 OVER THIRTY
YEARS
OF EXCELLENCE
IN DIAGNOSTICS



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



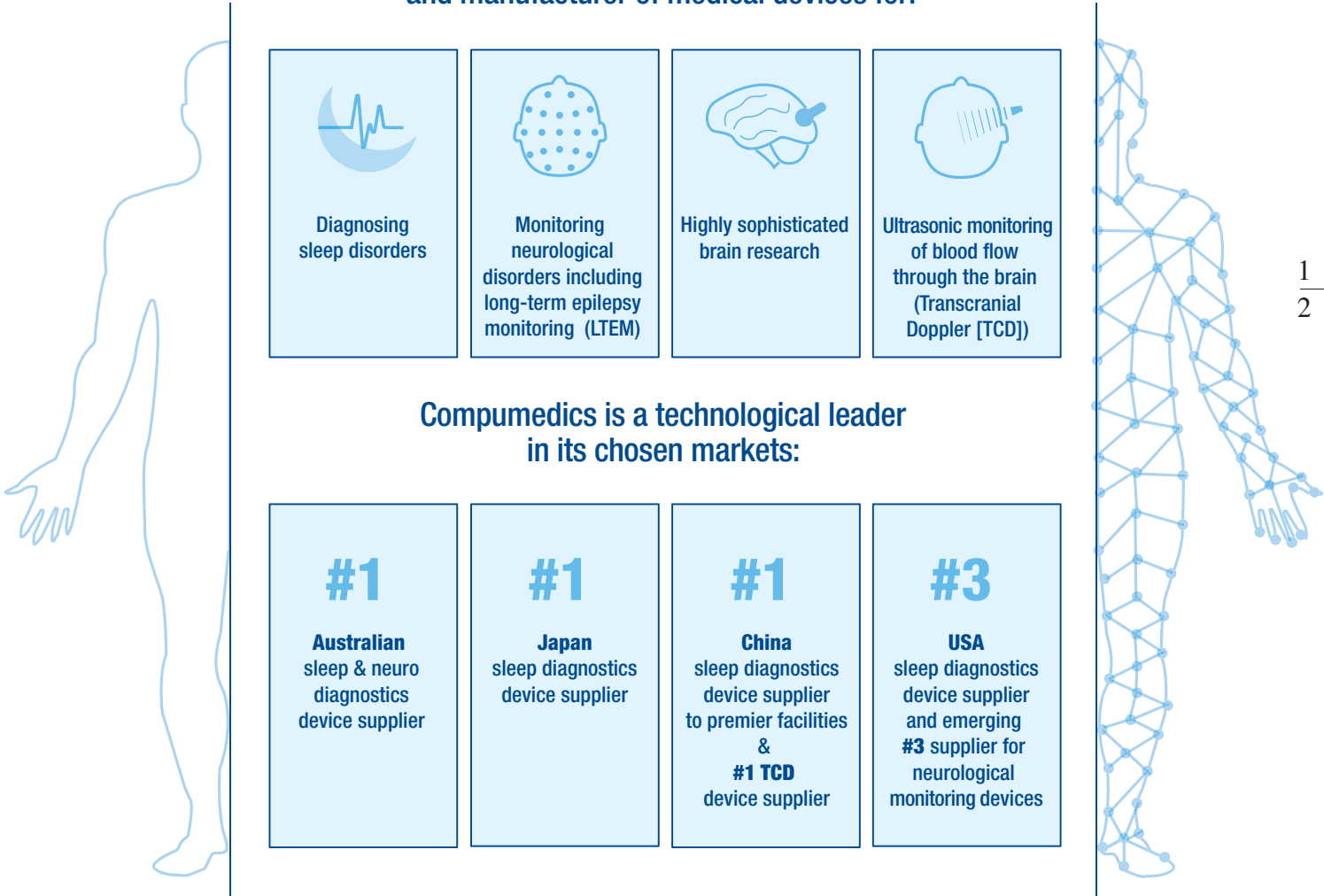
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Compumedics Limited
ABN 95 006 854 897

Annual General Meeting
Thursday, 7th November 2019
at 10.30am
To be held at: Compumedics Limited
30-40 Flockhart Street Abbotsford
Victoria 3067

Who is Compumedics?

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



 <p>Diagnosing sleep disorders</p>	 <p>Monitoring neurological disorders including long-term epilepsy monitoring (LTEM)</p>	 <p>Highly sophisticated brain research</p>	 <p>Ultrasonic monitoring of blood flow through the brain (Transcranial Doppler [TCD])</p>
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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
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Since 1987 Compumedics has grown into a company:

- with 130 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 \$620m in revenues since listing of which over \$520m have been export revenues

All \$ = A\$ unless otherwise specified

FINANCIAL SUMMARY

ALL FIGURES IN A\$M UNLESS OTHERWISE STATED	TREND	2019	2018
Revenue for continuing operations	↑	41.5	37.0
Earnings before interest, income tax, depreciation and amortisation (EBITDA)	↑	5.9	4.2
Earnings before interest and income tax (EBIT)	↑	5.3	3.7
Net operating profit after tax (NPAT)	↑	4.0	2.8
Research and development costs as a percentage of operating revenue	↓	13	14
Total assets	↑	38.7	34.7
Shareholders funds	↑	27.3	23.2
Net tangible assets per share (cents)	↑	11.6	10.8
Weighted average number of shares (million)	—	177	177
Earnings per share (basic) (cents)	↑	2.3	1.6
Earnings per share based on earnings before interest, tax, depreciation and amortisation (cents)	↑	3.3	2.4

- The FY19 net profit after tax (NPAT) was up to AUD4.0M compared to AUD2.8M for the FY18. Earnings before interest, tax, depreciation and amortisation (EBITDA) was AUD5.9M compared to AUD4.2M for the FY18. These results reflected an ongoing focus on performance, and both quality and efficiency improvements across all operational areas.
- Revenues shipped and invoiced increased 12% to AUD41.5M over the previous financial year, whilst sales orders taken, were up by 7.5% to a record AUD40.5M, for the core business compared to the previous financial year.



**Dear Compumedics investors,
colleagues and business partners,**

On behalf of the Board, management and the Compumedics team, I present to you the following highlights in the results contained within the Compumedics 2019 Annual Report. In accordance with continued revenue growth, 30 June 2019 net profit after tax (NPAT) was up 43% to \$4.0m compared to \$2.8m for FY18. Earnings before interest, tax, depreciation and amortisation (EBITDA) were up 40% to \$5.9m compared to \$4.2m for FY18. The focus on performance continues, even amidst a strong investment on key breakout growth opportunities including Orion LifeSpan™ MEG system and Somfit® sleep-health platform. Additionally, a strong ongoing focus on quality and efficiency improvements across all operational areas of the business continues to be a priority.

Revenues shipped and invoiced increased 12% to \$41.5m for FY19, compared to \$37.0m for FY18. Sales orders taken for FY19 were up 7.5% for the core business compared to FY18.

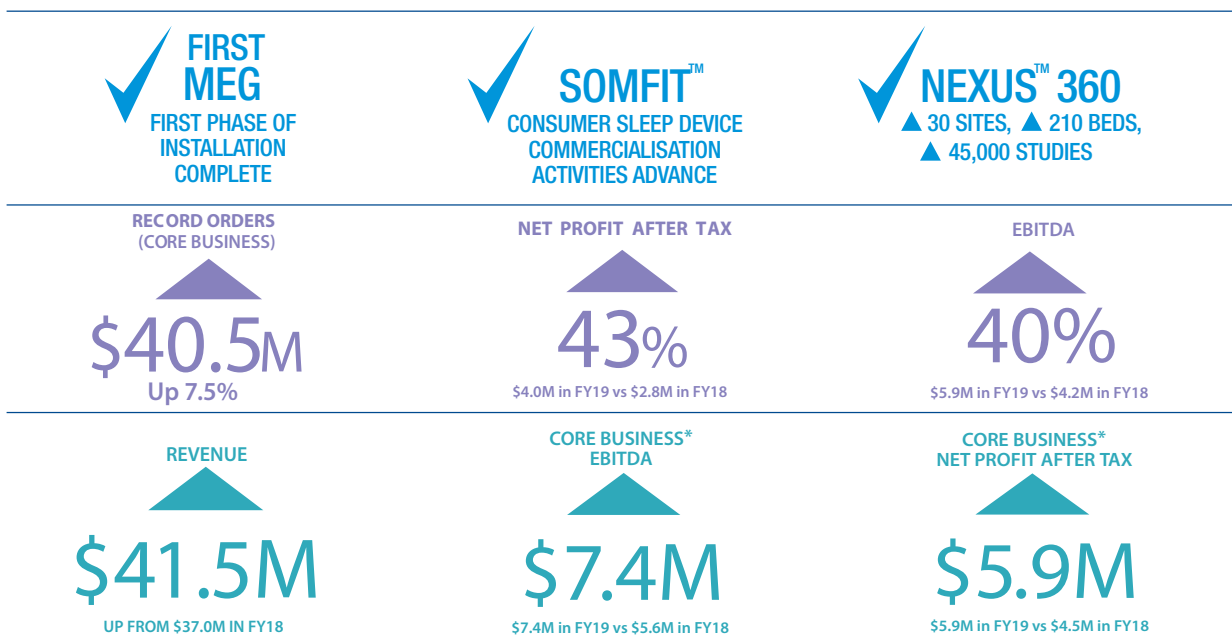
Cash on hand increased to \$4.6m for FY19, compared to \$3.9m for FY18. Debt levels also improved to \$1.6m compared to \$1.9m for FY18, despite substantial ongoing investments in core neuro and sleep diagnostics business research and development (R&D), together with strong commercial activation advancement across both new Orion LifeSpan™ MEG and Somfit® sleep-health business divisions.

Further underscoring the strength of the core business profitability, over \$5.0m was invested in next-generation growth platforms (medical innovations) including the new magnetoencephalography (MEG) neuroimaging business, eHealth (professional) sleep cloud-services (Nexus 360), and Somfit® sleep-health platform, positioning Compumedics for ongoing growth coupled with significant upcoming business realisation opportunities.

A number of key milestones and positive outcomes were achieved during the 30 June 2019 (FY19) financial year. In particular, the first stage of the MEG sale to Barrow Neurological Institute (BNI) in Phoenix, Arizona was completed successfully. Moreover, the MEG FDA submission for USA market clearance has now been submitted and is progressing well.

Gross margins improved from 57% in FY18 to 60% in FY19, corresponding to our strengthened operational management team and reinvigorated drive to continue efficiency improvements throughout the organisation. Profitability improved in conjunction with growth across key global core markets, including China, Europe and the U.S. In particular, China business grew by 26% compared to FY18 and DWL business grew by 17% compared to FY18. DWL division achieved record overall sales, including record sales for the USA. The MEG business pipe-line, buoyed by the recent success of the first stage of the BNI MEG installation, continues to lay the foundation for a strengthened business outlook. The Orion LifeSpan™ MEG FDA regulatory submission and the BNI installation were all important MEG business milestones.

KEY PERFORMANCE ACHIEVEMENTS FY19



*Excludes Medical Innovation Strategic Investments

OPERATIONS

Strong Underlying Financial and Operational Performance.

Compumedics continues to focus on generating profits from its blue-chip-client-based core business, whilst maintaining continued strong investment in R&D (13% of revenue). Maintaining sound profitability has been achieved in the face of extraordinary ongoing investment in the core business growth, as well as continued commercial activation of next-generation growth platforms.

Ongoing Performance and Profitability Improvements.

Compumedics remains focused on operational programs designed to drive improved efficiencies, capable of enhancing sales margins and product quality. These programs cover the streamlining of logistics, along with the outsourcing of non-key functions such as larger scale production. Additional programs cover the continued growth and strengthening of recurring revenue streams, enhanced online shopping cart capabilities, and implementation of global 24-hour help-desk support services.

PRODUCT DEVELOPMENT PIPELINE

Product R&D, across both core product groups as well as breakout business divisions, was maintained across all the Company's divisions with a range of product updates, new product releases, and refreshed product pipelines. This underpins strong ongoing growth across the Compumedics® sleep, neuro-diagnostic, Neuroscan® research, DWL® (ultrasonic Doppler blood flow) and consumable businesses.

Home Sleep Testing

The new range of Home Sleep Testing (HST) devices are designed to target the growing market for screening at home for sleep apnoea. Compumedics led the market in HST products with its introduction of the Somté range and are now finalising a new generation of products to provide premium HST performance capabilities with a streamlined user-friendly interface, fully integrated with the Nexus 360 platform. The product represents a leap forward in HST usability with a focus on the ability for the patient to attach the device without reliance on technician intervention. Coupled with advanced communications technology and a raft of convenience features the new HST range will change the way our customers approach the HST market.



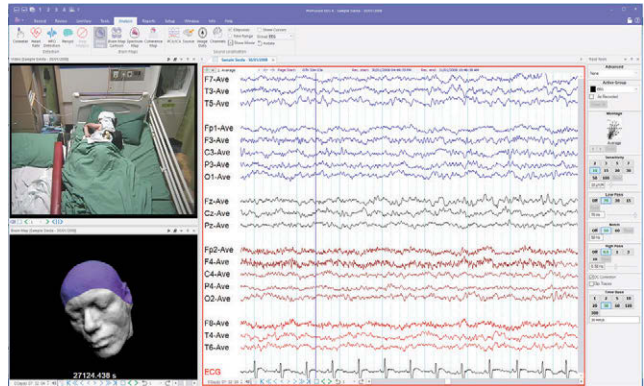
Compumedics Home Sleep Testing Device

Okti™

Compumedics has led the way in high density clinical systems for advanced epilepsy recordings as well as ambulatory portable acquisition. The Neuvo® and Siesta® products are still best in class in their segments. Compumedics is now preparing to release the next generation of neurology amplifier, that combines the best of the Neuvo® and Siesta® product lines in a single product. The Okti™ range will provide the market-leading solutions for ambulatory, long term, high density and research applications. With a focus on usability and size, including features specifically aimed at enhanced cyber security in medicine capabilities, Okti™ represents a leap forward in both standard clinical practice and advanced data collection.

CORiSS™

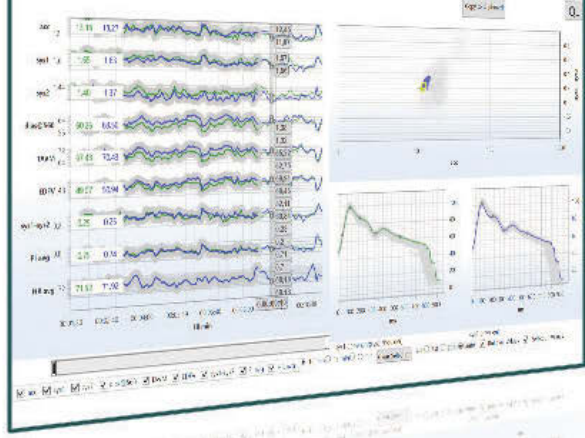
Cortical stimulation is an increasing requirement for high end epilepsy surgery programs. The need for a fully integrated cortical stimulator and switch matrix to allow neurologists and neurosurgeons to map out functional areas of the brain is becoming increasingly important, particularly as surgery emerges as the leading treatment for epilepsy. The CORiSS™ cortical stimulator from Compumedics is designed to address this need and seamlessly integrate into the family of Compumedics products to provide a complete end to end solution.



Compumedics Profusion™ EEG Version 6 Software

Profusion™ EEG

Profusion™ EEG is the clinical neurology software solution from Compumedics. It complements the Profusion™ PSG, CURRY® and Nexus™ 360 products in providing a complete solution for Neurology clinical activities. Profusion™ EEG v6 is the latest major release of the Profusion™ EEG software suite and represents a major improvement in the clinical productivity and reliability of routine and other neurology focused EEG acquisition and analysis.



DWL Neuromonitoring Analysis (NMA™)

Profusion™ PSG

Profusion™ PSG is the clinical sleep software solution from Compumedics. For over 30 years Profusion™ PSG has been the leading tool of choice for sleep professionals. Profusion™ PSG v5 is the latest release of the Profusion™ PSG software, which offers revolutionary productivity savings as well as providing the most advanced and fully American Academy of Sleep Medicine (AASM) compliant software available.

Nexus™ 360

Nexus™ 360 continues to deliver the only full HTML 5 based laboratory management solution on the market. Now established as a leading solution with an expanding installed base, it continues to grow in capabilities and features. The addition of total native application support as well as full cloud-based solutions, coupled with comprehensive support for neurology laboratories, Nexus™ 360 continues to be the leading cloud or on-premise solution for efficient, standards compliant and secure management of patient data.

DWL Ezi-Dop™ and Multi-Dop® T Digital

In addition to the recent market launch of the EZ-Dop™, the smallest and most powerful TCD system in the world, DWL division of Compumedics is focused on opening up new markets in neurosurgery, intensive care medicine and neuro-monitoring.

DWL recently released a new TCD analysis software, called Neuromonitoring Analysis (NMA™). This new TCD analysis software for cardiovascular physiology, enables the differentiation of pathological and non-pathological findings with the aid of the NMA™ Doppler parameters. NMA™ can be used, among other things, in surgery, anaesthesia and intensive care.

The use of this innovative screening software allows physicians and healthcare professionals to efficiently and reliably interpret the TCD signal in complex clinical situations, providing valuable information for further disease assessment and therapy control.

For example, NMA™ analytic capabilities enable enhanced diagnostic functions applicable to:

- Age-related changes in the vascular flow area
- Changes in perfusion during therapeutic interventions, e.g. monitoring during medicinal treatment
- Pre-, peri- and post-operative examination (before / after evaluation)

Further, in the field of neuro-monitoring, DWL systems will be connected to the ICM+ software developed by the University of Cambridge, UK.

ICM+ is a pioneering clinical research software solution that offers high-resolution data collection and real time analysis from multiple bedside monitoring sources, facilitating personalised medicine. Encapsulating over 25 years of clinical research in intracranial dynamics and intensive care of traumatic brain injury, ICM+ has become a hub for a worldwide scientific network in brain monitoring.

Another milestone in DWL's continued expansion into promising markets is the upcoming release of the DWL interface to Philips N.V. patient monitoring systems (IntelliVue). This new interface enables the linkage between all DWL Doppler digital systems and Philips bedside monitoring systems.

Other DWL growth opportunities include mobile health applications for DWL's world-leading TCD systems, i.e. mobile phone user interface for Traumatic Brain Injuries (TBI) detection for sports and battle fields as well as ambulances, emergency and ICU. This and the granting of the patent for servo-controlled robotic ultrasound will further strengthen the role of DWL in TBI diagnosis.



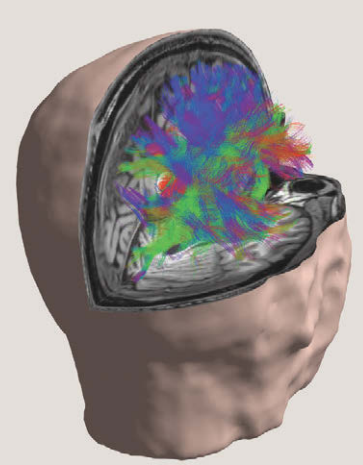
DWL Ezi-Dop™



Barrow Neurological Institute (BNI)



Orion LifeSpan™ MEG System at BNI



CURRY® Neuroscan's Brain Analysis Platform Suite

ORION LIFESPAN™ MEG INSTALLED AT BNI

First-phase delivery of the initial Compumedics/Neuroscan Orion LifeSpan™ MEG system to USA-based Barrow Neurological Institute (BNI) at St. Joseph's Hospital and Medical Center, located in Phoenix, Arizona, was completed at the start of the second quarter of 2019. This first phase focused on delivery of a system specifically designed for the evaluation of adult patients with unprecedented accuracy. The second and final phase of delivery, scheduled for the first quarter of FY20, will add the custom sensor helmet for paediatric patients.

Initial post-installation recordings demonstrated the high quality of the magnetic field measures of brain activity. Fully powered by the CURRY® acquisition and analysis software, Compumedics/Neuroscan Orion LifeSpan™ MEG system exclusively inherits the "gold standard" functionality for clinical/research MEG brain signal acquisition and analysis. On-site calibrations of the system during the summer of 2019 further improved data quality through the identification and suppression of extraneous interference.

ONGOING ACTIVITIES TO DRIVE GROWTH

A submission to the FDA in June of 2019, with expected approval in the third quarter of 2019, will allow BNI to begin evaluation of clinical epilepsy patients. Furthermore, FDA 510(K) approval will open the door for Compumedics to the larger mainstream clinical market within the USA. Other regulatory submissions, for example to Health Canada and the European CE Mark are now underway.

On the R&D front, further development continues on more comprehensive MEG offerings for both clinical and research applications with new MEG designs. These will accommodate both sitting and laying (supine) positions. These advancements, added to the existing two-helmet, supine-only design, will allow the company to address unmet needs in the adult/paediatric cognitive neurosciences market. This is in addition to features which allow the simultaneous testing of two patients or subjects simultaneously, which is of great interest in the emerging field of cognitive social science.

High-quality sample data from BNI, regulatory approvals for clinical use and the exclusive patented feature of the Compumedics/Neuroscan Orion LifeSpan™ MEG system will allow us to vigorously compete for all new MEG tenders as well as upgrades worldwide.

Compumedics is putting in place close working relationships between the company and facilities using the Orion Lifespan™ MEG, starting with BNI. This includes validation studies supporting new applications for MEG; cognitive function and dysfunction research; protocol development, especially those that will directly lead to clinical biomarkers; validation and verification studies; improved/expanded funding for MEG, including research grants and especially clinical reimbursements (both public and private); etc. The company has a strong interest in expanding the role of MEG in detecting and diagnosing epilepsy, autism, dementia, Parkinson's disease and other brain/nervous system disorders.



Staff at BNI with the Compumedics team.

Neuroscan CURRY® and STIM™

CURRY8, Neuroscan's latest brain analysis platform suite, continues to drive both organic growth as well as development across new, lucrative break-out market sectors, such as the new Orion LifeSpan™ MEG brain scanning division. CURRY9, the next major upgrade, will be released early in 2020. One especially important highlight of this release will be an epilepsy spike and seizure detection module. This module allows Compumedics to compete directly with other vendors in the market who already provide such functionality. In addition, CURRY9 will include a brain white matter tractography module. Tractography, extracted from diffusion tensor imaging MRI data, provides a detailed view of the "wiring" of the brain. While the grey matter of the brain is the origin of all cognitive

function, the white matter axonal fibre tracts provide the backbone of communication between different areas of the brain. Combined with an ongoing project to present CURRY® in a virtual-reality environment, this integration of functional and structural views of the human brain will provide an unparalleled capacity to visualize brain process of both clinical and scientific interest, at both the individual and group level.

This development in CURRY9 is coupled with a further integration of the STIM2 software. Currently under beta testing, an interface device known as a STIMLink will insure the most precise timing possible between the presentation of auditory, visual or tactile events, along with synchronisation to the EEG and MEG data streams. The development of two-way communication between CURRY® and STIM will allow the development of closed loop paradigms in which stimulus presentation is directly controlled by brain activity, rather than manually by the experimenter or clinician. For example, Trans-cranial Magnetic Stimulation (TMS) is now an FDA clinically approved method for treating depression. The activation of TMS stimulation will soon be directly controlled by patterns of brain activity measured in near-real time from CURRY®. A further application of this approach with clinical research may allow epileptic spike events detected in CURRY® to trigger TMS targeted at the region of the brain producing the abnormal activity. While this treatment method is currently in the clinical research phase, this closed feedback functionality may offer another option for epilepsy treatment in the future.

NEXT-GENERATION GROWTH PLATFORM COMMERCIALISATION

The Company remains focused on a number of substantial opportunities based on key next-generation growth platforms, applicable to imminent or ongoing commercial activation.

These new generation growth platforms include online health initiatives, comprising of professional and consumer-based Nexus 360 eHealth services, Somfit® sleep-health platform, ongoing sales and developments within the new Orion LifeSpan™ MEG brain scanner division, sleep-treatment developments, new-horizon driver-vigilance monitoring systems and the newly patented CMP/DWL servo-controlled robotic ultrasound systems, including patented traumatic brain injury developments.

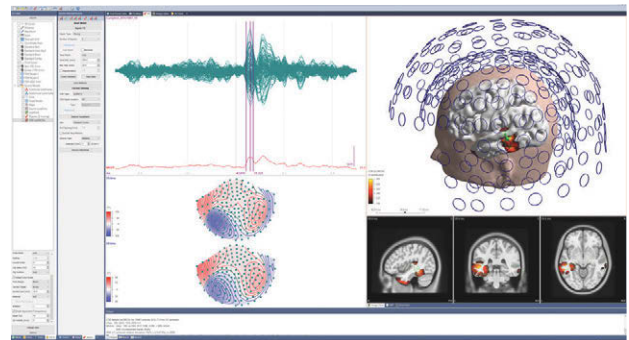
Compumedics/Neuroscan Fast-Emerging Orion Lifespan™ MEG Brain Scanner Division

Magnetoencephalography (MEG) is the most sensitive and precise functional brain imaging technique currently available. It measures and localises signals using helmet-shaped arrays of sensors in real-time at a millisecond rate with millimetre accuracy. It is completely non-invasive, safe and silent. It has applications in both neuroscience and clinical diagnostics.

Magnetoencephalography (MEG) Functional Brain Imaging

The Compumedics/Neuroscan Orion LifeSpan™ MEG system and is a breakthrough in MEG technology, being the first to offer adult/ paediatric capability in one instrument. MEG scanner highlights include:

- The most sensitive and precise functional brain imaging technique currently available. It measures and localises signals using helmet-shaped arrays of super-conducting sensors in real-time at a millisecond rate with millimetre accuracy. It is completely non-invasive, safe and silent. It has applications in both neuroscience and clinical diagnostics.
- High temporal and spatial resolution of brain activity. These measures contribute to improved diagnostic outcomes. Data recorded from Compumedics/Neuroscan Orion LifeSpan™ MEG systems allow greater confidence in identifying areas of the brain generating epilepsy activity. This, in turn, increases confidence in surgical remediation and lead to better patient outcomes.
- Increasing clinical adoption and a wide variety of research applications. These factors point to a market that will grow exponentially in the coming years. The company is putting the pieces in place to capitalise on this growth.



CURRY® MEG Software Data

Compumedics/Neuroscan Orion LifeSpan™ MEG

The Orion LifeSpan™ MEG is the culmination of decades of experience in the field:

- An ongoing technology transfer program executed in 2016 with the Korea Research Institute of Standards and Science (KRISS), offers the field an advanced, completely integrated and significantly more cost-efficient MEG platform for both research and clinical medicine. KRISS has been developing MEG technology since the 1990s.
- At the core of the new Orion LifeSpan™ MEG is the latest generation of MEG brain sensors, comprising of the patented DROS SQUID (Double Relaxation Oscillation Superconducting Quantum Interference Device).
- This expertise, combined with the established SynAmps amplifier and CURRY® software capabilities of Compumedics, has resulted in the world's most advanced MEG device.

- The unique Orion LifeSpan™ MEG system consists of a patent pending, rotating dual-helmet dewar for adult and paediatric patients (adult/adult, paediatric/paediatric options are available). With this, two MEG systems can be contained in a single magnetically shielded room (MSR), cutting in half the cost of having two MSRs with conventional MEG systems, one for a paediatrics and one for adults. The dual-helmet design also allows a single medical centre to derive greater income from capturing a larger patient population, from infants through to adults.



Nexus™ 360 Web-Based Diagnostic Platform

Compumedics web-based sleep diagnostic platforms

These eHealth developments present significant efficiency gains for Compumedics' existent and new customers, along with a highly scalable and effective business model for Compumedics and clients, alike. Customers appreciate the industry-leading quality and sophistication of Compumedics' internet "plug and play" amplifiers coupled with the unique Compumedics single vendor solutions. Nexus 360 enables a fully-integrated sleep cloud-services platform, incorporating the first of its kind "end-to-end" clinical enterprise solution for unsurpassed simplicity and efficiency, providing an effective user clinical work flow and user experience.

GROWTH OUTLOOK

Compumedics remains focused on a number of new initiatives designed to underpin both current and future organic and breakout growth, including:

New product platform roll-out to continue in FY20

- **Okti™**, a new generation of premium neuro and sleep diagnostic remote or ambulatory portable monitoring will commence roll-out this year.
- The home sleep testing (HST) range of devices and Nexus 360 cloud platform represents the next level range of products will pave the way for Compumedics expanded presence in this growing market sector.
- The **HST** range of devices and **Okti™** usher in the next generation of connectivity, remote and portable monitoring with significant advancements such as comprehensive plug and play Cloud deployment options (including sleep and EEG Nexus 360), enhanced

cyber security, premium signal quality, increased processing power and extended battery life, stream lined user-friendly applications that cover clinical, research, diagnostic services, remote monitoring of sleep, EEG or ECG, and a range of more specific applications including the next generation long-term remote epilepsy monitoring.

- The upcoming cortical stimulator (CORISS™) release will present a new standard in fully integrated solutions for top-tier neurological epilepsy and neurosurgical centres.

Compumedics/Neuroscan expansion into much larger MEG brain analysis imaging market

- The Company continues to successfully pursue further opportunities in this field during FY20 and is actively working known opportunities.

Growth in international markets with active sales expansion plans for China, Japan, Germany and USA

- The Company will continue to expand its USA sales team, to grow market share in both sleep and neurological diagnostic and monitoring markets.
- This year Compumedics successfully achieved with its new, highly respected Fukuda Denshi partners, neurology Japanese regulatory approvals, clearing the way for a FY20 major product roll out, establishment of a strong and long-term partnership with Fukuda Denshi Co., one of Japan's and the world's finest medical companies.

eHealth business expansion with continued commercial activation of its cloud-based neuro and sleep diagnostics platform, Nexus™ 360, for both professional and consumer applications

- Having established a strong foundation with our eHealth platforms based on NeXus 360 market penetration in the USA and Australia and continued development of the Somfit® plug-and-play technologies, Compumedics is poised for strong growth in both the sleep and neurodiagnostic eHealth markets.
- Compumedics has now doubled the NeXus 360 installation base with over 30 sites (> 210 beds) in both the USA and Australia. The NeXus 360 platform generated \$600K revenue in FY19, with total signed contract value exceeding A\$1m in annual subscription fees. The number of patients recorded on the platform now exceeds 45,000, servicing large clients in both sleep and neurodiagnostic applications.

DWL business expansion opportunities following the granting of a servo-controlled robotic ultrasound patent, along with its new generation of EZ-Dop technology, along with colour ultrasonic and TCD advancements

- Compumedics/DWL patent, enabling a servo-controlled robotic ultrasound system. This development is being designed to incorporate traumatic brain injury (TBI) diagnostic capabilities for deployment across a range of remote applications including sports-fields, battle-fields, ambulance vehicles and other emergency or routine deployment opportunities.

- The Company continues to develop its technologies around the 3D Transcranial Colour Doppler (3D TCCD)/Duplex imaging, whilst refining the best way to fully exploit this commercial opportunity.

SUMMARY AND FINANCIAL OUTLOOK

Compumedics remains well positioned, based on the solid FY19 performance, continued core business growth, coupled with ongoing commercialisation progress relating to Orion LifeSpan™ MEG and Somfit® new breakout business divisions.

Improved gross margins (FY19 60% versus FY18 57%), the installation of a new generation Customer Relationship Management (CRM) and business enterprise systems, together with a number of new initiatives still in progress, strongly positions the Company to maintain ongoing growth by reinforcing operational performance and associated disciplines throughout FY20 and beyond.

Continued core business growth is expected, based on Compumedics existent distribution network coupled with the excellent ongoing performance from the DWL® ultrasonic Doppler blood flow division. Additionally, existent growth markets such as USA and China, along with new growth markets including Compumedics French business, and the new Japan Fukuda Denshi neuro diagnostic distribution, will further bolster growth, moving forward.

Notably, FY20 will see regulatory approvals and releases of completely new generation platforms and product ranges across all Compumedics divisions. The home sleep testing (HST) range of devices and **Okti™**, a new generation of premium neuro and sleep diagnostic remote or ambulatory portable monitoring setting new standards in remote or portable monitoring. These products all fully integrate to the Nexus 360 cloud platform for unsurpassed connectivity. Additionally, as it relates to enhancing access to major accounts, the new cortical stimulator (**CORISS™**) will enable fully integrated solutions for top-tier neurological epilepsy and neurosurgical centres. The regulatory approval focus for FY20 includes a new generation range of **Orion LifeSpan™** MEG systems and **Somfit®**.



Somfit® Home Sleep Monitoring Device

Importantly, the successful first phase of Nexus™ 360 roll-out continues, contributing to both improved quality and efficiencies in sleep healthcare, with a more sustainable pay as you go annuity model, together with corresponding strengthening of Compumedics business model. Nexus 360 sleep and remote cloud services growth will be further augmented in FY20 and beyond with Nexus 360 neurology and a range of other more specific remote cloud applications. Despite the significant investment in these new products and services, coupled with Orion LifeSpan™ MEG and Somfit® breakout businesses, Compumedics continues to maintain its fiscal disciplines and growth-drivers, applicable to FY20 and many years ahead.

In terms of FY20 outlook guidance, ongoing growth and profitability are expected. FY20 revenues are expected to be in the range of \$42m to \$44m, with a corresponding EBITDA of about \$6.5m to \$7.5m, and NPAT of about \$4.0m to \$5.0m. This guidance is based on the general economic environment in Australia and the Company's other key offshore markets including the US, China, France and Germany remaining broadly as they are at the timing of the release of these results.

As a quick wrap-up FY19 achieved guidance whilst at the same time undertaking substantial investment in medium-term breakout growth platforms including strong commercial activation of the new Orion LifeSpan™ MEG and Somfit® sleep-health businesses. Additionally, in terms of establishing ongoing growth demand for the immediate FY20, geographical market expansion initiatives activated in FY19 which include expansion of France and Japan businesses. In terms of new platform breakout achievements Nexus 360 (clinic in the Cloud) continues with record growth, and strong ongoing demand is expected for FY20 and beyond. FY19 achievements across the core and the new breakout businesses' financial, commercial activation, technological and regulatory functions, position Compumedics well for a strong outlook in FY20, and beyond.

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

Yours sincerely,

Dr. David Burton, Ph.D.

*Executive Chairman and Chief Executive Officer
Compumedics Limited*

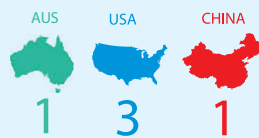
GLOBAL MARKETS

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:

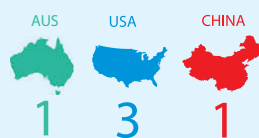
The key drivers for achieving growth in this market are to have technologically superior products that differentiate Compumedics from existing competition. This will be achieved with the revolutionary upgrade to the Compumedics EEG range that includes new class-leading hardware, user-intuitive software 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 AUD\$250 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:

6%

Key drivers:

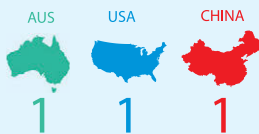
To logically continue to expand our US and European sales and support infrastructure and to evolve the business to provide complete sleep medical solutions.

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

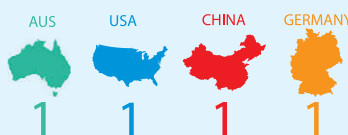
Description of the market:

The Doppler Sonography technique utilises sound frequencies to measure the blood flow conditions in vessels and evaluate haemodynamics by using high-quality diagnostic and monitoring systems.

DWL Doppler systems are used in a wide range of specialist branches of medicine including neurology, neurosurgery, cardio- and vascular surgery, anaesthesia, intensive treatment, internal medicine, angiology and radiology.

The products are purchased by private practices and clinics, hospitals (both public and private), and by major universities, national research institutes and corporate research laboratories around the world.

Current Market position:



Competitive Advantages:

- 1 Full Digital Doppler Technology
- 2 Bilateral Doppler
- 3 Multi-Range Doppler Technology
- 4 Physiological Tests
- 5 Emboli Differentiation & Multi-Frequency probes
- 6 Highest Doppler sensitivity
- 7 Best signal to noise ratio
- 8 Reference gates
- 9 High and low temperature endurance systems
- 10 Space endurance systems

Current Market Share:

less than 35%

Key drivers:

- Digital Doppler Technology
- New application areas for the use of TCD
- Expanding market opportunities by new Health Care Regulations for the use of TCD
- Expanding Sales and Support Infrastructure

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® 9 close to release) and high performance amplifiers are unrivalled world class technology. New ambulatory range to release in 2020.



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 FY20 – FY22. Lower cost base enables addition of mid-tier plus new ambulatory range of products releasing FY20 and further manufacturing and operational efficiency gains.



USA based business growing with further modifications and enhancements to the team being implemented to support stronger growth across the entire business there.



Continued expansion into untapped German market, and ongoing growth in France.



Continuing growth from China in sleep diagnostics with a stronger emphasis on the neurodiagnostic monitoring market there.



Ideally positioned to accelerate organic growth and value realisation.

CORE BUSINESS

Premium Focus now expanding to whole market.

	Sleep Diagnostics	Neuro Diagnostics – Clinic	Neuro Diagnostics - Research	Brain Blood Flow Diagnostics
Global market – USD pa	250m	1,300m	20m	15m
Compumedics market share (approximate)	6%	<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 recently 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 include:



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14

Core Products

Sleep Diagnostics



Compumedics GraeL® - 4K HD



Compumedics GraeL® PSG



Compumedics Siesta®



Compumedics Somtè® PSG



Compumedics Profusion™ Sleep Software



Compumedics Profusion™ NeXus Software

Neuro Diagnostics (including Brain Research)



Compumedics Neuro® 512 Channel



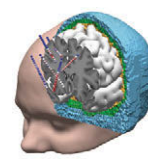
Compumedics GraeL EEG® Neuroimaging Suite - 4K HD



Compumedics GraeL LT® - HD EEG



Compumedics Profusion™ EEG Software



Compumedics CURRY® Neuroimaging Suite



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

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, sleep treatment, and driver vigilance.

The MEG opportunity is highlighted here.

THE NEW ORION LIFESPAN™ MEG - AN EXCITING INNOVATION FROM COMPUMEDICS

What is MEG? How Does it Work?

Developed by David Cohen at Massachusetts Institute of Technology in the 1970s, MEG technology can record the magnetic fields associated with electric currents generated by synchronously active populations of neurons in the brain.

MEG is based on the use of highly sensitive detectors called SQUIDs, or super-conducting quantum interference devices.

These superconducting magnetic field detectors can accurately measure the occurrence of spontaneous brain activity called spikes, which can be signatures of the existence and location of onset for epilepsy activity in the brain such as dementia, autism and epilepsy can be detected.

The development and integration of a zero-loss helium recycling system (used to cool the SQUIDs into the operational superconducting state), reduces system operating costs by as much as \$100,000 USD annually.

Key Features

- 186/138 adult/pediatric radial gradiometers (> Spatial Density than Elekta)
- Simultaneous hyperscanning of two patients/subjects
- SQUID: Double relaxation oscillation SQUID (DROS)
- Average sensitivity: Better than 3.0 fT_{rms}/ Hz (@ 10 Hz)
- Integrated Zero-Loss Closed-Loop Helium Recycling
- Sample Freq 10 kHz Max Option, Resolution: 16/24 bits
- 32/64/128 Channel Integrated EEG
- Active MSR Shielding (medium strength)
- CURRY® fully integrated / STIM2 / Video Integration
 - Real Time Dipole Averaging and Clustering
 - Real Time Event Averaging
 - 3 CURRY® WorkStations: 1 Acquisition, 2 Analysis
 - multiple system configurations are under development including sitting only and combine sitting/supine options to satisfy clinicians and researcher alike.

Orion LifeSpan™ key advantages

Patented dual helmet rotating
adult/pediatric dewar

Patented Sensing System

Integrated zero-loss
Helium recycling

Vibration-free continuous
operation Helium reliquification
system integrated into the
Orion LifeSpan™ MEG system for
reduced running costs





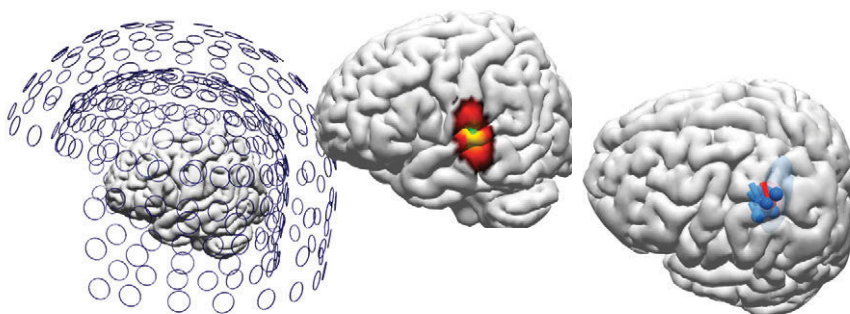
- The CURRY® Neuroimaging platform and MEG have a history stretching back over 30 years. CURRY was first conceived as a product in the early 1990's when Philips Electronics investigated the feasibility of developing its own MEG hardware platform. Ultimately, the hardware platform did not survive, but the software, along with its core engineering architects, Dr. Manfred Fuchs and Dr. Michael Wagner, continued on.
- The benefits associated with CURRY's ability to integrate MEG with EEG and co-register both kinds of high-temporal resolution functional imaging data with the structural neuroimaging data including MRI, CT, DTI, as well as PET, SPECT and fMRI accelerated the adoption of the software by both the research and clinical communities. Early clinical adopters, such as Dr. John Ebersole, supported and championed the benefits of source localization tools such as CURRY, contributing to the development of specific source analysis billing codes for EEG and MEG. For a long time, CURRY has been the de-facto software platform for clinical MEG community, particularly those assessing epilepsy. This has culminated in the adoption of CURRY as the standard analysis platform by the European Epilepsy Consortium.

Market & Competition

- The MEG market was previously estimated at about 20 systems a year at an average selling price of USD4.0m each = US\$80m/pa. The current market, anticipating the BNI installation has adopted a wait and see state.
- This is expected to grow about 10% a year, excluding China.
- It is estimated that China could double the existing market size to about 70 units a year.
- The dominant existing player is Elekta, based out of Sweden, but now owned by private equity, followed by Yokogawa (Japanese market not owned by Ricoh) and CTF MEG (a much smaller player).

Plan

- H2 FY20 – Complete installation of first sale to Barrow Neurological Institute in Phoenix, AZ, USA
- FY20 – Secure second sale
- FY20 – Obtain FDA clearance for 1st system in USA.



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 30 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.

ACCESSIBILITY

- > Anywhere
- > Anytime
- > Any Device (supporting HTML5 browser)

SEAMLESS INTEGRATION

- > Seamless hardware and software with user-configurable reporting
- > Fully managed by Compumedics
- > Scalability
- > HL7 Support
- > Multi-site management

HIGH SECURITY

- > Digitally secure study "sign-off"
- > Two-factor authenticated login
- > HIPAA compatible
- > All web traffic is securely encrypted

WORKFLOW EFFICIENCY

- > Simple management of access privileges
- > Web-based review and reporting
- > Automated updates and backups
- > Dynamic scalability to suit growing labs

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





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?

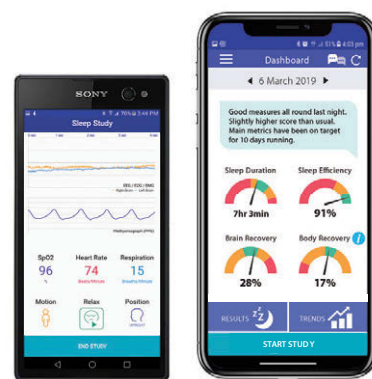
The technology in Somfit[®] is medically validated and the data collected is Gold standard – meaning that it is the accepted methodology to accurately measure and detect REM, and the data can be used for medical consultations with your GP if and when the need arises.

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[®] coaching APP

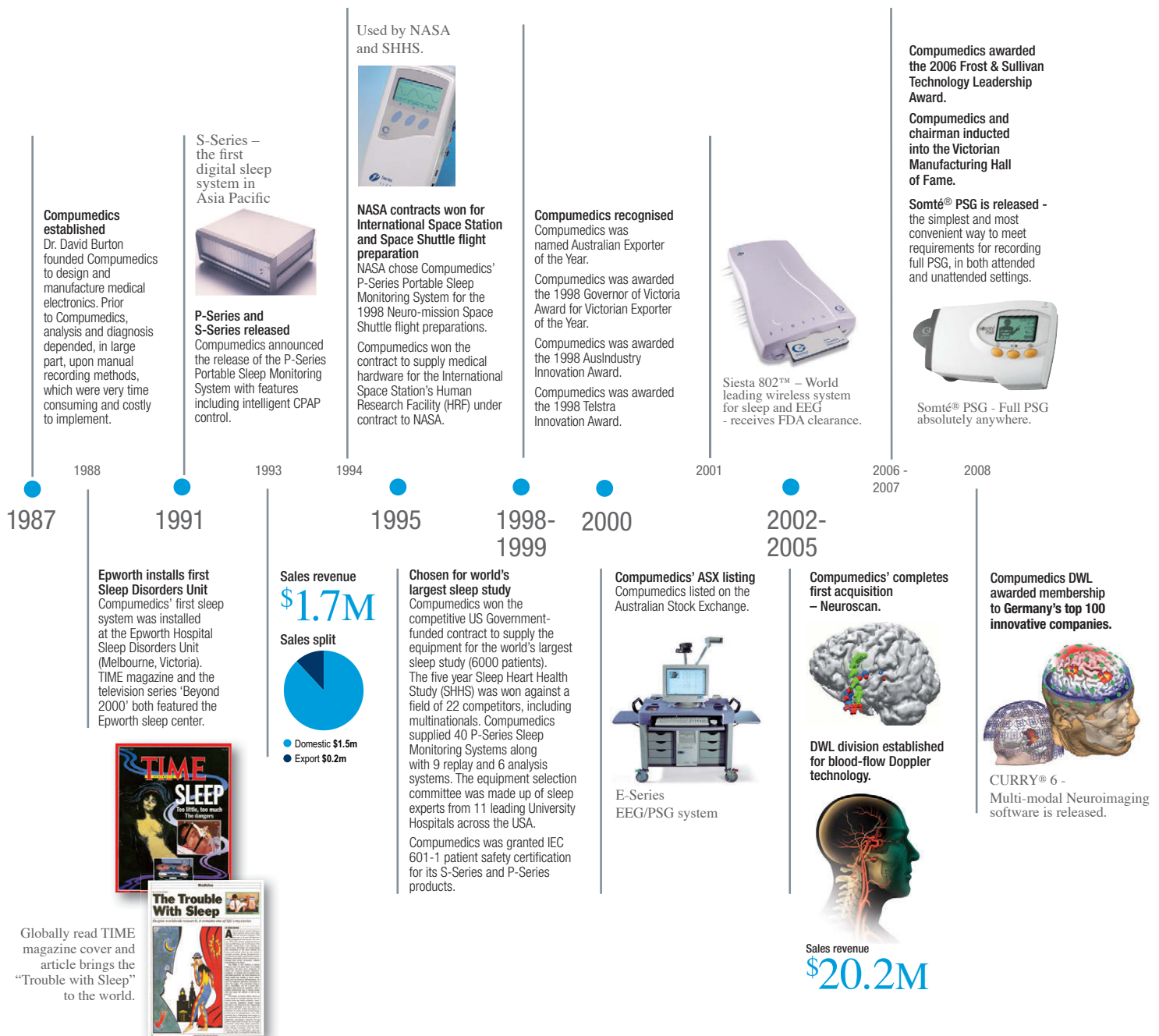
The power inside








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.



<p>Grael® is released - Compumedics released the world's first High Definition and premier PSG/EEG, Grael®.</p> <p>Grael® wins Powerhouse Museum Award & finalist at the Australian International Design Award.</p>  <p>Grael® PSG/EEG - World's first High Definition Amplifier.</p> <p>Compumedics introduces direct selling in Germany.</p> <p>2009</p>	<p>CURRY® SCAN 7 Neuroimaging Suite is released - Compumedics Neuroscan releases it's combined acquisition and signal processing software.</p> <p>Compumedics introduces direct selling in France.</p>  <p>2011</p>	<p>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.</p>  <p>Neuvo® LTM 512 Channel EEG</p> <p>2013</p>	<p>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.</p>  <p>\$7.5 Million Sleep Diagnostic Systems Contract with Beijing Bestmed Accelerates Compumedics Strength in China.</p> <p>2015</p>	<p>Compumedics wins major multi-million dollar MEG brain imaging contract.</p>  <p>Growth in China - Compumedics confirms strength in China with over \$5M in sales in 2017.</p> <p>New product released - Profusion NeXus 360 - A Revolution in Laboratory Management.</p> <p>2017</p>	<p>Compumedics Announces Successful MEG Installation at BARROW NEUROLOGICAL INSTITUTE</p>  <p>New products released - NEW Neuroscan Quik-Caps Now in Gel-based Electrode Arrays in Neoprene and Silicone and Liquid-Electrolyte Hydro Net Arrays.</p>  <p>2018</p>
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<p>Compumedics recognised as one of Australia's top 100 Health Innovators through its world leading devices for sleep diagnostics.</p>  <p>Somnilink SPAP®</p> <p>Somnilink SPAP receives CE and TGA clearance.</p>	<p>SILVER JUBILEE 25 YEARS OF DIAGNOSTICS EXCELLENCE</p> <p>Compumedics celebrates its 25 Year Silver Jubilee Anniversary.</p> <p>Neuvo® LTM, world's first 512 channel wall system is released to market - the Ultimate Long-term Monitoring System.</p> <p>Grael®-HD EEG - High-Definition EEG is released to market.</p>  <p>Grael®-HD EEG</p>	<p>eHealth Business focus in Asia.</p> <p>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.</p> <p>Company has now secured total contracts for its eHealth platform with potential incremental revenue of US\$9.1 million over the next three years.</p> <p>New products released -</p> <p>Profusion EEG5 - World class EEG diagnostic software.</p> <p>Profusion Sleep4 - World class PSG diagnostic software.</p> 	 <p>Grael® PSG Grael® LT EEG</p> <p>New Grael® Range released for market - Grael® PSG, Grael® LT and updates to Grael® and Grael® EEG</p> <p>New e-Health Somfit® consumer product is developed -</p>  <p>Somfit® Night</p> <p>Compumedics and KRIS (Korea Research Institute of Standards and Science) officiates technology transfer agreement and MOU for new advanced MEG.</p> <p>Successful completion of \$6.5M capital raising</p>	<p>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 – neuro-diagnostic and monitoring products – in Japan.</p> <p>New product released -</p> <p>ONsight™ A.V.S Ambulatory Video EEG Solution Monitor your patient's home ambulatory studies with CONFIDENCE! EEG with Video recording in "Real Time"!</p> 
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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 nineteen 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. Tucson Dunn

Non-Executive Director

Currently working with JLM Investment, (USA) as CEO of Healthcare where he is responsible for healthcare ventures.

Prior to joining JLM, Mr. Dunn served as Managing Director of Fosun Healthcare Holdings in Shanghai China. Mr. Dunn has over 25 years of international healthcare leadership experience developing and managing hospitals, clinics and related business throughout Asia, Middle East, Europe and USA.

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

