AGM PRESENTATION

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GROWTH
STRATEGY

THE AZURE JOURNEY

Long-term R&D investment has delivered a first-in-class product suite which, combined with additional investment in sales and marketing resources, will accelerate revenue growth.

2017
- Reduced headcount by 30% ($2M saving pa)
- Significantly improved product quality
- Relocated manufacturing to USA and rationalised products from 900 to 300

2018
- Introduced recurring software revenue model
- Invested over $13 million to develop state-of-the-art products since FY16.
- Released innovative new products with strong market uptake

2019
- Diversified supply sources away from China to lessen impact of USA trade tariffs
- Intensive focus on strengthening sales and marketing resources
- Increase in inventory to manage high level of order book

FY20 AND BEYOND GROWTH STRATEGY

The growth strategy impacts our entire value chain, in particular, an expansion of sales and marketing resources in existing markets.
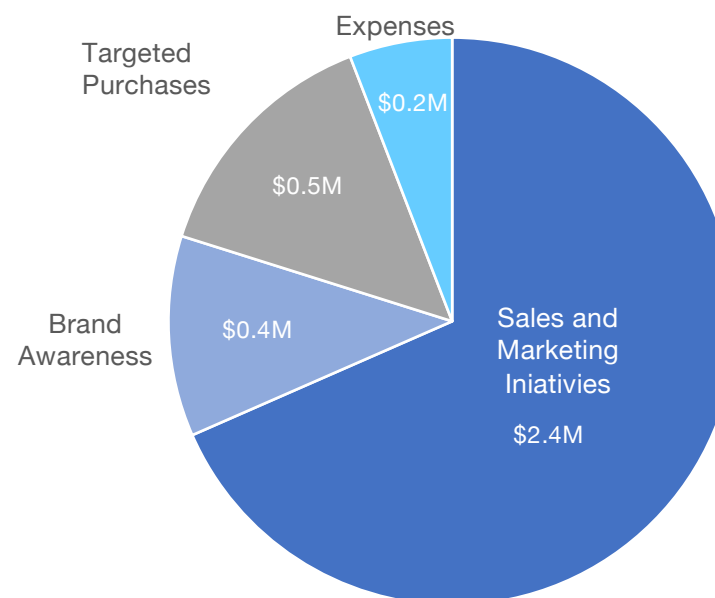
R&D
- Significant investment to date drives current growth strategy
- Ongoing R&D investment commitment to maintain market leading product suite
- Disciplined program of quarterly product releases to underpin recurring revenue from software sales

Sourcing
- One-off strategic buys of high use raw materials to materially reduce lead times of high demand items and enable higher order quantities to reduce unit costs and improve margins

Operations
- Outsourcing the manufacture of specific items of componentry to manage high demand and mitigate the effects of tariffs and the strong USD

Sales and Marketing
- Increased sales and marketing presence largely in Europe, Asia and the US to build brand awareness and fund trials of roadmap product deployment to create more reference sites in more regions
- Expansion strategies in existing geographic segments to build internal sales capability and enhance major contract tendering
- Expansion of global reseller network in terms of both existing and new markets

CAPITAL RAISING

As announced today, Azure Healthcare has raised $2 million via a placement and is seeking up to an additional $1.5 million of equity capital to realise the full value of its transformational healthcare technology.

Rights Issue

Basis	1 non-renounceable right per 11.88 shares
Price	6.8 cents
Offer Ex Date	Thursday, 28 November 2019
Offer Record Date	Friday, 29 November 2019
Offer Opening Date	Tuesday, 3 December 2019
Offer Closing Date	Friday, 13 December 2019
Offer Allotment Date	Friday, 20 December 2019
Offer Trading Date	Monday, 23 December 2019

Use of Funds

Pie chart:
- Sales and Marketing Iniativies $2.4M
- Brand Awareness $0.4M
- Targeted Purchases $0.5M
- Expenses $0.2M

PRODUCTS &
MARKETS

AZURE GLOBAL PRESENCE

Regional offices give a local sales presence to pursue opportunities in sophisticated and high value markets with products that enhance the way people care for people.

USA/CANADA

Markets	USA, Canada, Latam
Sales	A$13.1m
Activities	Sales, R&D, Manufacturing

UNITED KINGDOM

Markets	UK, Europe
Sales	A$2.6m
Activities	Sales
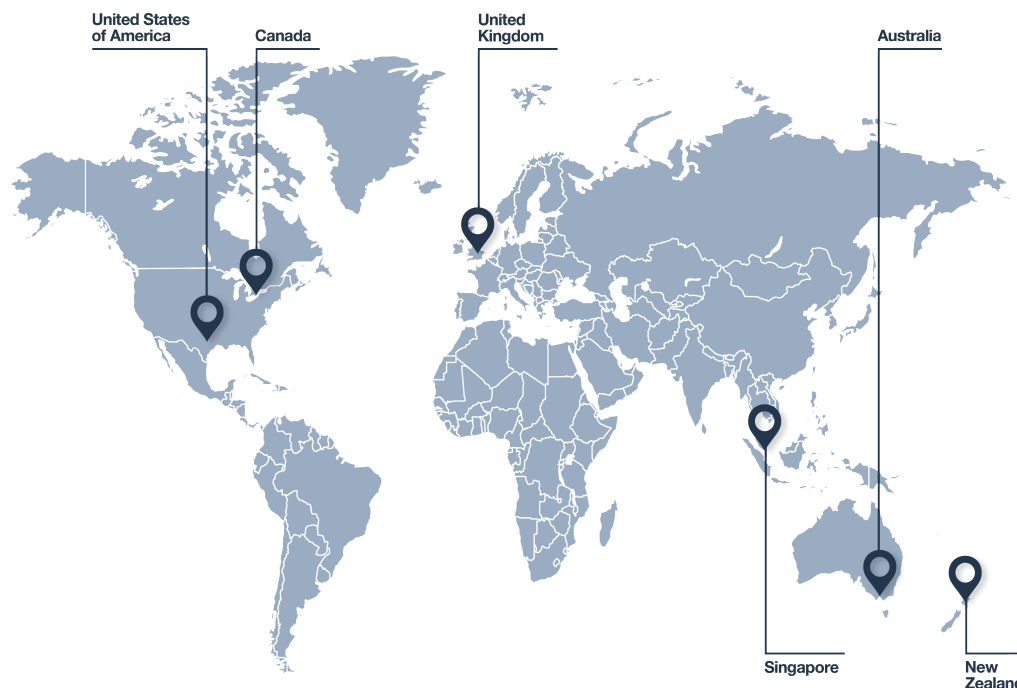
SINGAPORE

Markets	Asia. Middle East
Sales	A$4.2m
Activities	Sales

AUSTRALIA/NZ

Markets	Australia, NZ
Sales	A$11.8m
Activities	Sales, R&D

United States of America

Canada

United Kingdom

Australia

Singapore

New Zealand

GLOBAL MARKET

Strong global demand and the ongoing pressure for efficiencies in health budgets will underpin the growth of sophisticated nurse call work flow solutions.

The market for nurse call systems is expected to more than double between 2017 and 2025, driven by:

- ageing populations

- increasing demand for better clinical outcomes

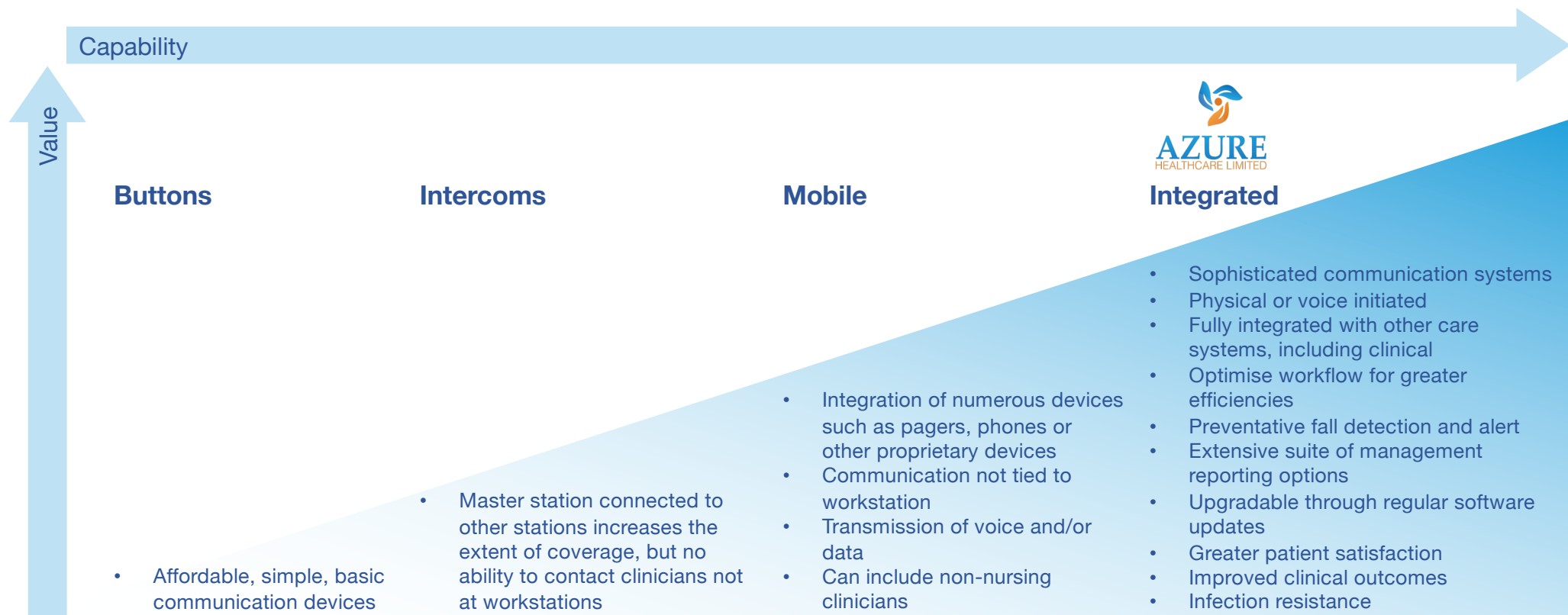- continual pressure on health budgets for greater financial efficiencies and higher levels of patient care.

Global nurse call market * (USDm)

Chart showing Global nurse call market (USDm) with 11.3% CAGR from 2017 to 2025. 2017: 1,131. 2025: 2,666.
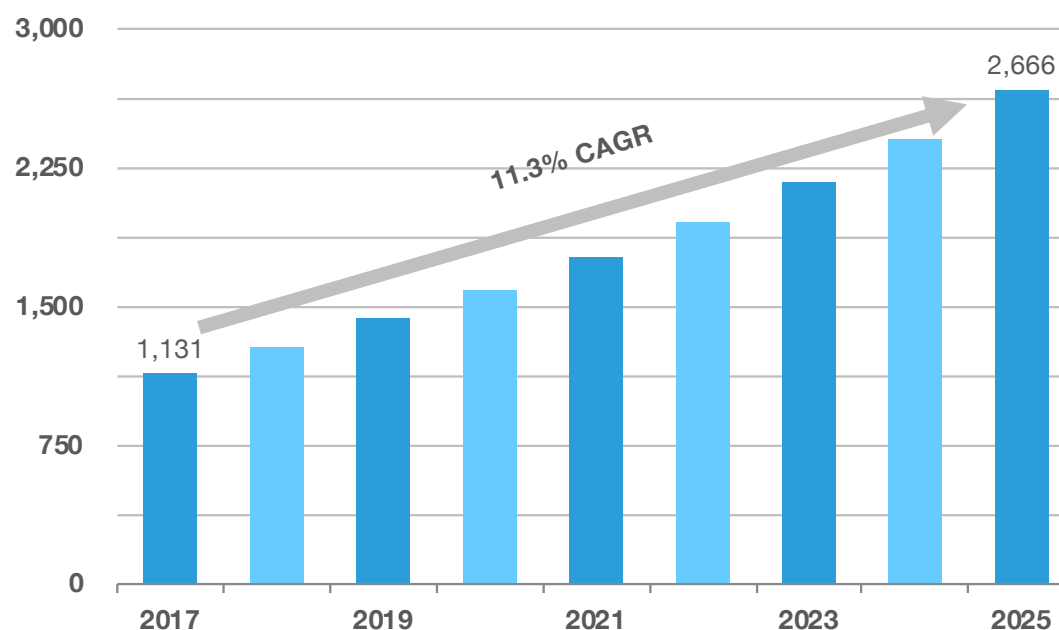
* Transparency Market Research (TMR)

GLOBAL NURSE CALL SYSTEMS

Nurse call covers an extensive spectrum of healthcare communications systems of vastly different capabilities.

Capability →

Value ↑

Buttons

- Affordable, simple, basic communication devices

Intercoms

- Master station connected to other stations increases the extent of coverage, but no ability to contact clinicians not at workstations

Mobile

- Integration of numerous devices such as pagers, phones or other proprietary devices
- Communication not tied to workstation
- Transmission of voice and/or data
- Can include non-nursing clinicians

Integrated

- Sophisticated communication systems
- Physical or voice initiated
- Fully integrated with other care systems, including clinical
- Optimise workflow for greater efficiencies
- Preventative fall detection and alert
- Extensive suite of management reporting options
- Upgradable through regular software updates
- Greater patient satisfaction
- Improved clinical outcomes
- Infection resistance

* Transparency Market Research (TMR)

FLAGSHIP PRODUCT TACERA

Tacera is the most advanced IP-based nurse call system in the world, with its customisable platform able to cater to facility needs as well as individual patient needs.

Core Nurse Call System

Tacera offers hardware and software to manage a range of issues such as infection control, fall prevention, workflow efficiency, reporting, patient satisfaction and emergency management.
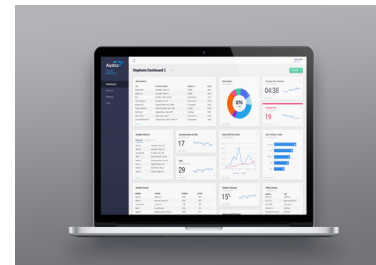
Enterprise Reporting

Reporting provides answers on patient waiting times, average staff response time, when roundups are completed, length of cleaning times and planning for staff resourcing.

Enhanced Workflow

Clinical workflow enables the streamlining of the many points of communication necessary to operate an efficient healthcare facility with set of fully customisable touchscreen buttons.
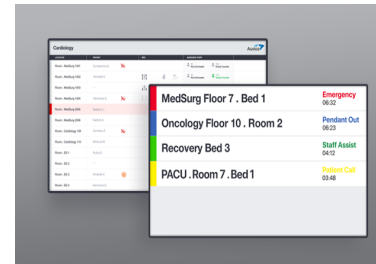
Annunciators, Census

Annunciators and Census Boards can show alarm status, patient information, assigned caregivers and bed status.

Mobile

Pulse Mobile is a smart phone app that allows nurses to manage alarms and remote control the nurse call system from their smart phone.

Integrations

Tacera's Application Program Interface (API) integrates seamlessly with any other system necessary to a large or small healthcare facility.
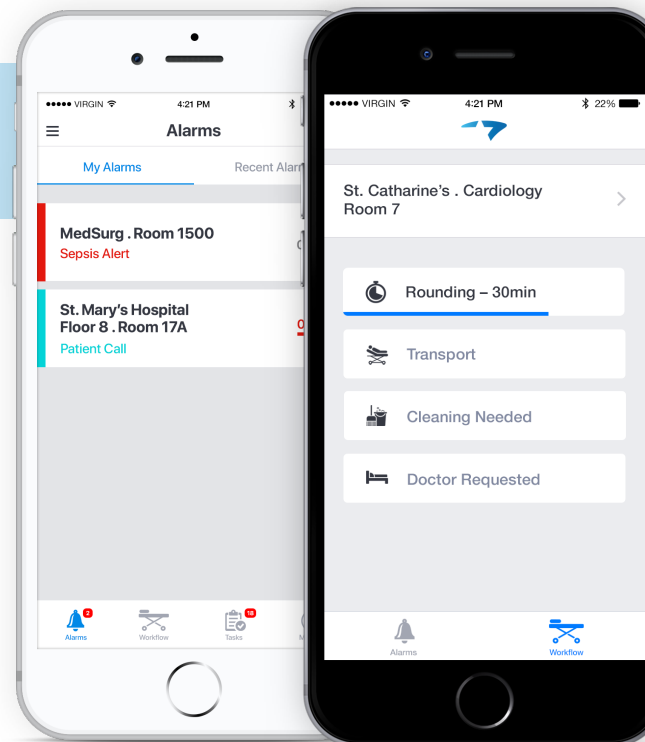
ENABLE CAREGIVER MOBILITY

There is increasing interest in this software solution as facilities replace expensive, purpose-built mobile devices.

Alarm Management

Prioritized list of assigned alarms

For each alarm, staff can reject, accept, escalate or call back

iOS and Android native app

Workflow

Remote control the nurse call system

Lights the light, plays the tones

3rd party integrated apps cannot replicate this functionality

ENTERPRISE REPORTING

Data is aggregated to enable comparisons across rooms, floors, units, departments, buildings or regions, enabling healthcare facilities to optimise costs and streamline workflows.

Two enterprise solutions in one:

1. Reporting Engine

2. Healthcare Dashboard

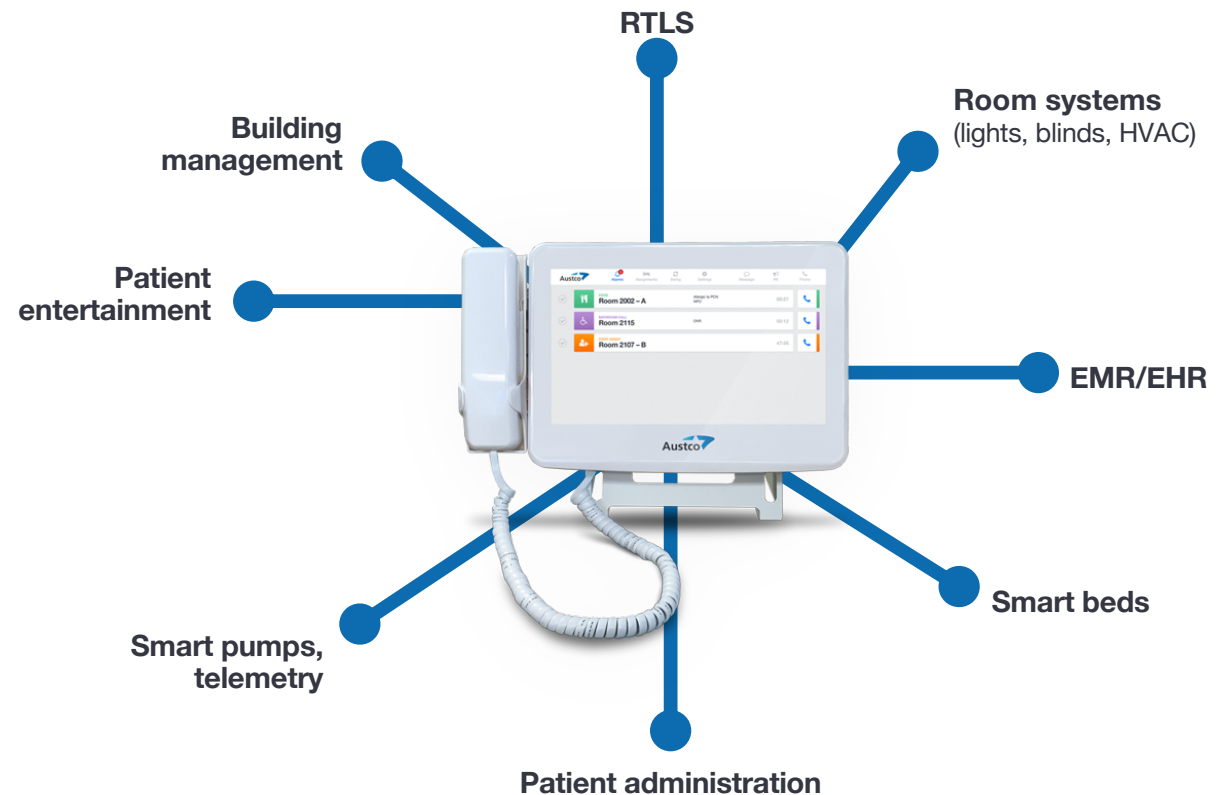- Multiple deployment options

- Software solution

Benefits

- Monitor alarm activity at any level

- Automated reporting frees up staff time

- Identify developing problems

- Measure response times

- Adherence to protocol
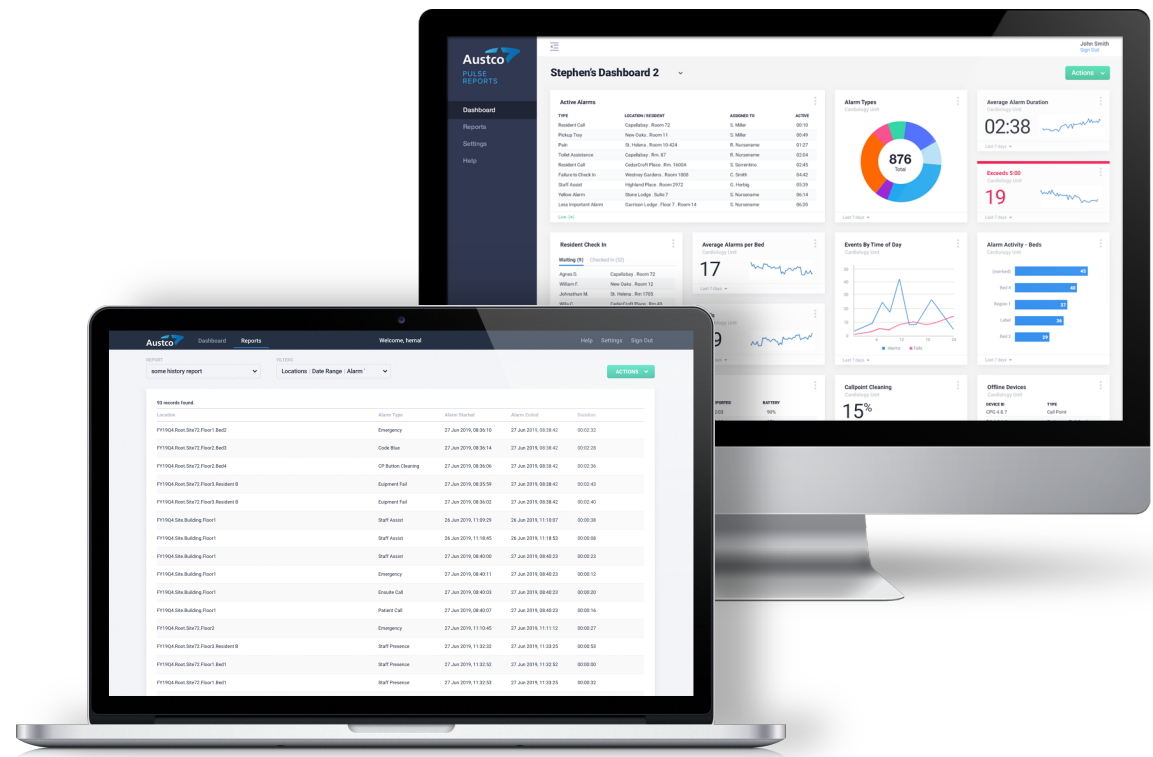
INTEGRATIONS VIA WEB SERVICES

Apart from its industry-leading products, Azure Healthcare is often selected by customers for the flexibility of its system and its interoperability.

➢ Seamless integrations via web services API

➢ Develop integrations quickly, with any 3rd party system - no middleware required

➢ Opportunities for wearables, voice control, location services

➢ Ongoing integrations is how the system grows with our customers

- RTLS
- Room systems (lights, blinds, HVAC)
- Building management
- Patient entertainment
- EMR/EHR
- Smart beds
- Smart pumps, telemetry
- Patient administration

FINANCIAL
PERFORMANCE

REVENUE & GROSS PROFIT

Revenue increased beyond November 2018 guidance despite difficult trading conditions.

Sales Revenue (A$000s)

1H18	2H18	1H19	2H19
14,242	14,698	14,972	16,725
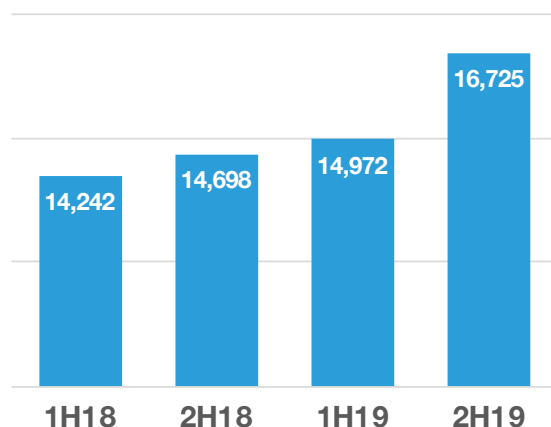
Continued growth in revenue over last four halves:

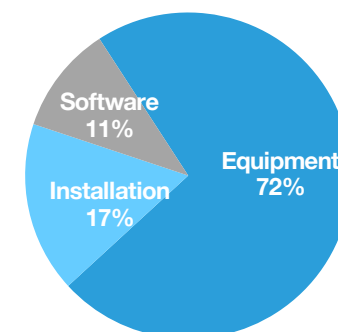- revenue grew by $1.8m (11.7%) from 1H19 to 2H19
- revenue grew by $2.8m (9.5%) from FY18 to FY19

Gross profit & margin (A$000s)

1H18	2H18	1H19	1H19 (n)	2H19
6,836	7,298	6,662	6,843	7,918
48.0%	49.7%	44.5%	45.7%	47.3%
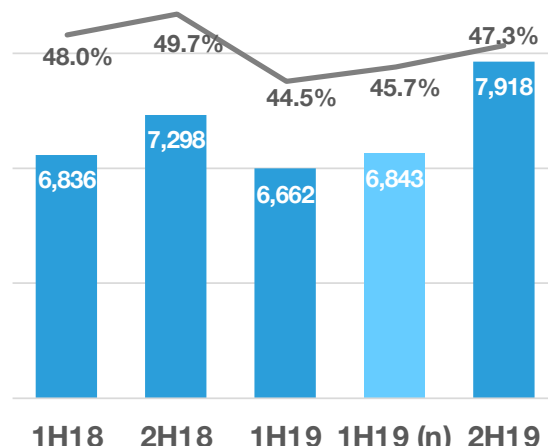
Gross margin improvement in 2H19 to 47.3% and increased revenue improved gross profit to $7.9m in 2H19:

2019 Revenue Breakdown
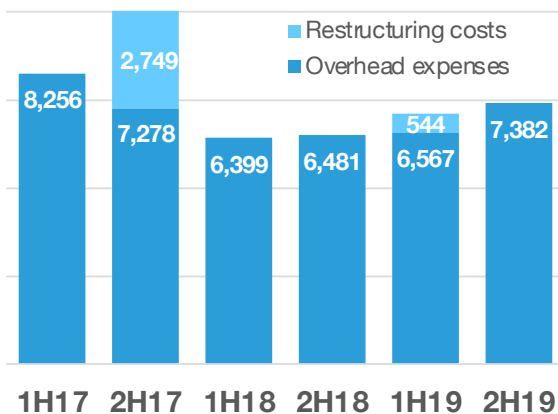
Equipment 72%
Installation 17%
Software 11%

Change from FY18

- Software and SMA increased 11.1% to $3.5m, slightly above total revenue increase of 9.5%
- Software and SMA revenue remains 11% of the revenue base in FY19
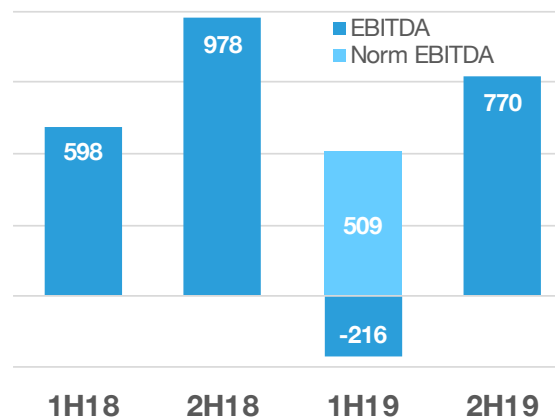
OVERHEAD & EARNINGS

Without the impact of the tariffs, Azure Healthcare would have delivered the best full year result in five years, confirming the Group's turnaround and growth strategies.

Overhead expenses (A$000s)

Legend:
- Restructuring costs
- Overhead expenses

Period	Overhead expenses	Restructuring costs
1H17	8,256	
2H17	7,278	2,749
1H18	6,399	
2H18	6,481	
1H19	6,567	544
2H19	7,382	

Overheads at $7.1m in 2H19 represent a new baseline of expenditure arising from higher R&D investment, greater investment in technical resources to service new work and the capitalisation of some development costs.
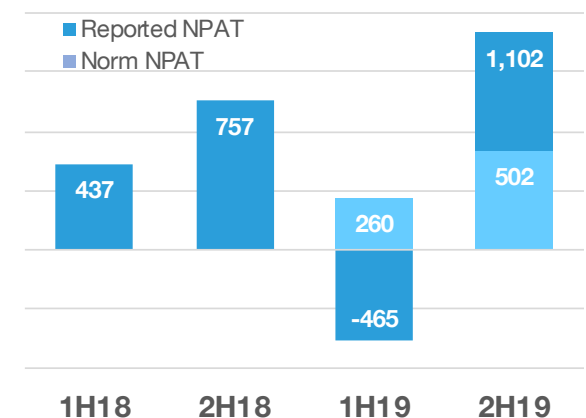
EBITDA (A$000s)

Legend:
- EBITDA
- Norm EBITDA

Period	EBITDA	Norm EBITDA
1H18	598	
2H18	978	
1H19	-216	509
2H19	770	

EBITDA impacted by new US tariff regime but was partially restored in the second half through

- increased margin
- other cost control measures.

NPAT (A$000s)

Legend:
- Reported NPAT
- Norm NPAT

| Period	Reported NPAT	Norm NPAT
1H18	437	
2H18	757	
1H19	-465	260
2H19	1,102	502

2H19 reported NPAT was $1.1m, giving FY19 NPAT of $0.64m:

- 1H19 statutory loss of $0.47m normalised to $0.26m, after restructuring costs and one-off write-down of project costs
- normalised NPAT for FY19 $0.76m.

CASH & DEBT

Net cash remains broadly constant despite increases in inventory to meet an order book of unprecedented levels and continued debt reduction.

Net Cash (A$000s)

June18	Dec18	June19
1,652	1,598	1,668
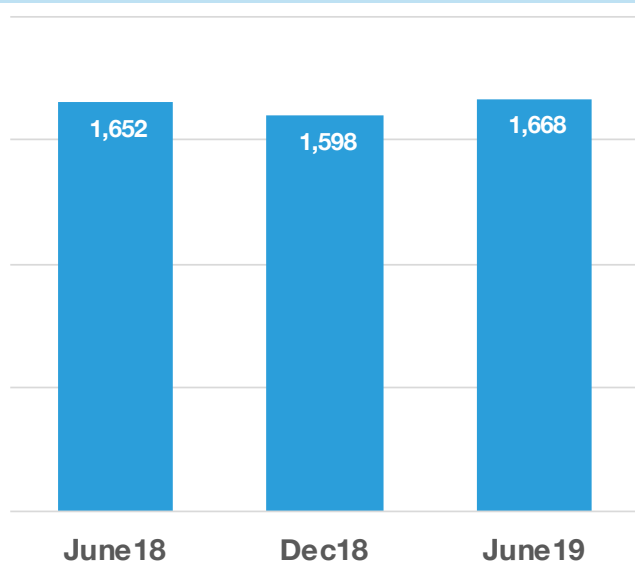
- Cash on hand remains at satisfactory levels, driven by continuing positive operational cash flow

- Net cash has been largely unchanged over the last three periods at ~$1.65m

- Positive cashflow from operations has allowed for an increase in strategic inventory levels helping to increase margin performance. Inventory has increased from $6.0m to $6.9m over the past year

- The Company entered into a new debt facility in July 2019 to allow further investments in working capital

Cash & Debt (A$000s)

	Jun 18	Dec 18	Jun 19
Debt	655	413	277
Cash	2,307	2,011	1,945

■ Debt　　■ Cash
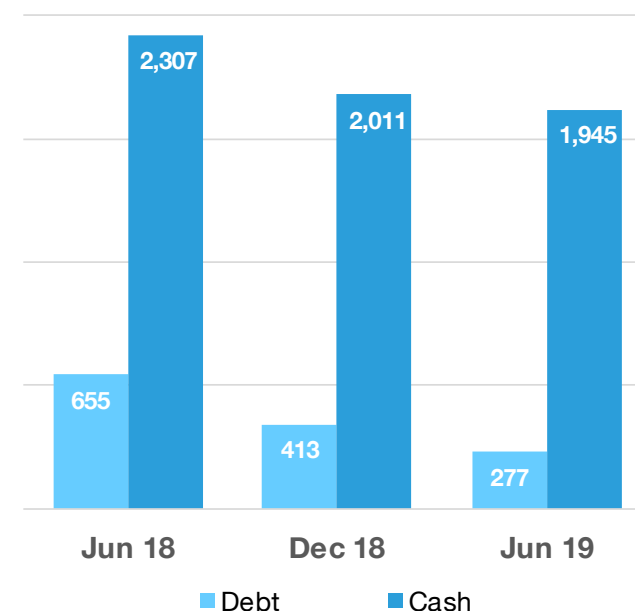
WRAP-UP

OUTLOOK

Azure Healthcare' new capital will enable more sales and marketing resources in targeted markets to capitalise on a growing marketplace and convert opportunities into sales.

- Strong sales pipeline

- Market-leading products through sustained R&D investment

- Rapidly growing global marketplace

- Investment in sales and marketing resources

Further Information

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