

COMPUMEDICS LIMITED

(ACN 006 854 897)

ASX final report – 30 June 2024

Lodged with the ASX under Listing Rule 4.3A

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Results for Announcement to the Market

\$'000

Revenue from ordinary activities <i>(Appendix 4E item 2.1)</i>	Up 18% or \$7,311k	to	\$49,719
Profit before interest, tax, depreciation and amortisation	Up \$4,437k	to	\$2,471
(Loss) from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	Down \$5,623k	to	\$(499)
(Loss) for the period attributable to members <i>(Appendix 4E item 2.3)</i>	Down \$5,623k	to	\$(499)

Dividends / distributions <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 \$49.7m for the year ended 30 June 2024 were 18% higher than the prior corresponding period (pcp). This included the sales of an MEG to TJNU for \$4.7m in H1 FY2024. By territory the increase in revenues reflects growth in Australia, compared to the pcp (up 33%), predominantly because of sleep diagnostic sales, particularly Somfit (SaaS) revenues. European sales were also higher at 72% compared to the pcp, driven in this territory by sleep and neurological sales and our new Okti wireless amplifier. Sales to Asia (including China) were also higher, up 19% to the pcp. The gains were offset by declines in the USA, which ended up 10% down year-on-year, but which finished strongly with H2 sales orders 67% higher than H1 sales. The DWL business, which has been impacted by falls in its China based business and delays with approval for its new EX-Dop product finished 26% down, compared to the pcp. We expect this to turn around in H1 FY2025.

Sales orders for Somfit were a 133% improvement in FY24 (\$2.1m) over FY23 (\$0.9m). This was without material contribution from the USA. Revenues from Somfit were more than 20 times higher in FY24 (\$2.1m) than FY23 (\$0.1m). Including Nexus 360 lab management enterprise software as a service (SaaS) revenue, total SaaS revenues (Somfit and Nexus 360) for FY24 were \$4.2m, 140% higher than FY23 (\$1.7m). The USA Somfit launch is now underway and is a key focus for the Company following FDA approval (ASX announcement, 4 December 2023).

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

The Company booked \$52m in new sales orders through FY24, which was 21% higher than the \$43.0m in new sales orders taken at the same time last year, this includes \$9.2m for the two MEG orders received in H1 FY24. The increase is mainly driven by better sales in Australia, Europe and Asia, with the USA business having a strong H2 result, which partially recovered its H1 performance. Overall sales orders taken in the USA and DWL in FY24 were down on FY23

With carry-forward sales orders from last year of \$16.8m, total orders taken and on hand were \$68.8m at the end of FY24 of which \$19.1m remained on hand for shipping in future periods.

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

EBITDA for FY24 was a profit of \$2.5m, compared to a loss of \$2.0m for FY23.

The Company returned to EBITDA profitability in FY24 largely because of the following key factors:

- 1 An increase in sales from \$42.2m to \$49.7m, which included the booking of the TJNU MEG sale at \$4.7m.
- 2 An increase in margins, year-on-year, from 51% to 52%
- 3 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.
- 4 Expenses were higher (\$1.7m) because of the Company's deliberate decision to invest in increased sales and marketing resources, particularly in the US, as we commence commercialisation of the Somfit in this key market and continue the commercialisation of the Somfit in Australia.

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.

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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 2024, was a loss of \$0.5m compared to a \$6.1m loss for the prior year.

The Company booked financing charges of \$0.7m, an increase on the \$0.6m from the prior year. This was due to the increase in interest rates over the course of FY23 and into FY24.

Apart from these charges the above explanation for the EBITDA result for the year ended 30 June 2024 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)*

	2024	2023
Net tangible asset backing per ordinary share (Includes right-of-use assets)	4.4 cents	6.8 cents

Compumedics Limited
Consolidated statement of profit or loss and other
comprehensive income
for the year ended 30 June 2024

Notes	2024 \$'000	2023 \$'000
Revenue from continuing operations	49,719	42,408
Other Income	530	515
Cost of sales	(23,907)	(20,818)
Administration	(7,054)	(6,412)
Sales & marketing	(14,056)	(13,251)
Research & development	(5,743)	(5,461)
(Impairment)/Write back of impairment of assets	1,667	(3,088)
Finance costs	(739)	(652)
Net foreign exchange gain/(loss)	(178)	40
Profit / (Loss) before income tax	239	(6,719)
Income tax (expense)/benefit	(738)	597
Profit / (Loss) for the full year	(499)	(6,122)
Profit / (Loss) attributable to members of Compumedics Limited	(499)	(6,122)
Net Profit / (Loss) for the year	(499)	(6,122)
Other comprehensive income / (loss)	(593)	
Items that may be subsequently reclassified to Profit or Loss when specific conditions are met:		822
Foreign currency translation		
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	(1,092)	(5,300)
Earnings / (loss) per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents):		
Basic earnings / (loss) per share	(0.1)	(0.4)
Diluted earnings / (loss) per share	(0.1)	(0.4)

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 2024

Notes	2024 \$'000	2023 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	1,885	3,797
Trade and other receivables	10,427	12,532
Inventories	12,912	10,690
Income tax receivable	19	74
Other	712	2,426
Total current assets	25,955	29,519
Non-current assets		
Financial Asset	633	703
Property, plant, and equipment	1,387	1,581
Right-of-use assets	6 1,582	2,037
Deferred tax assets	434	1,100
Intangible assets	10,159	6,242
Non-current assets	14,195	11,663
Total assets	40,150	41,182
LIABILITIES		
Current liabilities		
Trade and other payables	7,703	6,325
Borrowings	6,946	7,225
Lease liabilities	6 779	681
Provisions	4,459	4,177
Tax liabilities	-	87
Deferred revenue	1,337	2,693
Total current liabilities	21,224	21,188
Non-current liabilities		
Borrowings	-	205
Lease liabilities	6 840	1,355
Provisions	36	67
Deferred revenues	34	76
Total non-current liabilities	910	1,703
Total liabilities	22,134	22,891
Net assets	18,016	18,291
EQUITY		
Contributed equity	35,654	35,654
Reserves	(165)	428
Accumulated losses	(17,473)	(17,791)
Total equity	18,016	18,291

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 2024

	Contributed equity \$'000	Reserves \$'000	Retained Losses \$'000	Total \$'000
At 1 July 2022	35,654	(394)	(11,669)	23,591
Profit for the year	-	-	(6,122)	(6,122)
Other comprehensive income / (loss)	-	822	-	822
Total comprehensive income / (loss) for the year	-	428	(6,122)	(5,300)
Transactions with owners in their capacity as owners:				
New shares issued	-	-	-	-
Balance at 30 June 2023	35,654	428	(17,791)	18,291
Balance at 1 July 2023	35,654	428	(17,791)	18,291
Profit / (loss) for the year	-	-	(499)	(499)
Other comprehensive income / (loss)	-	(593)	-	(593)
Total comprehensive income / (loss) for the year	-	(593)	(499)	(1,092)
Transactions with owners in their capacity as owners:				
New shares issued	-	-	-	-
Conversion of losses to equity in Compumedics France	-	-	817	817
Balance at 30 June 2024	35,654	(165)	(17,473)	18,016

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 2024

Notes	2024 \$'000	2023 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	52,938	45,410
Payments to suppliers and employees (inclusive of goods and services tax)	(49,408)	(45,232)
Interest and other costs of finance paid	(739)	(644)
Receipts from grants and other income	582	515
Net cash inflow from operating activities	5	49
Cash flows from investing activities		
Payment for property, plant and equipment	(303)	(924)
Payment for intangible assets	(3,917)	(3,484)
Net cash (outflow) from investing activities	(4,220)	(4,408)
Cashflows from financing activities		
Proceeds from borrowings	-	450
Repayment of borrowings	(946)	(860)
Repayment of leases	(544)	(595)
Net cash inflow / (outflow) from financing activities	(1,490)	(1,005)
Net increase / (decrease) in cash and cash equivalents	(2,337)	(5,364)
Cash and cash equivalents at the beginning of the year	2,300	7,294
Effects of exchange rate changes on cash	(93)	370
Cash and cash equivalents at the end of the financial year	(130)	2,300
This is represented by:		
Cash assets	1,885	3,797
Invoice facility and overdraft (Interest bearing liabilities)	(2,015)	(1,497)
Net Cash	(130)	2,300

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 2024

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 2024 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 2023 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
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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 2024 and 30 June 2023.

Operating Segments
For the year ended 30 June 2024

\$'000	Americas	Australia and Asia Pacific	Europe and Middle East	Group
Sales to external customers	10,520	30,264	8,935	49,719
Intersegment sales	409	5,519	444	6,372
Other intersegment revenue	-	52	1,212	1,264
Total segment revenue	10,929	35,835	10,591	57,355
Intersegment elimination	(409)	(5,571)	(1,656)	(7,636)
Total revenue per the Statement of Comprehensive Income	10,520	30,264	8,935	49,719
Segment result	(4,057)	7,165	(637)	2,471
Depreciation and amortisation				(1,493)
Net interest (expense) / income				(739)
Net profit / (loss) before income tax per the Statement of Comprehensive Income				239
Segment assets				
Operating assets	4,638	68,431	19,925	92,994
Intersegment eliminations	-	(52,844)	-	(52,844)
Total assets from continuing operations per the Statement of Financial Position	4,638	15,587	19,925	40,150

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Notes to the consolidated financial statements
for the year ended 30 June 2024

Note 2. Operating segments (continued)

Operating Segments
For the year ended 30 June 2023

\$'000	Americas	Australia and Asia Pacific	Europe and Middle East	Group
Sales to external customers	12,046	19,565	10,797	42,408
Intersegment sales	459	3,983	790	5,232
Other intersegment revenue	-	8	1,185	1,193
Total segment revenue	12,505	23,556	12,772	48,833
Intersegment elimination	(459)	(3,991)	(1,975)	(6,425)
Total revenue per the Statement of Comprehensive Income	12,046	19,565	10,797	42,408
Segment result	(4,438)	275	2,197	(1,966)
Depreciation and amortisation				(4,101)
Net interest (expense) / income				(652)
Net profit / (loss) before income tax per the Statement of Comprehensive Income				(6,719)
Segment assets				
Operating assets	5,932	63,502	17,917	87,351
Intersegment eliminations	-	(46,169)	-	(46,169)
Total assets from continuing operations per the Statement of Financial Position	5,932	17,333	17,917	41,182

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.

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Notes to the consolidated financial statements
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Note 4. Events occurring after reporting date

The Company completed a capital raising for \$1.9m, as announced to the ASX on 4th July 2024. At that time the Company stated the funds raised would be used as set out below:

- (a) The employment of up to 6 additional sales staff in the USA, over the next 6 months approximately, who will report directly to the newly appointed Vice President of Sales – Home Sleep Testing, for the development of the Somfit home sleep test business there, including specific sales goals aligned with their territories as they are onboarded; and
- (b) Additional working capital to support the increased sales to be generated by the new sales staff mentioned above, including the ramp up in the volume of Somfit devices manufactured and the associated resources required to deliver this.

In addition, the Company also put in place with its existing bank, in early July, new lending facilities of \$6.5m. The facilities are in two parts, one for \$4.5m to facilitate the growing MEG business and the manufacture of the MEG systems for the two orders received in FY24, and two, a further \$2.0m in general working capital facilities.

Note 5. Reconciliation of profit / (loss) after income tax to net cash flows from operating activities

	2024	2023
	\$'000	\$'000
Profit / (loss) for the year	(499)	(6,122)
Non-cash flows in profit:		
Amortisation	995	603
Asset impairment	-	3,088
Depreciation	497	410
Net exchange differences	(85)	285
Change in operating assets and liabilities:		
(Increase) / Decrease in receivables	3,821	1,511
(Increase) / Decrease in income tax receivable	74	-
(Increase) / Decrease in inventories	(2,223)	(981)
(Increase) / Decrease in deferred tax assets	665	(600)
Increase / (Decrease) in payables	1,378	385
Increase / (Decrease) in deferred revenues	(1,397)	701
Increase / (Decrease) in income tax payable	(105)	86
Increase / (Decrease) in other provisions	250	683
Net cash inflows from operating activities	3,373	49

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 Deijon. 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 \$779k.

Non-current lease liabilities are \$840k.

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 2024 through 2026.

The right-of-use asset related to these leases had a value of \$1,582k on 30 June 2024. In the year ended 30 June 2024 an amortisation charge against this asset was booked to the profit and loss of \$523k. An interest charge of \$103k was also booked to the profit and loss in relation to the lease liabilities for the twelve-month period to June 30, 2024.

Note 7. Write back of impairment of Intangible Assets

On 31 December 2023 the Company decided that it was appropriate to reinstate development costs associated with the MEG business, which had been previously written off. This has resulted in a \$1.7m increase in the intangible assets, associated with the MEG business. The Company now believes there is significant future opportunity with the MEG technology, as existing technical matters have been or are now largely resolved, particularly with the installation of the MEG system at TJNU in China.

Compumedics Limited

Supplementary Appendix 4E information for the year ended 30 June 2024

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

	2024	2023
Net tangible asset backing per ordinary share (Includes right-of-use assets)	4.4 cents	6.8 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.