

Q&A with Joseph Cosgrove, Chairman, President and CEO of Pentec Health, Inc. Innovative Sterile IV Medications and Infusion Products for Hospitals, Dialysis Centers, Ambulatory Infusion Centers and Pain Management Clinics



Joseph Cosgrove
Chairman, President & Chief Executive Officer

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CEOCFO: *Mr. Cosgrove, would you tell us the focus at Pentec Health?*

Mr. Cosgrove: Our focus is to consistently challenge the status quo in traditional healthcare compounding. We want to maintain our vision of creating value by investing in purpose-built and customer-focused innovations that make sterile compounded product acquisition easier, safer, and more cost-effective.

CEOCFO: *How does that work?*

Mr. Cosgrove: It means that our focus as a healthcare services company is to provide hospitals, dialysis centers, ambulatory infusion centers or pain management clinics with innovative sterile IV and infusion products that are safe for their patients. The goal is to make our products easy to use and will ultimately save them money. We aim to be an integral part of the healthcare value chain by removing inefficiencies so that our customers can focus on the most critical element of their business...Patient care.

CEOCFO: *Would you tell us about the range of products that Pentec offers?*

Mr. Cosgrove: For nearly 35 years Pentec Health has been an industry leader in the provision of patient specific outsourced compounded sterile nutritional and intrathecal medications for administration in the home, dialysis center, and pain management clinics. Providing these prescription based therapies out of our traditional 503A Pharmacy locations has been our primary core business.

Three years ago we decided to seek adjacent markets to leverage our expertise in outsourced sterile compounding. Entering into the newly created 503B hospital market allows Pentec to highlight our obsessive focus on product quality, patient safety, and regulatory compliance. We built a state of the art FDA registered facility which uses the latest pharmacy technology and innovations to produce compounded sterile products hospital/office use.

The goal of our 503B business is to enable and empower the hospital/office pharmacy and nursing teams to save time and money by making the products that they most frequently use from our patent-pending **SNAP-N-GO®** and **DILUTE-N-GO®** formulations. Our focus is to provide opportunities for hospitals/offices to have the convenience of outsourcing with the control of insourcing their products, a concept we call Omnisourcing™.

CEOCFO: *You have mentioned sterile and quality. What might be one of the steps at your facility that is going to guarantee a better quality of product than perhaps some of your competitors?*

Mr. Cosgrove: In the past, our core 503A Pharmacy has been regulated by the various State Boards of Pharmacy. Our newly created 503B business is regulated by the USFDA and is compliant with current Good Manufacturing Practices (cGMP's). This includes making one product in one individual room at a time. cGMP standards also require an entirely validated process for each molecule, concentration and container/closure from raw material dispensing through compounding all the way up to finished product release. We have precision in scale which is supported by the automation of critical process steps, and we have invested in robotic filling systems which further underlines our state-of-the-art facility. We have designed and built onsite chemistry and microbiology laboratories to ensure the control, stability, and sterility of every product produced in our facility. Quality Assurance, Quality Control, and Operations / Production are managed by personnel from the traditional Pharmaceutical Industry (CFR 201/211). All finished products are tested prior to release ensuring the quality and integrity of the formulation. All of these measures enable us to provide cost-effective and consistent products for our customers while minimizing the potential for human error and variability.

CEOCFO: *Would you tell us more about the 503B, what are the products and who is using them?*

Mr. Cosgrove: Two years ago, we created an advisory board of 21 senior executives representing various health systems throughout the United States. Our primary focus was to "bring the outside in." We wanted to know the current hurdles and barriers they face on a daily basis and how we could build our program and systems to alleviate these burdens and improve workflow. Based on what we learned, I drove the investment that we made in creating the innovative products, Snap-N-Go®, and Dilute-N-Go®. These products are revolutionizing the sterile compounding market by making hospital/office pharmacists and nurses' jobs easier. We learned a lot, and we love to challenge the status quo here at Pentec Health. This opportunity enabled us to focus our team on creating new and innovative ways to improve safety, quality and reduce cost within the supply channel. I like to use the statement that we brought the outside in, as opposed to inside-out marketing. If you want to know what your customers need, just ask them. We have been able to create what I call a purpose-built new division of the company that we are confident is going to revolutionize Pentec Health, Inc. We expect to be a premier player in the space.

CEOCFO: *Pentec Health has been recognized for your corporate culture more than once. What is it like working at Pentec and was it a deliberate strategy to pay attention to your workers?*

Mr. Cosgrove: There is no question about it. Listening to our employees is unequivocally a deliberate strategy at Pentec. As a business leader, being emotionally intelligent, actively listening and encouraging diverse

points of view in a dignified and respectful manner is the cornerstone of Pentec's culture.

Our corporate culture centers around recognizing contributions by showing our appreciation for individuals as well as group excellence. Celebrating the values and victories by creating a spirit of community is what Pentec is all about. We are not afraid to praise people for a job well done, and we make sure that people are creatively rewarded for their contributions.

We ensure that people grow in their jobs by learning new skills and developing themselves. We do not want Pentec to be a job; we want it to be their career. People fully subscribe to that philosophy, and they are indeed the heartbeat of what makes the company tick.

I owe many of the accolades and thanks to our incredible leadership team, specifically, Senior Vice President of Human Resources Charlie Wilson who I refer to as the guardian of the culture at Pentec. Charlie is involved in the hiring process for every person that we employ. We utilize panel interviews to get lots of cross-functional feedback. That has worked out very well for us. We have very low turnover in the company which is indicative of a fully engaged workforce, and that is a testament to all the people that make up Pentec. It is truly a unique culture that we have here in our company.

CEOCFO: *What type of inventory do you need to maintain?*

Mr. Cosgrove: Much of the inventory that we purchase for the business is based on historical demand patterns established from our customer base. We have a forecasting system that takes shipping lead times, safety stock levels, and seasonality trends into consideration where applicable. This dictates how we plan our production schedules to ensure our customers get what they need. Along with this system, we have people in place that manage our inventory very carefully. Mainly, we buy what we need to maintain Just-in-time inventory management.

CEOCFO: *How do you spend your time day-to-day as CEO of Pentec Health?*

Mr. Cosgrove: I spend much of my time making sure that our core business is continually growing by providing valuable products and services to our customers, while thoughtfully and methodically looking for ways to expand in adjacent markets that leverage our fundamental capabilities. We like to think of ourselves as a focused factory looking for future exciting and ennobling possibilities. Our design is to engage in specific lines of business where we can earn the leadership position by being laser-focused on product and service differentiation. That all starts with being ever mindful of our customer needs and expectations. It's how we've succeeded in our core business and how we will succeed in our 503B business.

