Annual Report 2022

COMPUMEDICS®

'Defining *Life's* Signals'

> SLEEP DIAGNOSTICS & TREATMENT
> NEURO DIAGNOSTICS
> BRAIN RESEARCH
> ULTRASONIC BLOOD FLOW MONITORING
> MEDICAL INNOVATIONS

OVER THIRTY YEARS OF EXCELLENCE IN DIAGNOSTICS

COMPUMEDICS®

'Defining *Life's* Signals'

Compumedics Limited
ABN 95 006 854 897

Annual General Meeting
Thursday, 27th October, 2022
at 10.30am

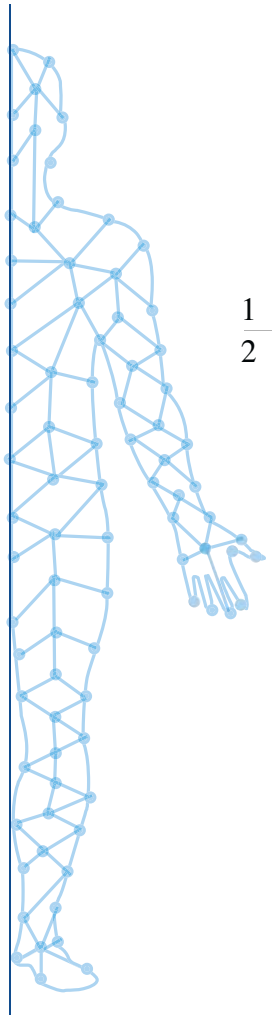
To be held at:
Compumedics Limited
30-40 Flockhart Street Abbotsford
Victoria 3067 and Virtually

OVER THIRTY YEARS OF EXCELLENCE IN DIAGNOSTICS

Who is Compumedics?

Compumedics is a leading global, innovative developer and manufacturer of medical devices for:

Diagnosing sleep disorders	Monitoring neurological disorders including long-term epilepsy monitoring (LTEM)	Highly sophisticated brain research	Ultrasonic monitoring of blood flow through the brain (Transcranial Doppler [TCD])



Compumedics is a technological leader in its chosen markets:

#1 **Australian** sleep & neuro diagnostics device supplier	**#1** **Japan** sleep diagnostics device supplier	**#1** **China** sleep diagnostics device supplier to premier facilities & **#1 TCD** device supplier	**#3** **USA** sleep diagnostics device supplier and emerging **#3** supplier for neurological monitoring devices

Since 1987 Compumedics has grown into a company:

- with 135 employees across seven locations, Melbourne, Australia (Home Office), Charlotte, NC, USA, Hamburg, Dresden and Singen, Germany, Paris, France and Daejeon, South Korea.
- which listed on the ASX on Dec 21, 2000.
- that has generated more than $730m in revenues since listing of which over $620m have been export revenues.

All $ = A$ unless otherwise specified

FINANCIAL SUMMARY

ALL FIGURES IN A$M UNLESS OTHERWISE STATED	TREND	2022	2021
Revenue for continuing operations	▲	**37.8**	35.7
Earnings before interest, income tax, depreciation and amortisation (EBITDA) (underlying)	▲	**3.3**	2.6
Net operating profit after tax (NPAT) (underlying)	▲	**1.4**	1.0
Research and development costs as a percentage of operating revenue	▲	**11**	12
Total assets	▼	**41.5**	38.5
Shareholders funds	▲	**23.6**	22.2
Net tangible assets per share (cents)	▼	**9.7**	9.7
Weighted average number of shares (million)	–	**177**	177
Earnings per share (basic) (cents)	▲	**0.8**	0.6
Earnings per share based on earnings before interest, tax, depreciation and amortisation (cents)	▲	**0.8**	0.6

- The FY22 net profit after tax (NPAT) was up to AUD1.4M compared to AUD1.0M for the FY21. Earnings before interest, tax, depreciation and amortisation (EBITDA) (underlying) was AUD3.3M compared to AUD2.6M for the FY21.
- Revenues shipped and invoiced increased by 6% to AUD37.8M over the previous financial year. Sales orders taken were areared at AUD45.6M, for the business compared to the previous financial year. The increase in revenues primarily reflects the gradually improving environment as the effects of the pandemic on the business abate.

David Burton, Ph.D.

Executive Chairman and Chief Executive Officer
Compumedics Limited

Dear Compumedics investors, colleagues and business partners,

On behalf of the Board, management and the Compumedics team, we present to you the following highlights for the 2022 financial year. I would also like to take this opportunity to thank our stakeholders for their support, loyalty and dedication during a year of solid performance amidst the challenges of the ongoing pandemic and recovery period.

We are pleased to see the return of business growth and promising financial performance with a solid balance sheet, coupled with strong investment progress with our new generation breakout business opportunities.

Revenue increased 6% to $37.8m for the year ended 30 June 2022, with net profit after tax (NPAT) up 36% to $1.4m, compared to $1.0m for FY21. Earnings before interest, tax, depreciation and amortisation (EBITDA) on an underlying basis were up 27% to $3.3m compared to $2.6m for FY21. The focus on performance continues, even whilst accelerating commercial traction on key breakout growth opportunities, including Compumedics' overall digital health program, Somfit® sleep-health platform, and further sales and technological advancements with our Orion LifeSpan™ MEG business. Major manufacturing initiatives and a continued focus on quality and efficiency improvements across all areas of the business remain a priority as we return to increased growth following COVID-19 pandemic restrictions. We understand global shortages of integrated circuits and other issues continue to be a challenge, but we remain focussed on keeping ahead of such factors.

Cash on hand increased to $7.1m for FY22, compared to $6.8m for FY21. Debt levels increased to $6.3m compared to $5.0m for FY21. Additionally, substantial ongoing investments in the form of research and development (R&D) continued in both core neuro and sleep diagnostics businesses, along with the breakout growth divisions. Examples of significant commercial traction or technological advancements across our breakout businesses included Somfit®, Orion LifeSpan™ MEG system advancements, digital eHealthcare/software as a service (SAAS) new milestone achievements, DWL Robotic Vessel Detection system, and even a special government emergency pandemic equipment contract to produce 200 unique Compumedics SPAP® multi-function non-invasive positive pressure ventilators (NIPPV).

KEY PERFORMANCE MEASURES

NEXUS™ 360
CLOUD CLINIC SERVICES STRATEGY

SOMFIT™
CONSUMER & PROFESSIONAL SLEEP SERVICES & PRODUCT COMMERCIALISATION ACTIVITIES ADVANCE

SECOND MEG ORDER BOOKED

73 CUSTOMERS
NEXUS™ 360
▲ 30%

480 BEDS
NEXUS™ 360
▲ 37%

>200,000 CLOUD STUDIES
NEXUS™ 360
200K+

ORDERS TAKEN (CORE BUSINESS)
▲ $41.5M
UP FROM $35.3M IN FY21

NET PROFIT AFTER TAX
▲ 35%
$1.4M in FY22 vs $1.0M in FY21

EBITDA
▲ 28%
$3.3M in FY22 vs $2.6M in FY21

REVENUE
▲ $37.8M
UP FROM $35.7M IN FY21

CORE BUSINESS* EBITDA
▲ $5.3M
$4.7M in FY21

CORE BUSINESS* NET PROFIT AFTER TAX
▲ $3.6M
$3.1M in FY21

*Excludes Medical Innovation Strategic Investments

Compumedics alphatrace™ Neurospeed™ Software

Further underscoring the strength of the core business profitability, over $2.1m was invested in next-generation growth platforms (medical innovations) including Somfit® sleep-healthcare and associated Cloud-based enterprise platform.

Gross margins decreased from 54% in 2021 to 51% in 2022, mainly as a temporary consequence of silicon chip shortages and other ongoing global logistics and supply chain challenges.

OPERATIONS

Solid Underlying Financial and Operational Performance.

Compumedics continues to focus on achieving its core strategic goals, along with ongoing programs aimed at continuous quality improvements and overall efficiency enhancements. Moreover, the company has continued to maintain its underlying profitability and cash management, providing an opportunity for stronger investment and sharpened focus over the year ahead. As noted, supply chains and logistic challenges continue, exacerbated by the ongoing pandemic and geo-political aspects. None-the-less, Compumedics remains committed to address these challenges and ultimately build a stronger, more resilient organisation, with improved outcomes and associated performance. For example, with assistance from the Victorian State Government, as part of its ongoing job expansion initiatives, a new surface mount technology (SMT) production line with the goals to improve just-in-time capabilities, will minimise dependencies on third parties or ongoing supplier chain challenges, and enhance overall efficiency.

Proven and Established Quality Industry Leading MedTech Company with Strong Balance Sheet and Sound Growth Strategy

- **Compumedics is a leading designer**, manufacturer and supplier of sleep, neurology, and Doppler blood-flow products and healthcare services and supplies, with a rapidly emerging digital eHealthcare/ SAAS) business, which is approaching the important global scale-up, expansion inflection phase.
- **Compumedics is a Leading Global Neuology and Sleep SAAS Provider, well positioned for rapid scaling:** with over 200,000 software as a service (SAAS) Cloud-based laboratory-based or home-based studies having been conducted, including over 8,000 premium quality neurology home-based epilepsy studies in the USA last year alone, using Compumedics ONsight™ and Compumedics Nexus™ 360 web/Cloud-based home epilepsy monitoring-systems and services.
- **The recent signing of an Agreement with a major home-sleep study (HST) service provider in Australia** to use Somfit® technology exclusively and to move to 100% of their home sleep tests subject to certain milestone achievements, provides an important digital ehealth milestone.
- **Compumedics recently announced the acquisition of Austria-based alphatrace,™** which further strengthens Compumedics Europe business expansion. This acquisition further advances Compumedics' electromyography (EMG) and electroencephalography (EEG) range of products for diagnostic monitoring of the nervous system and the brain. In partnership with founder Dr Dieter Grossegger, and his highly skilled team as one of Europe's most respected and well-established Europe-based pioneers of routine nerve conduction, EMG and EEG applications, through to high-end epilepsy monitoring and top-level products for scientific research, through to EEG digital health monitoring.
- **Compumedics owns US-based Neuroscan (cognitive neurophysiology leader) and Germany- based DWL® Elektronishe GmbH (Doppler ultrasound leader).** In conjunction with these two subsidiaries, Compumedics has a broad international reach including the Americas, Australia and Asia Pacific, Europe, and the Middle East.
- **Compumedics is a quality company** with a proven and well-established track-record of premium medical solutions across a large portion of the world's finest hospitals, universities, and home- monitoring service providers. The ongoing Compumedics post-pandemic "bounce-back" programs continue to demonstrate growing momentum, resilience, and strength of our committed core, digital ehealth and other breakout strategies. In particular, increased focus on commercial activation and strengthening our global sales and marketing forces, whilst retaining and building our strengths in product development and innovative healthcare services and technologies.
- **The Company has in the order of $40m sales per year, with 80% in export business.** The company has a long legacy of a strong balance sheet with low debt, positive cashflow and underlying business profitability.
- **More than $700 million** of medical systems have been manufactured and shipped from Compumedics, since listing on ASX.
- **Digital/eHealth:** Our unique sleep neurology and sleep services are well positioned for growth, based on our existent traction, experience teams and implementation of global 24-hour help-desk support.
- **Compumedics analytics** continue to evolve with well-established and validated suite of sleep, respiratory, heart and brain analytics. For some time, Compumedics have been adding further capabilities with the deployment of machine learning/artificial intelligence capabilities and a new pipeline of online, subscription-based-services. Additionally, SAAS options for our growing client base are being prepared for special project engagements and upcoming rollouts as we move to scale-up our digital ehealth SAAS efforts.

A strong and proven foundation to accelerate new-level value-realisation

- **Compumedics recognition** includes Australia's an overall exporter of the year award, acknowledgment as a top 100 innovator by both German and Australian governments, induction into the Victorian Hall of Manufacturing, the Clunies Ross award, and the Prime Minister Centenary medal.

- **Compumedics have equipped** a large proportion of the world's finest sleep clinics, hospitals and universities including Mayo, Stanford, Yale, Albert Einstein, Harvard, Beijing, Shanghai, Peking, Tokyo, Melbourne, Sydney, Oxford, Cambridge, two NASA contracts (Space Shuttle and Space Station Missions), and even the Vatican, along with the USA NIH-funded largest home-based study of its kind, being the 14,000 patient Sleep Heart Health Study (SHHS).

Compumedics Key Clients

National Aeronautics and Space Administration

MAYO CLINIC

Yale University School of Medicine

HARVARD

EINSTEIN Albert Einstein College of Medicine

Cleveland Clinic

NIH National Institutes of Health

The Royal Children's Hospital Melbourne

CUHK 香港中文大學

The Hong Kong Polytechnic University 香港理工大學

PEKING UNIVERSITY

SEOUL NATIONAL UNIVERSITY

The University of Tokyo

ST VINCENT'S HEALTH AUSTRALIA

The University of Melbourne

The University of Sydney

Compumedics Awards

1999 Ausindustry Innovation Award
1999 Small Business of the Year Award
1999 Ansett Australia Business Owner Award

Australian Design Award 2000 Winner Software & Electronics Award Compumedics Siesta

Business Asia 1999 Awards Citibank
1999 Best Australian Small Medium Business Activity in Asia

2001 Australian Export Awards Winner

2001 Governor of Victoria Export Award Winner

2006 Frost & Sullivan

Victorian Manufacturing Hall of Fame

CE 2797 Intertek

Good Design Award Winner OKTI® 2021

New ONsight™ home epilepsy monitoring service or systems

Growth Outlook in Core Neuro, Sleep Diagnostics and digital ehealth/SAAS Business Sectors

Compumedics business growth is under-pinned by continued demand for sleep and neurology equipment and services, driven by the continued prevalence of the corresponding health disorders. For example, neurological diseases are disproportionately affecting older adults and costs are expected to increase exponentially in coming years, as the elderly population doubles by 2050. Additionally, in terms of prevalence of disorders and underlying drivers of Compumedics' ongoing business growth applicable to our monitoring systems, reports indicate that up to 10 percent of people will have a seizure at some time in their life, and 1 in 26 people will develop epilepsy. Moreover, there are 84 classified sleep disorders with the most common including insomnia with a prevalence of about 30% and sleep disordered breathing with a prevalence of 20%.

Compumedics major upcoming step-out business opportunities cover a number of large and new emergent market opportunities including our new Somfit® patented wearable monitoring systems, incorporating Compumedics world-class diagnostics, Nexus™ 360 (SAAS), and the new Orion LifeSpanTM MEG brain functional imaging systems.

Compumedics digital health traction with web-based sleep diagnostic platforms

- **More than 200,000 Nexus™ 360 neuro and sleep home or clinic diagnostic subscription-service studies to date.** The milestone of achievement of more than 200,000 clinical studies in the Nexus™ 360 cloud service to date, paves the way for our intensified digital eHealth strategic focus in the immediate and longer-term future. With the advent of the COVID pandemic there is a heightened need for home-based and online healthcare services.
- **8,000 Nexus™ 360 neuro home studies in 2022FY, alone.** Compumedics, recognised as the foundational and leading equipment and technology company behind the recent surge in Australian home epilepsy studies, has now expanded its outreach to become a leading USA epilepsy technology, services and equipment provider. The 8,000 home neurology studies were conducted with the Compumedics ONsight™ home epilepsy monitoring system and services, the same technology powering the majority of the Australian recent surge in home epilepsy monitoring studies.

Compumedics® Somfit® Pro PSG/EEG solution

- **Uniquely, Compumedics ONsight™ home epilepsy monitoring systems and services** do not compromise clinical EEG data quality, providing the same premium EEG acquisition amplifiers, analysis, and online platform chosen by thousands of centres across the world, including a large proportion of key opinion leaders, centres of clinical and research excellence, along with top tier epilepsy surgical centres.

  Moreover, the new Compumedics Okti® amplifier technology is available in the next generation of Compumedics ONsight™ home epilepsy monitoring systems and services and provides a substantially smaller patient wearable component, longer battery life, and higher performance characteristics than the first-generation Compumedics ONsight™ systems. The patient interface has been designed in collaboration with leading children epilepsy centres, to service the more extreme patient interface requirements applicable to monitoring young children in the home or clinic, whilst at the same time meeting the highest standards of data acquisition and analysis. For example, higher signal-to-noise ratio, extended frequency response, high sampling rates and high performance aliasing filter characteristics are essential for accurate brain source localisation. In cases where surgical treatment is considered, all related diagnostic data plays an important role, even in so-called screener or home epilepsy studies. For example, it can take several days of continuous brain signal recording to even capture a seizure event with a person with epilepsy. Once this event is captured the seizure data can be analysed from several perspectives. One such perspective is to determine the source of the seizure. EEG brain source localisation analysis can be utilised with high quality data, to provide an indication of the brain functional sources implicated during epilepsy seizures. Surgical epilepsy treatment has several stages of diagnosis and determination of the final data sets referenced during surgical epilepsy procedures, require, as noted, uncompromised and accurate source localisation with an acceptable, high confidence-level of such measures. Ultimately such measures are reliant on high quality original EEG recordings. Compumedics philosophy is to avoid compromise as it relates to diagnosis and treatment, whilst continuing to improve access to such diagnosis and treatment, along with providing improved non-invasive capabilities, evident with the emergence of new technologies such as wearables, Cloud and general internet access, machine learning/ artificial intelligence advances, big data, and other ongoing advances.
- **Major onboarding of Key Account Managers and Specialist Territory Managers across USA:** In order to maintain and build upon the growth across our digital eHealth business, a substantial onboarding of high-achieving HST (home sleep testing) digital health key account managers, as well as neurology digital health key account managers is actively underway.
- **Somfit® Commercial Activation Progress:** Somfit® product and services sales have commenced in Australia and in Europe, mainly to research institutions, universities and elite sports-related organisations. These initial sales have contributed to ongoing real-world validation of the technology, enabling acceleration of improved performance and commercialisation prospects, by way of generating publications supporting of the use of Somfit® in a range of market settings. Somfit® has also been purchased for two large Insomnia studies currently underway in Australia, allowing us to gather data to further develop our deep learning algorithms for deployment as part of our future insomnia-related product and service offerings.

Compumedics Okti® 32, 64 and 128 Channel EEG with interchangeable fascias.

The Australian go-to market strategy has been developed and is currently being executed, targeting two main areas, comprising of the existing OSA (obstructive sleep apnoea) home sleep-testing market, and the primary care market for sleep screening; OSA diagnosis and supporting the diagnosis of Insomnia and circadian rhythm disorders.

In August 2022, we were pleased to welcome a major HST service provider as a customer for the Somfit® technology. This organisation is Australia's largest provider of HST services, with approximately 20% market share. They have signed an agreement to use the Somfit® Technology exclusively and to move 100% of their home sleep tests to the Somfit® technology over a 24-month period, commencing in January 2023, subject to agreed milestones.

- **Compumedics proven CURRY® neuroimaging software suite, sleep analysis and medical instrumentation** has been refined with over 30,000 of the world's finest clinical and research users, who have used the software and analytics for more than three decades, with many thousands of resulting publications and millions of related patient studies. These widely standardised and validated analytics form "Compumedics DNA" and digital eHealth/SAAS healthcare foundation. A range of **CURRY® neuroimaging software powered** analysis subscription, online analysis other SAAS options are approaching special project release phases.
- **Falcon™ Home Sleep Testing (HST) and Okti®** Compumedics regulatory tests have been completed, advancing these products towards launch activities.
- **Falcon™ HST capabilities** include a user-friendly interface, and full integration with Nexus™ 360 platform. The Falcon™ system enables streamlined, wearable home-monitoring capabilities, comprising of premium clinical-grade monitoring and analytics.
- **The new Okti® platform ushers in a new generation and standard of premier quality** incorporating uncompromised medical data acquisition characteristics, applicable to both routine home epilepsy studies, through to the neurological data sets essential for accurate source localisation and other sophisticated analysis requirements.
- **CORiSS® Cortical stimulation** presents a fully integrated solution enabling clinics, hospitals, university hospitals, and home or clinic monitoring services. Seamless common platform capability, through to surgical intervention requirements enables data acquisition and analytics suitable for a fully integrated cortical stimulator and switch matrix, to allow neurologists and neurosurgeons to map out functional areas of the brain. This is becoming increasingly important as surgery emerges as a leading treatment for epilepsy.
- **Digital eHealth Track Record:** Digital online health is rapidly emerging as a major part of our business with our eHealth Nexus™ 360 System (Nexus™ 360) now surpassing a milestone of 200,000 online cloud-based sleep or neurology studies.
- **In terms of our digital online EEG business,** since launching our EEG On-site epilepsy and video home monitoring systems, we have become the chosen technology partner for a number of the world's leading secure cloud and wearable home monitoring service providers, including Compumedics USA-based customers who are already interpreting 20,000 EEG studies per year across more than 200 facilities with more than 2,000 neurologists world-wide. Additionally, as noted elsewhere Compumedics ONsight™ home epilepsy monitoring systems and Nexus™ 360 have now surpassed 8,000 home epilepsy studies in the USA alone in the past year, and have also formed the foundational technology behind the recent surge in Australian home-epilepsy studies.
- **Compumedics innovation track record and Somfit® commercial activation launch plans**. Compumedics first generation products led to the foundation of Compumedics with the first computerised PSG of its kind in the 1980s, whilst Compumedics ushered in a second generation of digital medical technology in 1990s and 2000s with two NASA astronaut contracts and the world's largest study of its kind, the 14,000 patient home-based sleep heart health study (SHHS). Compumedics Somfit® platform is the first of its kind routine home, self applied sleep monitoring system enabling anyone, anytime clinical-grade personalised sleep health monitoring and management.

Compumedics®
"Falcon"™ HST Solution

Compumedics® CORiSS™
Cortical Stimulator

- **Compumedics digital online sleep and neurology business,** are our third generation of digital health, which is now gaining commercial traction and approaching a more substantial phase of up-scaling, which includes our new Somfit® platform incorporating multiple patients, granted across global markets, along with a range of new machine learning artificial intelligent sleep and neurology automated analysis capabilities. The Somfit® platform enables medical-grade sleep monitoring via a small single self-applied coin-sized sensor system, incorporating a full range of polysomnography (PSG) monitoring channels, providing a sleep study anytime and anywhere with our Nexus™ 360 secure Web-based in-home or Laboratory Health Management System (Nexus™ 360) "cloud services."

PRODUCT DEVELOPMENT

Despite the extraordinary and ongoing challenges of COVID19 and other geo-political events, hindering global supply chains and silicon chips used in most electronic products, Compumedics have continued to advance our technological positioning, and future outlook opportunities. For example, our new product pipeline focus of the last three to five years is now coming to market, with the Okti,® Somfit,® and Falcon™ product platforms having all achieved significant regulatory, production and market release milestones during the year.

In addition to the release of the hardware products mentioned above, significant progress has been made in the Nexus™ 360 cloud-based laboratory management platform. Further developments include the introduction of pure web based versions of the polysomnography scoring and reporting software suites, with a range of new capabilities specifically aimed at streamlining work processes and driving productivity for sleep specialists.

The coming year will focus on consolidating and expanding our new range of hardware products with some additional models and capabilities being added to the product suite. There will be a significant focus on driving the Nexus™ 360 platform forward to encompass business processes stream-lined for service based delivery of the hardware platforms to drive productivity in the delivery of home sleep testing HST, and neurological monitoring services.

Driving Growth via Established and Proven Distribution with Geographical and Product Diversity

With over 50 distributors world-wide, in addition to direct offices in USA, Germany, France, Australia, and, recently via the Alphatrace acquisition in Austria; Compumedics remains focussed on both building and strengthening its global representation. In particular, strengthening and growing Compumedics existent market leadership in sleep and neurodiagnostic, Brain Research, and Doppler Ultrasound across USA, Germany, Australia and China will continue to be the driving focus of a range of sales and marketing initiatives during the year ahead.

Steps to rapid value-realisation and growing EBITDA over next three years

- **Accelerate breakout Somfit® and overall Compumedics Digital eHealth commercial activation.**
  A number of convergent factors including the advancement of Somfit® commercialisation program, Nexus™ 360 market traction, the unique suite of Compumedics Digital eHealth technologies, arguably providing an unsurpassed window of opportunity for a true end-to-end go-to market folio of digital eHealth products and services. These go-to market digital eHealth products and services include Somfit® platform, Falcon™ HST, Nexus™ 360, Okti,® ONsight™ home secure Cloud-based neurology services. Other integrated and complementary products include Profusion Nexus™ 360, Profusion EEG,™ Profusion™ PSG, Compumedics CURRY® 9 neuroimaging software suite incorporating new upcoming SAAS opportunities, and DWL® TCD robotics.
- **Strengthening our geographical focus on products and services to drive global revenue generation,** applicable to both our direct sales and marketing forces, along with other global distribution and commercial partnership channels.
- **Accelerate breakout Orion LifeSpan™ MEG system commercial activation.**

Compumedics DWL® Business Overview

Once again, our Compumedics DWL® division performed well in 2022FY demonstrating continued resilience, profitability, and positive progress. New innovations include a Robotic TCD (trans-cranial Doppler) advancements, and additional product pipeline releases. These results and successful outcomes were achieved despite ongoing COVID-19 pandemic challenges, including supply chain restrictions.

TCD in use with COVID-19 : TCD is now playing an important role in diagnostics and therapeutic interventions. COVID-19 may lead to serious pathological changes in the vascular system and cerebral hemodynamics. These changes may correlate with known disease patterns and can thus be diagnosed by Doppler sonography. Initial studies by reference academic university hospitals are underway using DWL® TCD with COVID-19 patients.

DWL® systems, made in Germany with exceptional precision, continue to be one of the world leaders in TCD product advancements, and have been providing TCDs for over 30 years. DWL® is also recognized as the best TCD for research, having achieved record numbers of scientific reference publications across a wide range of clinical applications. DWL® applications include real-time functional data on brain hemodynamics, incorporating microcirculation data enabling accurate therapeutic decisions. The excellent signal quality of the digital DWL® system with minimum ambient noise, the outstanding HD image quality, and the Doppler M mode, allow fast detection of vessels as well as exact diagnosis and precise ultrasonic treatment.

The European Academy of Neurology (EAN), European Society of Neurosonology and Cerebral Hemodynamics (ESNCH), and European Reference Center Network for Neurosonology (ERcNsono) founded working group for microembolic signals (MES) detection chose DWL® to guide and lead this group's establishment of related new standards.

Compumedics® DWL ® TCD is the golden standard for Sickle Cell (SC) diagnostics

DWL® TCD is the golden standard for Sickle Cell (SC) diagnostics: Compumedics DWL has been chosen as the contractor and direct supplier for a medicine approval confirmatory study for the treatment of Sickle Cell Disease (SCD) patients involving more than 50 intercontinental study sites. The commitment of the company and initiator of the study is to develop and deliver therapies for patients with sickle cell disease and the goal is to advance the care and treatment of SCD patients through science, innovative medicines, and access to solutions. The confirmatory study is set up for five years.

DWL® TCD with unique Neuromonitoring Analysis (NMA®): The use of the innovative DWL® screening software Neuromonitoring Analysis (NMA®) allows cardiovascular surgeons, anaesthetists and intensivists to quickly and reliably interpret the TCD signal in complex clinical situations, providing valuable information for further disease assessment and therapy control.

DWL® Doppler offers a digital output interface to Philips IntelliVue Monitors as well as Cambridge ICHF® for brain monitoring. The digital DWL® ICM+ interface connects DWL Doppler time-based merging of essential patient parameters with TCD values. This enables data management and evaluation of cerebral autoregulation for neuro intensive care monitoring and safe control of the vital data collection of blood flow and blood pressure in clinical environments.

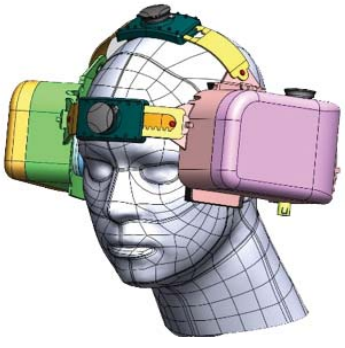
Via analog input interface Finapres can be connected to DWL® Doppler to import blood pressure for clinical monitoring applications. This allows data management and evaluation of cerebral autoregulation for neuro-intensive care monitoring.

Compumedics DWL® - international study on emboli detection and improvement, with the two leading societies in Europe in Neurology and Neurosonology: This initiative was based on the need for a well-structured clinical network to achieve the following goals:

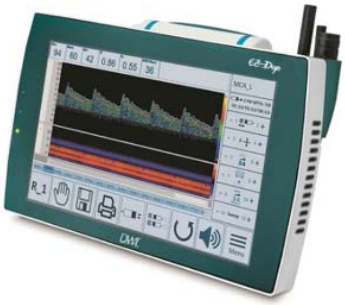
- to further advance the technical progress in the monitoring field
- to provide an ultrasound education and training program
- to test the usefulness of Doppler sonography in new areas and implement it in clinical trials
- to promote the use of continuous Doppler sonography in daily practice

DWL® has developed the EZ-Dop™ system, the smallest complete TCD worldwide. This system has the potential to expand the TCD market in its various application fields, especially in neurosurgery and intensive care where the market is huge. The new EZ-Dop™ will be certified according to the new MDR in order to be flexible for future developments.

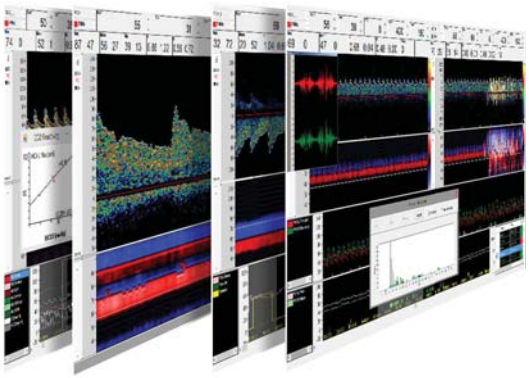
Development of a robotic detection solution: The development of a robotic vessel detector with dedicated automatic software will bring the role of TCD to a wider market with a more diverse range of applications - especially in the use of TCD for traumatic brain injuries (TBI) diagnostics in fields such as emergency and ICU, sports fields, battlefields, and ambulances. The approach of bringing a completely lightweight and fully portable robotic system to the market opens a wide range of clinical and research applications.



Compumedics DWL®
Robotic Detection Solution



Compumedics DWL®
EZ-Dop - The smallest complete
TCD worldwide



Compumedics DWL®
Doppler Software

Global leading brain analytics with Compumedics CURRY® 9 (CURRY®) neuroimaging software suite

Global Leading Brain analytics with Compumedics CURRY® 9 neuroimaging software suite

Highlights

- **The latest CURRY® advanced brain analytics incorporates** automatic spike/seizure detection routines using artificial intelligence machine learning algorithms, providing clinicians with the ability to quickly isolate epileptogenic activity from within a single transformation.
- **CURRY® 9 was officially released in December 2021**, and has already established a firm foothold in the clinical EEG realm. Interest from both prior CURRY® users in upgrading, along with new users remains strong.
- **CURRY® 9 enables PACS connectivity,** multi-user database, DTI Fiber Tracking and improved FEM model co-registration. No other package currently on the market provides the comprehensive feature set capabilities of the latest CURRY® platform. These features include the well-known capabilities for MRI co-registration with EEG data, along with the tools for presurgical planning and stereo EEG electrode placement. CURRY® results can be exported via DICOM to Robotic surgical assistants (e.g. ROSA®). Other capabilities include the ability to record and analyse evoked potentials, popular in both clinical and research domains. The CURRY® 9 neuroimaging software suite remains the gold standard in brain analytics.
- **CURRY® 9 enables expanded TMS artifact detection**, reduction and triggering capabilities open up pathways of ongoing expansion covering fully integrated CURRY®-TMS systems.
- **CURRY® Advanced Brain Analytics platform enables more accessible CURRY® subscription and other SAAS** capabilities, along with additional integration with Compumedics' latest generation neurology amplifier and acquisition systems, including the latest generation no-compromise performance, wearable, wireless, extended battery life Okti® support.
- **CURRY® 10 development program is now well underway.**
- **Virtual CURRY® Schools providing greater access and outreach:** With the advent of COVID19 the CURRY® team has recently organised three CURRY® Virtual Schools as part of Neuroscan division of Compumedics continued focus on the importance of customer training and workshops. The ongoing hosting of CURRY® 9 Virtual Schools provides a valuable means for our clients to more readily access high quality training and support.
- **Further integration of CURRY®** with our Nexus™ 360 Cloud solutions enabling Compumedics ONsight™ epilepsy services and Somfit® services access to CURRY® advanced brain analytics capabilities.

Orion LifeSpan™ MEG Brain Functional Imaging Systems Progress

Despite many challenges, including the ongoing pandemic situation, substantial Orion LifeSpan™ MEG progress has been achieved in the past year. The Orion LifeSpan™ MEG system incorporates a number of unique capabilities including:

1) the ability to rotate between adult and pediatric configurations, so no additional space is required for the installation over a traditional MEG,

2) advanced Double Relaxation Oscillation SQUID (DROS) with significantly higher signal-to-noise ratio than traditional MEG sensors,

3) Integrated, zero-loss, closed-loop, continuous helium recycler enabling 24/7 MEG system uptime and reducing system operating costs by as much as $100,000 annually, and

4) Full integration of CURRY® Neuroimaging platform, universally known as the gold standard for MEG/EEG data processing.

Orion LifeSpan™ MEG Highlights

- Second MEG order secured: China's prestigious Tianjin Normal University, opening the door to the fast-growing Chinese neuroscience market.
- Korean FDA certification secured after a rigorous evaluation process. (US FDA was already achieved in an earlier FY)
- Introduction of hyperscanning capability: synchronous MEG measurement of two patients/subjects simultaneously to study how they interact.
- Clinical validation begun: Epileptic patients and healthy control subjects at Barrow Neurological Institute in Phoenix, AZ, USA
- Release of CURRY® 9 with significant new performance and user interface capabilities for MEG acquisition/analysis, including instantaneous artifact reduction, DICOM enhancements, an epileptic spike detection algorithm and more than 150 other new features.

State-of-the-art
Orion LifeSpan™ MEG™

SUMMARY AND FINANCIAL OUTLOOK

The 2022 FY year in progress was a year of sound performance and a number of extraordinary highlights, positioning Compumedics for continued profitable core business growth, along with significant new business breakout opportunities for 2023, and the years ahead.

In terms of financial performance, positive growth signs are apparent with EBITDA up 27% to $3.3m, NPAT increased 36% to $1.4m, revenues also increased 6% to $37.8m, and the order book and sales prospect pipeline grew significantly year on year by almost 30% to $46.5m.

Key FY 2022 highlights include:

- Growth prospects in Compumedics core business and fast emergent digital eHealth/SAAS business units have recently been bolstered with record investment in expanded and strengthened sales and marketing forces.
- Acquisition of a leading European neuro and EMG diagnostic Company: Austria-based Alphatrace expands Compumedics product folio, along with European market presence.
- Significant advancements including signing a Somfit® services, product and supplies agreement with a leading Australian HST organisation. Importantly, a series of foundational contracts have been awarded to provide Somfit® products and services to research institutions and universities, and elite sports-related organisations.
- The milestone achieved with over 200,000 clinic in the Cloud/SAAS sleep and neurology Nexus™ 360 studies being conducted, including over 8,000 premium USA ONsight™ with Nexus™ 360/ SAAS home epilepsy studies, in the past year, alone.
- Securing a second Orion LifeSpan™ MEG system order with China's prestigious Tianjin Normal University (TJNU), opening the door to the fast-growing Chinese neuroscience market.
- With the assistance from the Victorian Government, as part of their ongoing job expansion initiatives, the installation of a new surface mount technology (SMT) production line with the goals to improve just in time capabilities, minimise dependencies on third parties or ongoing supply chain challenges, and increase overall manufacturing efficiencies. This production line enhances Compumedics sleep and neurology home monitoring products and services capabilities, including Nexus™ 360/SAAS with fully integrated, uncompromised, premium wearable monitoring via Somfit,® HST, and ONsight™ home epilepsy healthcare capabilities.
- Awarding of Government pandemic emergency equipment contract to produce 200 unique Compumedics SPAP® multi-function non-invasive positive pressure ventilators (NIPPV).

Strategically, Compumedics has now established strong evidence of commercial traction, along with commercial scalability of its overall digital eHealthcare/SAAS breakout businesses, including Somfit® platform and home epilepsy. Additionally, a second MEG sale, coupled with significant further technological developments, further advance commercialisation prospects. This has all been achieved whilst remaining profitable as a quality business, and without diluting shareholders. Hence, major realisation opportunities are now being reviewed in order to accelerate our global commercialisation and value realisation. Importantly, all breakout scaling strategies are underscored with evidential technological innovation and leadership, along with proof of commercial traction and viability.

Moreover, in terms of Compumedics core competencies and globally established technological leadership, key strategic partnerships continue to be investigated, across high-growth healthcare sectors. These healthcare sectors include sleep-testing, sleep-heart, insomnia, diabetes-sleep, dental-sleep, epilepsy, neurology, services and technology, with a focus on compatible, progressive organisations. Appropriate partnership opportunities will unlock value via synergies with complementary growth-oriented organisations.

Accordingly, we are pleased to resume guidance with Compumedics forecast of FY23 revenues, excluding MEG, to be in excess of $40m and EBITDA to be in excess of $4m.

As a quick wrap-up, the 2022 FY was a year of sound financial performance, significant overall progress, whilst demonstrating growth, and a stronger 2023 FY growth outlook, in both core and breakout businesses.

We would like to thank you all for your continued support and we look forward to driving on-going developments and associated announcements throughout the year ahead.

Yours sincerely,

Dr. David Burton, Ph.D.

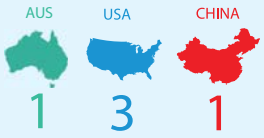
Executive Chairman and Chief Executive Officer
Compumedics Limited

GLOBAL MARKETS

Global Neurodiagnostics market

Description of the market:
Global Neurodiagnostics is the study of electrical activity in the brain, spinal cord, nerves and muscles for the diagnosis and monitoring of neurological based diseases. Tests may be performed in hospital outpatient departments, neurophysiology labs, operating theatres, intensive care units and private practice.

Current Market position:



Competitive Advantages:
1 Complete range from clinical to research technologies
2 Uncompromised system design
3 Highest industry quality standards
4 Best in class brain analytics

Current Market Share:

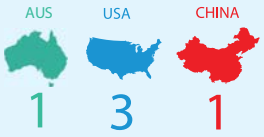
less than 1%

Key drivers:
The key drivers for achieving growth in this market are to have technologically superior products that differentiate Compumedics from existing competition. This will be achieved with the revolutionary upgrade to the Compumedics EEG range that includes new class-leading hardware, user-intuitive software platforms matched with a new range of disposable consumables. Compumedics is also tapping into new EEG clinical segments such as the Home video ambulatory EEG monitoring and cortical stimulation.

Global Sleep Diagnostics market

Description of the market:
The global Sleep Diagnostics industry is comprised of diagnostic and therapeutic technologies and medicines. Compumedics' core business lies in the design and manufacture of technologies for the diagnosis of sleep disorders – a market estimated to be worth USD $473.95 million worldwide and growing.

Current Market position:



Competitive Advantages:
1 Innovative strength
2 Active involvement in sleep science globally
3 Market placement and momentum
4 Best in class sleep analytics

Current Market Share:

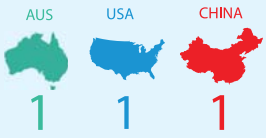
2%

Key drivers:
To logically continue to expand our US and European sales and support infrastructure and to evolve the business to provide complete sleep medical solutions.

Global Brain Research market

Description of the market:
Global Brain Research is the study of the brain's functionality, using Quantitative EEG (QEEG) methods to supplement traditional EEG findings. With the advent of high speed digital information processing and statistical analysis, QEEGs extract and quantify brain electrical activity to address aspects of EEGs that cannot be appreciated visually.

Current Market position:



Competitive Advantages:
1 Superior patented technology
2 Uncompromised system design
3 Unmatched innovation
4 Best in class brain analytics

Current Market Share:

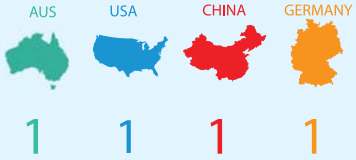
30%

Key drivers:
The key driver for growth in brain research will be to maintain Neuroscan's preeminent technological lead and to back this by expanding the sales and support infrastructure to harness this expanding market opportunity. Expansion into markets including animal (non-human) EEG and pharmaceutical product development will be actively pursued worldwide.

Global Doppler Ultrasound market

Description of the market:
Transcranial Doppler (TCD) is an established exam in the international medical literature. In first-world countries, it has become routinely used because it is a non-invasive, comfortable and without risk procedure that functionally assesses blood circulation in the main brain arteries. It is recommended by the American Academy of Neurology, the World Federation of Neurology, and the European Society of Neurosonology and Cerebral Hemodynamics. DWL Doppler systems are used in a wide range of specialist branches of medicine including neurology, neurosurgery, cardio- and vascular surgery, anesthesia, intensive treatment, internal medicine, angiology, and radiology. TCD can reliably replace more expensive exams such as brain angio-resonance or invasive, uncomfortable, and sometimes painful exams (requiring anesthesia) such as catheterization angiography. The products are purchased by private practices and clinics, hospitals (both public and private), and major universities, national research institutes, and corporate research laboratories around the world.

Current Market position:



Competitive Advantages:
1 Market leader with more than 10,000 installed sites worldwide
2 Highly skilled R&D team with over 30 years of experience
3 German quality engineering tradition
4 Reliability in duty durance
5 Innovative strength in developing and enhancing TCD
6 Close contact with professors, opinion leaders and research institutes worldwide
7 Perfecting methods and developing new applications
8 Record number of most relevant scientific reference publications
9 Wide range of product solutions for a variety of clinical applications and uses

Current Market Share:

less than 35%

Key drivers:
- Highly specialised international team of experts
- Diversity in TCD applications
- Specific solutions for specialised applications in the use of TCD
- Perfecting methods to become golden standard in TCD applications
- Worldwide distribution network for global and consistent DWL market presence

CORE BUSINESS - GROWTH DRIVERS

Compumedics will continue to grow its core sleep, neuro, brain research and blood flow monitoring businesses by:

Compumedics / Neuroscan LTEM innovative brain analysis software (CURRY®) and high performance amplifiers are unrivalled world class technology.

We have >23,000 systems installed worldwide. Strong reputation and brand name.
Customers like buying from Compumedics.

Earnings initiatives to continue to flow through in FY23 post pandemic.
New range of ambulatory products for Sleep and Neurology releasing FY23.

USA based business still a key area of growth focus, with seeking and retaining key staff a priority.

Continued expansion into untapped German market, and ongoing growth in France and other parts of Europe.

Continuing growth in Asia, including China, in sleep diagnostics. Emphasis on the neurodiagnostic monitoring market growth in Japan.

Ideally positioned to accelerate organic growth and value realisation as the pandemic abates.

CORE BUSINESS

Premium Focus expanding to whole market.

	Sleep Diagnostics	Neuro Diagnostics – Clinic	Neuro Diagnostics - Research	Brain Blood Flow Diagnostics
Global market – USD pa	473m	1,300m	20m	15m
Compumedics market share (approximate)	2%	<1%	30%	35%
Compumedics market position	Aust – 1 USA – 3 China - 1	Aust – 1 USA – 3 China - 1	Aust – 1 USA – 1 China – 1	Aust – 1 USA – 1 China – 1 Germany – 1

Compumedics has traditionally sold its products into the premium end of each of the markets it sells into. The company has launched, and commenced shipping, a new range of devices that have been specifically designed to be priced competitively for the majority of customers in the markets Compumedics sells into. Compumedics will use its branding and reputation in the premium end of the market to drive market expansion in the whole market, increasing the addressable market available to Compumedics by two to three times.

CLIENTS AND CORE PRODUCTS

Key Clients

Compumedics has over 30 years of operations and in that time has worked with and established a client list of key opinion leaders, world wide which have included:

NASA National Aeronautics and Space Administration
NIH National Institutes of Health
MAYO CLINIC
TOKYO MEDICAL AND DENTAL UNIVERSITY
STANFORD SCHOOL OF MEDICINE
EINSTEIN Albert Einstein College of Medicine
UNIVERSITY OF OXFORD
Austin Health
Hennepin County Medical Center
PEKING UNIVERSITY
The Royal Children's Hospital Melbourne
Royal Prince Alfred Hospital

Core Products

Sleep Diagnostics

Compumedics Grael® - 4K HD and PSG

Compumedics Siesta®

Compumedics Falcon™ HST

Compumedics Somfit®

Compumedics Somté® PSG

Compumedics Profusion™ Sleep Software

Compumedics Profusion™ NeXus Software

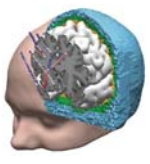
Neuro Diagnostics (including Brain Research)

Compumedics Grael EEG® Neuroimaging Suite - 4K HD

Compumedics Okti® Portable LTM - EEG

Compumedics Grael LT®- HD EEG

Compumedics Profusion™ EEG Software



Compumedics CURRY® Neuroimaging Suite

Compumedics Neuvo® LTM EEG

ONsight™ A.V.S. Ambulatory EEG Video Solution

Compumedics Orion LifeSpan™ MEG

Quik-Cap® EEG Electrode Arrays

Ultrasonic Blood Flow Monitoring

Multi-Dop® T digital

Doppler-Box™ X

STRATEGIC GROWTH PLATFORMS

COMPUMEDICS ALPHATRACE
WELCOME TO THE COMPUMEDICS FAMILY

Compumedics has acquired an initial 50% shareholding in Dr. Grossegger & DRBAL GmbH, which has been renamed Compumedics Alpha Trace GmbH (Alpha Trace).

Alpha Trace is based in Vienna, Austria and has successfully sold, through its founder Dieter Grossegger, its range of neurological equipment in Southern Germany, Austria, and Switzerland for more than 40 years. Compumedics has acquired an initial 50% in Alpha Trace for EUR250k, as it will provide two significant benefits to Compumedics. The first is that it will strengthen our selling infrastructure in this part of Europe as Alpha Trace, will as part of the transaction, have access to Compumedics existing range of products for sale into the region. The second being that Alpha Trace currently has an EMG device that is complimentary to Compumedics existing neuro-diagnostic product range, which Compumedics will be able to sell globally through its existing international sales channels. Compumedics expects that both these benefits will contribute up to EUR2m (AUD3m) in additional annual revenues within 18 months of the initial acquisition of the 50% shareholding in Alpha Trace. Alpha Trace currently has 5 employees and turns over approximately EUR500k pa.

The transaction fulfills two of Compumedics current stated growth objectives, one being to grow our European business and the other to grow our neuro-diagnostic business.

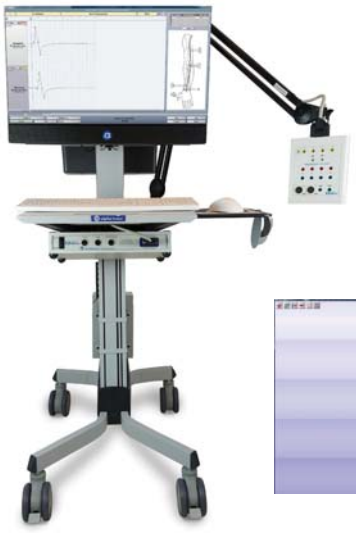
Details of the transaction are:

- Compumedics Europe GmbH, based in Germany, being a wholly owned subsidiary of Compumedics Limited, acquires a 50% shareholding in Dr. Grossegger & DRBAL GmbH on 1st September 2022 for EUR250k (in equivalent Compumedics' product) and it is renamed Compumedics Alpha Trace GmbH and is based in Austria.
- Compumedics and Alpha Trace (Dieter Grossegger) will work together as equal owners of Alpha Trace for up to 3 years from the initial partial acquisition, subject to the terms and conditions of the mutually agreed to Shareholders Agreement.
- Compumedics shall have exclusive rights to sell Alpha Trace's existing EMG technology globally, subject to regulatory approvals where required.
- Alpha Trace will have distribution rights to sell Compumedics existing range of sleep and neuro-diagnostics products, excluding MEG, into Southern Germany, Austria, and Switzerland.
- Compumedics can during the three-year period, post the initial acquisition, purchase the remaining 50% shareholding in Alpha Trace for EUR150k cash, or at the end of the three-year term may purchase the remaining 50% of the shares in Alpha Trace for EUR150k plus a, to be agreed, share of the profits over the three-year period.

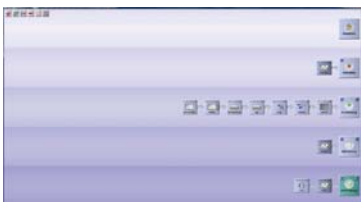
COMPUMEDICS® alpha trace

The Power of our Synergy

- *140 years of collective experience in sleep and neurology diagnostics and research*
- *Complete and comprehensive range of Sleep and Neurology solutions from routine to high end epilepsy monitoring and advanced brain research*
- *Established presence in the DACH region*
- *Trusted by renown establishments globally*
- *Innovation leadership for better patient outcomes*
- *Dedicated focus on customer excellence*



Compumedics alpha trace NeuroGraph™ EMG



Compumedics alpha trace Neurospeed™ Software Platform

COMPUMEDICS®

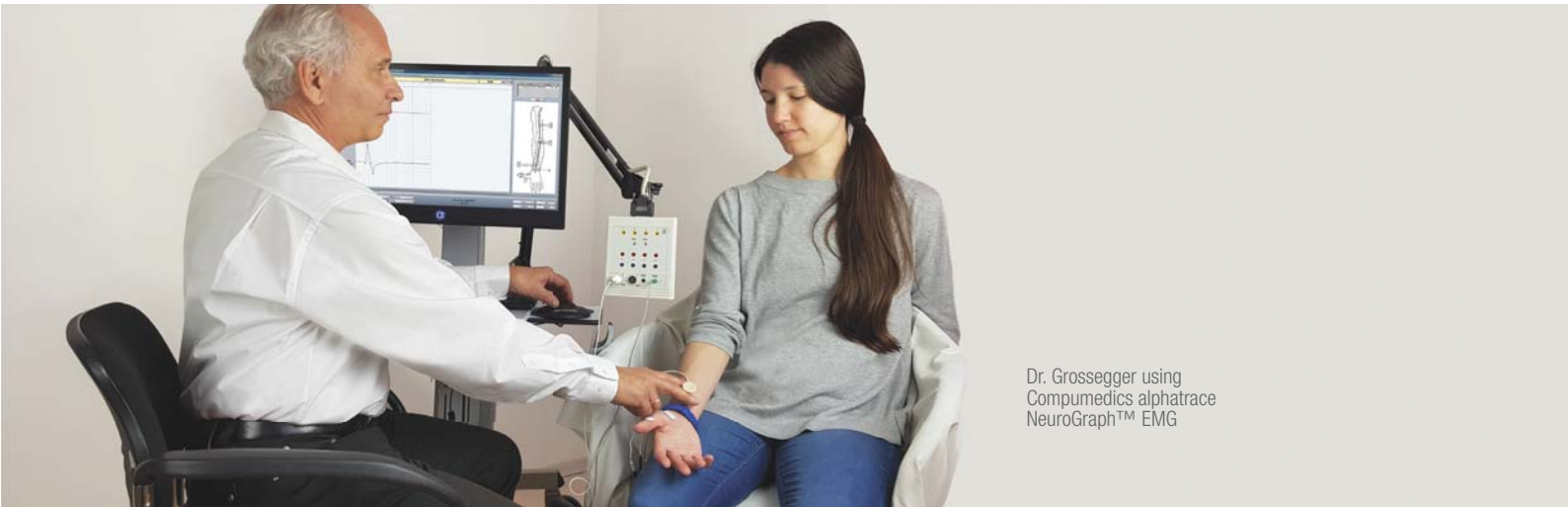
Dr. David Burton, Ph.D.
CEO Compumedics Limited

‘ We are excited that alpha trace joins the Compumedics group. alpha trace is an excellent strategic fit, with shared values for a strong and dedicated customer focus and product innovation. The Compumedics alpha trace union opens to customers in the DACH region, and the world at large, with access to an unparalleled suite of Compumedics’ advanced sleep and neurology innovations from clinical diagnostics to research applications. Importantly, Compumedics alpha trace bolsters the already dedicated customer support from Austria with Compumedics’ established presence in Germany.’

COMPUMEDICS® alpha trace

Dr. Dieter Grossegger, Ph.D.
Compumedics alpha trace

‘ I would like to share my excitement, since together with Compumedics we have an offer for our existing and new customers covering the whole range from routine applications through high end Epilepsy Monitoring to top-level products for scientific research.’



Dr. Grossegger using Compumedics alphatrace NeuroGraph™ EMG

STRATEGIC GROWTH PLATFORMS

The Company is focused on a number of substantial opportunities based on next-generation growth platforms applicable to DWL, Neuroscan brain imaging, and medical innovation projects such as eHealth and sleep treatment.

The MEG opportunity is highlighted here.

THE ORION LIFESPAN™ MEG
FURTHER INNOVATION FROM COMPUMEDICS

What is MEG and what is it used for?

Advanced Magnetoencephalography (MEG) technology uses superconducting sensors to record the tiny magnetic fields created by electric currents within the neurons of the human brain. It is completely non-invasive and silent. It poses no risk whatsoever – there are no injections, radiation or applied magnetic fields. It can be used even on children with no side effects. The Orion LifeSpan capitalises on this by including a dedicated pediatric helmet, optimized for five-year-olds.

The primary clinical application of MEG is to detect interictal “spikes” in patients who suffer from epilepsy. These spikes mark the location where seizures begin and can help to accurately guide a surgeon to perform a successful resection procedure, resulting in a reduction or complete elimination of those seizures. MEG can also be used to precisely mark the location of sensory, language and motor functions within the brain. Knowledge of these locations is critical to the successful resection of a tumour or other lesion without subsequent mental impairment.

Researchers worldwide use MEG to study normal and developing brain function in healthy individuals to further our understanding of the mysteries of the mind. They are developing exciting new diagnostic capabilities for disorders such as dementia, autism and traumatic brain injury.

Orion LifeSpan™

Patented Rotating Dual-Helmet Adult/Pediatric Dewar

Patented SQUID Sensing System

Fully Integrated EEG

Patented Zero-Loss Helium Recycling

Key Features and Advantages

- 186 high-sensitivity sensors in a helmet-shaped array optimized for the average adult head size.
- 138 high-sensitivity sensors in a second helmet optimized for the average five-year-old.
- The system can rotate between adult and pediatric configurations, so no additional space is required for the installation over a traditional MEG.
- Each sensor is monitored by an advanced Double Relaxation Oscillation SQUID (DROS) with significantly higher signal-to-noise ratio that traditional MEG sensors.
- Additional “reference” sensors to monitor and subtract environmental magnetic interference, for example from moving metal objects and electrical lines.
- Up to 128 channel of integrated EEG utilizing SynAmps RT amplifiers. This is the latest model from Compumedics Neuroscan and is completely integrated to provide additional brain information.
- Fully integrated simulators for auditory, visual, electrical and motor response. All are controlled/monitored by the powerful STIM2 software.
- Head position and motion monitor.

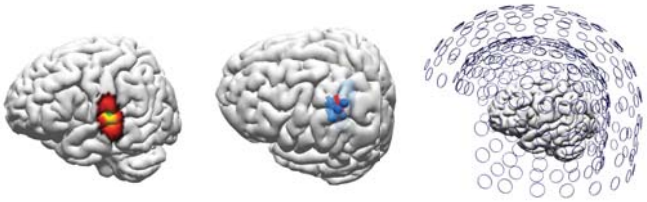
Fully Integrated CURRY Software

- Integrated, zero-loss, closed-loop, continuous helium recycler. Liquid helium is used to cool the superconducting sensors. The recycler reduces system operating costs by as much as $100,000 annually and eliminates weekly labour to refill helium. Continuous operation allows MEG system uptime 24/7.
- Sampling Frequency of up to 10,000 measurements per second, to record even the most fleeting of brain signals.
- Full video recording integration for simultaneous study of symptoms and brain activity.
- Compumedics works with world-class suppliers of shielding to provide a magnetically quiet recording environment.

Full CURRY® Integration

The CURRY® Neuroimaging platform is universally known as the gold standard for MEG/EEG data processing. One of the key benefits of CURRY® is its ability to integrate the high-temporal resolution functional measures of MEG and EEG with anatomical/structural/metabolic neuroimaging data such as MRI, CT, DTI, PET, SPECT and fMRI. CURRY® is the de-facto software platform for clinical MEG community, particularly those assessing epilepsy. It has US FDA certification, CE Mark and other regulatory approvals for immediate clinical use at hospitals, but is also well regarded by the neuroscience research community.

CURRY® is fully imbedded in the Orion LifeSpan™ hardware platform, including MEG/EEG acquisition, visualisation, review, analysis, source modelling and multi-modal integration.



FY22 Highlights

- Second MEG order secured: China's prestigious Tianjin Normal University (TJNU), opening the door to the fast-growing Chinese neuroscience market.
- Korean FDA certification secured after a rigorous evaluation process. (US FDA was already achieved in an earlier FY)
- Introduction of hyperscanning capability: Synchronous MEG measurement of two patients/subjects simultaneously to study how they interact.
- Clinical validation begun: Epileptic patients and healthy control subjects at Barrow Neurological Institute in Phoenix, AZ, USA
- Release of CURRY® 9 with significant new performance and user interface capabilities for MEG acquisition/analysis, including instantaneous artifact reduction, DICOM enhancements, an epileptic spike detection algorithm and more than 150 other new features.

FY23 Plan

- Upgrade MEG sensing system at Barrow Neurological Institute for full dual-helmet operation.
- Complete clinical validation for epilepsy.
- Install hyperscanning enabled system at TJNU.
- Secure third and fourth MEG order.
- Achieve CE Mark for entry into the European market.
- Begin process of Chinese FDA approval to allow for clinical sales in China.
- Continued development of CURRY® to provide enhanced environmental noise cancellation and other MEG-applicable features.

STRATEGIC GROWTH PLATFORMS

Compumedics' cloud based sleep diagnostic platform includes a professional application, NeXus 360, and a consumer application, Somfit.® NeXus 360 has grown to over 41 sites in the USA and Australia.

profusion neXUS 360™

Laboratory Management System

A Revolution in Laboratory Management

Introducing Compumedics Profusion neXus 360, the next generation of Profusion neXus. Built on the proven Profusion neXus platform with more than 15 years of customer use and thousands of users, Profusion neXus 360 offers the full functionality of Profusion neXus and more, in a fully web-based interface.

Profusion NeXus 360 Features:

- Simple, browser/internet-based access via HTML5
- Two-factor Authentication Access
- Digitally secure study "sign-off"
- User-defined, group-based access privileges
- Template/Document Integration
- Non-editable audit-log
- Multi-language Support (English, French, Chinese, Spanish)
- Fully managed Cloud Service, simple installation, reliable system backups and easy system updating
- In-lab acquisition and real-time uploading to the web

Platform and Browser Independent

**Optimised for touch displays*

Somfit®
True sleep fitness

Quality Sleep is Essential

"Every aspect of who you are as a human, every capability is degraded, impaired, when you lose sleep. What does that mean? Your decision-making, reaction time, situational awareness, memory, communication, and those things go down by 20 to 50 percent."
(Mark Rosekind, member of the National Transportation Safety Board in Sleepless in America – National Geographic Channel Documentary December 2014)

What is Sleep Fitness?

Sleep fitness is getting the right type or stages of sleep and the right amount of sleep.

There are five stages of sleep, each characterized by different brain activity.

The most important sleep stages are REM (dream sleep) that enables brain restoration for learning and memory and deep sleep for body recovery.

The body also needs alignment of our internal circadian clock with the sleep/wake cycle - otherwise sleep quantity suffers (ie the "jet lag effect") and sleep fitness is degraded.

Are you getting quality sleep (how do you know)?

Movement detection is not clinically accepted as a true measure of sleep-wake.

The American Academy of Sleep Medicine (AASM) recommends that to clinically and scientifically distinguish between various sleep stages to determine sleep quality or fitness - sleep scientists measure brain waves (electroencephalography or EEG), eye movements and muscle tone. This is the Gold Standard for a sleep test.

The Somfit®

For the first time, a fitness tracker with gold standard sleep technology.

At night, the Somfit® will track your sleep collecting medical grade data to provide true sleep insights - understand your night's sleep architecture - accurately measure the quality of your sleep through accurate measurements of durations you spend in REM, deep sleep or light sleep.

Why use Gold Standard Sleep Technology?

The technology in Somfit® is medically validated and the data collected is Gold standard – meaning that it is the accepted methodology to accurately measure and detect REM, and the data can be used for medical consultations with your GP if and when the need arises.

Coaching

Empower yourself with accurate sleep data and with Compumedics' strong ties with the sleep professional community and extensive experience in sleep monitoring, you can take intelligent action to improve your wellbeing and performance.

Who is it for ?

- Athletes - managing and enhancing performance
- Diabetics
- Medical professionals - to assist treatments of insomnia or depression
- Anyone who wants to truly understand their sleep habits for well being.

Somfit® APP

The power inside

Powered with technologies from Compumedics, the company with over 30 years experience in professional sleep diagnostics and equipping leading sleep laboratories around the world with advanced sleep monitoring systems.

Compumedics offers expertise in medical product design, but significantly provides the advanced diagnostic-grade signal processing power for more accurate sleep staging and analysis in the Somfit.®

A FOCUSED STRATEGY IN ACTION

For over 30 years, Compumedics' focus in Sleep and associated medical disorders has established a solid platform for growth.

1987

Compumedics established
Dr. David Burton founded Compumedics to design and manufacture medical electronics. Prior to Compumedics, analysis and diagnosis depended, in large part, upon manual recording methods, which were very time consuming and costly to implement.

1988

Epworth installs first Sleep Disorders Unit
Compumedics' first sleep system was installed at the Epworth Hospital Sleep Disorders Unit (Melbourne, Victoria). TIME magazine and the television series 'Beyond 2000' both featured the Epworth sleep center.

Globally read TIME magazine cover and article brings the "Trouble with Sleep" to the world.

1991

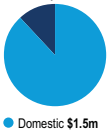
S-Series – the first digital sleep system in Asia Pacific

P-Series and S-Series released
Compumedics announced the release of the P-Series Portable Sleep Monitoring System with features including intelligent CPAP control.

1993

$1.7M

Sales split



1994

Used by NASA and SHHS.

NASA contracts won for International Space Station and Space Shuttle flight preparation
NASA chose Compumedics' P-Series Portable Sleep Monitoring System for the 1998 Neuro-mission Space Shuttle flight preparations.

Compumedics won the contract to supply medical hardware for the International Space Station's Human Research Facility (HRF) under contract to NASA.

1995

Chosen for world's largest sleep study
Compumedics won the competitive US Government-funded contract to supply the equipment for the world's largest sleep study (6000 patients). The five year Sleep Heart Health Study (SHHS) was won against a field of 22 competitors, including multinationals. Compumedics supplied 40 P-Series Sleep Monitoring Systems along with 9 replay and 6 analysis systems. The equipment selection committee was made up of sleep experts from 11 leading University Hospitals across the USA.

Compumedics was granted IEC 601-1 patient safety certification for its S-Series and P-Series products.

1998-1999

Compumedics recognised
Compumedics was named Australian Exporter of the Year.

Compumedics was awarded the 1998 Governor of Victoria Award for Victorian Exporter of the Year.

Compumedics was awarded the 1998 AusIndustry Innovation Award.

Compumedics was awarded the 1998 Telstra Innovation Award.

2000

Compumedics' ASX listing
Compumedics listed on the Australian Stock Exchange.

E-Series EEG/PSG system

2001

Siesta 802™ – World leading wireless system for sleep and EEG - receives FDA clearance.

2002-2005

Compumedics' completes first acquisition – Neuroscan.

DWL division established for blood-flow Doppler technology.

Sales revenue
$20.2M

2006 - 2008

Compumedics DWL awarded membership to Germany's top 100 innovative companies.

Compumedics awarded the 2006 Frost & Sullivan Technology Leadership Award.

Compumedics and chairman inducted into the Victorian Manufacturing Hall of Fame.

Somté® PSG is released - the simplest and most convenient way to meet requirements for recording full PSG, in both attended and unattended settings.

Somté® PSG - Full PSG absolutely anywhere.

2009

Grael® is released - Compumedics released the world's first High Definition and premier PSG/EEG, Grael.®

Grael® wins Powerhouse Museum Award & finalist at the Australian International Design Award.

Grael® PSG/EEG - World's first High Definition Amplifier.

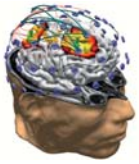
Compumedics introduces direct selling in Germany.

2010 - 2011

Compumedics recognised as one of Australia's top 100 Health Innovators through its world leading devices for sleep diagnostics.

Somnilink SPAP®

Somnilink SPAP receives CE and TGA clearance.



CURRY® SCAN **7** Neuroimaging Suite is released

Compumedics introduces direct selling in France.

2012

2013

Beijing Bestmed, Compumedics' China-based distributor invests $0.5M, becoming a top 10 shareholder - this injection of funds contributes to Compumedics further growth in the China region.

Neuvo® LTM 512 Channel EEG

2014

2015

New Patent Grant Underpins Growth Opportunities for Compumedics' DWL.

- New product development based on patent for system of detecting and treating blood vessel stenosis or occlusions.

$7.5 Million Sleep Diagnostic Systems Contract with Beijing Bestmed Accelerates Compumedics Strength in China.

2016

2017

Compumedics wins major multi-million dollar MEG brain imaging contract.

Growth in China - Compumedics confirms strength in China with over $5M in sales in 2017.

New product released -

Profusion NeXus 360 - A Revolution in Laboratory Management.

2018

2019

Compumedics Announces Successful MEG Installation at BARROW NEUROLOGICAL INSTITUTE

New products released -

NEW **Neuroscan Quik-Caps**

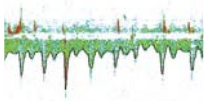
Now in Gel-based Electrode Arrays in Neoprene and Silicone and Liquid-Electrolyte Hydro Net Arrays.

2020

2021

DWL Emboli Detection in patients with Atrial Fibrillation:

The ERNSono Multi Center Study across 4 centres in Europe finds that atrial fibrillation is associated with an increased risk of thromboembolism.



Compumedics DWL signed an agreement with UK based Medical Equipment Supplies and Management company for supplying DWL Transcranial Doppler (TCD) systems for use within a clinical trial for Sickle Cell Disease performed by a US based biopharmaceutical company.

Doppler-Box™ X

2022

SILVER JUBILEE
25 YEARS OF DIAGNOSTICS EXCELLENCE

Compumedics celebrates its 25 Year Silver Jubilee Anniversary.

Neuvo® LTM, world's first 512 channel wall system is released to market - the Ultimate Long-term Monitoring System.

Grael®-HD EEG - High-Definition EEG is released to market.

Grael®-HD EEG

ehealth Business focus in Asia.

New contract signed with Bestmed (China) with potential revenue of US$5 million over the next three years growing to US$13.2 million within five years.

Company has now secured total contracts for its eHealth platform with potential incremental revenue of US$9.1 million over the next three years.

New products released -

Profusion EEG5 - World class EEG diagnostic software.

Profusion Sleep4 - World class PSG diagnostic software.

Grael® LT EEG Grael® PSG

New Grael® Range released for market - Grael® PSG, Grael® LT and updates to Grael® and Grael® EEG

New e-Health Somfit® consumer product is developed -

Somfit®

Compumedics and KRISS (Korea Research Institute of Standards and Science) officiates technology transfer agreement and MOU for new advanced MEG.

Successful completion of $6.5M capital raising

Compumedics Signs $3.6 Million Distribution Agreement with Fukuda Denshi Co., Japan

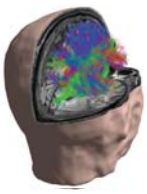
Fukuda Denshi Co. becomes Compumedics' new neuro diagnostic distributor in Japan. The deal further underpins Compumedics' on-going growth in Asia and opens a new market for Compumedics existing product range – neurodiagnostic and monitoring products in Japan.

New product released -

ONsight™ A.V.S Ambulatory Video EEG Solution

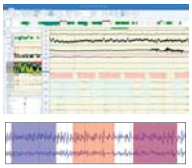
Monitor your patient's home ambulatory studies with CONFIDENCE! EEG with Video recording in "Real Time"!

New products released -



CURRY® 9 - Compumedics Neuroscan releases the latest in the CURRY® Neuroimaging Suite.

Profusion Sleep 5 & EEG 6 Latest generation Profusion Software suite for PSG and EEG updated with even more user-friendly features and functionality.



Compumedics wins second multi-million dollar MEG brain imaging contract at China's prestigious Tianjin Normal University – home of the Faculty of Psychology

New Acquisition - alphatrace™

Compumedics has acquired an initial 50% shareholding in Dr. Grossegger & DRBAL GmbH, which has been renamed Compumedics alphatrace GmbH.

Compumedics alphatrace NeuroGraph™ EMG system.

BOARD OF DIRECTORS

Compumedics is committed to developing a world class working environment that rewards individuals for the contributions they, and their teams, make to the business each year. Compumedics is proud of the diversity of its people, and continues to develop its people infrastructure under the guidance of the Senior Management Team and the Board.

Dr. David Burton, Ph.D.
Executive Chairman, CEO

Dr. David Burton, Ph.D., is the founder, Chairman and CEO of Compumedics. After establishment of Compumedics the company was listed on the ASX in 2000, and has been awarded 24 awards for design, innovation, business and exports including the Australian Exporter of the Year in 1998 and Small Business of the Year in 1999.

Dr. Burton started his career at the Bureau of Meteorology, where he studied radar techniques and electronic equipment. He founded Linear Transfer Pty Ltd, which designed, manufactured and marketed high fidelity recording and sound equipment. He was awarded an Associate Diploma in Engineering (Electronics) by the Royal Melbourne Institute of Technology and a Ph.D. (Eng. Sc.) by Monash University, Melbourne (Australia). Dr. Burton's engineering background includes the design and project management of Compumedics' first sleep laboratory and portable sleep systems. Dr. Burton has authored 150 patents or patent applications across more than 20 families of patents that form part of Compumedics' intellectual property. Dr. Burton has served as an advisor for the Victorian Government as a member of the Council for Knowledge, Innovation, Science and Engineering (KISE), being the Victorian Government's key advisory body on issues and policies focusing on science and innovation.

Dr. Burton was presented the Clunies Ross National Science and Technology Award in 2002 for his development of innovative sleep monitoring technology. He was awarded the 2003 Centenary Medal by the Prime Minister and Governor General of Australia for outstanding contribution to science and technology, particularly public science policy. In 2003 Dr. Burton was awarded the Ernst & Young Victorian Entrepreneur of the year award for technology, communications, E-commerce and life sciences. In 2007 Dr. Burton was inducted into the Victorian Manufacturing Hall of Fame in recognition of manufacturing achievements and world-wide medical device exports.

Dr. Burton served as a Victorian Government adviser as a Board member of the Design Victoria (2008-2011), was appointed to the Academy of Technological Science and Engineering (ATSE) committee in 2012 and in recognition of his outstanding contribution to the profession of Biomedical Engineering and was awarded the 2012 David Dewhurst Award by Engineers Australia, College of Biomedical Engineers.

Mr. David Lawson
Executive Director

Mr Lawson has been Chief Financial Office and the Company Secretary of the Company for over twenty two years. In that time, Mr Lawson has been extensively involved in the development of the Company including the Initial Public Offering of shares in the Company, the subsequent offshore acquisitions in the US and Germany, private equity placements and the recent refinancing of the Company. Mr Lawson also has been involved in the operational turn around of the Company and brings a significant amount of experience and knowledge to the Board.

Mr. Paul Jensz B Eng, MBA
Non-Executive Director

Paul has over 30 years' experience in developing and financing Primary Industries and Life Sciences in Australia and Asia. He initially spent 10 years with Rio Tinto, and moved to corporate broking with County Natwest/Citigroup, Austock/Phillip Capital and is a founding director of PAC Partners (October 2013) and executive chairman of AgFood Fund (August 2020).

Paul has built the leading Australian Agribusiness and Life Science franchise covering small through to large companies. During the early 2000's he was a sell-side analyst for CSL, Cochlear, Ramsay Healthcare, Resmed and Sonic Healthcare. His interest in emerging life science companies was enabled through PAC Partners, and led to active coverage of Compumedics and its peers.

All industries he is associated have sustainable growth off-shore and interact strongly with vibrant listed and unlisted Australian and New Zealand companies. His platform has linked Australasia's leaders in agribusiness, life science, sustainable energy with investors for over $1bn of equity raising.

SENIOR MANAGEMENT

Dr. David Burton, Ph.D.
Executive Chairman, CEO

David Lawson
Executive Director,
Chief Financial Officer
& Company Secretary

Warwick Freeman
Chief Technology Officer

Christoph Witte
General Managing Director
DWL Compumedics Germany GmbH

Financial Statements 2022

COMPUMEDICS®

'Defining *Life's* Signals'

> SLEEP DIAGNOSTICS & TREATMENT

> NEURO DIAGNOSTICS

> BRAIN RESEARCH

> ULTRASONIC BLOOD FLOW MONITORING

> MEDICAL INNOVATIONS

OVER THIRTY YEARS OF EXCELLENCE IN DIAGNOSTICS

Annual Financial Statements

for the year ended 30 June 2022

Contents

Corporate Information

This annual report covers Compumedics Limited as a consolidated entity comprising Compumedics Limited and its subsidiaries. The Group's functional and presentation currency is AUD ($).

A description of the Group's operations and its principal activities is included in the review of operations and activities in the directors' report on pages 2 to 15. The directors' report is not part of the financial report.

Directors	Dr. David Burton Mr. David Lawson Mr. Tucson Dunn (retired 31st March 2022)) Mr. Paul Jensz (commenced 1st January 2022)
Company secretary	Mr. David Lawson
Executive team	**Executive Chairman, CEO** David Burton **Executive Director and CFO** David Lawson **Chief Technology Officer** Warwick Freeman **General Managing Director DWL Compumedics Germany GmbH** Christoph Witte
Notice of annual general meeting	The Annual General Meeting of Compumedics Limited **will be held at** Compumedics Limited, 30-40 Flockhart Street, Abbotsford VIC 3067 **time** 10.30am **date** Thursday 27 October 2022
Principal registered office in Australia	30-40 Flockhart Street Abbotsford VIC 3067 Telephone: (03) 8420 7300
Share register	Automic Pty Ltd Level 12 575 Bourke Street Melbourne VIC 3000 Phone: Local: 1300 288 664 Phone: International: +61 2 9698 5414
Auditor	Nexia Melbourne Audit Pty Ltd Level 12 31 Queen Street Melbourne VIC 3000
Stock exchange listings	Compumedics Limited shares are listed on the Australian Stock Exchange. Compumedics' ASX code is CMP.
Website address	www.compumedics.com.au

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Compumedics Limited and the entities it controlled at the end of, or during, the year ended 30 June 2022.

The following persons were directors of Compumedics Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

Dr. David Burton
Mr. David Lawson
Mr. Tucson Dunn (Retired 31st March 2022)
Mr. Paul Jensz (Commenced 1st January 2022)

Principal activities

During the year the principal continuing activities of the Group were the research, development, manufacture and distribution of medical equipment and associated technologies. There have been no significant changes in the operation of the Group during the year.

Dividends

The directors have not declared a dividend in the current financial year (2021: nil).

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects and a summary of consolidated revenue and results by operating segments are set out below:

	Total Revenue		Segment Results	
	2022 $000	**2021 $000**	**2022 $000**	**2021 $000**
USA	11,457	10,400	277	118
Australia and Asia Pacific	14,198	14,085	867	56
Europe	12,101	11,255	2,143	2,389
Total continuing operations	**37,756**	**35,740**	**3,287**	**2,563**
Depreciation and amortisation			(1,188)	(1,457)
Impairment of intangible assets			-	-
Finance costs			(401)	(330)
Profit/(loss) before income tax expense			1,698	776
Income tax benefit			(341)	222
Profit/(loss) for the year			**1,357**	**998**

Comments on the operations and the results of those operations are set out below:

During the 2022 financial year the Company has begun to emerge from the challenges posed by the COVID-19 pandemic, with impacts remaining, largely due to supply issues, but continuing to abate in the Company's key markets as the 2022 financial year progressed. The Company was able to grow its core business in key markets and the Company has continued to work through the second installation phase of its first MEG sale at the Barrow Neurological Institute (BNI) in the USA. The Company also won its second MEG sale during the financial year selling a MEG system to Tianjin Normal University in China. At the same time, the Group had also progressed development of and commercialisation activities relating to the Somfit, consumer based, sleep monitoring device and technology. In addition, the Company has concurrently with these two step-out growth opportunities, continued to grow its core sleep, neuro diagnostic and trans cranial Doppler business, where the Company has been able to do so.

FINANCE

During the 2022 financial year the Company negotiated a new fixed term loan of $4.5m with its bank in Australia as part of the Federal Governments SME pandemic recovery scheme. The loan is repayable over 10 years and

it is at current interest rates. This new loan is in addition to the existing working capital facilities the Company already has. The Company's existing $2.0m overdraft facility remains in place, on an ongoing basis in Australia, where the Company also has a existing principle and interest loan in relation to the MEG business, with a balance at 30 June 2022 of $1.4m. There were no other financing activities during the 2022 financial year.

OPERATIONS

Compumedics research and development (R&D) investment was slightly lower than the prior year at approximately 11% of sales for the 2022 financial year, compared to 12% for the 2021 financial year, which remains about twice the industry standard. Consequently, the Group has retained its technological leadership, with a strong pipeline of new and exciting upcoming product releases and upgrades.

In order to ensure the Group operates as efficiently as possible a number of existing projects have concluded and new projects commenced during the financial year. These include reviewing production location for its new range of products being released over the next 12 months.

While these structural transformations have demanded on-going investment in the short term, in terms of personnel, engineering and components, they have and will continue to result in substantial savings and elevated shareholder returns in the medium term through on-going improved margins.

STRENGTHENED SALES AND MARKETING

The Group achieved the following geographical outcomes.

(a) Americas
Total US revenues were $11.5m for the year ended 30 June 2022 compared to $10.4m for the prior year. The increased sales revenue in the US reflects primarily an improvement in sleep diagnostic and Neuroscan sales compared to the prior year, offset by a decline in neuro-diagnostic sales. Service revenues in the US also recovered as the pandemic impacts abated. Despite the lingering effects of the pandemic the Company continues to strengthen the structure of the general and sales and marketing management and team members to drive growth in the foreseeable future.

(b) Asia Pacific
Australian and Asia Pacific revenues for the year ended 30 June 2022 were $14.2m compared to $14.1m for the prior year. The near neutral result in revenues was driven by gains in the Australian business, largely in sleep diagnostics, offset by small declines in the Asian based business, as the effects of the pandemic continue there, particularly in China.

(c) Europe
European revenues for the year ended 30 June 2022 were $12.1m compared to the prior year of $11.3m reflecting a strong rebound in sales, particularly in France, as the effects of the pandemic continue to dimmish there.

The Group, with a focus on working around the lingering effects of the COVID-19 pandemic, particularly as it relates to supply-chain issues, continues to look for ways to make gains in Neuro diagnostic markets around the world, particularly where we sell directly, such as, the US, Australia, Germany and France.

In the Group's core sleep diagnostic business, Compumedics has the most sophisticated and advanced range of sleep-monitoring systems of any of the companies competing in these markets. The Group continues to be recognised as a leading sleep diagnostic Company worldwide and as such global sleep diagnostic markets continue to offer opportunities for growth as the Company and customers respond to new ways of operating through the remaining impacts of the COVID-19 pandemic.

The Group is continuing to develop its eHealth, Cloud and WEB enabled, sleep diagnostic and neuro diagnostic and monitoring solutions for its key markets around the world. The Company now has more than 73 customers globally for its Nexus 360 professional sleep diagnostic cloud-based service, up 30% on the 2021 financial year. Invoiced revenues were about $1.3m in FY2022 ($1.1m in FY2021). The Company has performed about 200,000 studies via its Nexus 360 platform since its release.

The Group is also continuing the ongoing pre-work for the installation of the second phase of its first MEG system to the Barrow Neurological Institute in Phoenix, Arizona, USA.

BREAKOUT MEDICAL INNOVATIONS

Compumedics Medical Innovation (CMI) division has continued to develop a number of breakout technology platforms. Each of these CMI platforms incorporates a folio of patents, compliments Compumedics' core business, presents unique and significant product differentiation, and has been independently validated, as outlined in the subsequent sections.

SUMMARY

The Group is clearly focused on the following key goals being:

1 The geographical expansion of the core sleep diagnostic and neuro diagnostic monitoring businesses into global territories, where the Group has little or no market share.
2 Completing the second and final phase of the first MEG sale to Barrow Neurological Institute in Phoenix, AZ, USA, and preparing for the installation of the second MEG system at TJNU in China, whilst concurrently pursuing the next MEG opportunities.
3 Substantially grow the Nexus 360 cloud-based sleep diagnostic business from the current 73 customers globally.
4 Continue the productivity enhancement programs to eliminate and reconfigure expensive and inefficient processes with all parts of the business.
5 Commercialisation of the Group's consumer sleep technology, Somfit.

This is a great Company, and we remain confident the operational initiatives currently being undertaken will continue to improve profitability in the short-term, allowing our very positive prospects for the medium and long-term to be realised. The demand for innovative healthcare solutions continues to be underpinned by an ever-increasing ageing population, coupled with the growing incidence and awareness of neurology and sleep disorders.

Likely Developments and Expected Results

The focus for the Group will be on guiding the business through the remaining impacts of the COVID-19 pandemic and building on the resumption of growth now underway across the Group. The Group will also continue development of its MEG business and commercialisation of its Somfit product with interested international partners.

Compumedics expects the identified Key Growth Opportunities to deliver an increase in revenues and earnings in FY23, subject to the ongoing effects of the COVID-19 pandemic on the Company.

With the pandemic abating the Company resumes guidance CMP forecast FY23F revenues, excluding MEG, to be in excess of $40m and for EBITDA to be in excess of $4m.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Group during the financial year.

Matters Subsequent to the End of the Financial Year

Acquisition of Alpha Trace

Compumedics acquired an initial 50% shareholding in Dr. Grossegger & DRBAL GmbH, which has been renamed Compumedics Alpha Trace GmbH (Alpha Trace) on the 1st September 2022. Details of the acquisition are as follows:

- Compumedics Europe GmbH, based in Germany, being a wholly owned subsidiary of Compumedics Limited, acquires a 50% shareholding in Dr. Grossegger & DRBAL GmbH on 1st September 2022 for €250,000 (in equivalent Compumedics' product) and it is renamed Compumedics Alpha Trace GmbH and is based in Austria
- Compumedics and Alpha Trace (Dieter Grossegger) will work together as equal owners of Alpha Trace for up to 3 years from the initial partial acquisition, subject to the terms and conditions of the mutually agreed to Shareholders Agreement

- Compumedics shall have exclusive rights to sell Alpha Trace's existing EMG technology globally, subject to regulatory approvals where required
- Alpha Trace will have distribution rights to sell Compumedics existing range of sleep and neuro-diagnostics products, excluding MEG, into Southern Germany, Austria, and Switzerland
- Compumedics can during the three-year period, post the initial acquisition, purchase the remaining 50% shareholding in Alpha Trace for €150,000 cash, or at the end of the three-year term may purchase the remaining 50% of the shares in Alpha Trace for €150,000 plus a, to be agreed, share of the profits over the three-year period

Lease of Flockhart Street, Abbotsford, Victoria

Compumedics signed a new lease for the premises it occupies at 30-40 Flockhart Street, Abbotsford, Victoria. The new lease commenced on 2nd September 2022 and was conditional on the new owners of the building settling their purchase in late August 2022. As this did occur, the new lease became effective at that time. The lease has an initial 3-year term, with an option for a further three-year term. Lease payments are $325k per annum and are to be adjusted by inflation at each anniversary date of the lease.

Apart from the matter above, the Directors are not aware of any matters subsequent to the end of the financial year that would have a material impact on the financial performance of the Group.

Environmental Regulation

The Group is not subject to significant environmental regulation in respect of its activities.

Information on directors

Dr. David Burton, Chairman and Chief Executive Officer, Age 63

Experience and expertise
Founder and major shareholder through related entity. He was awarded an Associate Diploma in Engineering (Electronics) by the Royal Melbourne Institute of Technology and a Ph.D. (Eng. Sc.) by Monash University, Melbourne (Australia). Dr. Burton's engineering background includes the design and project management of the Compumedics' first sleep laboratory and portable sleep systems. Dr. Burton has authored fifteen patents or patent applications that form part of Compumedics' key intellectual property. Extensive experience in the development, design, manufacture and sale of medical devices and the development of the business.

Other current directorships
D & DJ Burton Holdings Pty Ltd
Intellirad Pty Ltd
Electro Molecular Pty Ltd

Former directorships in last 3 years
None

Special responsibilities
Chairman of the Board
Member of Remuneration Committee
Member of Audit Committee

Interests in shares and options through related entities
98,044,319 ordinary shares in Compumedics Limited
Nil options over ordinary shares in Compumedics Limited

Mr David Lawson, Executive Director and Chief Financial Officer, Age 57

Experience and expertise
Has a Bachelor of Commerce from Melbourne University and is a Member of Chartered Accountants Australia and New Zealand. He has extensive experience in the development of the Compumedics business over the last 22 years and prior to that held a number of management positions with another listed public entity.

Other current directorships
None

Former directorships in last 3 years
None

Special responsibilities
Member of the Remuneration Committee
Member of the Audit Committee

Interests in shares and options
3,470,724 ordinary shares in Compumedics Limited

Mr Paul Jensz B Eng, MBA, Non-Executive Director, Age 57

Experience and expertise
Paul has over 30 years' experience in developing and financing Primary Industries and Life Sciences in Australia and Asia. He initially spent 10 years with Rio Tinto and moved to corporate broking with County Natwest/Citigroup, Austock/Phillip Capital and is a founding director of PAC Partners (October 2013) and executive chairman of AgFood Fund (August 2020). Paul has built the leading Australian Agribusiness and Life Science franchise covering small through to large companies. During the early 2000's he was a sell-side analyst for CSL, Cochlear, Ramsay Healthcare, ResMed and Sonic Healthcare. His interest in emerging life science companies was enabled through PAC Partners and led to active coverage of Compumedics and its peers. All industries he is associated have sustainable growth offshore and interact strongly with vibrant listed and unlisted Australian and New Zealand companies. His platform has linked Australasia's leaders in agribusiness, life science, sustainable energy with investors for over $1bn of equity raising.

Other current directorships
PAC Partners Securities Pty Ltd

Former directorships in last 3 years
AgFood Fund Pty Ltd

Special responsibilities
Member of the Audit Committee
Member of the Remuneration Committee

Interests in shares and options
138,588 ordinary shares in Compumedics Limited

Company secretary

The Company secretary is Mr. D. F. Lawson, Chartered Accountant. Mr. Lawson was appointed to the position of Company Secretary in 2000. Mr. Lawson has a Bachelor of Commerce from Melbourne University and is a Member of Chartered Accountants Australia and New Zealand.

Meetings of directors

The numbers of meetings of the Company's Board of directors and of each Board committee held during the year ended 30 June 2022 and the numbers of meetings attended by each director were:

			Meetings of committees			
	Full meetings of directors		Audit		Remuneration	
	A	B	A	B	A	B
Dr. David Burton	9	9	2	2	1	1
Mr. David Lawson	9	9	2	2	1	1
Mr. Tucson Dunn (retired 31st March 2022)	3	3	-	-	1	1
Mr. Paul Jensz (commenced 1st January 2022)	6	6	-	-	-	-

A – Number of meetings attended
B – Number of meetings held during the time the director held office or was a member of the committee during the year

Remuneration report (audited)

The remuneration report is set out under the following main headings:
A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

A Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms to market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation. The Board is satisfied remuneration recommendations are made free from undue influence by the members of the key management personnel.
Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price
- delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

The Board has established a remuneration committee, which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors. The Corporate Governance Statement provides further information on the role of this committee.

Non-executive directors

Fees and payments to non-executive directors reflect the demands, which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Non-executive directors do not receive share options.

Directors' fees
The current base remuneration was last reviewed with effect from 1 July 2007. The Chairman's remuneration is inclusive of committee fees while other non-executive directors who chair a committee receive additional yearly fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $250,000 total pool per annum.

The following fees have been applied:

	From 1 July 2021 to 30 June 2022 $	From 1 July 2020 to 30 June 2021 $
Base fees		
Chairman	50,000	50,000
Other non-executive directors	30,000	30,000
Additional Fees		
Audit committee – chairman	5,000	5,000
Audit committee – member	2,500	2,500
Remuneration committee – chairman	5,000	5,000
Remuneration committee – member	2,500	2,500

Executive pay

The executive pay and reward framework has 5 components:
- Base pay and benefits
- Short-term performance incentives
- Long-term incentives through participation in the Compumedics Limited Employee Option Plan
- Other remuneration such as superannuation, and
- Long-term equity linked incentive program specifically for the head of the Medical Innovations Division.

The combination of these comprises the executive's total remuneration.

Base pay
Structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

Benefits
Executives may receive benefits including health insurance, car allowances, other expense reimbursements and tax advisory services.

Superannuation
Retirement benefits are currently limited to the statutory rate of superannuation but are not capped based on salary. Executives may elect to make further salary sacrifice additions to superannuation funds of their choice, up to the allowable limits prescribed.

Short-term incentives
Should the Group achieve a pre-determined profit target set by the remuneration committee a pool of short-term incentive (STI) is available to executives during the annual review. Using a profit target ensures variable award is only available when value has been created for shareholders and when profit is consistent with the business plan. The incentive pool is leveraged for performance above the threshold to provide an incentive for executive out-performance.

Each executive has a target STI opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance. The maximum target bonus opportunity can be up to 60% of base pay, as determined by the remuneration committee each year.

Each year, the remuneration committee considers the appropriate targets and key performance indicators (KPIs) to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

For the year ended 30 June 2022, the KPIs linked to short-term incentive plans were based on Group, individual business and personal objectives. KPIs are set according to the individual responsibilities of each member of the executive team.

Each year the remuneration committee considers the appropriate targets and key performance indicators (KPI's) to link the Short-Term Incentive (STI) plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan and minimum levels of performance to trigger payment of STI.

The short-term bonus payments may be adjusted up or down in line with under or over achievement against the target performance levels. This is at the discretion of the remuneration committee.

The STI target payment is assessed by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) following the end of each financial year and any payments due are recommended to the remuneration committee for authorisation. The CEO and CFO recommend STI targets for the following year for key executives, which are put to the remuneration committee for review and authorisation annually.

Long-term incentives
The Group has instigated a long-term incentive program for one executive. At 30 June 2021 no other long-term incentive plans were in place for any other Director or key management personnel. Any instigation of a long-term incentive program for any other executive of the Group will be determined by and authorised by the remuneration committee and the remuneration committee will assess subsequent performance.

Medical Innovation Long Term Performance Plan (MI-LTPP)
The Group has formalised and gained approval at the 2009 and 2014 annual general meetings for the MI-LTPP for the head of the Medical Innovations Division ("Division Head"), who is currently the Executive Chairman. The rationale of the MI-LTPP is to reward the Division Head where future commercial projects are met on the following criteria:

1. The future commercial project is based on innovative, novel and patentable technology;
2. The patented technology is supplementary to, but consistent with, the ongoing businesses of Compumedics Limited; and
3. There is significant risk attached to the development of the intellectual property or technology and the commercialisation thereof.

On the basis that these 3 criteria exist, and, determined by the Remuneration Committee, a commercial project will be eligible for inclusion under the MI-LTPP. At 30 June 2022 the Remuneration Committee has approved several projects that are eligible under the MI-LTPP subject to the parameters discussed below.

The parameters of the MI-LTPP include that the Division Head will be entitled to an incremental 8% equity in any subsidiary entities of the Group that develop projects that meet all of criteria 1 to 3. The 8% equity will only deliver value to the Divisional Head where value is created for the whole Group, in which case the Group receives 92% of the incremental value created.

The entitlement will be calculated after repayment of any initial costs of establishment or development costs outlaid by Compumedics. The Directors have sought and gained expert advice that the entitlements under the plan form part of remuneration for the purposes of accounting standards and are fair and reasonable, having regard to relevant circumstances.

The Board recommended to shareholders and the shareholders approved, at the 2014 AGM, the 8% equity be issued to the Division Head. As a result, 8% of the issued capital of Compumedics Medical Innovation Pty Ltd was issued to David Burton, late October 2014.

Compumedics Employee Option Plan
Information on the Compumedics Option Plan is set out in section D and note 29 to the Financial Statements. There are no share-based payments for the year ended 30th June 2022.

Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Compumedics Group are set out in the following tables.

The key management personnel of the Group are the directors of Compumedics Limited (see pages 5 to 6 above) and those executives that report directly to the Chief Executive Officer being:

- Warwick Freeman, Chief Technology Officer
- Christoph Witte, Managing Director – Compumedics Germany GmbH

Remuneration of key management personnel and other executives of the Group

2022	Short-term benefits			Post-employment benefits		Long term benefits	Share based payments	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retirement benefits $	Long service leave $	Options $	Total $
Non-executive directors								
Tucson Dunn	22,500	-	-	-	-	-	-	22,500
Paul Jensz	17,500	-	-	1,750	-	-	-	19,250
Sub-total non-executive directors	**40,000**	**-**	**-**	**1,750**	**-**	**-**	**-**	**41,750**
Executive Chairman								
David Burton	50,000	-	-	-	-	-	-	50,000
Executive Director & CEO								
David Burton	178,280	-	-	22,828	-	-	-	201,108
Executive Director								
David Lawson	35,000	-	-	3,500	-	-	-	38,500
Executive Director & CFO								
David Lawson	277,020	-	-	27,702	-	44,575	-	349,297
Other key management personnel								
Warwick Freeman	240,358	-	-	24,035	-	8,395	-	272,788
Christoph Witte	350,837	72,741	-	24,037	-	-	-	447,615
Total key management personnel compensation	**1,171,495**	**72,741**	**-**	**103,852**	**-**	**52,970**	**-**	**1,401,058**

2021	Short-term benefits			Post-employment benefits		Long term benefits	Share based payments	
Name	Cash salary and fees $	Cash bonus $	Non monetary benefits $	Super-annuation $	Retirement benefits $	Long service leave $	Options $	Total $
Non-executive directors								
Tucson Dunn	30,000	-	-	-	-	-	-	30,000
Sub-total non-executive directors	**30,000**	**-**	**-**	**-**	**-**	**-**	**-**	**30,000**
Executive Chairman								
David Burton	48,750	-	-	-	-	-	-	48,750
Executive Director & CEO								
David Burton	173,822	-	-	21,144	-	-	-	194,966
Executive Director								
David Lawson	34,125	-	-	-	-	-	-	34,125
Executive Director & CFO								
David Lawson	216,013	-	-	20,521	-	4,109	-	240,643
Other key management personnel								
Warwick Freeman	230,600	-	-	21,907	-	4,277	-	256,784
Christoph Witte	332,375	-	31,031	24,713	-	-	-	388,119
Total key management personnel compensation	**1,065,685**	**-**	**31,031**	**88,285**	**-**	**8,386**	**-**	**1,193,387**

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration		At risk – STI		At risk - LTI	
	2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
Directors of Compumedics Limited						
David Burton	100	100	-	-	-	-
Tucson Dunn	100	100	-	-	-	-
David Lawson	100	100	-	-	-	-
Other key management personnel of Compumedics Limited						
Warwick Freeman	100	100	-	-	-	-
Other key management personnel of the Group						
Christoph Witte	100	100	-	-	-	-

The table below identifies for each cash bonus and grant of options included in the tables on page 10, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria set. No other cash bonus targets were set for any other executive of the Group for the year ended 30 June 2022. As such no other executive was eligible for a cash bonus and as a consequence did not forfeit a cash bonus.

	Cash bonus	
Name	Paid %	Forfeited %
David Burton	**N/A**	N/A
David Lawson	**N/A**	N/A
Christoph Witte	**N/A**	N/A

C Service agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of the director.

Remuneration and other terms of employment for the Chief Financial Officer and the other key management personnel are also formalised in service agreements. Each of these agreements provide for the provision of

performance-related cash bonuses, other benefits including health insurance, car allowances and tax advisory services, and other benefits set out below.

All contracts with executives may be terminated early by either party, subject to termination payments, as detailed below.

David Burton, Chief Executive Officer/Chairman

- Fee for services provided for the year ended 30 June 2022 of AUD201,108 to be reviewed annually by the remuneration committee. Director's fees of $50,000 were also paid (2021: $48,750). David Burton is also entitled to participate in the Medical Innovation Long Term Performance Plan as approved at the 2009 and 2014 Annual General Meetings.
- D & DJ Burton Holdings Pty Ltd a Company associated with D. Burton receives licence fees, described in Note 30.
- Performance bonus: No performance bonus was paid during the financial year. (2021: NIL).
- Review of last salary and fees - 1 July 2021
- David Burton has a formal Employment Contract, which covers the above terms, amongst other items, including a twelve-month notice period.

David Lawson, Executive Director, Chief Financial Officer/Company Secretary

- Base salary inclusive of superannuation, for the year ended 30 June 2022 of AUD349,297 to be reviewed annually by the remuneration committee. Director's fees of $35,000 were also paid (2021: $34,125)
- Performance bonus: No performance bonus was granted or paid during the financial year. (2021: NIL)
- Review of last salary - 1 July 2021
- The service agreement takes the form of a letter of offer, which incorporates Compumedics standard conditions of employment, which includes a twelve-month termination notice period, amongst other statutory conditions.

Warwick Freeman, Chief Technology Officer

- Base salary inclusive of superannuation, for the year ended 30 June 2022 of AUD272,788 to be reviewed annually by the remuneration committee
- Review of last salary – 31 March 2022
- The service agreement takes the form of a letter of offer, which incorporates Compumedics standard conditions of employment, which includes a twelve-month termination notice period, amongst other basic statutory conditions.

Christoph Witte, Managing Director, DWL

- Base salary inclusive of superannuation, for the year ended 30 June 2022 of EUR234,120 to be reviewed annually by the remuneration committee.
- Car Allowance of EUR7,299
- Performance bonus – a EUR46,845 performance bonus was granted or paid during the year ended 30 June 2022. (2021: NIL)
- Review of last salary -1 July 2021
- Christoph Witte's service agreement contains a notice period of six months, amongst other conditions.

D Share-based compensation

The establishment of the Compumedics Limited Employee Option Plan was approved by shareholders immediately prior to the listing of the Company in December 2000. All staff are eligible to participate in the plan. Options are typically granted under the plan for no consideration except when options are issued in lieu of a cash bonus as noted below. Options are granted for a five-year period and each new tranche vests is exercisable on the following basis:

(i) 20% of each new tranche vests and is exercisable at the 1st anniversary date of the grant
(ii) 30% of each new tranche vests and is exercisable at the 2nd anniversary date of the grant
(iii) 50% of each new tranche vests and is exercisable at the 3rd anniversary date into one ordinary share of the Company.

The exercise price of the options is based on the closing price at which the Company's shares are traded on the Australian Securities Exchange on the day prior to the grant.

Where options have been taken in lieu of a cash bonus the vesting period does not apply and the exercise price is 1 cent per share. The number of options issued is calculated by dividing the cash bonus available by the average share price for the 5 trading days prior to the granting of the options taken in lieu of the cash bonus.

The Group did not have any share-based payments in the full year ended 30 June 2022. Unissued ordinary shares in Compumedics Limited under option at the date of this report held by directors are Nil.

E Additional information

Loans to directors and executives

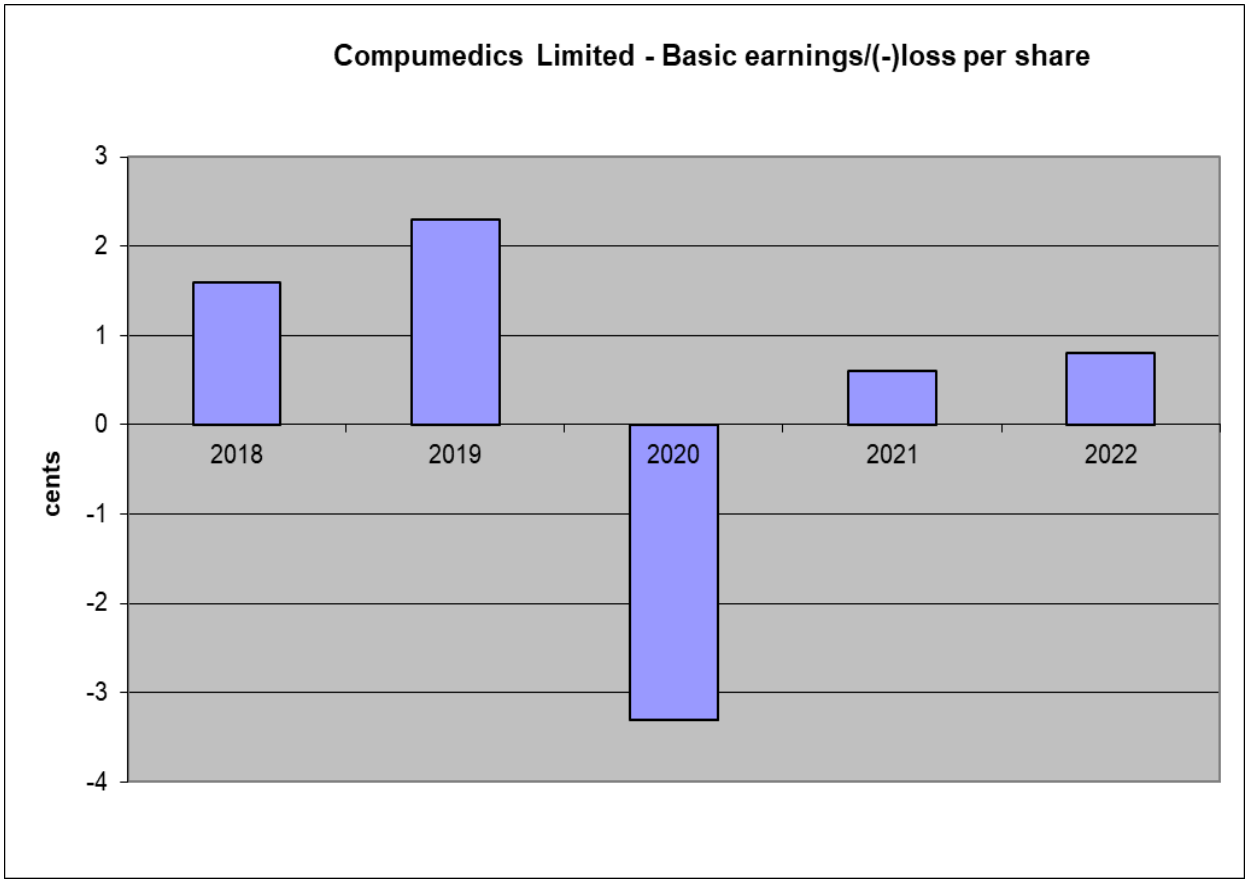
There are no current loans to directors and executives.

Shares under option

There were no unissued ordinary shares of Compumedics Limited under option at the date of this report. No options expired during the financial year ended 30 June 2022 (2021: NIL).

There were no new options issued during the year.

Group performance



The earnings/(loss) per share performance of the Compumedics Group reflects the improving trading environment for the Group following the impacts of the COVID-19 pandemic on the business in FY2020 and FY2021.

Insurance of officers

During the financial year, Compumedics Limited paid premiums of $66,500 to insure the Directors and Secretary of the Company and its Australian-based controlled entities, and the Executives and other senior managers of each of the divisions of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor Nexia Melbourne Audit Pty Ltd, for non-audit services provided during the year are set out below.

The Board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2022	**2021**
	$	**$**
Non-audit services		
Taxation services		
Tax compliance services	51,000	49,000
Fringe Benefits Tax services	3,000	3,000
Total remuneration for taxation services	**54,000**	**52,000**

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

Rounding of amounts
Compumedics Limited is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000, or in certain cases, to the nearest dollar.

Auditor
Nexia Melbourne Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001.*

This report is made in accordance with a resolution of directors.

David Burton
Director

Melbourne
30 September 2022

Nexia Melbourne Audit
Registered Audit Company 291969
Level 12 31 Queen Street
Melbourne Victoria 3000
T: +61 3 8613 8888
F: +61 3 8613 8800
nexia.com.au

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Compumedics Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia Melbourne Audit Pty Ltd
Melbourne

Andrew S. Wehrens
Director

Dated this 30th day of September 2022

Financial Statements – 30 June 2022

This financial report covers consolidated financial statements for the consolidated entity consisting of Compumedics Limited and its subsidiaries. The financial report is presented in the Australian currency and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

Compumedics Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Compumedics Limited
30-40 Flockhart Street
Abbotsford VIC 3067
Australia

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 2 - 3 in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 30 September 2022. The Company has the power to amend and reissue the financial report.

Through the use of the Internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other information are available to our investors on our website: www.compumedics.com.au.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Notes	Consolidated 2022 $'000	Consolidated 2021 $'000
Revenue			
Sale of goods and services	5	37,756	35,740
		37,756	**35,740**
Other income	6	1,788	1,514
Expenses			
Cost of sales		(18,436)	(16,578)
Administration		(5,644)	(6,116)
Sales and marketing		(9,483)	(8,260)
Research and development	7	(4,056)	(4,388)
Impairment of intangible asset		-	-
Finance costs	7	(401)	(330)
Net foreign exchange gain/(loss)		174	(806)
Profit/(loss) before income tax		**1,698**	**776**
Income tax (expense)/benefit	8	(341)	222
Net profit/(loss)		**1,357**	**998**
Other comprehensive income: *Items that will be reclassified subsequently to profit and loss when specific conditions are met.*			
Foreign currency translation		79	(637)
Other comprehensive income/(loss) for the year		79	(637)
Tax impact of other comprehensive income/(loss)		-	-
Total comprehensive income/(loss) for the year		**1,436**	**361**
Profit/(Loss) is attributable to:			
Equity holders of Compumedics Limited		**1,357**	**998**
Total comprehensive income/(loss) for the year is attributable to:			
Equity holders of Compumedics Limited		**1,436**	**361**
Earnings / (loss) per share for profit (loss) attributable to the ordinary equity holders of the Company:		**Cents**	**Cents**
Basic earnings / (loss) per share	35	0.8	0.6
Diluted earnings / (loss) per share	35	0.8	0.6

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	Consolidated 2022 $'000	Consolidated 2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	7,294	6,770
Trade and other receivables	10	16,470	15,483
Inventories	11	9,709	9,679
Income tax receivable		74	2
Total current assets		**33,547**	**31,934**
Non-current assets			
Deferred tax asset		500	821
Right-of-use assets	27	146	756
Property, plant and equipment	12	1,067	955
Intangible assets	13	6,449	4,080
Total non-current assets		8,162	**6,612**
Total assets		**41,709**	**38,546**
LIABILITIES			
Current liabilities			
Trade and other payables	14	5,940	5,385
Borrowings	15	6,016	4,408
Lease liabilities	27	153	663
Provisions	16	3,508	3,149
Deferred income	17	1,923	1,749
Income tax payable	8	-	-
Total current liabilities		17,540	15,354
Non-current liabilities			
Borrowings	18	379	593
Lease liabilities	27	-	156
Provisions	19	54	16
Deferred income	20	145	272
Total non-current liabilities		578	1,037
Total liabilities		**18,118**	**16,391**
Net assets		**23,591**	**22,155**
EQUITY			
Contributed equity	21	35,654	35,654
Reserves	22(a)	(394)	(473)
Retained losses	22(b)	(11,669)	(13,026)
Total equity		**23,591**	**22,155**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Contributed equity $'000	Reserves $'000	Retained losses $'000	Total $'000
At 1 July 2020	**35,654**	**164**	**(14,024)**	**21,794**
Profit for the year	-	-	998	998
Other comprehensive income	-	(637)	-	(637)
Total comprehensive income/(loss) for the year	-	**(637)**	**998**	**361**
At 30 June 2021	**35,654**	**(473)**	**(13,026)**	**22,155**
At 1 July 2021	**35,654**	**(473)**	**(13,026)**	**22,155**
Profit for the year	-	-	1,357	1,357
Other comprehensive income	-	79	-	79
Total comprehensive income/(loss) for the year	-	**79**	**1,357**	**1,436**
At 30 June 2022	**35,654**	**(394)**	**(11,669)**	**23,591**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Notes	Consolidated 2022 $'000	Consolidated 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		36,537	33,488
Payments to suppliers and employees (inclusive of goods and services tax)		(33,761)	(33,358)
Interest and other costs of finance paid		(401)	(320)
Income tax paid		-	-
Receipts from grants and other income		912	1,514
Net cash inflow from operating activities	34	**3,287**	**1,324**
Cash flows from investing activities			
Payment for property, plant and equipment		(616)	(163)
Payment for intangible assets		(2,369)	(1,391)
Net cash outflow from investing activities		**(2,985)**	**(1,554)**
Cash flows from financing activities			
Proceeds from borrowings		4,831	797
Repayment of borrowings		(2,550)	(58)
Repayment of lease liabilities (principal only)		(666)	(918)
Net cash inflow/(outflow) from financing activities		**1,615**	**(179)**
Net increase/(decrease) in cash and cash equivalents		1,917	(409)
Cash and cash equivalents at the beginning of the financial year		5,141	6,015
Effects of exchange rate changes on cash and cash equivalents		236	(465)
Cash and cash equivalents at end of year	9	**7,294**	**5,141**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2022

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 years presented, unless otherwise stated. The financial report includes financial statements for the consolidated entity consisting of Compumedics Limited and its subsidiaries. Compumedics Limited is the ultimate parent entity.

(a) Basis of preparation

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. The financial report has been prepared for a for-profit-entity.

Compliance with IFRS
The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Historical cost convention
These financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements in conformity with IFRS 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Going Concern and funding facilities

During the year ended 30 June 2022 the Group reported a profit after tax of $1.4m and net positive cash flow from operations of $3.3m.

The Group reported cash of $7.3m at 30 June 2022, compared to $6.8m at 30 June 2021.

As such the Directors have prepared the financial statements on a going-concern basis.

Changes in Accounting Policies

There were no changes in accounting policies in the year ended 30 June 2022.

(b) Principles of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Compumedics Limited ("Group") as at 30 June 2022 and the results of all subsidiaries for the year then ended. Compumedics Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which the Group obtains control and cease to be consolidated from the date on which control is transferred out of the Group.

The Group uses the acquisition method of accounting to account for the acquisition of subsidiaries.

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations, which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of directors.

Operating segments have been identified based on the information provided to the chief operating decision maker being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Compumedics Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to foreign currency translation reserve. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in profit or loss, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

1. Summary of significant accounting policies (continued)

(e) Revenue from contracts with customers

The core principle of AASB15 is that revenue is recognised taking into consideration the following five elements in any contract of sale by the Company to a customer:

1 Identification of a contract with a customer
2 Identification of the performance obligations in the contract with a customer
3 Determination of the transaction price of the contract with a customer
4 Consideration of the transaction price alongside the performance obligations in the contract
5 Recognition of revenue (or the transaction price) when (or as) the Company satisfies a performance obligation

In assessing the above criteria, the Company has reviewed the parameters of the contracts of sale it typically enters into with customers when selling products and/or services to them and has grouped contracts of sale with similar parameters together for the purposes of recognising revenue.

The accounting policy for the sale of products and the sale of services is:

The sale of products

The Company typically sells its products, being medical devices (hardware and software), either directly to end-user customers, such as hospitals, private physicians, universities or medical service providers, or to distributors, who then sell the product onto end-user customers.

Where the Company sells products to end-user customers there is typically an installation and training obligation at the end-user customer site, once the goods have been shipped to the end-user customer. In such situations the contract of sale with the end-user customer will separately identify the installation and training obligation, with a separate price for that installation and training obligation.

Taking into consideration the terms and conditions of sale, which forms the basis of the contract of sale between the Company and the end-user customer the Company recognises the sale of the products when the products are shipped from the Company's facility to the end-user customer, excluding that part of the price that is separately attributable to the installation and training obligation. This revenue will be recognised once the installation and training obligation has been satisfied.

Where the Company sells its products to its distributors, who then sell those products to end-user customers the Company typically, does not have an installation and training obligation with the distributor. As such the Company will recognise revenue for the sale of products to its distributors when the products are shipped to the distributor.

Should the Company sell products to end-user customers or distributors that have different terms and conditions in the contract of sale, to those typically entered into then the Company will review the specific contract of sale and book revenue according to the completion of the terms of the contract of sale.

1. Summary of significant accounting policies (continued)

(e) Revenue from contracts with customers (continued)

The sale of services

The Company typically sells its services, being post product-sale technical service and support or software-as-a-service (typically diagnostic software sold on a per-use or per-user basis) either under an annual or multi-year contract with an end-user customer, or on a per-use, or once-off basis.

Typically, the entering of a contract for post product-sale technical service and support by an end-user customer will involve the Company providing pre-defined on-site, over the phone, or WEB-based technical advice regarding the use and/or application of the product. Typically the contract for service will also include performance parameters for service and repair of the products, should they malfunction, be broken or be damaged in use.

Where the Company sells post product-sale technical service and support services to end-user customers under an annual or multi-year contract, the Company will recognise the revenue associated with these contracts for service on a monthly basis as the service obligation for that month is satisfied.

If an end-user customer does not enter into an annual or multi-year service contract and requires these types of services to be performed by the Company then the end-user customer shall pay for these services on a per-use, or once-off basis. Revenue associated with these per-use or one-off contracts for service will be recognised at the time the service obligation by the Company is satisfied with the end-user customer.

Typically, distributors of the Company's products will not require services as described above, but where they do, revenue will be recognised in the manner described above.

Where the Company sells its diagnostic software on a per-use or per-user basis under an annual or multi-year contract to an end-user customer, the Company will recognise that revenue each month as the delivery of the diagnostic software obligation on a per-use or per-user basis is satisfied with the end-user customer for that month.

Should the Company sell services to end-user customers or distributors that have different performance obligations in the contract of service, to those typically entered into, and as described above, then the Company will review the specific contract of service in relation to terms of that contract and book revenue according to the obligations of the contract of service.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be compiled with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. Government grants relating to an asset are presented in the Statement of Financial Position as unearned revenue.

Government grants and assistance that compensate for costs incurred are deferred and recognised in the Statement of Comprehensive income on systematic basis over the period in which the costs are recognised. Government grants and assistance that compensate for costs are presented in the Statement of Comprehensive income as other income.

(f) Income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

1. Summary of significant accounting policies (continued)

(f) Income tax (continued)

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation
Compumedics Limited and its wholly owned Australian controlled entities have not implemented the tax consolidation legislation.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables, which are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

1. Summary of significant accounting policies (continued)

(g) Leases

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision-making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy. The right-of-use asset is subject to the impairment requirements and is assessed for impairment indicators at each reporting date.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1. Summary of significant accounting policies (continued)

(i) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within 'sales and marketing expenses'. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(k) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1. Summary of significant accounting policies (continued)

(l) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.
Fair value through other comprehensive income

Equity instruments

The Group has a number of strategic investments in listed and unlisted entities over which are they do not have significant influence nor control. The Group has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost; and
- contract assets.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is

1. Summary of significant accounting policies (continued)

(l) Financial instruments (continued)

relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and finance lease liabilities.

Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, the recoverable amount of the asset is estimated. Where assets do not operate independently of other assets, the recoverable amount of the relevant cash generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

1. Summary of significant accounting policies (continued)

(k) Impairment of non-financial assets (continued)

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(m) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives. The expected useful lives for all categories of property, plant and equipment are between 3 and 6 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(n) Intangible assets

Research and development
Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the statement of comprehensive income as an expense when it is incurred. Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development.

The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which is dependent on the specific activity capitalised. Historically, this has been 7 years.

Licence Fee
The Group has capitalised an upfront licence fee of USD1.0m paid to Korean Research Institute of Standards and Science as part of the Licence Agreement signed in April 2016. These fees will be amortised against future sales of the MEG device. The period of amortisation will be the remaining life of the Licence Agreement at the booking of the second MEG sale. The Licence Agreement has a 20 year life from April 2016.

(o) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

1. Summary of significant accounting policies (continued)

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(q) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Borrowing costs include:
- Interest on bank overdrafts, other short-term funding facilities and short-term and long-term borrowings,
- Finance lease charges, and
- Bank charges on borrowing facilities.

(r) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(s) Employee benefits

(i) Wages and salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1. Summary of significant accounting policies (continued)

(s) Employee benefits (continued)

(iii) Share-based payments

Share-based compensation benefits, if applicable, are provided to employees via the Compumedics Employee Option Plan. Information relating to these schemes is set out in note 29.

The fair value of options granted under the Compumedics Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market-vesting conditions but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period considers the most recent estimate. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(t) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Dividends

Provision is made for any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

1. Summary of significant accounting policies (continued)

(w) Rounding of amounts

Compumedics Limited is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000, or in certain cases, to the nearest dollar.

(x) Reclassifications

Certain reclassifications have been made in the financial statements to ensure that prior year comparisons conform to the current year presentations.

(y) New accounting standards and interpretations

The following standards and interpretations have been issued by the AASB but are not yet effective for the year ended 30 June 2022.

Standard Name	Requirements	Effective date	Likely impact on initial application
AASB 2020-1	***Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*** Amends AASB 101 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver, a breach of covenant, or settlement of the liability). The mandatory application date of the amendment has been deferred by 12 months to 1 January 2023 by AASB 2020-6.	1 January 2023	30 June 2024
AASB 2020-3	***Annual Improvements to IFRS Standards 2018–2020 and Other Amendments*** ***This Standard amends:*** a) the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences; b) AASB 3 to update references to the Conceptual Framework for Financial Reporting; c) AASB 9 to clarify when the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and f) AASB 141 to align the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.	1 January 2022	30 June 2023

Standard Name	Requirements	Effective date	Likely impact on initial application
AASB 2021-2	***Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*** This Standard amends: a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	1 January 2023	30 June 2024
AASB 2021-5	***Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*** The amendment narrowed the scope of the recognition exemption in paragraphs 15 and 24 of AASB 112 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendment applies to transactions that occur on or after the beginning of the earliest comparative period presented.	1 January 2023	30 June 2024

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance and financial position of the Group.

Risk management is carried out by the senior managers of the Group.

(a) Market risk

(i) Foreign currency risk

Foreign exchange risk arises when recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk primarily arising from currency exposures to the US dollar and the Euro.

The Group does not generally use derivative financial instruments as the Group seeks to offset its revenues and receivables denominated in US dollars and Euros with expenses and payables in the same currency where it is appropriate to do so. The Group will look to cover specific foreign currency exposures where it is appropriate to do so.

The Group's and parent entity's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2022		30 June 2021	
	USD $'000	EUR $'000	USD $'000	EUR $'000
Financial assets				
Cash and cash equivalents	2,960	1,073	3,171	1,345
Trade receivables	1,556	3,615	3,989	2,273
Financial liabilities				
Bank and other loans	-	(375)	-	(510)
Trade payables	(954)	(854)	(1,149)	(567)
Net exposure	**3,562**	**3,459**	**6,011**	**2,541**

Sensitivity analysis

Based on the financial instruments held on 30 June 2022, had the Australian dollar weakened/strengthened by five percent against the US dollar with all other variables held constant, the Group's post-tax profit for the year would have been $0.246m higher / $0.272m lower (2021: $0.424m higher / $0.381m lower), as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the above table. Based on the financial instruments held on 30 June 2022, had the Australian dollar weakened/strengthened by five percent against the EURO with all other variables held constant, the Group's post-tax profit for the year would have been $0.250m higher / $0.276m lower (2021: $0.274m higher / $0.247m lower), as a result of foreign exchange gains/losses on translation of EURO dollar denominated financial instruments as detailed in the above table. The Group and parent entity's exposure to other foreign exchange movements is not material. The Group considers a five percent movement in either the US dollar or the Euro appropriate for the purposes of this sensitivity analysis as historically the Australian dollar has moved in a plus or minus five percent band against the US dollar and the Euro in any given recent financial year.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. Financial risk management (continued)

(a) Market risk (continued)

The parent entity has a current intercompany account receivable with the US business, all of which is considered a net investment in the US legal entity. As such, any exchange gain or loss resulting from the translation into Australian Dollars of the net investment of the intercompany account is taken to a foreign currency translation reserve. There is no profit or loss impact from movements in exchange rates relating to this net investment.
The parent entity likewise considers its intercompany account with the German and French businesses as part of its net investment and again there is no profit or loss impact from movements in exchange rates related to these net investments.

(ii) Interest rate risk
As at the reporting date, the Group had the following variable rate borrowings outstanding:

	30 June 2022		30 June 2021	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Consolidated				
Cash and cash equivalents	0.00%	7,294	0.00%	6,770
Bank overdrafts and loan facilities	6.27%	6,395	2.99%	5,001

Sensitivity analysis
The Group's overall sensitivity to interest rate movements is, in part, dependent on the underlying profitability of the Group. If the Group delivers profits at the level achieved in the year ended 30 June 2022, then based on 30 June 2022 year end borrowing of $5.0m a plus or minus 2% movement in interest rates (+/- $100,000) would not cause a material change in underlying profitability of the Group.

The Group has adopted a policy of predominantly borrowing in Australian dollars with Australian banks and/or other financial institutions as it builds its offshore businesses. The Group does have an overdraft in its 100% subsidiary Compumedics Germany GmbH. The facility limit is EUR350k. The Group also has a further German government loan in this subsidiary with a limit of EUR500k.

(b) Credit risk

The Group currently sells goods and services primarily to four major geographic regions being:
- Australia and New Zealand (A & NZ)
- United States of America (USA)
- Europe, the Middle East and Africa (EMEA)
- Asia

The sale of goods and services into Australia and New Zealand, the USA, France and Germany are made directly to the end user customer.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. Financial risk management (continued)

(b) Credit risk (continued)

The sale of goods and services to Europe, the Middle East, Africa and Asia are typically made via distributors based in specific countries in Europe (excluding France and Germany), the Middle East, Africa and Asia. The distributor then on sells the goods to the end user customer in the specific country in Europe, the Middle East, Africa and Asia.

The collectability of receivables within agreed terms is typically better where the goods and services are sold to a direct customer rather than to a distributor.

The Group does not hold any credit derivatives to offset its credit exposure. The Company also has an overdraft facility in its 100% owned Germany based subsidiary, Compumedics Germany GmbH as well as a EUR500k German Government COVID-19 loan facility. Details of which can be found at Note 15. These financing activities do not affect this analysis of credit risk summarised here.

The Group trades only with recognised, creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Board. These risk limits are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts has not been significant, despite receivable balances remaining payable beyond terms. The following tables identify accounts receivable at 30 June 2022 and 30 June 2021 identified by debt owed into major region and currency. The aging analysis is presented based on due date of invoice.

Region	Not Due $'000	1 to 29 Days $'000	30 Days $'000	60 Days $'000	90+ Days $'000	Total $'000
2022						
Australia and Asia Pacific (AUD)	1,437	158	30	108	(15)	**1,718**
Australia and Asia Pacific (USD)	1,075	207	39	41	1,159	2,521
Australia and Asia Pacific (EUR)	186	43	38	3	273	543
USA Entities (USD)	2,503	215	352	74	1,417	4,561
European Entities (EUR)	3,765	67	515	73	490	4,910
	8,966	**690**	**974**	**299**	**3,324**	**14,253**
Provision		-	-	-	(169)	(169)
2021						
Australia and Asia Pacific (AUD)	683	18	61	-	11	773
Australia and Asia Pacific (USD)	1,096	1,222	1	23	2,981	5,323
Australia and Asia Pacific (EUR)	303	360	29	-	89	781
USA Entities (USD)	1,898	488	76	114	958	3,534
European Entities (EUR)	2,282	129	55	157	146	2,769
	6,262	**2,217**	**222**	**294**	**4,185**	**13,180**
Provision		-	-	-	(169)	(169)

The table highlights that:

The collection of cash from the sale of goods and services to direct end user customers as identified by USA (USD) and Australia and Asia Pacific (AUD) accounts receivable usually occurs at or not long after agreed payment terms. Debtors in the 90-day column are 31.1% (2021: 27.1%) and -0.9% (2021: 1.4%) of the total debtors owing in the respective territories. Variations in the 90 day column year-on-year are usually not significant in absolute dollar terms, but in the current year reflect an outstanding debt in the US, which the Group views as recoverable, as such the balances do not reflect any deterioration in amounts owing but rather reflect timing issues related to installation and training and the subsequent collection of cash.

2. Financial risk management (continued)

(b) Credit risk (continued)

- The collection of cash from the sale of goods and services to distributors in Europe, the Middle East, Africa and Asia as represented by Australia and Asia Pacific (USD) accounts receivable usually occur well after agreed payment terms.
- Debtors in the 90-day column are approximately 46.0% (2021: 56.0%) of the total debtors outstanding in the current year. The Company does not consider these accounts receivable to be at risk of non-payment but they have aged considerably as a result of the effects of the COVID-19 pandemic, particularly in China.
- The collection of cash from the sale of goods and services in the Europe-based business, which is primarily via distributors into Europe and Asia typically occurs after agreed payment terms. Debtors in the 90-day column for European Entities represent 10.0% (2021: 5.3%) of all debtors owed to this business, again reflecting delays in payment as a result of COVID-19. The Group sees this as a timing issue and expects full recoverability of the amounts owing.

Information on the Group's maximum exposure to credit risk and financial assets that are either past due or impaired can be found at Note 10.

(c) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and committed available credit lines.

The Group does not have a specific policy as to the ratio of long term to short term debt and has instead focused on minimising total Group debt.

The Group manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis across its worldwide business units that reflect expectations of management of the expected settlement of financial assets and liabilities.

However, where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay. When the Group is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which the Group is required to pay. For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows of non-derivative financial instruments. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in the Group's ongoing operations such as property, plant, equipment and investments in working capital (e.g. inventories and trade receivables).

Liquid non-derivative assets comprising cash and receivables are considered in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all the required short-term cash payments.

The Company increased bank debt from $5.0m to $6.0m during the financial year, whilst also increasing the cash balance to $7.3m on 30 June 2022 from $6.8m on 30 June 2021. The increase in bank debt results primarily from working capital needs and the timing of funds in and out of the business. The Group has met, in July 2021, the conditions for the loan advanced under the payroll protection program in the US to be forgiven.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. Financial risk management (continued)

(c) Liquidity risk (continued)

Details of the Group's financing arrangements can be found at Note 15.

Liquid Financial Assets and Liquid Financial Liabilities

Consolidated	6 months $000	6-12 months $000	1-5 years $000	> 5 years $000	Total $000
Year ended 30 June 2022					
Liquid financial assets					
Cash and cash equivalents	7,294	-	-	-	7,294
Trade and other receivables	16,470	-	-	-	16,470
	23,764	-	-	-	23,764
Financial liabilities					
Trade and other payables	5,940	-	-	-	5,940
Interest bearing loans and borrowings	6,016	-	379	-	6,395
	11,956	**-**	**379**	**-**	**12,335**
Net inflow / (outflow)	**11,808**	**-**	**(379)**	**-**	**11,429**
Year ended 30 June 2021					
Liquid financial assets					
Cash and cash equivalents	6,770	-	-	-	6,770
Trade and other receivables	15,483	-	-	-	15,483
	22,253	**-**	**-**	**-**	**22,253**
Financial liabilities					
Trade and other payables	5,385	-	-	-	5,385
Interest bearing loans and borrowings	4,408	-	593	-	5,001
	9,793	**-**	**593**	**-**	**10,386**
Net inflow / (outflow)	**12,460**	**-**	**(593)**	**-**	**11,867**

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Deferred revenues
In calculating the Group's deferred revenues at any point in time the Group makes a judgement regarding the revenues to be deferred to future periods in respect of future installations and training obligations.

The Group reviews its installation and training obligations charged specifically against invoices raised with customers and defers this amount. This amount is deferred until such time as the future installation and training obligations have been extinguished.

(ii) Inventory
At any given point the Group has an obligation to carry its inventory at the lower of cost and net realisable value. In determining the Group's compliance with this requirement, the Group reviews its slow-moving inventory at December 31 and June 30 each year. As a consequence of this review the financial provision for slow moving inventory is adjusted with a resulting profit or loss impact.

In determining the appropriateness of the slow-moving inventory provision, the Group makes estimates about its future use of certain product lines and the ultimate recoverability and usefulness of the inventory on hand.

Given the leading-edge technology nature of the Group's activities, this may mean that inventory that was previously considered usable and therefore of value may quickly become redundant, obsolete or simply no longer usable.

(iii) Trade receivables

Similarly, for trade receivables the Group must make an estimate at any given point in time as to the recoverability of the receivables it has on its ledger and a provision for impairment is created based on this estimate.

The estimate is based on many factors including:

- The Group's knowledge of its customers and the likelihood of there being any issue with payment
- The Group's prior good history in relation to collecting receivables
- The territory where the receivable is owed from; and
- The age of outstanding balances.

Using this information, the Group makes an assessment of the recoverability of its trade receivables.

(iv) Recoverability of capitalised development costs

The Group did capitalise additional costs of $2.4m (2021: $1.8m) related predominantly to the development of the Somfit product and the new MEG product. The recoverability of these costs is dependent on the commercial success of both these products, which form the basis of the net present value calculations, so that it will generate future economic benefits in excess of the costs capitalised and therefore supports the carrying value of the assets. The Company did review the carrying value of the intangible assets of the Group for the year on 30 June 2022 and is satisfied the carry values are recoverable. The Group continued amortisation of these costs in the 2022 financial year with a $0.1m (2021: $0.49m) charge to profit or loss in the current year, solely related to the intangible assets in the DWL business in Germany.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

(v) Deferred tax asset / liability

The Group has booked a deferred tax asset related to the future benefit of unused tax credits as well as a net deferred tax asset relating to timing differences, where it is reasonably certain it can recover those losses against future taxable profits.

4. Operating Segments

(a) Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts and in the prior periods except as detailed below:

Inter-entity sales

Inter-entity sales are recognised based on an internally set transfer price. The price is set annually and aims to reflect what the business operations could achieve if they sold their output and services to external parties at arm's length.

Corporate charges

Corporate charges comprise non-segmental expenses such as head office expenses and interest. Corporate charges are allocated to each operating segment on a proportionate basis linked to segment revenue so as to determine a segmental result.

It is the Group's policy that if term of revenue and expenses are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

(b) Description of segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the geographical location in which products are sold and services provided, either directly to end-user customers or via distributors. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

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, ultra-sonic blood-flow systems, supplies and technical service and support. The US business also includes that sleep diagnostic services business. Sales in the Americas are predominantly direct sales to end-user customers. The US 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, ultra-sonic 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

4. Operating Segments (continued)

Europe and the Middle East

The Group's Europe-based business has its principal office in Singen, Germany with additional offices in Hamburg and Freiburg Germany. The Europe based territory includes all countries in the European region, plus all Middle Eastern countries. The Group sells all of its product offerings in this region including sleep diagnostic systems, clinical EEG systems, brain monitoring systems, ultra-sonic blood-flow systems, supplies and technical service and support. The Group sells its ultra-sonic blood-flow systems directly in Germany and all other products are sold via a network of distributors across the territory.

Major Customers

The Group does not have any individual customer that contributes 10% or more to Group revenues in the years ended 30 June 2022 or 30 June 2021.

Segment revenues are allocated based on the country in which the customer is located. Segment assets and capital expenditure are allocated based on where the assets are located.

2022	Americas	Australia and Asia Pacific	Europe and the Middle East	Group
	$'000	$'000	$'000	$'000
Revenue				
Sales to external customers	11,457	14,198	12,101	37,756
Intersegment sales	669	6,435	484	7,588
Other intersegment revenue	543	8	1,308	1,859
Total segment revenue	12,669	20,641	13,893	47,203
Intersegment elimination	(1,212)	(6,443)	(1,792)	(9,447)
Total revenue	11,457	14,198	12,101	37,756
Segment Result	278	867	2,143	3,288
Depreciation and amortisation				(1,189)
Net interest expense				(401)
Net Profit before income tax per the Statement of Profit or Loss and Other Comprehensive Income				**1,698**
Segment Assets	8,615	59,573	10,738	78,926
Intersegment elimination	-	(37,217)	-	(37,217)
Total assets per the Statement of Financial Position	8,615	22,356	10,738	41,709
Acquisition of property plant & equipment	24	532	63	619

Sales within Australia for 2022 were $4.8m

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

4. Operating Segments (continued)

2021	Americas	Australia and Asia Pacific	Europe and the Middle East	Group
	$'000	$'000	$'000	$'000
Revenue				
Sales to external customers	10,400	14,085	11,255	35,740
Intersegment sales	351	4,831	538	5,720
Other intersegment revenue	498	8	1,568	2,074
Total segment revenue	**11,249**	**18,924**	**13,361**	**43,534**
Intersegment elimination	(849)	(4,839)	(2,106)	**(7,794)**
Total revenue	**10,400**	**14,085**	**11,255**	**35,740**
Segment Result	118	56	2,389	**2,563**
Depreciation and amortisation				(1,457)
Net interest expense				(330)
Net Profit before income tax per the Statement of Profit or Loss and Other Comprehensive Income				**776**
Segment Assets	8,460	53,445	8,084	69,989
Intersegment elimination	-	(31,443)	-	(31,443)
Total assets per the Statement of Financial Position	**8,460**	**22,002**	**8,084**	**38,546**
Acquisition of property plant & equipment	29	23	118	170

Sales within Australia for 2021 were $4.8m

5. Revenue

	2022 $'000	2021 $'000
Sales revenue		
Sale of goods	34,658	32,596
Services	3,098	3,144
	37,756	**35,740**

6. Other income

Other income	**850**	**559**
COVID-19 government assistance	**938**	**955**
	1,788	**1,514**

Other income relates primarily to COVID-19 government assistance in the form of forgiveness of debt in the USA business.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

7. Expenses

	Consolidated	
	2022	**2021**
	$'000	**$'000**
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	511	521
Total depreciation	**511**	**521**
Amortisation		
Intangible asset	82	88
Right-of-use assets	619	848
Finance costs		
Interest and finance charges paid/payable	401	330
Foreign exchange (gains) and losses (a)	(174)	806
Employee benefits		
Payroll expense including leave payments	18,196	16,982
Superannuation entitlements	728	639
	18,924	**17,621**
Research and development expenditure	4,056	4,388
Current receivables – movement in impairment provision	(40)	(197)
Inventory – write down:	68	189

(a) Foreign exchange gains and losses

Net foreign exchange gains/(losses) of $0.174m [2021: $(0.806)m] were primarily related to trading transactions.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

8. Income tax expense/benefit

	Consolidated	
	2022	**2021**
	$'000	**$'000**
(a) Income tax (expense)/benefit		
Current income tax charge	(841)	(600)
Deferred income tax / (asset)	500	822
Income tax reported in the statement of profit or loss and other comprehensive income	**(341)**	**222**
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
Profit / (Loss) before income tax expense as reported in the statement of profit or loss and other comprehensive income	1,698	776
Tax (expense)/benefit at the Australian tax rate of 25% (2021 – 26%)	(425)	(202)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Research and development	(338)	275
Changes in recognised temporary differences	422	149
Income tax (expense)/benefit reported in the statement of profit or loss and other comprehensive income	**(341)**	**222**
(c) Provision for income tax – current		
Estimated income tax payable	-	-

The benefit of tax losses will be obtained if:

(i) the Group derives future assessable income of a nature and an amount enough to enable the benefit from the deductions for the loss to be realised,
(ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation, and
(iii) no change in tax legislation adversely affects the Group in realising the benefit from the deductions for the loss.

(d) Tax consolidation legislation

Compumedics Limited and its wholly owned Australian controlled entities have elected not to implement the tax consolidation legislation.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

9. Current assets – Cash and cash equivalents

	Consolidated	
	2022	2021
	$'000	$'000
Cash at bank and on hand	7,294	6,770

Included in cash on hand is restricted cash amounting to $0.2m. This relates to security for the rental bond on the offices the Company occupies in Melbourne and for security regarding the corporate credit cards used in the US.

Reconciliation to Statement of Cash Flows
For the purposes of the statement of cash flow, cash and cash equivalents comprise the following at 30 June

Cash at bank and on hand	7,294	6,770
Bank overdrafts (note 15)	-	(1,629)
Balances per Statement of Cash Flows	**7,294**	**5,141**

10. Current assets – Trade and other receivables

	Consolidated	
	2022	2021
	$'000	$'000
Trade receivables	14,294	13,180
Allowance for impairment loss (a)	(169)	(169)
	14,125	**13,011**
Other receivables/prepayments	2,345	2,472
Related party receivables:		
Loans to key management personnel	-	-
	16,470	**15,483**

(a) Movements in the provision for impairment loss were as follows:

At 1 July	169	366
Provision for impairment recognised during the year	(11)	(207)
Receivables written off during the year as uncollectible	11	10
	169	**169**

The creation and release of the provision for impaired receivables has been included in 'sales and marketing' expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

10. Current assets – Trade and other receivables (continued)

Past due but not impaired

As of 30 June 2022, trade receivables of $5.158m (2021 - $6.75m) were past due but not impaired. These relate to a number of independent customers and distributors for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2022 $'000	2021 $'000
Up to 3 months	1,963	2,735
3 to 6 months	691	267
Over 6 months	2,505	3,748
	5,159	**6,750**

Fair value and credit risk

Due to the short-term nature of these non-interest bearing receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

Due to the industry in which the Group operates, the Group trades with a number of Australian and overseas distributors who are historically slow payers. The ageing profile of trade receivables is closely monitored and significantly aged balances and doubtful accounts are provided against.

11. Current assets - Inventories

The provision for stock obsolescence was increased during the year ended 30 June 2022 by $0.068m as a result of the Group recognising provision against specific inventory items. These activities have led the Group to adjust the provision for stock obsolescence to reflect the recoverable value of the inventory on hand at 30 June 2022.

	Consolidated	
	2022 $'000	2021 $'000
Raw materials and stores (at cost)	5,614	5,438
Work in progress (at cost)	509	581
Finished goods (at net realisable value)	5,438	5,444
Provision for obsolescence	(1,852)	(1,784)
Total inventories at the lower of cost and net realisable value	**9,709**	**9,679**

(a) Inventory expense

Inventories recognised as an expense during the year ended 30 June 2022 amounted to $17,566,138 (2021: $17,286,138).

12. Non-current assets - Property, plant and equipment

Consolidated	Plant and Equipment At Cost	Office Equipment At Cost	Motor Vehicle	Leasehold Improvements	Plant and Equipment Leased	Office Equipment Leased	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2021							
Opening net book amount	**821**	**628**	**-**	**16**	**-**	**-**	**1,465**
Additions	25	145	-	-	-	-	170
Exchange differences	(24)	(24)	-	-	-	-	(48)
Disposals	(111)	-	-	-	-	-	(111)
Depreciation/amortisation expense	(168)	(346)	-	(7)	-	-	(521)
At 30 June 2021	543	403	-	9	-	-	955
At 30 June 2021							
Cost or fair value	2,425	5,651	228	609	430	592	9,935
Accumulated depreciation	(1,882)	(5,248)	(228)	(600)	(430)	(592)	(8,980)
Net carrying amount	543	403	-	9	-	-	955
Year ended 30 June 2022							
Opening net book amount	543	403	-	9	-	-	955
Additions	53	173	-	-	393	-	619
Exchange differences	2	4	-	-	-	-	6
Disposals	(1)	-	-	-	-	-	(1)
Depreciation/amortisation expense	(198)	(300)	-	(6)	(8)	-	(512)
At 30 June 2022	399	280	-	3	385	-	1,067
At 30 June 2022							
Cost or fair value	2,477	5,824	228	609	823	592	10,553
Accumulated depreciation	(2,078)	(5,544)	(228)	(606)	(438)	(592)	(9,486)
Net carrying amount	399	280	-	3	385	-	1,067
Useful life (years)	6	3	3	-	6	3	

(a) Property, plant and equipment pledged as security for liabilities

Refer to note 15 for information on non-current assets pledged as security.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

13. Non-current assets - Intangible assets

Consolidated	Development costs	Total
	$'000	$'000
Year ended 30 June 2021		
At 1 July 2020	**2,777**	**2,777**
Additions	1,391	1,391
Impairment charge	-	-
Amortisation charge	(88)	(88)
At 30 June 2021	**4,080**	**4,080**
At 30 June 2021		
Cost*	12,037	12,037
Accumulated amortisation** and impairment	(7,957)	(7,957)
Net carrying amount	**4,080**	**4,080**
Year ended 30 June 2022		
At 1 July 2021	**4,080**	**4,080**
Additions	2,451	2,451
Impairment charge	-	-
Amortisation charge	(82)	(82)
At 30 June 2022	**6,449**	**6,449**
At 30 June 2022		
Cost*	14,488	14,488
Accumulated amortisation** and impairment	(8,039)	(8,039)
Net carrying amount	**6,449**	**6,449**

* Relates to capitalised development costs being an internally generated intangible asset and capitalised licence fees

** Amortisation of $82,257 (2021 - $87,740) is included in depreciation and amortisation expense in profit or loss. The remaining balance of the intangible asset relates to MEG to be amortised over approximately 20 years, the Somfit product to be amortised over 10 years from first sale and the DWL products.

14. Current liabilities - Trade and other payables

	Consolidated	
	2022 $'000	2021 $'000
Trade payables	4,738	4,449
Other payables	1,202	936
	5,940	**5,385**

(a) Foreign currency risk

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 2.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

15. Current Liabilities - Borrowings

	Consolidated	
	2022 $'000	2021 $'000
Secured		
Bank overdraft	-	1,629
Fixed term loan	6,006	1,920
Lease liabilities (note 27)	10	11
Unsecured		
Other loans	-	848
Total Current Borrowings	**6,016**	**4,408**

Bank and Other Funding Facilities
During the financial year the Company secured a new $4.5m loan in Australia with its existing bank, Bank of Melbourne (BOM) under the Federal Governments SME pandemic recovery scheme. The loan is repayable over 10 years and the current balance at the end of June was $4.35m. The Company retains its existing overdraft facility with a $2.0m limit, which was not utilised on 30 June 2022. The Company also had a principal and interest loan with BOM for funding the manufacture of the MEG system. This facility is repayable over another 4 years and the balance on 30 June 2022 was $1.2m. The Company also has equipment purchasing facilities typically repayable over three years depending on the equipment purchased. The Company has transactional banking facilities and credit cards with BOM. Provision of these facilities, including the borrowing facilities, is subject to the Group being compliant with three ratios. The first is a Capital Ratio, which compares Total Tangible Assets Less Total Liabilities, to Total Tangible assets. On 30 June 2022, the Group was compliant with this test. The second is a Financial Debt to EBITDA ratio. This compares total financial debt to EBITDA. On 30 June 2022 the Group was compliant with this test. The third is a Debt Service Cover ratio, which compares EBITDA less tax to Gross interest and principal repayments. On 30 June 2022 the Group was compliant with this ratio. The Group also has a EUR0.35m unsecured overdraft facility with Sparkasse Bank in Germany. In addition, the Group has a EUR0.5m facility provided by the German government in response to the COVID-19 pandemic. This was drawn down in April 2021 and the proceeds deposited to a term deposit account. This facility is repayable over four years.

(a) Risk exposures

Details of the Group's exposure to fair value interest rate risk arising from current borrowings is set out in note 2.

(b) Fair value disclosures

No borrowings are readily traded on organised markets.
The carrying amounts of all borrowings are not materially different to their fair values at reporting date.

(c) Assets pledged as security and not derecognised in the Statement of Financial Position

The total secured liabilities are as follows:

	Consolidated	
	2022 $'000	2021 $'000
Bank overdraft	-	1,629
Fixed term loan	6,006	1,920
Lease liabilities – current	10	11
Total secured liabilities	**6,016**	**3,560**

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

15. Current Liabilities – Borrowings (continued)

Security is held against the following subsidiaries: Compumedics Telemed Pty Ltd, Compumedics Cardiology Pty Ltd, Compumedics Medical Innovation Pty Ltd, Compumedics USA Inc, Compumedics Germany GmbH and Compumedics Singapore Pte Ltd.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

The carrying amounts of assets pledged as security for current borrowings are:

		Consolidated	
	Notes	2022 $'000	2021 $'000
Current			
Floating charge			
Cash and cash equivalents	9	7,294	6,770
Receivables	10	14,125	13,011
Inventories	11	9,709	9,679
Total current assets pledged as security		**31,128**	**29,460**
Non-current			
Floating charge			
Property, plant and equipment	12	1,067	955
Total non-current assets pledged as security		**1,067**	**955**
Total assets pledged as security		**32,195**	**30,415**

(d) Forward exchange contracts

As at 30 June 2022 and 30 June 2021 there were no outstanding forward exchange contracts.

(e) Financing arrangements

Access was available at reporting date to the following lines of credit:

	Consolidated	
	2022 $'000	2021 $'000
Credit standby arrangements		
Total facility		
Bank Overdraft	2,000	2,000
Fixed term loan	5,816	1,129
Overdraft – DWL	531	554
German COVID-19 loan	569	791
Payroll Protection (USA)	-	848
	8,916	**5,322**
Used at reporting date		
Bank Overdraft	-	1,629
Fixed term loan	5,816	1,129
Overdraft – DWL	-	-
German COVID-19 loan	569	791
Payroll Protection (USA)	-	848
	6,385	**4,397**

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

15. Current Liabilities – Borrowings (continued)

Unused at reporting date		
Bank Overdraft	2,000	371
Fixed term loan	-	-
Overdraft - DWL	531	554
German COVID-19 loan	-	-
	2,531	**925**
Loan / funding facilities		
Total facilities	8,916	5,322
Used at reporting date	6,385	4,397
Unused at reporting date	**2,531**	**925**

The Group had funding facilities totalling $8.9 million on 30 June 2022.

(f) Derivative instruments

Compumedics Limited and certain of its controlled entities may be party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates. At reporting date there were no outstanding derivative financial instruments in place.

16. Current liabilities - Provisions

	2022 $'000	2021 $'000
Employee benefits	3,113	2,795
Service warranties (note 16(a))	395	354
	3,508	**3,149**

(a) Service warranties

Provision is made for the estimated warranty claims in respect of products sold which are still under warranty at reporting date. These claims are expected to be settled in the next financial year but this may be extended into the following year if claims are made late in the warranty period and are subject to confirmation by suppliers that component parts are defective.

Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

(b) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Service warranties $'000
Current	
Carrying amount at start of year	354
Charged/(credited) to profit or loss	
- additional provisions recognised	41
- unused amounts reversed	-
Carrying amount at end of year	**395**

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

17. Current liabilities - Deferred income

	Consolidated	
	2022 $'000	2021 $'000
Current		
Deferred income	1,923	1,749

Deferred income relates to service contracts yet to be performed and post-sale installation and training obligations yet to be completed pursuant to the Group's accounting policies as detailed in Note 1 Summary of significant accounting policies, (e) Revenue recognition and Note 3 Critical accounting estimates and judgements, (i) Deferred Revenues.

18. Non-current liabilities - Borrowings

	Consolidated	
	2022 $'000	2021 $'000
Secured		
Government loan	379	593

(a) Foreign currency and interest rate risk

Information about the Group's exposure to interest rate and foreign currency risk is provided in note 2 and note 15.

19. Non-current liabilities – Provisions

	Consolidated	
	2022 $'000	2021 $'000
Employee benefits	54	16

20. Non-current liabilities - Deferred income

	Consolidated	
	2022 $'000	2021 $'000
Deferred income	145	272

Deferred income relates to service contracts yet to be performed and post-sale installation and training obligations yet to be completed pursuant to the Group's accounting policies as detailed in Note 1 Summary of significant accounting policies, (e) Revenue recognition and Note 3 Critical accounting estimates and judgements, (i) Deferred Revenues.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

21. Contributed equity

	Consolidated		Consolidated	
	2022 Shares	2021 Shares	2022 $'000	2021 $'000
(a) Share capital				
Ordinary shares				
Fully paid	177,162,948	177,162,948	35,654	35,654

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$'000
30 June 2020	Balance	177,162,948		35,654
	No new issues	-	-	-
30 June 2021	Balance	177,162,948		35,654
	No new issues	-	-	-
30 June 2022	Balance	177,162,948		35,654

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The ordinary shares have no par value.

(d) Other equity securities

There are no other equity securities issued at this time.

(e) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. Management will periodically adjust the capital structure of the Group to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may pay a dividend to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management currently has no plans to pay a dividend and has not done so in the prior year. This policy will be reviewed at least annually against known and anticipated operational outcomes.

Management may consider the issue of further shares on the market in the foreseeable future.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

21. Contributed equity (continued)

(e) Capital management (continued)

	Consolidated	
	2022 $'000	**2021 $'000**
Total borrowings	**6,385**	**5,001**
Less cash and cash equivalents	7,294	6,770
Net (cash) / debt	(909)	(1,769)
Total equity	**23,591**	**22,155**
Total funding	**22,682**	**20,386**
Gearing ratio	**(4.0)%**	**(8.0)%**

22. Reserves and accumulated losses

	Consolidated	
	2022 $'000	**2021 $'000**
(a) Reserves		
Foreign currency translation reserve	(394)	(473)
	(394)	**(473)**
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance 1 July	(13,026)	(14,024)
Net profit / (loss) for the year	1,357	998
Balance 30 June	**(11,669)**	**(13,026)**

(c) Other Reserves

	Consolidated Foreign currency translations $'000
Balance as at 30 June 2020	**164**
Exchange difference on translation of foreign operation	(637)
Balance as at 30 June 2021	**(473)**
Exchange difference on translation of foreign operation	79
Balance as at 30 June 2022	**(394)**

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit or loss when the net investment is disposed of.

23. Dividends

Ordinary shares

The directors have not declared a dividend in the current financial year (2021: Nil).

24. Key management personnel disclosures

(a) Directors

The following persons were directors of Compumedics Limited during the financial year:

(i) *Chairman and Chief Executive Officer*
Dr David Burton

(ii) *Executive Director and Chief Financial Officer*
Mr David Lawson

(iii) *Non-executive director*
Mr Tucson Dunn (retired 31st March 2022)
Mr Paul Jensz (commenced 1st January 2022)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	***Position***	***Employer***
Warwick Freeman^	Chief Technology Officer	Compumedics Limited
Christoph Witte^	Managing Director, DWL	Compumedics Germany GmbH

^ The above persons were also key management persons during the year ended 30 June 2021

(c) Key management personnel compensation

	Consolidated	
	2022	**2021**
	$	**$**
Short-term employee benefits	1,244,236	1,096,716
Post-employment benefits	103,852	88,285
Long-term benefits	52,970	8,386
Share-based payments	-	-
	1,401,058	**1,193,387**

(d) Equity instrument disclosures relating to key management personnel

(i) *Option holdings*
There were no options provided as remuneration during the current or prior year. No options over ordinary shares were held by KMP's on 30 June 2022 and 30 June 2021.

(ii) *Share holdings*
The numbers of shares in the Company held during the financial year by each director of Compumedics Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

24. Key management personnel disclosures (continued)

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
2021				
Directors of Compumedics Limited				
Ordinary shares				
David Burton and/or associated entities	98,044,319	-	-	98,044,319
David Lawson	3,470,724	-	-	3,470,724
Other key management personnel of the Group				
Ordinary shares				
Warwick Freeman	82,000	-	-	82,000
Christoph Witte	-	-	-	-
2022				
Directors of Compumedics Limited				
Ordinary shares				
David Burton and/or associated entities	98,044,319	-	-	98,044,319
David Lawson	3,470,724	-	-	3,470,724
Other key management personnel of the Group				
Ordinary shares				
Warwick Freeman	82,000	-	-	82,000
Christoph Witte	-	-	-	-

(e) Other transactions with key management personnel

David Burton is a Director and shareholder of Intellirad Solutions Pty Ltd. Where expenses have been paid by Compumedics on behalf of Intellirad Solutions Pty Ltd, these have been reimbursed in full. Compumedics paid for no expenses relating to Intellirad during the year ended 30 June 2022 (2021: NIL).

David Burton is a director of D & DJ Burton Holding Pty Ltd.

25. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated 2022 $	Consolidated 2021 $
(a) Audit services		
Nexia Melbourne Audit Pty Ltd,		
Audit and review of financial reports under the Corporations Act 2001	194,865	171,150
Total remuneration for audit services	**194,865**	**171,150**
(b) Non-audit services		
Taxation services		
Tax compliance services	51,000	49,000
Fringe Benefits Tax services	3,000	3,000
Total remuneration for taxation services	**54,000**	**52,000**
	248,865	**223,150**

26. Contingencies

(a) Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2022 (2021: None).

(b) Contingent assets

The consolidated entity had no contingent assets at 30 June 2022 (2021: None).

27. Leases

The Group as a lessee

The Group has leases over a range of assets including land and buildings, plant and equipment.

The Group has chosen not to apply AASB 16 to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The building leases are for the corporate office and warehouse in Melbourne, Australia and corporate offices in Charlotte NC, USA, Singen, Dresden and Hamburg Germany. The leases are all due to expire within the next 12 months. The Company may seek to extend these leases, where it believes this to be in the best interests of the Company. The rentals are subject to an annual CPI increase. The lease in Melbourne was renewed per the details in Note 33.

The equipment leases are for various items of plant and equipment and cars. The leases are all due to expire within the next 12 months and the lease payments are fixed.

Right-of-Use Assets

	Buildings $'000	Office Equipment and Cars $'000	Total $'000
Year ended 30 June 2021			
Balance at 1 July 2020	1,483	135	1,618
Amortisation charge	(757)	(91)	(848)
Exchange differences	(14)	-	(14)
Balance at 30 June 2021	**712**	**44**	**756**
Year ended 30 June 2022			
Balance at 1 July 2021	712	44	756
Amortisation charge	(573)	(46)	(619)
Exchange differences	(9)	18	9
Balance at 30 June 2022	**130**	**16**	**146**

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

27. Leases (continued)

Lease Liabilities

	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total undiscounted lease liabilities $'000	Lease liabilities included in this Consolidated Statement of Financial Position $'000
Year ended 30 June 2021					
Lease liabilities	746	210	-	956	819
Year ended 30 June 2022					
Lease liabilities	210	-	-	210	153

Extension Options

The Group may include options in the leases to provide flexibility and certainty to the Group operations and reduce costs of moving premises. Currently the Group has no extension options on its building leases.

Consolidated Statement of Profit and Loss and Other Income

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	Consolidated 2022 $	Consolidated 2021 $
Expenses relating to leases of low value assets	-	-
Amortisation of right-of-use assets	619	848
Lease interest	50	85
Total	**669**	**933**

Consolidated Statement of Cash Flows

	Consolidated 2022 $	Consolidated 2021 $
Total cash outflow for leases	666	918

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

28. Commitments

No commitments as at 30 June 2022 (2021: None)

29. Share-based payments

Employee Option Plan
The Group did not have any share-based payments in the full year ended 30 June 2022 (2021: None).

30. Related party transactions

(a) Parent entity

The ultimate parent entity in the wholly owned group is Compumedics Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 32.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 24.

(d) Transactions with related parties

Transactions between Compumedics Limited and related entities during the years ended 30 June 2022 and 2021 consisted of:

	Consolidated	
	2022	2021
	$	$
Licence fee for a non-exclusive licence for certain intellectual property (the Licenced Rights) to D & DJ Burton Holdings Pty Ltd, an entity related to D Burton	439,254	246,336

The License fees are paid to D&DJ Burton Holdings Pty Ltd.

(e) Loans to/from related parties

There were no loans outstanding to or from related parties during the year ended 30 June 2022.

(f) Guarantees

No guarantees have been given or received from related parties.

(g) Terms and conditions

All transactions between related parties were made on normal commercial terms and conditions and at market rates.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

31. Parent Entity Information

	2022 $'000	2021 $'000
Information relating to Compumedics Limited:		
Current assets	17,064	18,184
Total assets	59,420	53,292
Current liabilities	12,635	10,024
Total liabilities	12,700	10,122
Contributed Equity	35,652	35,652
Reserves	4,021	2,272
Retained earnings/(losses)	7,047	5,246
Total shareholders' equity	46,720	**43,170**
Profit or loss of the parent entity	1,801	813
Total comprehensive income (loss) of the parent entity	(3,550)	(1,665)

Guarantees

The facilities provided by the Bank of Melbourne are secured by a Corporate Guarantee and Indemnity unlimited as to amount and a Mortgage Debenture secure the working capital facilities over all the assets and undertaking of the parent entity, Compumedics Limited and its subsidiaries. Further details are in Note 15.

Contingent Liabilities

The parent entity had no contingent liabilities at 30 June 2022 (2021: None).

Contractual Commitments

The parent entity has no contractual commitments at 30 June 2022 (2021: None).

32. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

	Country of incorporation	Class of shares	Equity holding 2022 %	Equity holding 2021 %
Compumedics Telemed Pty Ltd	Australia	Ordinary	100	100
Compumedics Medical Innovation Pty Ltd	Australia	Ordinary	92	92
Compumedics Cardiology Pty Ltd	Australia	Ordinary	100	100
Compumedics USA Inc.	USA	Ordinary	100	100
Compumedics Singapore Pte Ltd	Singapore	Ordinary	100	100
Compumedics USA Ltd (formerly Neuroscan Ltd)	USA	Ordinary	100	100
Compumedics Germany GmbH	Germany	Ordinary	100	100
Cardio Sleep Services Inc.	USA	Ordinary	100	100
Compumedics France SAS	France	Ordinary	100	100
DWL USA Inc.	USA	Ordinary	100	100
Compumedics Europe GmbH	Germany	Ordinary	100	100
Compumedics Korea Co. Ltd.	South Korea	Ordinary	100	100

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

33. Events occurring after the reporting date

Acquisition of Alpha Trace

Compumedics acquired an initial 50% shareholding in Dr. Grossegger & DRBAL GmbH, which has been renamed Compumedics Alpha Trace GmbH (Alpha Trace) on the 1st September 2022. Details of the acquisition are as follows:

- Compumedics Europe GmbH, based in Germany, being a wholly owned subsidiary of Compumedics Limited, acquires a 50% shareholding in Dr. Grossegger & DRBAL GmbH on 1st September 2022 for €250,000 (in equivalent Compumedics' product) and it is renamed Compumedics Alpha Trace GmbH and is based in Austria
- Compumedics and Alpha Trace (Dieter Grossegger) will work together as equal owners of Alpha Trace for up to 3 years from the initial partial acquisition, subject to the terms and conditions of the mutually agreed to Shareholders Agreement
- Compumedics shall have exclusive rights to sell Alpha Trace's existing EMG technology globally, subject to regulatory approvals where required
- Alpha Trace will have distribution rights to sell Compumedics existing range of sleep and neuro-diagnostics products, excluding MEG, into Southern Germany, Austria, and Switzerland
- Compumedics can during the three-year period, post the initial acquisition, purchase the remaining 50% shareholding in Alpha Trace for €150,000 cash, or at the end of the three-year term may purchase the remaining 50% of the shares in Alpha Trace for €150,000 plus a, to be agreed, share of the profits over the three-year period

Lease of Flockhart Street, Abbotsford, Victoria

Compumedics signed a new lease for the premises it occupies at 30-40 Flockhart Street, Abbotsford, Victoria. The new lease commenced on 2nd September 2022 and was conditional on the new owners of the building settling their purchase in late August 2022. As this did occur, the new lease became effective at that time. The lease has an initial 3-year term, with an option for a further three-year term. Lease payments are $325k per annum and are to be adjusted by inflation at each anniversary date of the lease.

Apart from the matter above, the Directors are not aware of any matters subsequent to the end of the financial year that would have a material impact on the financial performance of the Group.

34. Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated	
	2022 $	**2021 $**
Profit / (loss) for the year	1,357	998
Amortisation	702	936
Depreciation	512	521
Net exchange differences	485	(41)
Change in operating assets and liabilities		
(Increase) decrease in receivables	(987)	(415)
(Increase) decrease in inventories	(30)	(847)
(Increase) decrease in other current assets	(72)	(1,425)
(Increase) decrease in deferred tax assets	322	(41)
Increase (decrease) in trade payables	555	1,553
Increase (decrease) in deferred revenues	47	(116)
Increase (decrease) in tax provisions	-	(106)
Increase (decrease) in other provisions	396	307
Net cash inflow from operating activities	**3,287**	**1,324**

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

35. Profit / (Loss) per share

	Consolidated 2022 Cents	Consolidated 2021 Cents
(a) Basic profit / (loss) per share –cents per share		
Profit/(Loss) attributable to the ordinary equity holders of the Company	0.8	0.6
(b) Diluted profit / (loss) per share		
Profit/(Loss) attributable to the ordinary equity holders of the Company	0.8	0.6

(c) Reconciliations of profit/(loss) used in calculating earnings per share

	Consolidated 2022 $'000	Consolidated 2021 $'000
Basic profit / (loss) per share		
Profit	1,357	998
Diluted profit / (loss) per share		
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating diluted profit/ (loss) per share	1,357	998
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating diluted profit/ (loss) per share	1,357	998

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

(d) Weighted average number of shares used as the denominator

	Consolidated 2022 Number	Consolidated 2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic profit/(loss) per share	177,162,948	177,162,948
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted profit/(loss) per share	177,162,948	177,162,948

(e) Information concerning the classification of securities

There are no other outstanding options or other instruments convertible into ordinary shares of the Company at the date of this report.

Directors' Declaration

In the opinion of the directors:

(a) the financial statements and notes set out on pages 17 to 65 are in accordance with the Corporations Act 2001, including:

  (i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2022 and of their performance for the financial year ended on that date; and

  (iii) complying with the International Financial Reporting Standards as disclosed in note 1, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

David Burton
Director

Melbourne
30 September 2022

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Independent Auditor's Report to the Members of Compumedics Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Compumedics Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of the Company, as at the date of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In our opinion, there are no key audit matters to communicate.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of Compumedics Limited

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. The annual report is expected to be made available to us after the date of this independent auditor's report.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 13 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Compumedics Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia Melbourne Audit Pty Ltd
Melbourne

Andrew S. Wehrens
Director

Dated this 30th day of September 2022

Additional information required by Australian Stock Exchange Listing Rules and not disclosed elsewhere in this Annual Report; the information presented is at 19 September 2022.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

		Class of equity security					
		Ordinary shares	Number held	Options	Number held	Redeemable Convertible notes	Number held
1	to 1000	256	143,834	-	-	-	-
1,001	to 5,000	773	2,149,947	-	-	-	-
5,001	to 10,000	345	2,747,000	-	-	-	-
10,000	to 100,000	501	16,197,507	-	-	-	-
100,001	and over	92	155,924,660	-	-	-	-
		1,967	177,162,948	**-**	**-**	**-**	**-**

There were 477 holders of less than a marketable parcel of ordinary shares and they hold 453,602 ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
D & DJ Burton Holdings Pty Ltd	96,002,819	54.19
HSBC Custody Nominees	6,917,044	3.90
B & R James Investments Pty Limited	6,200,000	3.50
Beijing Bestmed Tech Ltd	4,901,961	2.77
Medigas Italia S.R.L	4,333,333	2.45
JP Morgan Nominees Pty Limited	4,138,546	2.34
Lawson Callinan Super A/C	2,464,482	1.39
Electro Molecular Pty Ltd	2,041,500	1.15
Valui Pty Ltd	1,210,000	0.68
Knowler Property Pty Ltd	1,198,000	0.68
Mr Bernard Knowler & Mrs Robynee Knowler (Knowler Family Account)	1,210000	0.63
Mr David Francis Lawson	1,006,242	0.57
Ms Karin Jones	959,576	0.53
ZigSuper Pty Ltd	900,000	0.51
Mr Nigel Strong	843,786	0.48
BFA Super Pty Ltd	832,286	0.47
Canucki Pty Ltd	749,469	0.42
Go Marketing Pty Ltd	724,667	0.41
ARMCO Barriers Pty Ltd	650,000	0.37
Avianto Pty Ltd	599,235	0.34
Totals	**137,792,946**	**77.78%**
Total Issued Capital	**177,162,948**	**100.0%**

Unquoted equity securities

There are no unquoted equity securities on issue	-	-

C. Substantial holders

Substantial holders in the Company are set out below:

	Number held	Percentage
Ordinary shares		
D & DJ Burton Holdings Pty Ltd and Electro Molecular Pty Ltd*	98,044,319	55.34

* Electro Molecular Pty Ltd is owned by David Burton, who is also a shareholder of D & DJ Burton Holdings Pty Ltd

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Convertible redeemable notes
No voting rights.

(c) Options
No voting rights.

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