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2018 FULL YEAR RESULTS PRESENTATION

3 September 2018

FY18 SUMMARY

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Financial performance	• NPAT of $1.19M compared with ($6.41M) in FY17 • Decrease in overhead of 17% to $12.88M - lowest level since 2014 • Increase in recurring revenue from $1.75M in FY17 to $3.14M (10.9% of sales), exceeding previous guidance • Increase in gross profit margin from 46.3% in FY17 to 48.8% • Positive operating cashflow of $2.03M compared with ($2.55M) in FY17 • Cash at bank of $2.31M after debt of $0.5M was repaid during the year • Sales revenue decline arrested with small increase, first since 2015
Operational Highlights	• Significant new contracts won (Middle East and North America) • Production centralised in Texas in purpose-built, FDA certified, manufacturing and design facility • Strategic partnership agreements, such as Magnet Group • Innovative products released including Pulse RTLS and Pulse Mobile
Outlook	• Leverage strategic asset of FDA certified facility to target fastest growing nurse call market - USA • Continue pursuing strategic partnerships with GPOs, such as Ideacom Mid-America • Continue recurring revenue growth • Introduce innovative products, such as patient status board and wearable products • Drive significant pipeline growth through continued focus on innovation

FY2018 FINANCIAL SNAPSHOT

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A$000	2018	2017*	VARIANCE	NOTES
NPAT	1,194	(1,588)	▲ 2,832	Increased earnings driven by lower costs
NPBT	1,254	(1,557)	▲ 2,811	
EBIT	1,313	(1,449)	▲ 2,762	
Overhead expenses	(12,880)	(15,534)	▲ 2,645	$0.74M dev costs capitalised in 2018, previously expensed
Gross profit	14,134	13,517	▲ 617	CoGS reduction of $0.86M
Revenue from continuing operations	28,940	28,919	▲ 21	Consistent with previous year
Net cash flow	656	84	▲ 572	Excludes impact of FX rates on balances
Cash on hand	2,307	1,717	▲ 590	Includes impact of FX rates on balances

*2017

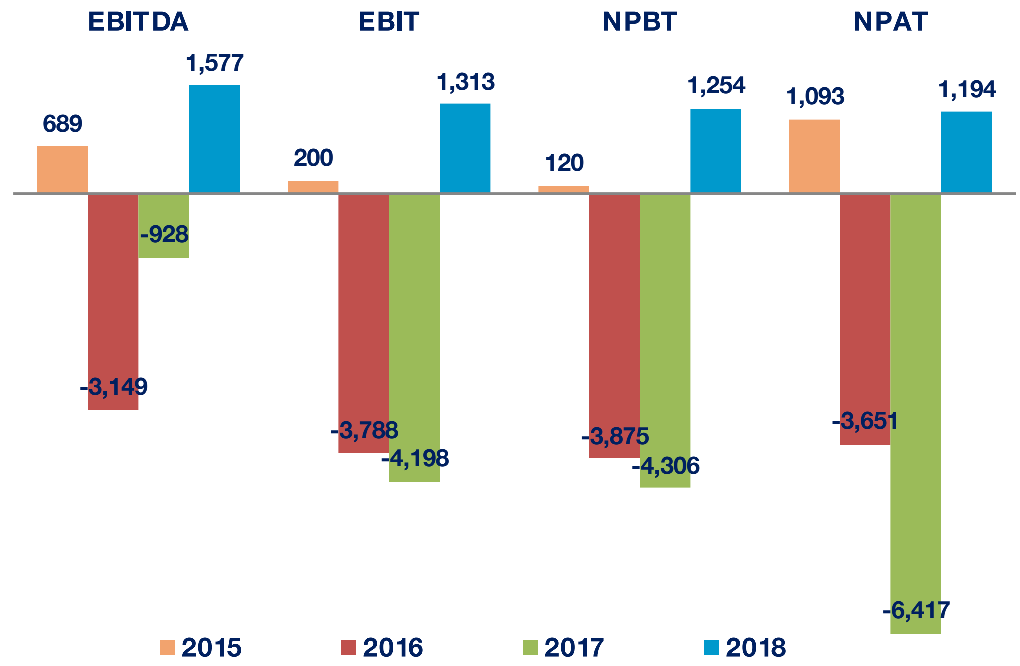
- includes net proceeds of $0.46M from asset sale
- excludes impairment charge of $2.75M
- excludes write off of deferred tax asset of $2.08M

EARNINGS

2018 marks a solid return to positive earnings:

- EBITDA, EBIT, NPBT & NPAT positive for first time since 2016
- EBITDA, EBIT, NPBT & NPAT at highest level since 2015
- earnings per share (EPS) increased to 0.51cps, from (3.02cps) for FY2017

Earnings* 2015 – 2018
($A000s)



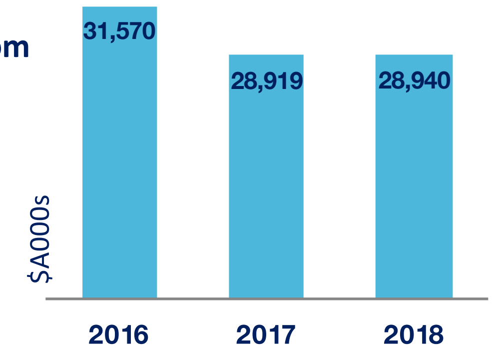
*2017 includes net proceeds of $0.46M from asset sale, impairment charge of $2.75M and write off of deferred tax asset of $2.08M

REVENUE

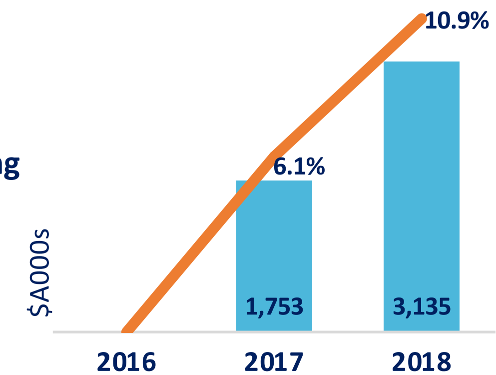
Sales revenue arrests decline of previous 3 years with:

- strong growth in recurring revenue (software) of 79% to $3.1M over 2017
- segmental breakdown of sales* is:
  - North America – 43%
  - Australia/NZ – 37%
  - Asia – 12 %
  - Europe – 8%
- revenue typically lags 6-18 months from order

Revenue from activities



Recurring revenue as proportion of continuing revenue



* External sales net of intra-company transactions

GROSS PROFIT

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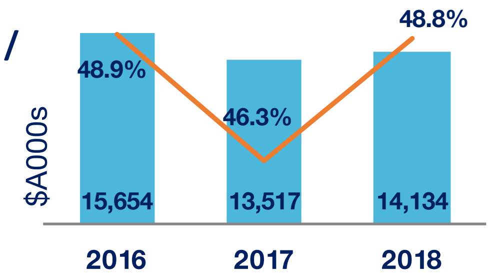
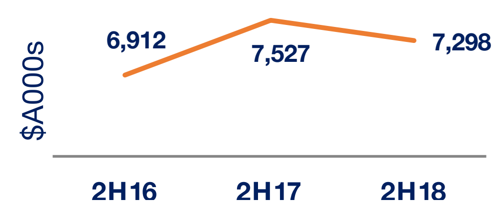
Centralised manufacturing in Texas has reduced manufacturing costs with:

- gross margin increasing to 48.8%, 2.5 percentage points above 2017
- full year gross margin increasing by $0.62M compared with FY17
  - gross profit reduced by $0.2M on 2H17, but increased by $0.4M (5.6%) compared with 2H16
- CoGS reduced by $1.56M (9.5%) since 2016, including direct labour reduction of $0.6M in 2018

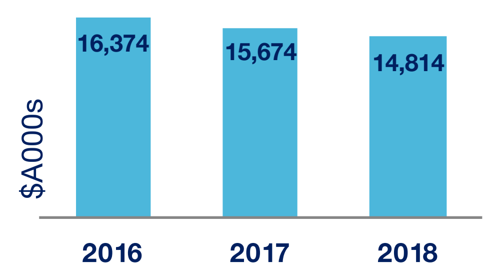
Gross Profit / Margin FY Comparison



Gross Profit PCP Comparison



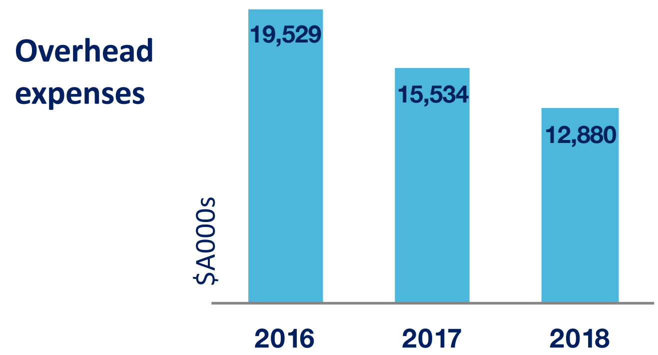
CoGS

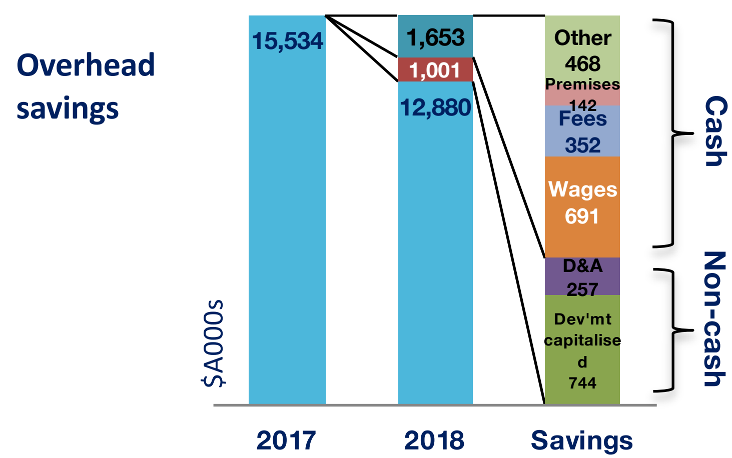


OVERHEAD EXPENSES

Annual overhead now at lowest level since 2014 with:

- a 17% decrease over 2017, with savings made across entire business
- cash savings of $1.65M, 10.6% reduction from 2017 (in addition to CoGS savings outlined above)
- change in R&D policy from past years resulting in $0.74M capitalisation of product development costs
- total cash and non-cash savings of $2.65M

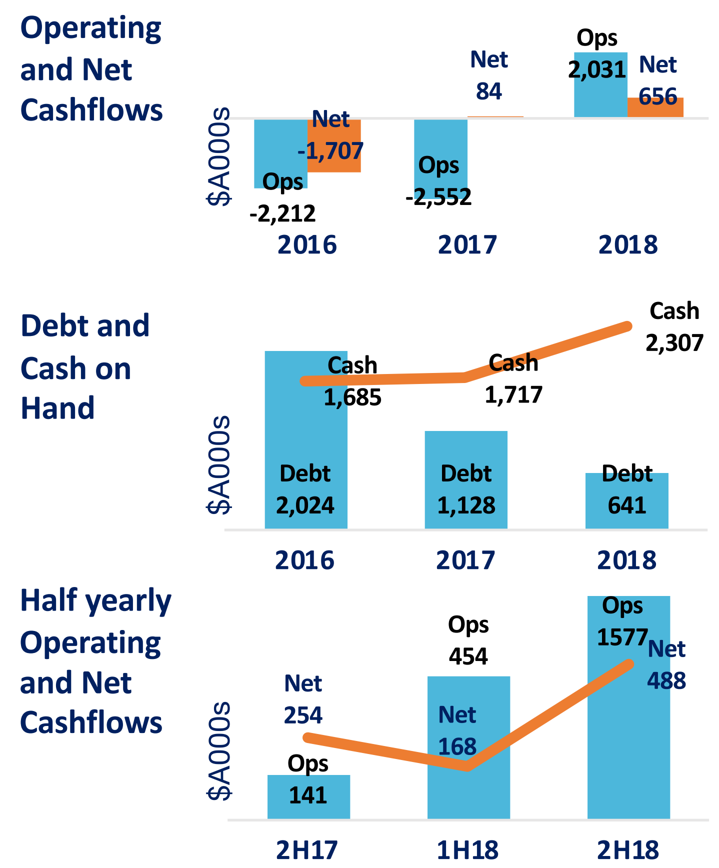




CASH FLOW & DEBT

Operations continue to be cash positive with:

- positive operating and net cash flows of $2.03M and $0.66, compared with ($2.55M) and $0.08M respectively in 2017
- $2.31M cash on hand
- debt reduced by $0.5M to $0.6M
- third consecutive half of positive cash flow from operations and net cash flow
- no anticipated requirement to raise further capital as current cash reserves and free cash flow will meet organic growth plans



NEW CONTRACTS

2018 strategic objectives outlined new approaches to revenue growth:

- target national accounts
- establish key strategic partnerships

CONTRACT DETAILS	CLIENT	COUNTRY	$M	DATE	TIMEFRAME
Tacera Nurse Call System	Magnet Group (GPO)	USA	Ongoing partnership	February 2018	3 years
Tacera Nurse Call System and Data Warehouse Solution	Hospital	USA	$0.535M	May 2018	FY2019
Provision and support for nurse call solutions	Ideacom Mid-America (GPO)	USA	Ongoing partnership	July 2018	2 years (option to extend)
Provision and support for nurse call solutions	Hospital	Canada	$1.9M	August 2018	2020

TURNAROUND COMPLETE

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ACTIVITY	COMMENCED	COMPLETED	BENEFITS
Relocated Manufacturing to USA	February 2016	December 2017	• Average wage 21% lower • Factory overhead 54% lower • Break even point 3.5 times less
Rationalised product lines (900 down to 300)	January 2016	October 2016	• More efficient product management and lower Cost of Goods Sold
Reduced costs - 30% reduction in headcount	July 2015	June 2018	• $2M annual saving
Introduced recurring revenue model from software licencing	July 2016	Ongoing	• Predictable and ongoing high margin revenue stream • Drives continuous contact with client • Improves forward cashflow • Strengthens the balance sheet • Continuous revenue from long-term/existing customers
Divested non-core assets - CellGuard	July 2016	December 2016	• Net $0.46M proceeds
Introduced quality improvements	August 2015	June 2017	• Reduced cost of quality by 50%

FY2018 STRATEGIC OBJECTIVES

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STRATEGIC OBJECTIVE	ACHIEVEMENT
Streamline manufacturing and reduce COM	✓ Reduced cost of goods sold by 4.4% from $15.7M in FY17 down to $14.8M in FY18
Target national accounts	✓ Secured 2 national accounts
Improve inventory management and turnaround time	✓ Reduced inventory from $9.3M to $6.1M
Continue strict focus on product quality	✓ Registered with FDA
Establish key strategic partnerships	✓ Secured two-year partnership agreement with Ideacom Mid-America, a large Group Purchasing Organisation (GPO) ✓ Selected by Magnet Group GPO as approved nurse call solution provider
Continue to increase software revenue	✓ Increased recurring/software revenue to $3.13M (10.9% of total sales) in FY18 compared with $1.75M (6% of total sales) in FY17
Release innovative new products	✓ Launched Pulse Mobile – nurse call alarm management for smartphones ✓ Launched further developments of Pulse RTLS software

OUTLOOK

External	Internal
Global Nurse Call market is expected to see strong year on year growth (estimated CAGR of 11% between 2018 and 2025 to USD$2.67B*) with largest and fastest growing segment in the USA	• Pursue large contracts – several currently under negotiation • Continue pursuing strategic partnerships with GPOs, such as Magnet and Ideacom Mid-America, leveraging strategic asset of FDA certified facility • Continue building recurring revenue
Investments in healthcare IT systems will build competition for innovative communication systems around the world	• Expect Azure Healthcare's sales pipeline for sophisticated nurse call solutions to grow in FY19, particularly in the US • Introduce innovative products, such as patient status board and wearable products • Exploit opportunities with new products, including bi-directional EMR interfaces

*Transparency Market Research data published in March 2018

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APPENDICES

5 YEAR EARNINGS

A$000	2014	2015*	2016	2017	2018	Notes
Sales revenue	31,308	33,497	31,570	28,919	28,940	
Total revenue	31,319	34,962	32,028	29,191	28,948	
Gross profit	**17,649**	**18,298**	**15,654**	**13,517**	**14,134**	
Asset sale	-		-	460	-	CellGuard divestment
Overhead	(13,758)	(17,604)	(18,803)	(14,905)	(12,557)	
Includes D&A	(486)	(494)	(639)	(521)	(264)	Amortisation reduced after w/off
Interest	(89)	(80)	(87)	(108)	(59)	
Write down			-	(2,749)	-	Goodwill write off
EBIT	**3,405**	**200**	**(3,788)**	**(4,198)**	**1,313**	
NPBT	**3,316**	**120**	**(3,875)**	**(4,306)**	**1,254**	
NPAT	**3,865**	**1,093**	**(3,651)**	**(6,417)**	**1,194**	DTAs: 2017 write-off of $2.08m, $0.5M & $0.96M created in ‘14 & ‘15 respectively

* As per 2016 restatement

5 YEAR BALANCE SHEET & CASH FLOW

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A$000	2014	2015*	2016	2017	2018	Notes
Current assets	15,884	17,002	16,125	16,735	15,491	
Non-current assets	5,414	5,967	5,858	617	1,323	
Total assets	**21,298**	**22,969**	**21,983**	**17,375**	**16,814**	
Current liabilities	6,569	7,320	9,733	9,047	7,195	
Non-current liabilities	355	112	80	42	37	
Total liabilities	**6,924**	**7,432**	**9,813**	**9,089**	**7,232**	
Net assets	**14,374**	**15,537**	**12,170**	**8,263**	**9,582**	
Cash from operations	577	1,870	(2,212)	(2,552)	2,031	
Cash from investing	(684)	(370)	(183)	572	(880)	2017: CellGuard proceeds
Cash from financing	(402)	80	688	2,064	(495)	2017: $3m rights issue
Net cash flow	**(509)**	**1,580**	**(1,707)**	**84**	**656**	

* As per 2016 restatement