COMPUMEDICS LIMITED
(ACN 006 854 897)

ASX Half-year information
31 December 2022

Lodged with the ASX under Listing Rule 4.2A.3

This information should be read in conjunction with the 30 June 2022 Annual Report.

Contents

Compumedics Limited
Half-year ended 31 December 2022
(Previous corresponding period:
Half-year ended 31 December 2021)

Results for Announcement to the Market

				$'000
Revenue from continuing operations *(Appendix 4D item 2.1)*		Up 14% or $2,426k	to	19,204
Profit/(Loss) before interest and tax (A$'000)		n/a% or down $8,965k	to	(8,340)
Profit/(Loss) after tax attributable to members *(Appendix 4D item 2.2)*		n/a% or down $8,934k	to	(7,213)
Net Profit/(Loss) for the period attributable to members *(Appendix 4D item 2.3)*		n/a% or down $8,934k	to	(7,213)

Dividends/distributions *(Appendix 4D item 2.4)*	Amount per security	Franked amount per security
Final dividend (prior year)	n/a	n/a

Record date for determining entitlements to the dividend
(Appendix 4D item 2.5) **n/a**

No interim dividend has been declared.

Explanation of Revenue *(Appendix 4D item 2.6)*

The Company generated shipped and invoiced revenues from the sale of goods and services of $19.2m for H1 FY23. This represents a 14% increase over shipped and invoiced revenues for H1 FY22. Shipment of sales orders received in the six months continued to be impacted by some global supply issues, chip shortages/delays and other pandemic related factors. With that said, these issues continue to abate. At 31 December 2022, the Company was holding $15.2m in sales orders to ship.

By region shipped and invoiced revenues were 39% higher in France in H1 FY23 compared to H1 FY22, 8% higher in Europe, 17% higher in North Asia and 135% higher in the Middle East. These increases were offset by declines in shipped and invoiced revenues in the US of 3% and Australia of 4% with DWL similar to the pcp.

The Company took sales orders in the six months to December 31, 2022 (H1 FY23) of $17.4m, representing a 36% decrease over sales orders taken for the prior corresponding period (pcp) (H1 FY22) of

$27.0m. This included a new MEG sales order, which was booked late H1 FY22. The decrease in sales orders taken for H1 FY23, excluding the MEG order, was 24% compared to H1 FY22 and was a result of decreased sales orders taken in Asia (down 70%), Japan (down 25%) and Australia (down 27%). The declines in Asia are primarily related to timing of annual contract sales orders particularly out of China. These orders were received in H1 FY22, but not H1 FY23. The Company expects new sales orders from China in H2 FY23. Further in both Japan and Australia orders taken were less then the pcp primarily due to timing of sales orders. These declines were partially offset by gains in Germany (up 14%), the Middle East (up 263%) and DWL (up 6%), with the US in line with the pcp.

Explanation of Profit after tax *(Appendix 4D item 2.6)*

Profit after tax for H1 FY23 was a loss of $7.2m, compared to a profit of $0.3m for H1 FY22.

The decrease in profitability in H1 FY23 was largely a result of the following key factors:

1. The write down and full provisioning for assets relating to the MEG business. The decision to expense these items to the income statement for the period was due to the decision to take back the MEG system at BNI. The total pre-tax expense was $6.9m, which is non-cash.
2. Other income being lower in H1 FY23 ($0.2m) compared to H1 FY22 ($1.4m). This was primarily due to the forgiveness of the COVID debt ($0.9m) in the US business in H1 FY22, which was once-off.
3. Expenses were higher ($1.0m) because of the Company's deliberate decision to increase sales and marketing resources, particularly in the US as we prepare for the release of several new products in this key market over calendar 2023. This investment in key new sales positions and key account manager positions is an investment in future revenue growth, which we expect to see in H2 FY23 and H1 FY24.
4. Increased expenses ($0.9m) were incurred as the new products are readied for sale across all key markets in Australia, Europe and the USA. These costs include tooling, prototypes, clinical trials etc. Some of these costs will not re-occur in H2 FY23.
5. Slightly lower gross margin at 50% compared to 51% for H1 FY22. Gross margins were lower to product and geographic mix as well as higher input costs, not being fully passed on to customers with higher prices.
6. Financing charges were also higher in H1 FY23 by $0.2m compared to the pcp because of an increase in debt and the increase in interest rates.

The Company remains committed to its strategic growth plans, whilst at the same time improving productivity and efficiency throughout the business to continue to generate consistent and growing profits.

Explanation of Dividends *(Appendix 4D item 2.6)*

No dividends were declared or paid in the period.

Net Tangible Asset (NTA) Backing *(Appendix 4D item 3)*

	2022	2021
Net tangible asset backing per ordinary share	5.8 cents	9.1 cents

Net tangible assets of $10.35m divided by issued ordinary shares of 177.163m = 5.8 cents per share

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Compumedics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Australian Stock Exchange Listing Rules.

Directors' Report
Interim Report – 31 December 2022

Your directors present their report on the consolidated entity consisting of Compumedics Limited and the entities it controlled at the end of and during the half-year ended 31 December 2022.

Directors
The following persons were directors of Compumedics Limited during the whole of the half-year and up to the date of this report, unless otherwise stated.

Dr. D. Burton
Mr. D. Lawson
Mr. P. Jensz
Mr. R. North

Mr. Rod North has joined the Board of Directors from 27th October 2022.

Review of Operations

A summary of consolidated revenues and results for the half-year is set out below:

	6 months ended Dec 2022	**6 months ended Dec 2021**
Revenues from continuing operations (A$'000)	19,204	16,778
Earnings/(loss) before interest, tax, depreciation and amortisation (EBITDA, A$'000)	(4,761)	1,247
Operating cash flow/(negative) (OCF, A$'000)	(2,842)	826
Profit/(loss) before interest, and tax (A$'000)	(8,340)	625
Profit/(loss) for the half-year (A$'000)	(7,213)	287
Basic earnings/(loss) per share (cents)	(4.1)	0.2
Diluted earnings/(loss) per share (cents)	(4.1)	0.2
Net cash/(debt) (A$'000)	(2,379)	1,839

Business / Product Group Performance

Group net profit after tax for H1 FY23 was a loss of $7.2m compared to $0.3m profit for H1 FY22. The result primarily reflects the following key factors:

1. The write down and full provisioning for assets relating to the MEG business. The decision to expense these items to the income statement for the period was due to the decision to take back the MEG system at BNI. The total pre-tax expense was $6.9m, which is non-cash.
2. Other income being lower in H1 FY23 ($0.2m) compared to H1 FY22 ($1.4m). This was primarily due to the forgiveness of the COVID debt ($0.9m) in the US business in H1 FY22, which was once-off.
3. Expenses were higher ($1.0m) because of the Company's deliberate decision to increase sales and marketing resources, particularly in the US as we prepare for the release of several new products in this key market over calendar 2023. This investment in key new sales positions and key account manager positions is an investment in future revenue growth, which we expect to see in H2 FY23 and H1 FY24.
4. Increased expenses ($0.9m) were incurred as the new products are readied for sale across all key markets in Australia, Europe and the USA. These costs include tooling, prototypes, clinical trials etc. Some of these costs will not re-occur in H2 FY23.
5. Slightly lower gross margin at 50% compared to 51% for H1 FY22. Gross margins were lower to product and geographic mix as well as higher input costs, not being fully passed on to customers with higher prices.
6. Financing charges were also higher in H1 FY23 by $0.2m compared to the pcp because of an increase in debt and the increase in interest rates.

The Group continues to focus on the identified growth opportunities and will pursue these in conjunction with productivity gains and cost reductions and/or efficiencies to restore earnings and to grow the earnings of the Group, as we the remaining effects of the COVID-19 pandemic continue to abate.

Explanation of non-IFRS measures of performance

	31 Dec 2022 $'000	**31 Dec 2021 $'000**
Profit/(loss) after tax	(7,213)	287
Tax expense / (benefit)	(1,434)	198
Interest expense	307	140
Earnings/(loss) before interest and tax (EBIT)	(8,340)	625
Depreciation	189	244
Amortisation	3,390	378
Earnings/(loss) before interest, tax, depreciation and amortisation (EBITDA)	(4,761)	1,247

The Group's financial results are reported under International Financial Reporting Standards (IFRS). This market release also contains non-IFRS measures including EBITDA, EBIT and constant currency. These measures are presented to enable an understanding of the performance of the business before funding, taxation and the treatment of assets is taken into consideration and to review the performance of the business excluding foreign currency movements. The table above explains how EBITDA and EBIT have been calculated.

Events subsequent to reporting date

There are no matters after half-year end that would materially impact the financial information provided.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

Rounding of amounts

Compumedics Limited is a type of company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2022/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the directors.

D. Burton
Executive Chairman

Melbourne
28 February 2023

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF COMPUMEDICS LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022 there has been:

a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and

b. no contraventions of any applicable code of professional conduct in relation to the review.

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

A. Wehrens

Andrew S. Wehrens
Director

Dated this 28th day of February 2023

Compumedics Limited
Consolidated statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2022

	Notes	Half-year 2022 $'000	Half-year 2021 $'000
Sale of goods		15,839	14,717
Rendering of services		3,365	2,061
Revenue		**19,204**	**16,778**
Cost of sales		(9,657)	(8,233)
Gross profit		**9,547**	**8,545**
Other revenue		188	1,438
Administration		(2,593)	(2,684)
Sales & Marketing		(8,531)	(4,476)
Research & Development		(7,025)	(2,276)
Unrealised foreign exchange gain / (loss)		74	78
Finance costs		(307)	(140)
Profit/(loss) before income tax		**(8,647)**	**485**
Income tax (expense) / benefit		1,434	(198)
Profit/(loss) after income tax		**(7,213)**	**287**
Net profit/(loss) for the period		**(7,213)**	**287**
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to Profit or Loss when specific conditions are met**:**			
Foreign currency translation		426	8
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**(6,787)**	**295**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Compumedics Limited
Consolidated statement of profit or loss and comprehensive income
for the half-year ended 31 December 2022

	Notes	Half-year 2022 $’000	Half-year 2021 $’000
Earnings/(loss) per share for profit attributable to the ordinary equity holders of the parent:		Cents	Cents
Basic earnings/(loss) per share		(4.1)	0.2
Diluted earnings/(loss) per share		(4.1)	0.2

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Compumedics Limited
Consolidated statement of financial position
as at 31 December 2022

	Notes	31 Dec 2022 $'000	30 June 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4	5,668	7,294
Receivables		11,296	14,125
Inventories		9,317	9,709
Other		2,655	2,345
Income tax receivable		74	74
Total current assets		29,010	33,547
Non-current assets			
Other financial assets	6	618	-
Property, plant and equipment		1,396	1,067
Right-of-use assets	5	1,758	146
Deferred tax assets		2,117	500
Intangible assets	3	4,759	6,449
Non-current assets		10,648	8,162
Total assets		**39,658**	**41,709**
LIABILITIES			
Current liabilities			
Payables		5,915	5,940
Borrowings	4	7,752	6,016
Lease liabilities	5	488	153
Tax liability		183	-
Provisions		3,618	3,508
Deferred revenue		3,166	1,923
Total current liabilities		21,122	17,540
Non-current liabilities			
Borrowings	4	295	379
Lease liabilities	5	1,277	-
Provisions		67	54
Deferred revenue		93	145
Total non-current liabilities		1,732	578
Total liabilities		**22,854**	**18,118**
Net assets		**16,804**	**23,591**
EQUITY			
Contributed equity		35,654	35,654
Reserves		32	(394)
Retained losses		(18,882)	(11,669)
Total equity		**16,804**	**23,591**

The above statement of financial position should be read in conjunction with the accompanying notes.

Compumedics Limited
Consolidated statement of changes in equity for the half-year ended 31 December 2022

	Contributed equity $,000	Reserves $,000	Retained earnings/ (losses) $,000	Total $'000
Balance at 1 July 2021	**35,654**	**(473)**	**(13,026)**	**22,155**
Profit for the period	-	-	287	287
Other comprehensive income/(loss)	-	8	-	8
Total comprehensive income for the half year	**-**	**8**	**287**	**295**
Transactions with owners in their capacity as owners:				
Shares issued during the period	-	-	-	-
Balance at 31 December 2021	**35,654**	**(465)**	**(12,739)**	**22,450**
Balance on 1 July 2022	**35,654**	**(394)**	**(11,669)**	**23,591**
Profit/(loss) for the period	-	-	(7,213)	(7,213)
Other comprehensive income/(loss)	-	426	-	426
Total comprehensive income/(loss) for the half year	**-**	**426**	**(7,213)**	**(6,787)**
Transactions with owners in their capacity as owners:				
Shares issued during the period	-	-	-	-
Balance at 31 December 2022	**35,654**	**32**	**(18,882)**	**16,804**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Compumedics Limited
Consolidated statement of cash flows
for the half-year ended 31 December 2022

	Notes	Half-year 2022 $'000	Half-year 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		22,318	18,567
Payments to suppliers and employees (inclusive of goods and services tax)		(23,117)	(18,155)
Receipts from other income		188	554
Income tax paid		-	-
Interest paid (net of interest received)		(307)	(140)
Net cash (outflow) / inflow from operating activities		**(918)**	**826**
Cash flows from investing activities			
Purchase of property, plant and equipment		(518)	(215)
Purchase of intangible assets		(1,701)	(986)
Net cash (outflow) from investing activities		**(2,219)**	**(1,201)**
Cash flows from financing activities			
Repayments of leases – finance		(5)	(6)
Repayments of leases – principal		(311)	(172)
Proceeds from borrowings		450	4,500
Repayment of borrowings		(382)	(2,044)
Net cash (outflow) / inflow from financing activities		**(248)**	**2,278**
Net (decrease) / increase in cash held		**(3,385)**	**1,903**
Cash and cash equivalents at the beginning of the period		7,294	6,694
Net foreign exchange differences		152	121
Cash and cash equivalents at the end of the period	4	**4,061**	**8,718**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Basis of preparation and accounting policies

(a) Basis of preparation

The general purpose condensed financial report for the half-year ended 31 December 2022 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included within the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Compumedics Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Australian Stock Exchange Listing Rules.

The accounting policies adopted for the interim condensed consolidated financial statements are consistent with those followed for the preparation of the Group's annual financial statements for the year ended 30 June 2022, and other standards issued as of 1 July 2022 or effective as of 31 December 2022 do not have a significant impact on the consolidated financial statements of Compumedics Limited unless otherwise stated.

The Group has not elected to early adopt any other new standards, amendments or interpretations that are issued but not yet effective.

(b) Going Concern assumption

During the half-year ended 31 December 2022, the Group incurred a loss after tax of $7.2m and $2.8m cash outflow from operations. In the corresponding prior half-year, the Group generated a profit after tax of $0.3m and cash flows from operations of $0.8m.

The Group's net cash position (cash less borrowings) on 31 December 2022 was a debt of $2.4m, compared to 30 June 2022 of cash at $1.8m.

As such, the Directors have prepared the financial statements on a going-concern basis.

(c) New and revised Accounting Standards

Amendments to Accounting Standards and new interpretations that are mandatorily effective for the current reporting period

There were no new or revised Accounting Standards adopted during the six months to 31 December 2022.

Note 2. Operating segment

Identification of reportable segments

The Group has identified its operating segments based on the internal reports, which are produced by geographical segment, and which are reviewed and used by the chief operating decision maker, being the Chief Executive Officer and Chief Financial Officer, in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the country of origin and the senior managers who are responsible for the performance of the business in that geographic territory, the type of product and service provided and whether the product is sold directly to end-user customers or via distributors.

The reportable segments are based on geographic territory as these are the sources of the Group's major risks and have the most effect on rates of return.

Geographic locations

Americas
The Group's Americas based business includes the United States, Canada and Latin America. The Group sells all its product offerings in this region including sleep diagnostic systems, clinical EEG systems, brain monitoring systems, ultrasonic blood-flow systems, supplies and technical service and support. The USA business also includes the sleep diagnostic services business. Sales in the Americas are predominantly direct sales to end-user customers. The USA office is based in Charlotte, North Carolina.

Australia and Asia Pacific
The Group's head office is based in Melbourne, Australia and the Australia and Asia Pacific territory includes all countries in the Asia Pacific region with major countries for the territory including Japan and China. The Group sells all of its product offerings in this region including sleep diagnostic systems, clinical EEG systems, brain monitoring systems, ultrasonic blood-flow systems, supplies and technical service and support. The group sells directly to end-user customers in Australia and via a network of distributors into the Asian region.

Europe and the Middle East
The Group's Europe-based business has its principal office in Singen, Germany with a second office in Hamburg, Germany. The European territory includes all countries in the European region, plus all Middle Eastern countries. The Group sells all of its product offerings in this region including sleep diagnostic systems, clinical EEG systems, brain monitoring systems, ultrasonic blood-flow systems, supplies and technical service and support.

Note 2. Operating segment - continued

Identification of reportable segments - continued

The Group sells its ultrasonic blood-flow systems directly in Germany and all other products are sold via a network of distributors across the territory.

The following table represents revenue and profit information for reportable segments for the half-years ended 31 December 2022 and 31 December 2021.

Half-year ended 31 December 2022

	Continuing operations			
	USA	**Australia and Asia Pacific**	**Europe**	**Total**
	$'000	$'000	$'000	$'000
Revenue				
Sales to external customers	4,967	9,105	5,132	19,204
Intersegment sales	292	2,111	245	2,648
Other intersegment revenue	-	-	498	498
Total segment revenue	**5,259**	**11,216**	**5,875**	**22,350**
Intersegment elimination	(292)	(2,111)	(743)	(3,146)
Total revenue	**4,967**	**9,105**	**5,132**	**19,204**
Segment Result	**(3,512)**	**(1,592)**	**318**	**(4,786)**
Depreciation and amortisation	(109)	(3,355)	(90)	(3,554)
Finance costs	(38)	(255)	(14)	(307)
Net profit/(loss) before income tax per the statement of profit/(loss) and comprehensive income	**(3,659)**	**(5,202)**	**214**	**(8,647)**
Segment Assets	**5,547**	**61,081**	**11,657**	**78,285**
Intersegment eliminations	-	(38,627)	-	(38,627)
Total assets per the Statement of Financial Position	**5,547**	**22,454**	**11,657**	**39,658**

Note 2. Operating segment - continued

Identification of reportable segments - continued

Half-year ended 31 December 2021

	Continuing operations			
	USA	**Australia and Asia Pacific**	**Europe**	**Total**
	$'000	$'000	$'000	$'000
Revenue				
Sales to external customers	5,082	7,156	4,540	16,778
Intersegment sales	366	2,885	241	3,492
Other intersegment revenue	-	-	729	729
Total segment revenue	**5,448**	**10,041**	**5,510**	**20,999**
Intersegment elimination	(366)	(2,885)	(970)	(4,221)
Total revenue	**5,082**	**7,156**	**4,540**	**16,778**
Segment Result	**100**	**528**	**619**	**1,247**
Depreciation and amortisation	(130)	(319)	(173)	(622)
Finance costs	(31)	(88)	(21)	(140)
Net profit/(loss) before income tax per the statement of profit/(loss) and comprehensive income	**(61)**	**121**	**425**	**485**
Segment assets	**7,698**	**57,483**	**7,950**	**73,131**
Intersegment eliminations	-	(33,461)	-	(33,461)
Total assets per the Statement of Financial Position	**7,698**	**24,022**	**7,950**	**39,670**

Note 3. Intangible assets

	31 Dec 22 $'000	30 Jun 22 $'000
Intangible asset	4,759	6,449

Intangible assets comprise capitalised development costs associated with the MEG project and the Somfit® device. On 31 December 2022 the Company decided that it was appropriate to expense development costs associated with the MEG business, which had been previously booked to intangible assets. This has resulted in a $1.7m reduction in the intangible assets. Further the original USD1.0m (AUD1.4m) license fee paid to KRISS, which was part of intangibles assets, has been fully provided for on 31 December 2022. As a result, intangible assets related to the MEG business are zero on 31 December 2022. The reason this decision was taken is because the Company considers there to be sufficient uncertainty regarding future MEG revenues and earnings sufficient to justify the current carry value of the intangible assets. The Company does believe there is significant future opportunity with the MEG technology, once existing technical matters are fully resolved. Development costs of $1.335m were capitalised in the half-year to 31 December 2022 for the Somfit® project. No amortisation charge is included in the profit and loss for the six months to 31 December 2022. It is expected that commercial activities will start for the Somfit® product in H2 FY23 and that amortisation will commence in H2 FY23.

The Germany-based DWL business capitalises development costs associated with its new robotic TCD technology. Additional costs were capitalised in the current period of $39k (EUR26k). Amortisation of $15k (EUR10k) is included in the profit and loss for the six months to 31 December 2022.

Note 4. Cash, Interest bearing liabilities and cash equivalents.

	31 Dec 22 $'000	**30 Jun 22 $'000**
Current interest-bearing liabilities	7,752	6,016
Non-current interest-bearing liabilities	295	379
Total interest-bearing liabilities	**8,047**	**6,395**
Current interest-bearing liabilities comprise:		
Overdraft	1,606	-
Fixed term borrowings	6,146	6,006
Other – lease commitments	-	10
Other – unsecured loan	-	-
Total current interest-bearing liabilities	7,752	6,016
Cash and cash equivalents		
Cash	5,668	7,294
Overdraft and trade facility	1,607	-
Cash and cash equivalents	4,061	7,294

Interest bearing liabilities comprise primarily of fixed-term borrowings and an overdraft facility ($2.0m) provided by the Group's bank in Australia, as well as an overdraft facility in DWL Germany (EUR0.4m). The fixed-term facilities comprise a 10-year loan that was fully drawn in December 2022 for $4.2m under the federal governments SME pandemic recovery scheme, a $1.0m loan in relation to the MEG business repayable over 4 years, which commenced in June 2022 and an asset financing facility for $0.7m. The Group also has a COVID loan in its DWL business, which is repayable over 5 years. The balance on 31 December 2022 was EUR312k (AUD491k) of which EUR187k (AUD295k) is not non-current.

The Group reports cash flows back to cash and cash equivalents as noted in the table above, by subtracting the working-capital financing facilities from actual cash held by the Group at reporting date.

Note 5. Lease Liabilities and Right-of-use Asset

The Group has lease liabilities relating primarily to the offices it runs the business from in Melbourne, Charlotte, Singen, Hamburg and Freiburg. Additional lease liabilities included below relate to cars and office equipment in the DWL business in Germany. The total lease liabilities are:

Current lease liabilities are $488k (30 June 2022: $153k).
Non-current lease liabilities are $1,277k (30 June 2022: NIL).

A right-of-use asset have been booked in relation to these leases. The current value of the right-to-use asset is $1,758k (30 June 2022: $146k). In the six months to December 31, 2022, an amortisation charge against this asset was booked to income of $303k. An interest charge of $56k was also booked to income in relation to the lease liabilities for the six-month period to December 31, 2022.

Note 6. Other financial assets

On the 1st September 2022 Compumedics Europe GmbH, a wholly owned subsidiary of Compumedics Limited acquired a 50% interest in Dr Grossegger and DRBAL GmbH, which was immediately renamed Compumedics Alpha Trace GmbH.

The Company has booked an investment in Alpha Trace of $618k on acquisition, which comprises the cost of acquisition and goodwill on acquisition. The Company will amortise the $618k off over a 10-year period.

The Company can acquire the remaining 50% in Alpha Trace over the next three years for up to EUR150k based on certain conditions being met.

Note 7. Events occurring after reporting date

There are no matters after half-year end that would materially impact the financial information provided.

Compumedics Limited
Directors' Declaration
for the half-year ended 31 December 2022

In accordance with a resolution of the Directors of Compumedics Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes set out on pages 10 to 21 are in accordance with the *Corporations Act 2001*, including:

> (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
>
> (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Compumedics Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

David Burton
Executive Chairman

Melbourne
28 February 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF COMPUMEDICS LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Compumedics Limited, which comprises the Consolidated Statement of Financial Position as at 31 December 2022, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Compumedics Limited does not comply with the *Corporations Act 2001* including:

i) giving a true and fair view of Compumedics Limited's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

iii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company, as at the date of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Andrew S. Wehrens
Director

Dated this 28th day of February 2023

Additional dividend/distribution information[2] *(Appendix 4D item 5)*

Details of dividends/distributions declared or paid during or after the year ended 31 December 2022 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security	Foreign sourced dividend amount per security
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Dividend/distribution reinvestment plans *(Appendix 4D item 6)*

NOT APPLICABLE

Material factors affecting the revenues and expenses of the economic entity for the current period

The major impacts to the revenues and expenses of the economic entity in the half-year to 31 December 2022 have already been disclosed elsewhere in this document.

Material factors affecting the assets, liabilities and equity of the economic entity for the current period

The major factors impacting the assets and liabilities of the Company relate to the on-going focus of the Company on enhancing its financial performance.

Material factors affecting the cash flows of the economic entity for the current period

The major factors impacting the cash flows of the Company relate to the on-going focus of the Company on enhancing its financial performance.