



Company Announcement

Business Update: Appendix 4D Release

29 February 2024

Compumedics Leaps back to Profitability & Growth

BUSINESS HIGHLIGHTS

- Sales invoiced and shipped up 38% to \$26.4m for H1 FY24, compared to H1 FY23. Sales orders taken were 75% higher for H1 FY24 at \$30.4m compared to H1 FY23. In H1 FY24 a MEG sale for \$4.7m was invoiced and two new MEG sales orders for \$9.2m were booked
- Profits return with EBITDA being \$2.2m for H1 FY24, compared to a \$(4.8)m loss for H1 FY23
- Somfit® commercial activities and revenues established in Australia and now underway in the USA following FDA clearance
- Reported NPAT for H1 FY24 is \$0.1m, compared to a loss of \$(7.2)m in H1 FY23 with (\$6.9m) adjustment for MEG in H1 FY23
- CMP revises revenue guidance upwards to more than \$46m for full year FY2024 and expects EBITDA to be more than \$5.0m

PERFORMANCE OVERVIEW H1 FY24 (six months to 31 December 2023)

- Revenues for H1 FY24 were \$26.4m compared to \$19.2m in H1 FY23 or 38% higher. Sales orders taken for H1 FY24 were \$30.4m or 75% higher than H1 FY23. In H1 FY a MEG sale (\$4.7m) was invoiced and 2 MEG sales orders (\$9.2m) were taken
- The business returned to an EBITDA profit of \$2.2m for H1 FY24 compared to a loss of \$(4.8)m for H1 FY23. The loss for H1 FY23 comprises \$3.8m related to MEG EBITDA adjustments

- Operating cash flow of \$1.2m for H1 FY24, compared to \$(0.9)m for H1 FY23. H1 FY24 OCF improved due to substantially higher sales and better gross margins
- NPAT improved to \$0.1m for H1 FY24 compared to a \$(7.2)m loss for H1 FY23

INVESTOR OVERVIEW

- **Core Business:**
 - Revenues for the core business grew 13% to \$21.7m for H1 FY24, compared to \$19.2m for H1 FY23
 - Gross margins improved to 55% for H1 FY24, compared to 50% for H1 FY23 because of better sales, product mix and improved manufacturing efficiencies
- **Orion MEG:**
 - Second ORION LIFESPAN™ MEG sale to TJNU in China progresses to installation and acceptance testing -sale (\$4.7m) booked in H1 FY24
 - Two new MEG orders from China received December 2023 for \$9.2m as notified to the ASX on 12th December 2023
 - The Company is reviewing the current MEG production capability to allow for scale up based on current and expected order flow
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- **Somfit and eHealth:**
 - Somfit® sleep device: Revenues booked in H1 FY24 for Somfit in Australia of about \$1.6m, commercial activities now underway in the USA following FDA clearance as notified to the ASX on 4th December 2023
- **Full-Year Guidance:**
 - The Company revises FY24 revenue guidance upwards to be more than \$46m and for EBITDA to be greater than \$5m

Compumedics Limited (ASX: CMP) ("Compumedics" or "Company") announces its financial results for the half-year ended 31 December 2023 (H1 FY24).

During the period H1 FY24, Compumedics generated revenues from the sale of goods and services of \$26.4m, representing an increase of 38% over the previous corresponding period (pcp) of \$19.2m.

By region shipped and invoiced revenues were 94% higher in Australia, largely driven by initial Somfit sales (\$1.9m) and a significant improvement in sales to the traditional sleep diagnostic lab-based business. Sales to Europe for the sleep and neuro diagnostic businesses were 72% higher because of gaining market share in sleep diagnostics in the region. Sales into Asia (excluding Japan) were also 26% higher with increased sales across all parts of the business. Sales to Japan which are predominantly in the neuro diagnostic market were 19% higher. These increases were offset partially by declines in the US business of 27% and the DWL business 18% in H1 FY24. Both areas of the business have had action taken to reverse the declines in the current H2 FY24 period.

The Company took sales orders in the six months to December 31, 2023 (H1 FY24) of \$30.4m, representing a 75% increase over sales orders taken for the prior corresponding period (pcp) (H1 FY23) of \$17.4m. This includes two new MEG sales orders, which were booked late in H1 FY23 for \$9.7m, as notified to the ASX on 12th December 2023. Excluding the MEG sales orders, sales orders were \$20.7m or 19% higher than H1 FY23. The increase in sales orders taken for H1 FY24, excluding the MEG orders, were a result of a 111% increase in sales in Australia, largely driven by Somit orders (\$1.6m) but also increased sleep diagnostic sales to the traditional lab-based business. European sales orders taken were 53% higher due to gains in market share and sales orders taken in Asia were 18% higher. This growth was offset by declines in the US of 16% and DWL down 24%. Both these areas of the business have had action taken to reverse the declines in H2 FY24 period.

As the Company continues to invest significantly in new products for the core business as well as pursue current Somfit® and MEG commercial opportunities the results can begin to be seen as EBITDA recovered from a loss of \$4.8m for H1 FY23 to a profit of \$2.2m in H1 FY24.

The significant improvement in profitability in H1 FY24 was largely a result of the following key factors:

- 1 Increased sales across the business, including the MEG sale to TJNU in China in the six months to 31 December 2023
- 2 As a result of the MEG sale to TJNU in China the decision to write back some of the intangible asset value associated with the MEG business, that was written off in the pcp. The total pre-tax write back was \$1.7m, which is non-cash
- 3 Improved gross margins at 55% compared to 50% for H1 FY23. Gross margins were higher due to product and geographic mix as well as input costs stabilising over the period and global supply chains returning to more normal conditions
- 4 Financing charges were slightly higher in H1 FY24 by \$0.1m compared to the pcp because of the increase in interest rates
- 5 Foreign exchange movements led to an adverse \$0.4m movement to profit and loss in the current 6 months to 31 December 2023, compared to the pcp

The Company is currently focused on continuing to grow revenues with resources in Australia and in key markets around the world engaged to achieve this outcome and actively working through other operational and expense efficiency opportunities to continue to restore sustainable profitability over H2 FY24 and into H1 FY25.

The Company's net cash/debt position was relatively stable at \$3.9m net debt at 31 December 2023, compared to 3.6m net debt at 30 June 2023. Positive cash flow in the Australian legal entity in H1 FY24 was used to support both the USA and DWL businesses as they were restructured to ensure they move back to positive operating cash over H2 FY24.

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
 - Over the last six months the Company has launched 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. These products are generating new growth opportunities in Australia and other key markets around the world
- **Growth in international sales** with expansion plans in the US, Germany, France and other key Asian 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, acknowledging the current geo-political issues, will continue to build on its long-term relationships in China to advance the Company's businesses in the region
- **eHealth/Somfit and MEG:** Developing the commercialisation of cloud-based sleep diagnostics platform and also the expansion of the MEG business
 - Somfit initial commercial sales commenced in Australia in H1 FY24 and following FDA clearance in the USA in early December 2023 are now being pursued there
 - Additional modalities to expand the Somfit range and capability are currently in train
 - TJNU MEG sales to be completed and the next two orders commence production
 - Company will seek additional MEG business to underpin the next phase of development of the business through to commercial sustainability

Financial Outlook

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

The Company now expects revenues for FY24 to be more than \$46m and EBITDA to be more than \$5m.

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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.