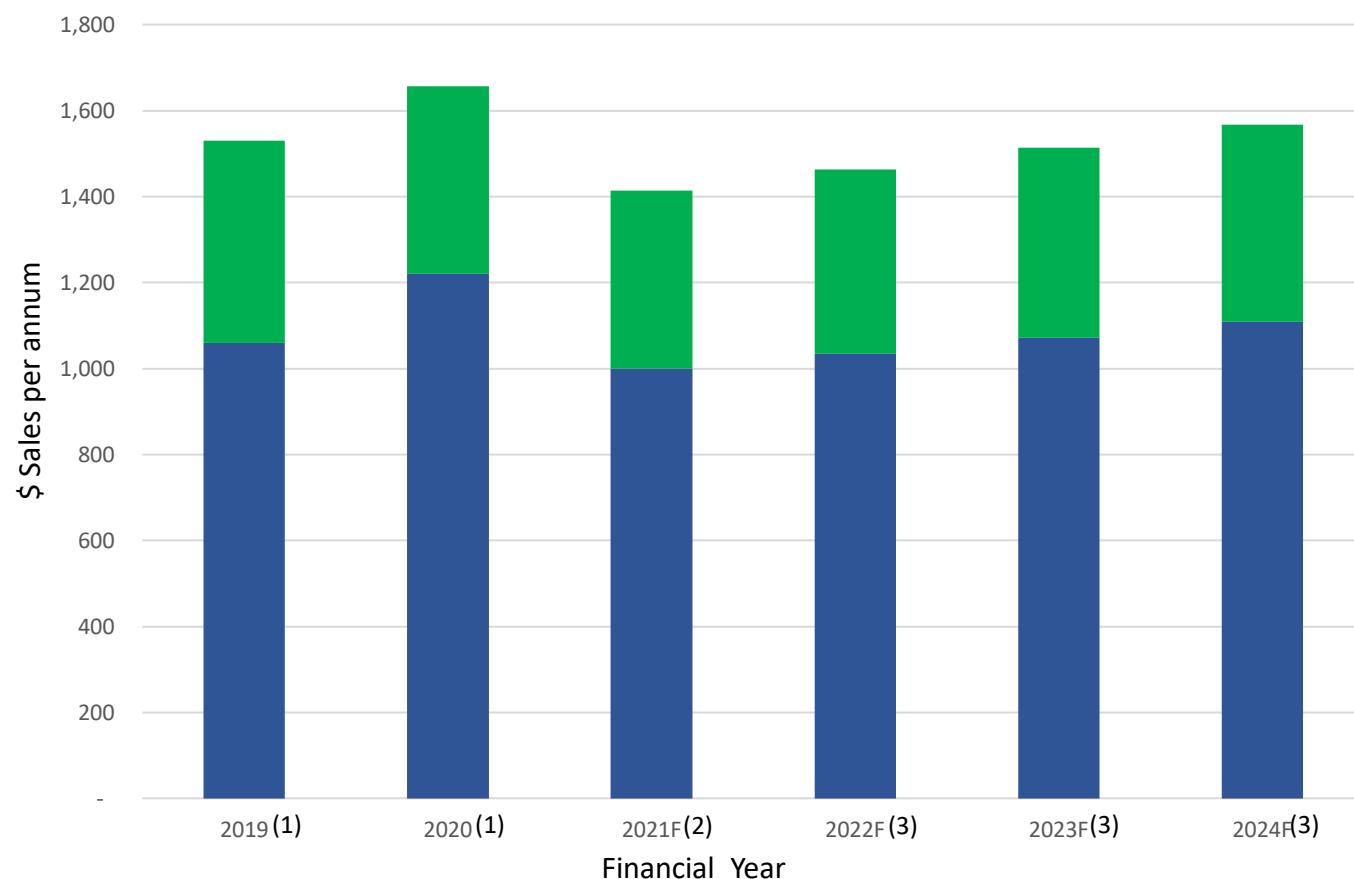
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# Investment highlights – Mannitol portfolio

- ✓ Exclusive sale and distribution agreement for Bronchitol® and Aridol® in Australia, New Zealand, Singapore, Malaysia, Hong Kong and South Korea (Bronchitol® only)
- ✓ Aligns with BTC's growth plans to expand into niche, profitable healthcare markets
- ✓ Speciality pharmaceutical products used with a respiratory inhalation device, for cystic fibrosis and asthma diagnosis
- ✓ Products are currently marketed in Australia and available under Special Access Scheme (SAS) in New Zealand
- ✓ Annual sales of \$1.4m per annum, across a narrow customer footprint with opportunity to grow 3-4% per annum
- ✓ Gross Margin of 45%
- ✓ Leverage existing BTC overhead and Sigma warehouse and distribution infrastructure
- ✓ 10-year agreement with automatic renewals for subsequent 3-year terms
- ✓ \$2m once-off payment, payable within 10 business days from effective date
- ✓ Agreement executed 30 June 2021, effective 1 July 2021



# Mannitol sales trends – Australian market



- COVID pandemic has resulted in fewer respiratory patients undertaking face to face consultations, directly impacting the number of new patients presenting for Bronchitol conversion. Where scripts are not available, cystic fibrosis patients may revert or continue with hypertonic saline, another mucociliary clearance treatment which does not require a prescription to be issued by a clinician. There are advantages using Bronchitol as the preferred mucociliary clearance treatment and BTC expects this trend to revert in the future.
- Prevalence of cystic fibrosis and asthma will continue in line with population growth
- Current year sales are expected to be \$1.4m, down on historical trends. A conservative outlook has been applied with sales growth forecast at 3.5%. The opportunity to accelerate sales further will be driven by patient access at hospital and respiratory clinics.

■ Bronchitol ■ Aridol

(1): Pharmaxis Shareholder update June 2020, refer ASX

(2): Pharmaxis Shareholder update March 2021, refer ASX. FY21 sales have been extrapolated using March 2021 published sales data.

(3): BTC forecast



# Bronchitol® for Cystic Fibrosis



## What is Cystic Fibrosis?

- Cystic fibrosis is described as the most common, life-limiting genetic condition affecting Australians. There is no cure for Cystic Fibrosis.
- Cystic fibrosis causes an abnormal build-up of mucus in the lungs, airways and digestive system. Daily treatment comprises multiple medications and intensive physiotherapy to help clear the lungs and airways. Patients often have frequent visits to hospital.

## Market

- 3,500 people are living with CF in Australia and 1 in 2500 babies are born with cystic fibrosis<sup>1</sup>.
- Patient costs vary by age and severity of the disease. The average cost for managing the disease, reported in 2015 was \$22,336<sup>2</sup> per annum and averaged \$55,293<sup>2</sup> per annum for a category 4 patient. Therapy costs include hospitalisation, medication and medical services including appointments with doctors and physiotherapists.
- Products available for mucociliary clearance include Hypertonic Saline, Pulmozyme® and Bronchitol®. Other products such as Trikafta are generally used in conjunction with mucociliary clearance treatments

## Bronchitol® in Australia

- Bronchitol® is sold as a 14 day kit, comprising 280 x 40mg mannitol capsules and 2 device inhalers.
- Bronchitol is indicated for the treatment of cystic fibrosis (CF) in both paediatric and adult populations six years and above as either an add-on therapy to dornase alfa or in patients intolerant to, or inadequately responsive to dornase alfa
- Bronchitol® has several advantages over other mucociliary clearance medications:
  - Convenient. Bronchitol® is inhaled over a short period, generally 5 minutes. Other mucociliary drug treatments are delivered via a nebulizer over a 30 minute period and involve detailed cleaning to avoid infection when reused
  - Compliance. Bronchitol® is easy to use with the inhaler provided. The device and capsules are convenient to take with patients to work, school or on holidays, improving mucociliary clearance compliance.
- PBS funded, out of pocket cost for patients is \$41.30 per pack or \$6.60 per pack for concession card holders
- PBS approved price to Pharmacy (DMPQ) is \$447.30
- Market share of available patients in Australia is circa 10%
- High concentration of customers, circa 20 Cystic Fibrosis centers
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(1): <https://www.cysticfibrosis.org.au/about-cf/what-is-cf>

(2): <http://peoplepledge.com.au/blog/cost-of-living-with-cystic-fibrosis-in-australia-an-overview-of-the-out-of-pocket-medical-expenses-that-australians-are-paying-each-year/>

# Aridol® for Asthma diagnosis and management



## What is Asthma?

- Asthma is a common condition associated with chronic inflammation of the lower respiratory tract. Chronic lower airway inflammation is known to be more common in individuals that also have inflammatory disorders of the upper airway. A patient suffering from Asthma may experience wheezing and shortness of breath. Asthma triggers, severity and impact on lifestyle will vary by patient.

## Market

- 2.7m people (11.2%) are diagnosed with Asthma in Australia. This equates to 1 out of 9 Australians<sup>1</sup>.
- The estimated cost of asthma in Australia in 2015 was \$11,740 per person<sup>1</sup>.
- Asthma is diagnosed by a doctor after medical investigations and testing.

## Aridol® in Australia

- Aridol® comprises 19 x capsules with either 0mg, 5mg, 10mg, 20mg, 40mg of mannitol and a device inhaler
- The mannitol challenge test (Aridol®) is an indirect osmotic bronchial diagnostic tool that can be used to identify bronchial hyperresponsiveness, a key clinical feature of respiratory conditions such as asthma. During a mannitol challenge test, the patient inhales increasing doses of mannitol with their lung function (forced expiratory volume in one second- FEV1) measured after each dose to determine the level of bronchial hyperresponsiveness.
- Indicated for identifying bronchial hyperresponsiveness to assist in the diagnosis of asthma
- Aridol® can also be used by clinicians to validate patient compliance with medication prescribed

# Terms of current offer



- BTC is seeking to raise approximately \$2.5m in share capital to fund its investment in the Mannitol portfolio
- Lead Manager: Taylor Collison
- Basis of capital raise: Placement to Sophisticated and professional investors in accordance with the Company's 15% capacity pursuant to ASX Listing Rule 7.1
- Placement price: \$0.07 per share
- Ranking: The Placement Shares will be fully paid ordinary shares and will rank *pari passu* with existing shares
- Use of proceeds:
  - Transaction costs and working capital \$0.5m
  - Distribution agreement, once-off consideration \$2.0m

# Risks

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## **Key supplier risks**

The supply agreement with Pharmaxis is exclusive. An unexpected termination of product supply may have a significant impact on future revenues.

## **Regulatory risk**

Ongoing TGA listing is required to enable Bronchitol and Aridol to be sold within Australia.

## **Competition risk**

Competitive landscape may change in the future. TGA may approve new products which may reduce market share of the Mannitol portfolio.

## **Commercial risk**

Product demand may be greater or lower than that which has been forecast. PBS funding of Bronchitol may reduce, impacting margins.

## **Financing risk**

Share capital funding may not be secured. BTC may be unable to fulfill its obligations under the Mannitol Distribution Agreement.

## **Implementation risk**

BTC will be transferring existing customer relationships and implementing new ordering and distribution processes to existing customers as part of the integration process.