



Company Announcement

Preliminary 30 June 2020 Business Update Delivers Solid performance despite COVID-19 Pandemic

10th July 2020

Company Highlights

Core Business (preliminary unaudited data)

- Positive EBITDA for FY20 should result from immediate expense mitigation measures taken and various Government assistance obtained
- Cash ahead of expectations at 30 June 2020 at \$6.5m (\$3.3m at 31 December 2019)
- Additional bank borrowing facilities in Australia and Germany were secured, with unused bank borrowing facilities of \$3.5m at 30 June 2020
- H2 revenues at about \$17m not significantly lower than H1 revenues of \$18.3m despite most of the Company's key markets being affected by COVID-19 pandemic during Q4. As a result, revenues for FY20 are approximately \$35.3m, down 15% compared to FY19 of \$41.5m
- China based revenues down 43% over the prior year, US down 11%. Australia and DWL finished in line with the prior year. Japan grew 192% over the prior year, as our neurological distribution partner, Fukuda Denshi, continued to expand in this key market. No further MEG revenue was booked in FY20
- Initial sales pipelines for FY21 consistent with same time last year, with good new sales orders in the first weeks of FY21. Sales forecasts will remain problematic due to COVID-19 pandemic
- Compumedics continues to monitor the development of the COVID-19 pandemic and will adjust the business to safeguard its employees, whilst continuing to navigate through the COVID-19 pandemic to ensure the best outcomes for all stakeholders
- Guidance for FY21 will be reviewed closer to Appendix 4E release assessing impacts of the COVID-19 pandemic at that time. Currently the Appendix 4E is planned for release around August 26.

MEG and Somfit

- As noted in prior releases to the ASX, achieving FDA for the Orion MEG system in February 2020 has enabled the Company to actively pursue additional near-term orders. Whilst these activities have continued through the initial phases of the COVID-19 pandemic, timing for decisions on most active opportunities has been pushed back by at least six or more months
- Validation of the dual-helmet Dewar continues at KRISS in readiness for shipment to BNI when the current environment allows. We now anticipate this to be late calendar 2020 or early calendar 2021
- Somfit – given the impact of COVID-19, current discussions have focused around the Somfit as a multi modal vital signs monitor for potential COVID-19 application, in conjunction with sleep and neurology applications
- Multiple Somfit validation studies have continued to be conducted along with other field trials as part of the commercial activation pathway for Somfit. The search for strategic alliances and partners continues, despite the current environment.

Compumedics Limited (ASX: CMP) (“Compumedics” or “Company”) wishes to advise preliminary sales for FY20 are approximately \$35m or 15% lower than the \$41.5m achieved in FY19. This is primarily as a result of the lock downs enforced on our customers globally as a result of the various containment measures put in place around the COVID-19 pandemic.

The Company did anticipate adverse impacts from the containment measures taken in relation to the COVID-19 pandemic and took immediate remedial action in late March and early April, which should enable the Company to generate an underlying positive EBITDA for FY20. The Company will review the carrying value of its intangibles assets, which relate primarily to the MEG and Somfit products, as part of the financial year end process, taking into consideration any current and future impacts and delays to potential commercialisation of them, as a result of the COVID-19 pandemic.

The Company has strengthened its balance sheet through the last quarter of FY20, improving cash on hand to \$6.5m from \$3.3m at 31 December 2019. The Company achieved this through working capital management, immediate expense reductions and successfully obtaining Government assistance packages around the world where we were eligible to do so. This included JobKeeper in Australia and also payroll assistance in the US (USD0.6m), along with payroll support in France and Germany. Borrowings were \$2.2m at 30 June 2020, compared to \$1.8m at 31 December 2019. The Company was successful in obtaining additional borrowing facilities from its bank in Australia and in Germany. Combined, these unused bank borrowing facilities amount to \$3.5m at 30 June 2020, which together with cash reserves, provide the business with adequate working capital, should the business continue to trade at current levels.

The Company does see on-going disruption to our customers globally as the COVID-19 pandemic and the measures taken to control it evolve and vary in each of our key markets around the world. At the same time the Company continues to trade with customers during these circumstances, as recent experience has borne out. In particular, the Company booked \$10m of business in the last quarter of FY20, despite very severe COVID-19 pandemic containment measures in our key markets.

The Company will continue to develop and implement contingency plans to manage the on-going impacts on the business of the COVID-19 pandemic containment measures.

Regarding China, one of the Company's main markets, we have seen a bounce back in our Neuroscan Brain Research and DWL's transcranial Doppler markets. However, the sleep and neurological monitoring markets remain subdued. Over the months ahead we expect both the Neuroscan and DWL businesses in China to maintain or improve the current sales rates, whilst a gradual return to normal business is expected for the sleep and neurological monitoring markets.

Compumedics continues to actively pursue additional MEG sales, which have been aided by the FDA clearance of the Orion MEG system in February this year. Nonetheless, the pandemic will likely lead to delays in these opportunities of potentially six or more months. The Company also continues to prepare for the installation of the dual-helmet Dewar at Barrow Neurological Institute (BNI) in Phoenix, Arizona, USA, which it now expects to deliver late calendar 2020 or early 2021.

The Company is also continuing several field trials of the Somfit technology as part of its commercial activation pathway. These activities, which now extend to potentially using the Somfit as a vital signs monitor with application to COVID-19 patients, will continue, along with seeking strategic alliances and partnerships.

Dr Burton, Executive Chairman of Compumedics said:

"Compumedics' Executive Management team, since we first listed on the ASX in 2000 have diligently and successfully navigated through a number of prior challenging market periods, including the Tech Crash in 2000, the 2001 9/11 Crisis and the 2008/9 GFC. Today we understand the challenges ahead and remain focused on proving our mettle again, by preempting and navigating through the early stages of this COVID-19 pandemic to ensure we adapt during this COVID-19 pandemic and emerge as an even stronger and more resilient Company.

We will continue to monitor our ongoing productivity and efficiency measures to ensure we plan for the worst but naturally hope for the best and deliver for our investors. We are also very conscious of ensuring preemptive actions to ultimately support a sustainable and strengthened outcome.

Fortunately, we did enter this pandemic with a relatively strong and sound business base, which we have built on over recent months and past years. Moreover, key new business areas such as our Orion MEG and Somfit have either achieved FDA market clearance or are well advanced in the submission process and will continue to gain commercial activation as the circumstances allow.

We would like to take this opportunity to extend our gratitude to our shareholders, clients, collaborators, employees, suppliers and the many unsung heroes, including families and partners for their support during this challenging COVID-19 pandemic period."

About Compumedics Limited

Compumedics Limited [ASX: CMP] is a medical device company involved in the development, manufacture and commercialisation of diagnostics technology for the sleep, brain and ultrasonic blood-flow monitoring applications. The Company owns US based Neuroscan and Germany based DWL Elektronische GmbH. In

conjunction with these two subsidiaries, Compumedics has a broad international reach, including the Americas, Australia and Asia Pacific, Europe and the Middle East.

Executive Chairman Dr. David Burton founded Compumedics in 1987. In the same year the Company successfully designed and installed the first Australian, fully computerised sleep clinic at Epworth Hospital in Melbourne. Following this early success, Compumedics focused on the development of products that sold into the growing international sleep clinic and home monitoring markets.

Compumedics listed on the Australian Securities Exchange in 2000. Over the years, Compumedics has received numerous awards, including Australia's Exporter of the Year, and has been recognised as a Top 100 Innovator by both German and Australian governments.

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Authorised for lodgment by Compumedics Limited's Board of Directors