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Company Announcement

Business Update: Appendix 4D Release

24 February 2021

Orders taken grow and profitability improves on stable core revenues.

PERFORMANCE OVERVIEW H1 FY21 (six months to 31 December 2020)

- **New sales orders taken for H1 FY21 at $20.3m were 13% higher compared to the $18.0m booked for H1 FY20.**
- **Revenues from the sale of goods and services decreased slightly (1%) to $18.0m for H1 FY21 compared to $18.3m for H1 FY20. This was largely a result of delays in ability to ship some new sales orders received, mostly in the northern hemisphere, because of the ongoing COVID-19 pandemic. These orders have or will ship in Q3 FY21.**
- **EBITDA (as reported) improved to $1.9m for H1 FY21, compared to $1.2m for H1 FY20, largely because of improved margins and expense containment.**
- **NPAT increased to $1.3m for H1 FY21 compared to $0.2m for H1 FY20**
- **Revenues from the sale of goods and services in Europe increased 46% over H1 FY20, whilst Germany-based DWL revenues tracked 28% higher than H1 FY20 and Australian revenues were 15% up on H1 FY20.**

INVESTOR OVERVIEW

- **Core business:**
  - **Profitability improves on stable revenues from the sale of goods and services across the core product range and growing 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 phase of the MEG installation scheduled to occur at Barrow Neurological Institute (BNI) in USA in 2021, subject to further containment of COVID-19, which has delayed this key installation**
  - **The Company continues to pursue other near-term identified Orion MEG opportunities**

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- **eHealth:**
  - **Nexus 360: sites continue to be added**
  - **Somfit® consumer sleep device: discussions continue with a number of 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 guidance, at this time, but expect the business should perform at or better than FY20.**

Compumedics Limited (ASX: CMP) ("Compumedics" or "Company") is pleased to announce its financial results for the half-year ended 31 December 2020 (H1 FY21).

During the period H1 FY21, Compumedics generated revenues from the sale of goods and services of $18.0m, representing a slight (1%) decrease over the previous corresponding period (pcp) of $18.3m. Importantly the Company took new sales orders for H1 FY21 of $20.3m representing a 13% increase over the $18.0m of new sales orders taken in H1 FY20. This was driven by a 183% increase in orders taken in Europe a 2% increase in DWL sales orders taken and a 23% increase in Australia. These increases were offset by declines in the US and Asia of 11% each, largely as a result of the on-going COVID-19 pandemic. Not all new sales orders taken in H1 FY21 could be shipped in H1 FY21 due to logistical issues and delays, primarily in the northern hemisphere, resulting from the ongoing impacts of the COVID-19 pandemic. These orders will predominantly ship in Q3 FY21.

The Company continues to invest significantly in new products for the core business as well as pursue MEG and Somfit opportunities. Despite this EBITDA at $1.9m for H1 FY21 increased over the $1.2m achieved in H1 FY20. This was primarily because of improved gross margins at 56% for H1 FY21 compared to 54% for H1 FY20, lower expenses and continued government assistance, via the JobKeeper program. The Company has now ceased participation in this program as of 1st January 2021.

The following table highlights the key financial performance, comparing H1 and H2 for FY20 and FY21 to guidance:

AUDm	H1 FY20	H2 FY20	Total FY20*	H1 FY21
Sales	**18.3**	**16.8**	**35.1**	**18.0**
Margin $	9.9	8.1	18.0	10.0
Margin %	*54%*	*48%*	*51%*	*56%*
Other income	0.2	1.1	1.3	0.9
Expenses	9.3	9.5	18.8	8.8
Fin Chg's	0.1	0.3	0.4	0.2
FX (gain)	0.0	0.0	(0.0)	0.9
Tax (inc)	0.5	(2.2)	(1.7)	(0.3)
PAT	**0.2**	**1.6**	**1.8**	**1.3**
Depn & amort'n**	0.4	0.5	0.8	0.3
EBITDA**	**1.2**	**0.1**	**1.3**	**1.5**

excludes once-off impairment of intangible assets of $7.7m in FY20

***excludes amortisation charge related to AASB16 – Accounting for Leases*

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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 FY21	**H1 FY20**	**H1 FY21**	**H1 FY20**	**H1 FY21**	**H1 FY20**
Revenues	18.0	18.3	-	-	18.0	18.3
R&D expense	(0.8)	(1.3)	(0.9)	(0.8)	(1.7)	(2.1)
EBITDA*	**2.4**	**2.0**	**(0.9)**	**(0.8)**	**1.5**	**1.2**
EBITDA to revenue	***13%***	***11%***	**-**	**-**	***9%***	***7%***
Depreciation and amortisation	(0.3)	(0.4)	(0.0)	(0.0)	(0.3)	(0.4)
EBIT	2.1	1.6	(0.9)	(0.8)	1.2	0.8
Finance charges	(0.2)	(0.1)	-	(0.0)	(0.2)	(0.1)
Tax (exp)/credit	0.3	0.5	-	-	0.3	0.5
Net profit after tax (NPAT)	**2.4**	**1.0**	**(0.9)**	**(0.8)**	**1.3**	**0.2**
NPAT to revenue	***13%***	***5%***	**-**	**-**	***7%***	***1%***

EBITDA excludes amortisation charge related to AASB16 – Accounting for leases

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Highlights and achievements for the Diagnostic Medical Devices business for the half-year ended 31 December 2020:

- Revenues from the sale of goods and services of $18.0m for the six months to 31 December 2020, compared to $18.3m for the pcp

- Revenue growth was achieved in Europe, DWL and Australia.

- EBITDA (as reported) for H1 FY21 was $1.9m compared to $1.2m in the pcp, as a result of improvements in gross margin from 54% to 56%, expense containment and government assistance, through the JobKeeper program, which the Company ceased to be eligible for from 1st January 2021.

- Operating cash flows for the half-year to 31 December 2020 were $0.2m, compared to $2.0m for the half-year to 31 December 2019, largely due to timing issues with sales and receipts in the last months of H1 FY20.

- Cash on hand at 31 December 2020 was $5.6m compared to $6.4m at 30 June 2020, whilst debt was $3.7m at 31 December 2020, compared to the $3.1m at 30 June 2020

Highlights and Achievements for the Medical Innovation business for the half-year ended 31 December 2020:

- MEG:
  - Compumedics/Neuroscan is scheduled to ship the second and final phase, dual Dewar Orion MEG system, to Barrow Neurological Institute at some point in calendar 2021. The delay is primarily the result of the impacts of the COVID-19 pandemic.
  - The Company continues to pursue other near-term Orion 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:
  - Detailed discussions with third parties continue in relation to 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

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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
  - 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, as well as a new range of laboratory and portable neuro-diagnostic and monitoring devices for epileptic and well as general neurological monitoring

- Neuroscan moves into much larger brain analysis imaging market
  - Compumedics achieved FDA, in February 2020, on its its first Orion MEG sale at BNI, with the second and final phase of this sale installation scheduled for calendar 2021, which was delayed as a result of the COVID-19 pandemic.

- 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 in order 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 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 is in on-going discussions with several parties regarding 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

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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 significant uncertainty remains, particularly in our key northern hemisphere markets. As such the Company is not providing guidance at this time but will continue to actively monitor this situation as the rollout of vaccines around the world gathers momentum, which we anticipate will lead to a return to more normal trading conditions at some point in the not-too-distant future.

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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 Elektronishe 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.