

# **COMPUMEDICS LIMITED**

(ACN 006 854 897)

## **ASX final report – 30 June 2022**

Lodged with the ASX under Listing Rule 4.3A

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			<b>\$'000</b>
<b>Revenue</b> from ordinary activities <i>(Appendix 4E item 2.1)</i>	Up 6% or \$2,016k	to	<b>\$37,756</b>
<b>Profit/(Loss)</b> before interest, tax, depreciation and amortisation	Up \$725k	to	<b>\$3,288</b>
<b>Profit/(Loss)</b> from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	Up \$358k	to	<b>\$1,357</b>
<b>Profit/(Loss)</b> for the period attributable to members <i>(Appendix 4E item 2.3)</i>	Up \$358k	to	<b>\$1,357</b>

<b>Dividends/distributions</b> <i>(Appendix 4E item 2.4)</i>	Amount per security	Franked amount per security
Final dividend	n/a	n/a

**Record date** for determining entitlements to the dividend n/a

*(Appendix 4E item 2.5)*

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

Group revenues at \$37.8m for the year ended 30 June 2022 were 6% higher than the prior corresponding period (pcp). The increase in revenues reflects ongoing strength in Europe, particularly for sleep and neuro diagnostics in France and Germany, which were up 81% and 53% respectively over their pcp. This was offset by declines in the rest of Europe by 24% over the pcp. The USA grew revenues by 8% over the pcp as did Japan up 8% over the pcp. These gains were partially offset by declines in North Asia (3%) and DWL (16%).

The gains in France were largely driven by a significant order for the Company's new Okti Neuro diagnostic device, whilst gains in the USA generally reflect and demand improving to more normal pre-pandemic levels there. The decline in North Asia (China) and South Asia reflects the lingering impacts of the pandemic in the region. The DWL decline reflects a large order in FY21 not being repeated in FY22.

Our Japan-based neurological business improved 8% over the pcp from \$1.1m to \$1.2m, as pandemic abates there. The Company anticipates this business will continue to grow over future periods.

Sales in the Australian business finished similar to the pcp at \$4.7m, reflecting a strong increase in sleep diagnostics (59% over the pcp) offset by declines in brain research (Neuroscan) and service revenues.

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**Explanation of Revenue (continued)** *(Appendix 4E item 2.6)*

Sales in the USA-based business were up 8% on the pcp, largely as a result of a lift in sleep diagnostic, brain research, and service revenues, offset by a decline in neuro diagnostic revenues. We anticipate this momentum and increased selling activity to continue in FY23.

The Company booked record new sales orders for the year ended 30 June 2022 of \$45.6m, which was a 29% increase over the pcp. This included a new MEG order of \$4.1m. Excluding this core business sales orders taken were 18% higher than the pcp.

The Company finished the year with sales-orders on-hand of approximately \$15m, which compared with \$6.5m at the same time last year.

**Explanation of Earnings before interest, tax, depreciation and amortisation (EBITDA)** *(Appendix 4E item 2.6)*

Reported EBITDA for the year ended 30 June 2022 improved to \$3.3m, compared to \$2.6m in the pcp. The improvement in EBITDA was largely a result of the increase in sales for the year partially offset by a decline in margins reflecting the increased costs supply chains at the moment.

Margins have declined slightly to 50% for the year ended 30 June 2022, compared to 51% in pcp. The decrease in margins reflects the improved volume of sales offset by increases in costs in supply chains globally. As the Company has moved through the year and the ongoing COVID-19 pandemic we have continued to focus on efficiency and effectivity gains and will continue to do so to counter cost increases and drive margins higher again in future periods.

The Company will continue to focus on on-going efficiency gains by continuing to selectively review manufacturing processes and minimising double handling of product globally together with new products being engineered at a lower target cost.

The EBITDA result also reflects on-going investment related to the MEG business and to a suite of next generation products for the core business, which will start to generate incremental revenues and margin over the course of FY23. The Company will continue to assess other operational efficiency gains, which can be implemented and locked in over the foreseeable future. These additional gains, once implemented, will have a positive impact on margins and EBITDA into FY23.

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**Explanation of Profit from ordinary activities after tax** *(Appendix 4E item 2.6)*

The profit from ordinary activities after tax for the year ended 30 June 2022, was a profit of \$1.4m compared to \$1.0m for the prior year.

The Company booked financing charges of \$0.4m, an increase on the \$0.3m from the prior year. Depreciation and amortisation were \$1.2m for FY22, compared to \$1.5m in the pcp. The income tax expense for FY22 was \$0.4m compared to a benefit of \$0.2m in FY21.

Apart from these charges the above explanation for the EBITDA result for the year ended 30 June 2022 reflects the underlying operational impacts on earnings for the full year over the prior year.

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

No dividends have been declared or paid in the period.

**Net Tangible Asset Backing** *(Appendix 4E item 9)*

	2022	2021
Net tangible asset backing per ordinary share (Includes right-of-use assets)	9.7 cents	9.7 cents

**Compumedics Limited**  
**Consolidated statement of profit or loss and other**  
**comprehensive income**  
**for the year ended 30 June 2022**

Notes	2022 \$'000	2021 \$'000
<b>Revenue from continuing operations</b>	<b>37,756</b>	<b>35,740</b>
Other income	1,815	1,514
Cost of sales	(18,463)	(16,578)
Administration	(5,644)	(6,116)
Sales & marketing	(9,483)	(8,260)
Research & development	(4,056)	(4,388)
Finance costs	(401)	(330)
Net foreign exchange gain/(loss)	174	(806)
<b>Profit before income tax</b>	<b>1,698</b>	<b>776</b>
Income tax (expense)/benefit	(341)	222
<b>Profit for the full year</b>	<b>1,357</b>	<b>998</b>
Profit/(Loss) attributable to members of Compumedics Limited	1,357	998
<b>Net Profit for the year</b>	<b>1,357</b>	<b>998</b>
<b>Other comprehensive income / (loss)</b>		
Items that may be subsequently reclassified to Profit or Loss when specific conditions are met:		
Foreign currency translation	79	(637)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,436</b>	<b>361</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents):</b>		
Basic earnings per share	0.8	0.6
Diluted earnings per share	0.8	0.6

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

**Compumedics Limited**  
**Consolidated statement of financial position**  
**as at 30 June 2022**

Notes	2022 \$'000	2021 \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	7,080	6,770
Receivables	14,124	13,011
Inventories	9,709	9,679
Income tax receivable	74	2
Other	2,345	2,472
<b>Total current assets</b>	<b>33,332</b>	<b>31,934</b>
<b>Non-current assets</b>		
Property, plant, and equipment	1,067	955
Right-of-use assets	6 146	756
Deferred tax assets	500	821
Intangible assets	6,449	4,080
<b>Non-current assets</b>	<b>8,162</b>	<b>6,612</b>
<b>Total assets</b>	<b>41,494</b>	<b>38,546</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	5,940	5,385
Borrowings	5,802	4,408
Lease liabilities	6 152	663
Provisions	3,508	3,149
Deferred revenue	1,923	1,749
<b>Total current liabilities</b>	<b>17,325</b>	<b>15,354</b>
<b>Non-current liabilities</b>		
Borrowings	379	593
Lease liabilities	6 -	156
Provisions	54	16
Deferred revenues	145	272
<b>Total non-current liabilities</b>	<b>578</b>	<b>1,037</b>
<b>Total liabilities</b>	<b>17,903</b>	<b>16,391</b>
<b>Net assets</b>	<b>23,591</b>	<b>22,155</b>
<b>EQUITY</b>		
Contributed equity	35,654	35,654
Reserves	(394)	(473)
Retained losses	(11,669)	(13,026)
<b>Total equity</b>	<b>23,591</b>	<b>22,155</b>

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

**Compumedics Limited**  
**Consolidated statement of changes in equity**  
**for the full year ended 30 June 2022**

	Contributed equity \$'000	Reserves \$'000	Retained Losses \$'000	Total \$'000
<b>At 1 July 2020</b>	<b>35,654</b>	<b>164</b>	<b>(14,024)</b>	<b>21,794</b>
Profit for the year	-	-	998	998
Other comprehensive income / (loss)	-	(637)	-	(637)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(637)</b>	<b>998</b>	<b>361</b>
<b>Transactions with owners in their capacity as owners:</b>				
New shares issued	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>35,654</b>	<b>(473)</b>	<b>(13,026)</b>	<b>22,155</b>
<b>Balance at 1 July 2021</b>	<b>35,654</b>	<b>(473)</b>	<b>(13,026)</b>	<b>22,155</b>
Profit for the year	-	-	1,357	1,357
Other comprehensive income	-	79	-	79
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>79</b>	<b>1,357</b>	<b>1,436</b>
<b>Transactions with owners in their capacity as owners:</b>				
New shares issued	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>35,654</b>	<b>(394)</b>	<b>(11,669)</b>	<b>23,591</b>

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

**Compumedics Limited**  
**Consolidated statement of cashflows**  
**for the year ended 30 June 2022**

Notes	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	36,537	33,488
Payments to suppliers and employees (inclusive of goods and services tax)	(33,699)	(33,069)
Interest and other costs of finance paid	(401)	(320)
Receipts from grants and other income	940	1,514
<b>Net cash inflow from operating activities</b>	<b>5</b>	<b>3,377</b>
<b>Cash flows from investing activities</b>		
Payment for property, plant and equipment	(590)	(163)
Payment for intangible assets	(2,369)	(1,680)
<b>Net cash (outflow) from investing activities</b>	<b>(2,959)</b>	<b>(1,843)</b>
<b>Cashflows from financing activities</b>		
Proceeds from borrowings	4,500	797
Repayment of borrowings	(2,544)	(58)
Repayment of leases	(672)	(918)
<b>Net cash inflow/ (outflow) from financing activities</b>	<b>1,284</b>	<b>(179)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,702</b>	<b>(409)</b>
Cash and cash equivalents at the beginning of the year	5,142	6,015
Effects of exchange rate changes on cash	236	(464)
<b>Cash and cash equivalents at the end of the financial year</b>	<b>7,080</b>	<b>5,142</b>
<b>This is represented by:</b>		
Cash Assets	7,080	6,770
Invoice facility and overdraft (Interest bearing liabilities)	-	(1,628)
<b>Net Cash</b>	<b>7,080</b>	<b>5,142</b>

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



**Compumedics Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**Note 1. Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of the financial report are set out below.

These policies have been consistently applied to all the periods presented, unless otherwise stated.

**Basis of preparation of consolidated financial report**

This preliminary consolidated financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This preliminary consolidated financial report for the year ended 30 June 2022 does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Compumedics Limited during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Stock Exchange Listing Rules.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Compumedics Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

This general-purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

**Compumedics Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

## **Note 2. Operating segments**

### **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 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 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.

**Compumedics Limited**  
**Notes to the consolidated financial statements**  
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**Note 2. Operating segments (continued)**

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 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 years ended 30 June 2022 and 30 June 2021.

**Operating Segments**  
**For the year ended 30 June 2022**

<b>\$'000</b>	<b>Americas</b>	<b>Australia and Asia Pacific</b>	<b>Europe and Middle East</b>	<b>Group</b>
Sales to external customers	11,457	14,198	12,101	37,756
Intersegment sales	669	6,434	484	7,587
Other intersegment revenue	-	8	1,308	1,316
<b>Total segment revenue</b>	<b>12,126</b>	<b>20,640</b>	<b>13,893</b>	<b>46,659</b>
Intersegment elimination	(669)	(6,442)	(1,792)	(8,903)
<b>Total revenue per the Statement of Comprehensive Income</b>	<b>11,457</b>	<b>14,198</b>	<b>12,101</b>	<b>37,756</b>
<b>Segment result</b>	<b>(266)</b>	<b>1,410</b>	<b>2,143</b>	<b>3,287</b>
Depreciation and amortisation	(243)	(655)	(290)	(1,188)
Net interest (expense) / income	(89)	(273)	(39)	(401)
<b>Net profit / (loss) before income tax per the Statement of Comprehensive Income</b>	<b>(598)</b>	<b>482</b>	<b>1,814</b>	<b>1,698</b>
<b>Segment assets</b>				
Operating assets	8,615	59,843	10,738	79,196
Intersegment eliminations	-	(37,702)	-	(37,702)
<b>Total assets from continuing operations per the Statement of Financial Position</b>	<b>8,615</b>	<b>22,141</b>	<b>10,738</b>	<b>41,494</b>

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**Notes to the consolidated financial statements**  
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**Note 2. Operating segments (continued)**

**Operating Segments**  
**For the year ended 30 June 2021**

<b>\$'000</b>	<b>Americas</b>	<b>Australia and Asia Pacific</b>	<b>Europe and Middle East</b>	<b>Group</b>
Sales to external customers	10,400	14,085	11,255	35,740
Intersegment sales	350	4,831	538	5,719
Other intersegment revenue	499	8	1,568	2,075
<b>Total segment revenue</b>	<b>11,249</b>	<b>18,924</b>	<b>13,361</b>	<b>43,534</b>
Intersegment elimination	(849)	(4,839)	(2,106)	(7,794)
<b>Total revenue per the Statement of Comprehensive Income</b>	<b>10,400</b>	<b>14,085</b>	<b>11,255</b>	<b>35,740</b>
<b>Segment result</b>	<b>118</b>	<b>56</b>	<b>2,389</b>	<b>2,563</b>
Depreciation and amortisation	(280)	(675)	(502)	(1,457)
Net interest (expense) / income	(61)	(200)	(69)	(330)
<b>Net profit / (loss) before income tax per the Statement of Comprehensive Income</b>	<b>(223)</b>	<b>(819)</b>	<b>1,818</b>	<b>776</b>
<b>Segment assets</b>				
Operating assets	8,460	53,445	8,084	69,989
Intersegment eliminations	-	(31,443)	-	(31,443)
<b>Total assets from continuing operations per the Statement of Financial Position</b>	<b>8,460</b>	<b>22,002</b>	<b>8,084</b>	<b>38,546</b>

**Note 3. Dividends** (Appendix 4E, item 7)

No dividend has been declared or paid in the current or prior period.

**Dividend/distribution reinvestment plans** (Appendix 4E item 8)

Not applicable.

**Compumedics Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2022**

**Note 4. Events occurring after reporting date**

The company is not aware of any material matters that would impact the financial performance and financial position of the company at this time.

**Note 5. Reconciliation of profit after income tax to net cash flow from operating activities**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	1,357	998
<b>Non-cash flows in profit:</b>		
Amortisation	701	909
Depreciation	487	548
Net exchange differences	600	251
<b>Change in operating assets and liabilities:</b>		
(Increase)/Decrease in receivables	(1,113)	(415)
(Increase)/Decrease in income tax receivable	(72)	(2)
(Increase)/Decrease in inventories	(30)	(847)
(Increase)/Decrease in other current assets	127	(1,425)
(Increase)/Decrease in deferred tax assets	321	(41)
Increase/(Decrease) in payables	555	1,553
Increase/(Decrease) in deferred revenues	47	(117)
Increase/(Decrease) in income tax payable	-	(106)
Increase/(Decrease) in other provisions	397	307
<b>Net cash inflows from operating activities</b>	<b>3,377</b>	<b>1,613</b>

**Compumedics Limited**  
**Notes to the consolidated financial statements**  
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**Note 6. Lease Liabilities and Right-of-use Assets**

The Group has lease liabilities relating primarily to the offices it runs the business from in Melbourne, Charlotte, Singen, Hamburg and El Paso. 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 \$152k.

Non-current lease liabilities are \$NIL.

Approximately 90% of the lease liabilities relate to the properties the business operates from. The underlying contracts for these properties have expiry dates from late 2022 through 2023.

The right-of-use asset related to these leases had a value of \$146k on 30 June 2022. In the year ended 30 June 2022 an amortisation charge against this asset was booked to the profit and loss of \$701k. An interest charge of \$50k was also booked to the profit and loss in relation to the lease liabilities for the twelve-month period to June 30, 2022.

# Compumedics Limited

## Supplementary Appendix 4E information for the year ended 30 June 2022

### **Net Tangible Asset Backing** (*Appendix 4E item 9*)

	2022	2021
Net tangible asset backing per ordinary share (Includes right-of-use assets)	9.7 cents	9.7 cents

### **Controlled entities acquired or disposed of** (*Appendix 4E item 10*)

No control was gained over any new entities nor control lost over any existing entities of the group.

### **Associates and Joint Venture entities** (*Appendix 4E item 11*)

The company has no interest in any joint ventures at the date of this report.

### **Commentary on results** (*Appendix 4E item 14*)

#### ***Earnings per share***

Earnings per share have increased with the underlying increase in earnings for the Company, as already discussed.

#### ***Returns to shareholders***

As per earnings per share commentary.

#### ***Significant features of operating performance***

Comments already noted.

#### ***Results of segments***

Primary Segments:

The primary business sectors reflect the main geographical markets the business operates in. As already discussed, the Australian and Germany-based DWL businesses increased compared to the pcp. The Asia-based business, incorporating China, decreased over the pcp, as well as the US business.

#### ***Trends in performance***

The primary focus of the Company will be to ensure growth in its key markets for its core business to grow revenues and underlying profitability, as conditions following the COVID-19 pandemic allow.

#### ***Other factors that affected results in the period or which are likely to affect results in the future***

All material matters have been discussed including the impairment of the intangible assets in Note 7.

### **Foreign Accounting standards** (*Appendix 4E item 13*)

Not applicable.

### **Audit** (*Appendix 4E items 15 - 17*)

This report is based on accounts that are in the process of being audited.