



Company Announcement

Business Update: Appendix 4D Release

25 February 2022

HIGHLIGHTS

- Record sales orders taken including 2nd MEG sale
- Profitable, cash generating core business with sound Balance Sheet
- Solid ORION LIFESPAN™ MEG and Somfit® growth prospects post-pandemic

PERFORMANCE OVERVIEW H1 FY22 (six months to 31 December 2021)

- Record new sales orders taken for H1 FY22 at \$27.0m were 33% higher compared to the \$20.3 booked for H1 FY21. Excluding MEG, core sales orders taken of \$22.8m grew 12% over H1 FY21
- Revenues from the sale of goods and services decreased 7% to \$16.8m for H1 FY22 compared to \$18.0m for H1 FY21. This resulted from global supply issues, chip shortages/delays and other pandemic related factors. The Company is working to resolve these matters in H2 FY22
- EBITDA to \$1.2m for H1 FY22, compared to \$1.9m for H1 FY21, largely because of lower sales, margins, and a targeted increase in expenses as the Company focuses on growth opportunities
- Operating cash flow of \$0.8m for H1 FY22, compared to \$0.2m for H1 FY21. CMP has continued with good cash flow recovery of sales, and this contributes to Net Cash improving to \$1.8m for 31 Dec 22 vs \$0.8m for 30 June 21
- NPAT decreased to \$0.3m for H1 FY22 compared to \$1.3m for H1 FY21
- By region shipped and invoiced revenues were 217% higher in Japan in H1 FY22 compared to H1 FY21, 45% higher in Europe and 122% higher in the Middle East. These increases were offset by declines in shipped and invoiced revenues in the US of 3% and Asia of 15% and DWL of 32%. The declines in shipments were largely pandemic related and should be made up in H2 FY22.

INVESTOR OVERVIEW

- **Core Business:**
 - Profitability remains despite the temporary pandemic-impacted decline in revenues from the sale of goods and services across the core product range. Offsetting this was the record and growing sales orders taken in key global markets
 - Selective investment has continued to be taken to grow the sales and marketing capability of the Company in key global markets
 - Continued product innovation and development builds a strong new product pipeline

- **Orion MEG:**
 - Second ORION LIFESPAN™ MEG sale to TJNU in China secured late H1 FY22 for delivery before the end of H1 FY23
 - Second phase of the ORION LIFESPAN™ MEG installation scheduled to occur at Barrow Neurological Institute (BNI) in USA Q1 FY23, subject to mutual agreement
 - The Company continues to pursue other near-term identified ORION LIFESPAN™ MEG opportunities

- **eHealth:**
 - Nexus 360: sites continue to be added
 - Somfit® sleep device: discussions and active projects continue with several third parties

- **Full-Year Guidance:**
 - Due to the current and ongoing impact of the COVID-19 pandemic in key markets for the Company, we remain unable to provide formal EBITDA guidance currently
 - We expect the business should perform at or better than FY21, particularly with a record pre-order book of \$11.9m (excluding \$4.2m for MEG with target deliver date of end Dec 22, i.e., 1H FY23).

Compumedics Limited (ASX: CMP) (“Compumedics” or “Company”) is pleased to announce its financial results for the half-year ended 31 December 2021 (H1 FY22).

During the period H1 FY22, Compumedics generated revenues from the sale of goods and services of \$16.8m, representing a decrease of 7% over the previous corresponding period (pcp) of \$18.0m. Importantly the Company took record new sales orders for H1 FY22 of \$27.0m representing a 33% increase over the \$20.3m of new sales orders taken in H1 FY21. Included in new sales orders taken is the second MEG sale at \$4.2m. Excluding this sale, new sales orders taken in the core business were \$22.8m, a 12% increase over H1 FY21.

The increase in sales orders taken for H1 FY22, excluding the MEG order, was a result of increased sales orders taken in Asia (up 103%), Japan (up 22%) and the Middle East (up 77%) with Australia (up 3%), Europe in line with H1 FY21. These gains were partially offset by declines in the US (down 9%) and DWL (down 22%). DWL was down as the prior period included a large project not repeated in the current year.

The Company continues to invest significantly in new products for the core business as well as pursue **ORION LIFESPAN™** MEG and Somfit® opportunities. As a result, EBITDA was \$1.2m for H1 FY22 a decrease compared to \$1.9m achieved in H1 FY21. This was primarily because of the lower sales and consequent

lower gross margins at 51% for H1 FY22 compared to 55% for H1 FY21. Expenses were higher as salaries were fully restored for this half compared to the pcp. Expenses also included activities associated with growing the business post pandemic.

OPERATIONS

Core Diagnostic Medical Devices Business separated from Medical Innovation Business

Compumedics is pleased to report on the Company's aggregated and disaggregated financial performance. This is attributable to the Company's core Diagnostic Medical Devices business and Compumedics' investment in technologies and products being developed in its Medical Innovation business. The Company believes that providing the investment community with the disaggregated information will give a clearer and more transparent picture of these two distinct businesses.

The Company's core Diagnostic Medical Devices business encompasses the technology and products currently sold globally for the diagnosis and/or monitoring of sleep disorders and neurological disorders, and for the monitoring of blood flow through the brain. It also includes products and technology used in advanced brain function research.

Compumedics' Medical Innovation business primarily includes technologies and products for the consumer monitoring of sleep and subsequent treatment of sleep disorders and less-developed technologies for depth of anesthesia monitoring.

AUDm	Medical Diagnostic Devices		Medical Innovation		As Reported	
	H1 FY22	H1 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21
Revenues	16.8	18.0	-	-	16.8	18.0
R&D expense	(0.8)	(0.8)	(1.5)	(0.9)	(2.3)	(1.7)
EBITDA*	2.7	2.4	(1.5)	(0.9)	1.2	1.5
EBITDA to revenue	16%	13%	-	-	7%	9%
Operating cash flow	2.7	1.5	(1.9)	(1.3)	0.8	0.2
Net cash	5.0	4.0	(3.2)	(2.2)	1.8	1.8
Depreciation and amortisation	(0.6)	(0.3)	(0.0)	(0.0)	(0.6)	(0.3)
EBIT	2.1	2.1	(1.5)	(0.9)	0.6	1.2
Finance charges	(0.1)	(0.2)	-	-	(0.1)	(0.2)
Tax (exp)/credit	(0.2)	0.3	-	-	(0.2)	0.3
Net profit after tax (NPAT)	1.8	2.4	(1.5)	(0.9)	0.3	1.3
NPAT to revenue	11%	13%	-	-	7%	7%

Highlights and Achievements for the Diagnostic Medical Devices Business for the half-year ended 31 December 2021:

- Revenues from the sale of goods and services of \$16.8m for the six months to 31 December 2021, compared to \$18.0m for the pcp
- Revenue growth was achieved in Japan, Europe, and the Middle East

EBITDA for H1 FY22 was \$1.2m compared to \$1.9m in the pcp, because of sales not shipping and lower gross margins, consequently, declining from 55% to 51%

- Operating cash flows for the half-year to 31 December 2021 were \$0.8m, compared to \$0.2m for the half-year to 31 December 2020, largely due to positive timing issues with sales and receipts in the last months of H1 FY22
- Cash on hand on 31 December 2021 was \$8.7m compared to \$6.8m on 30 June 2021, whilst debt was \$6.9m on 31 December 2021, compared to the \$5.0m on 30 June 2021.

Highlights and Achievements for the Medical Innovation business for the half-year ended 31 December 2021:

- **ORION LIFESPAN™ MEG:**
 - A second **ORION LIFESPAN™** MEG sale was secured late in H1 FY22 to TJNU in China. This sale is for delivery by end of H1 FY23
 - Compumedics/Neuroscan is scheduled to ship the second and final phase, **ORION LIFESPAN™**MEG system, to Barrow Neurological Institute in Q1 FY23, subject to mutual agreement
 - The Company continues to pursue other near-term **ORION LIFESPAN™** MEG opportunities
- **eHealth Professional:**
 - Compumedics continues to sell its Nexus360, cloud-based sleep diagnostic platform in the US and increasingly other global territories
- **eHealth Consumer:**
 - Several validation studies are underway for the Company's Somfit® consumer sleep platform
- The Company continues to progress several other technology opportunities currently residing within the Medical Innovation Division, including the eHealth technology, and will make further announcements when appropriate.

CORPORATE

Key Growth Opportunities

The Company is continuing to focus on several initiatives to underpin both current and future growth, including:

- **New product platform roll-out** to significantly expand addressable market
 - Despite the difficulties of the last two years the Company is continuing to develop its neuro-diagnostic business in the US and China, as well as other key markets around the world
 - Over the next 12 months the Company will launch two new major product platforms for home sleep-testing for the sleep market (Falcon®), as well as a new range of laboratory and portable neuro-diagnostic and monitoring devices (Okti®) for epileptic and well as general neurological monitoring
- **Neuroscan** moves into much larger brain analysis imaging market
- **Growth in international sales** with expansion plans in the US, Germany, France, and China markets
 - The Company will continue to expand its US sales team to grow market share in both sleep and neurological diagnostic and monitoring markets
 - In Germany and France, the Company will pursue sales resources for both sleep and neurological diagnostic and monitoring markets
 - The Company will continue, acknowledging the current geo-political issues, to build on its long-term relationships in China to continue to grow the Company's businesses in the region
- **eHealth:** Developing the commercialisation of cloud-based sleep diagnostics platform
 - Compumedics continues the rollout of its professional cloud-based sleep diagnostic platform, Nexus 360, to key sites in the US and other key markets around the world
 - Compumedics has commenced several clinical validation projects focused on the commercialisation of its consumer, cloud-based sleep diagnostic platform, Somfit®, and will update the market as key milestones are met
- **DWL:** Expansion opportunities with the newly granted break-through auto-scan TCD patent to be pursued
 - The Company will continue to develop its technologies around the 3D Transcranial Colour Doppler (3D TCCD)/Duplex and PLL/Robotic imaging, while refining the best way to fully exploit this commercial opportunity.

Financial Outlook

Compumedics expects the identified key growth opportunities to deliver an increase in revenues and earnings in the current financial year.

With that said, the ongoing impacts of the COVID-19 pandemic mean uncertainty remains, particularly in our key global markets. As such the Company is not providing formal EBITDA guidance currently but anticipates the full year result for FY22 to be similar or better than FY21, if current trading conditions remain. CMP notes that it has a record pre-order book of \$11.9m (excluding \$4.2m for MEG with target deliver date of end Dec 22, i.e., 1H FY23).

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Authorised for lodgement by Compumedics Limited's Board of Directors

About Compumedics Limited

Compumedics Limited (ASX: CMP) is a medical device company involved in the development, manufacture, and commercialisation of diagnostics technology for the sleep, brain and ultrasonic blood-flow monitoring applications. The company owns US based Neuroscan, and Germany based DWL Elektronische GmbH. In conjunction with these two subsidiaries, Compumedics has a broad international reach, including the Americas, Australia, and Asia Pacific, Europe, and the Middle East.

Executive Chairman Dr David Burton founded Compumedics in 1987. In the same year the company successfully designed and installed the first Australian, fully computerised sleep clinic at Epworth Hospital in Melbourne. Following this early success, Compumedics focused on the development of products that sold into the growing international sleep clinic and home monitoring markets.

Compumedics listed on the Australian Securities Exchange in 2000. Over the years, Compumedics has received numerous awards, including Australia's Exporter of the Year, and has been recognised as a Top 100 Innovator by both German and Australian Governments.