nanosonics
Infection Prevention. For Life.

Infection Prevention. For Life.

2022 FULL YEAR RESULTS

INVESTOR PRESENTATION

Michael Kavanagh, CEO and President
McGregor Grant, CFO and Company Secretary

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Disclaimer

Contents

OUR MISSION

We improve the safety of patients, clinics, their staff and the environment by transforming the way infection prevention practices are understood and conducted and introducing innovative technologies that deliver improved standards of care.

"Total revenue for the year grew 17% to $120.3 million resulting from continued growth in new installed base, upgrades and consumables/service. This was a very pleasing result taking into consideration the foreshadowed one-off revenue impact in H2 associated with the transition to a largely direct sales model in North America."

– Michael Kavanagh

FY22 – KEY HIGHLIGHTS

INSTALLED BASE

29,850

▲12%
In last 12 months

▲20%
H2 vs. H1

TOTAL REVENUE

$120.3m
(cc[1] $118.7m)

▲17%
vs. FY21

▼2%*
H2 vs. H1

CAPITAL REVENUE

$37.7m

▲41%
vs. FY21

▼2%*
H2 vs. H1

CONSUMABLES/ SERVICE REVENUE

$82.6m

▲8%
vs. FY21

▼1%*
H2 vs. H1

[1]Constant currency removes the impact of foreign exchange rate movements to facilitate comparability of operational performance. This is done by converting the current year sales of entities that use currencies other than Australian dollars at the average rates that were applicable in the prior year.

**The growth of revenue associated with both capital and consumables in H2 was impacted by the transition to the largely direct sales model in North America, where GE ran down their capital and consumable inventory with no replenishment as they transitioned to a non-stocking capital reseller by 30 June 2022.*

PERFORMANCE

SUCCESSFUL TRANSITION OF NORTH AMERICAN SALES MODEL with Nanosonics now managing all trophon customers directly for the ongoing provision of consumables. This largely direct sales model aims to capture the full market opportunity for trophon in North America as well as prepare for future product expansion plans.

GLOBAL UPGRADES of 1,000 trophon EPR devices, up 133% compared with prior corresponding period, with H2 FY22 upgrade units up 50% compared with H1 FY22.

GROSS PROFIT MARGIN of 76.4% compared with 78% in the prior corresponding period reflecting increased freight costs. The gross profit margin was ahead of the guidance provided in February 2022 mainly due to favourable pricing outcomes in North America.

CONTINUED INVESTMENT IN STRATEGIC GROWTH AGENDA across R&D, geographical expansion, broad capability and capacity expansion with operating expenses of $90.5 million, up 28% on prior corresponding period.

PROFIT BEFORE TAX of $1.6 million, compared with $11.0 million in prior corresponding period. This reflects the increased investment in the Company's strategic growth agenda as well as the foreshadowed one-off impact in H2 FY22 on revenue in North America associated with the move to a largely direct sales model.

CASH AND CASH EQUIVALENTS of $94.5 million, providing ongoing strong foundation for continued investment in growth. The Company has no debt.

NANOSONICS CORIS® – Positive progress across development activities, clinical/regulatory planning and manufacturing preparation of new endoscope instrument reprocessing platform.

Installed Base Growth

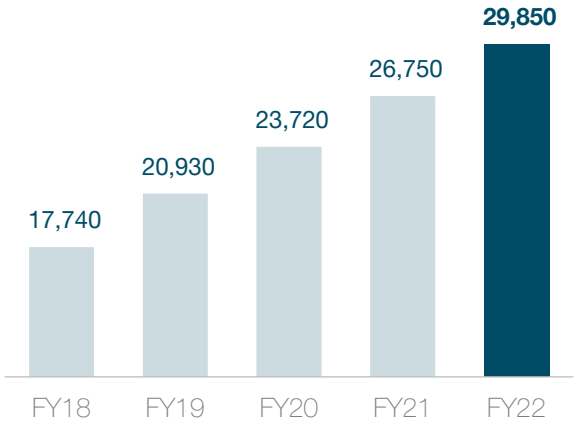
GLOBAL INSTALLED BASE

29,850 units

The global installed base increased 12% to 29,850 units, an increase of 3,100 units for the year. The installed base increased 1,690 units in H2, up 20% compared with H1.

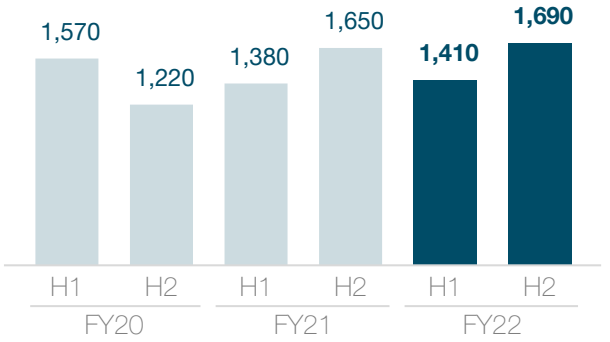
TOTAL INSTALLED BASE

Units



NEW INSTALLED BASE BY HALF

Units



CUMULATIVE INSTALLED BASE

▲12% vs. FY21

NEW INSTALLED BASE GROWTH

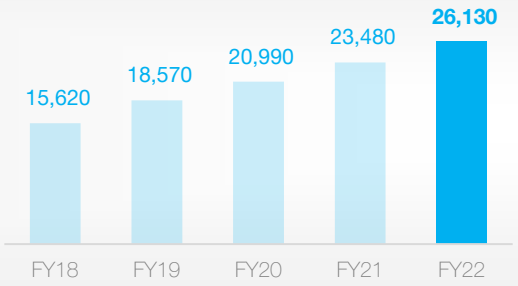
▲20% H2 FY22 vs. H1 FY22

REGIONAL INSTALLED BASE

NORTH AMERICA

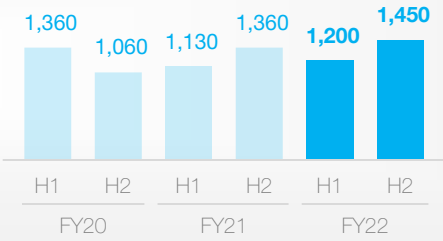
Installed base increased 2,650 units for the year to 26,130 representing an 11% increase. Hospital access continued to improve throughout the year and the installed base increased by 1,450 units in H2, up 21% compared with H1.

TOTAL INSTALLED BASE
Units



▲11% vs. FY21

NEW INSTALLED BASE BY HALF
Units

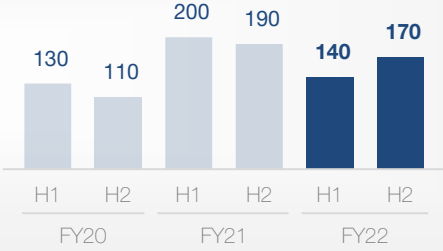


▲21% H2 vs. H1

EUROPE AND MIDDLE EAST

The installed base increased 310 units (up 21%) to 1,820 units. Notwithstanding the impact of COVID-19 related market restrictions during the year, and other factors such as sanctions on Russia, new installed base units in H2 was up 21% compared with H1.

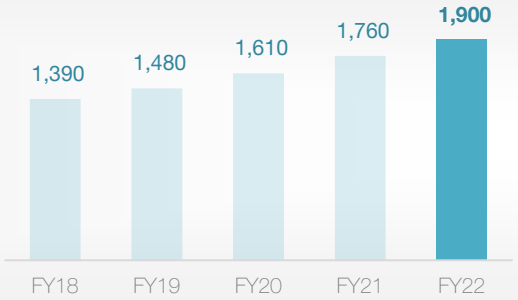
▲21% vs. FY21



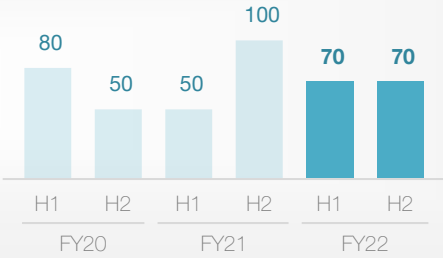
▲21% H2 vs. H1

ASIA PACIFIC

The installed base increased 140 units (up 8%) for the year to 1,900 units. The number of units installed in H2 were equivalent to H1 reflecting the COVID-19 restrictions that prevailed during the year.



▲8% vs. FY21



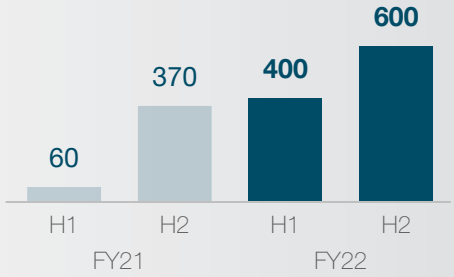
— % H2 vs. H1

UPGRADES

Developing strong momentum in capturing upgrade value.

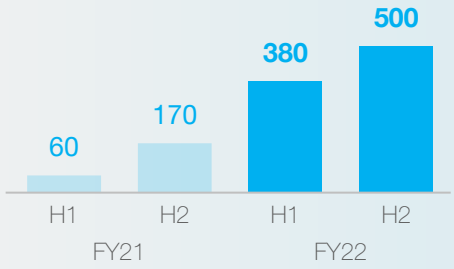
Globally, **1,000** trophon EPR devices were upgraded in FY22, up 133% vs. FY21. Upgrade momentum continued into H2 with upgrades of 600 units, up 50% compared with H1.

GLOBAL UPGRADES
Units



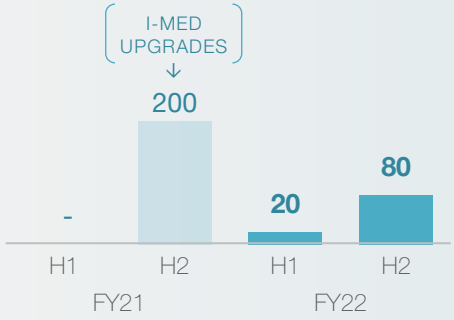
▲133% vs. FY21
▲50% H2 vs. H1

N. AMERICA UPGRADES
Units



▲283% vs. FY21
▲32% H2 vs. H1

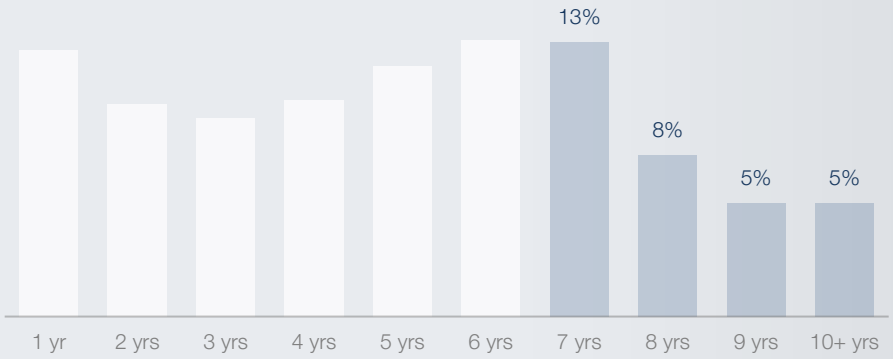
ASIA PACIFIC UPGRADES
Units



▼50% vs. FY21
▲300% H2 vs. H1

GROWING OPPORTUNITY

9,000+ units



GLOBAL INSTALLED BASE AGE DISTRIBUTION[1]
AT JUNE 2022

[1] Upgrades as a % of cumulative Installed Base

Financial Results Review

RANGE OF SELLING MODELS[1]

DIRECT CHANNEL

CAPITAL SALE

- Capital equipment sold upfront with 12-month warranty.
- Customer purchases consumables as required.
- Customer elects to purchase service contracts from Nanosonics (usually after warranty period expires) or pays for service and parts, as required.

MANAGED EQUIPMENT SERVICE

- Nanosonics provides capital equipment to customer.
- Equipment fully maintained by Nanosonics.
- Customer purchases consumables as required at an 'all-inclusive' price.
- Nanosonics owns capital equipment, depreciated over 5 years.

RENTAL

- Customer rents capital equipment.
- Equipment fully maintained by Nanosonics.
- Customer purchases consumables as required.

DISTRIBUTION CHANNEL

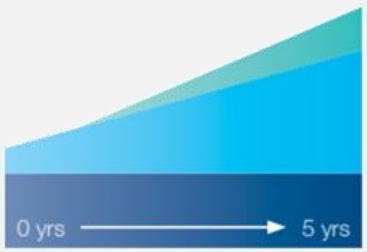
FULL SERVICE DISTRIBUTION

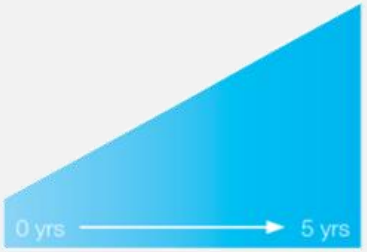
- Distributor purchases capital equipment, consumables and spare parts from Nanosonics.
- Distributor sells capital equipment, consumables and service to customer on a similar basis to the Direct Channel Capital Sale Model.

CAPITAL RESELLER

- Distributor purchases capital equipment from Nanosonics and sells to end customer.
- Customer purchases consumables and service from Nanosonics.

NANOSONICS REVENUE PROFILE





[1]The information in the revenue profile charts is intended to be illustrative only, demonstrating the cumulative revenue associated with a single unit sale over five years under each selling model.

GLOBAL REVENUE

$120.3m

Total revenue was up 17% (15% in cc[1]) vs. FY21.

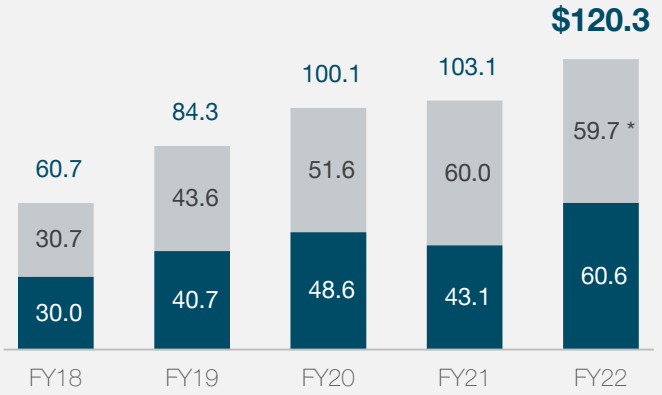
* H2 revenue growth in capital and consumables was impacted by the transition to the largely direct sales model in North America, where GE ran down their capital and consumable inventory with no replenishment as they transitioned to a non-stocking capital reseller by 30 June 2022.

Capital revenue was up 41% vs. FY21, reflecting a recovery from the significant reduction in capital revenue experienced in H1 FY21 in North America associated with the reduction in units sold to GE in that period due to the negative impact of COVID on new installed base growth.

As COVID-19 restrictions eased during the year, market access conditions improved resulting in ultrasound procedure volumes returning to near pre-COVID levels. Consumables and service revenue represented 69% of total revenue highlighting the attractive annuity revenue nature of the business.

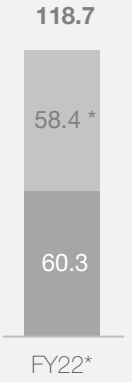
H1 H2

TOTAL REVENUE
Global, $m



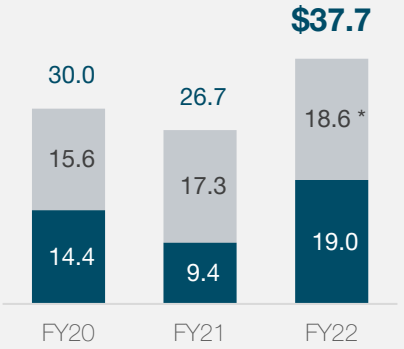
▲17% vs. FY21
▼2%* H2 vs. H1

CONSTANT CURRENCY[1]



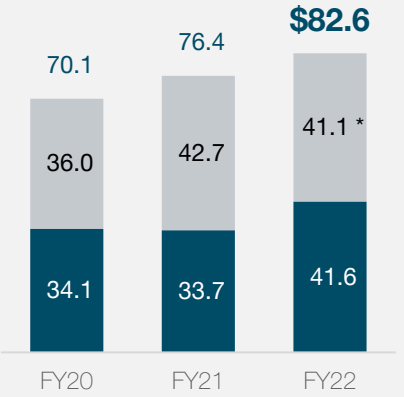
▲15% vs. FY21
▼3%* H2 vs. H1

CAPITAL REVENUE
Global, $m



▲41% vs. FY21
▼2%* H2 vs. H1

CONSUMABLES/SERVICE REVENUE
Global, $m



▲8% vs. FY21
▼1%* H2 vs. H1

Graphs are not to scale and therefore not comparable

[1]Constant currency removes the impact of foreign exchange rate movements to facilitate comparability of operational performance. This is done by converting the current year sales of entities that use currencies other than Australian dollars at the average rates that were applicable in the prior year.

NORTH AMERICA – REVENUE

$106.9m

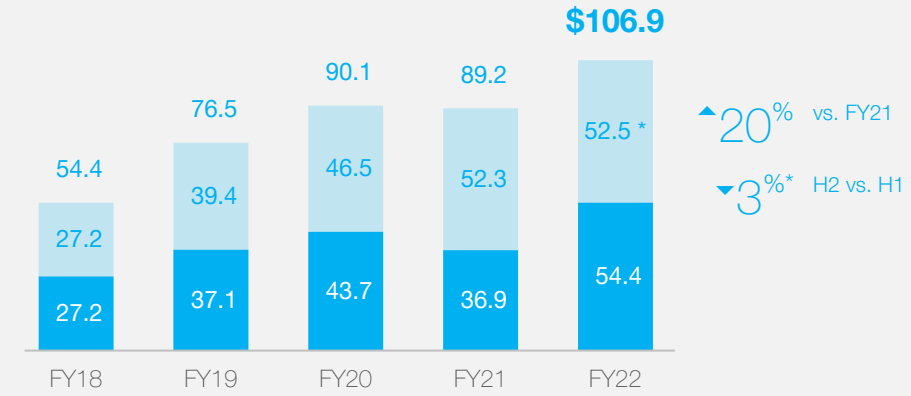
Total revenue for the year was up 20% vs. FY21.

Capital revenue was up 58% vs. FY21, while consumables and service revenue was up 8% vs. FY21.

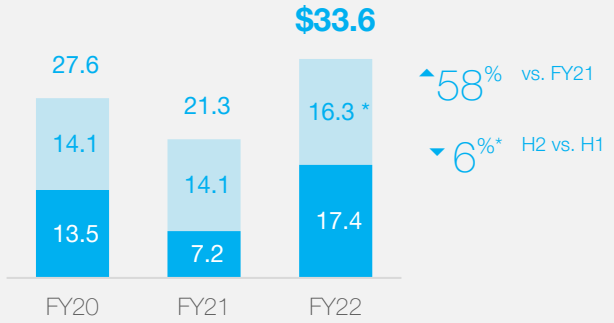
* While new installed base and upgrade units sold increased in H2 FY22, both capital and consumables/service revenue in the same period were down 6% and 2%, respectively, when compared with H1, primarily due to the impact of the revised North American sales model and GE Healthcare destocking.

H1 H2

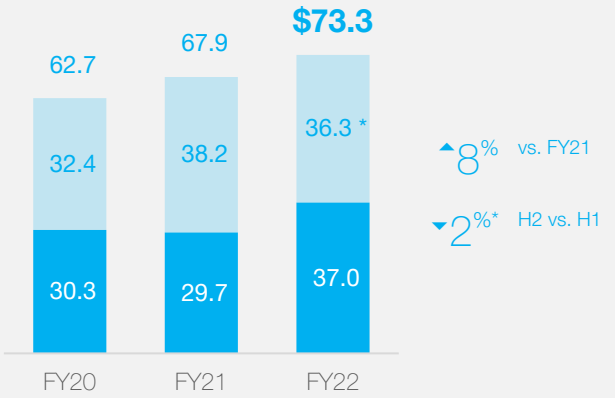
TOTAL REVENUE
North America, $m



CAPITAL REVENUE
North America, $m



CONSUMABLES/SERVICE REVENUE
North America, $m



EUROPE AND MIDDLE EAST – REVENUE

$7.5m

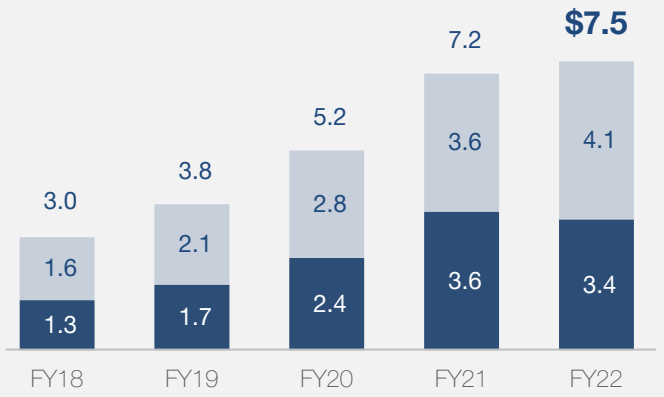
Total revenue for the year was up 4% vs. FY21, with H2 FY22 revenue up 21% compared with H1 FY22.

Capital revenue was down 22% vs. FY21, reflecting the delayed easing of COVID-19 related market restrictions coupled with other factors including the impact of sanctions on Russia. It is important to note that the majority of units placed in the UK (the largest market in the region) are under the managed equipment service model where no capital revenue is recognised.

Consumables and service revenue was up 20% vs. FY21, with revenue in H2 FY22 up 8% compared with H1 FY22 as ultrasound procedural volumes returned to near pre-COVID levels.

H1 H2

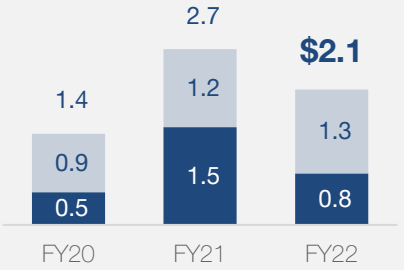
TOTAL REVENUE
Europe and Middle East, $m



▲4% vs. FY21

▲21% H2 vs. H1

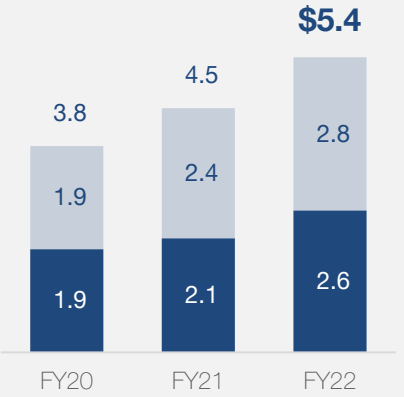
CAPITAL REVENUE
Europe and Middle East, $m



▼22% vs. FY21

▲63% H2 vs. H1

CONSUMABLES/SERVICE REVENUE
Europe and Middle East, $m



▲20% vs. FY21

▲8% vs. Prior Half

ASIA PACIFIC – REVENUE

$5.9m

Total revenue for the year was down 12% vs. FY21. H2 FY22 revenue was up 3% compared with H1 FY22. Importantly, FY21 included a one-off upgrade deal of 200 units with I-MED Radiology Network, the largest customer in Australia.

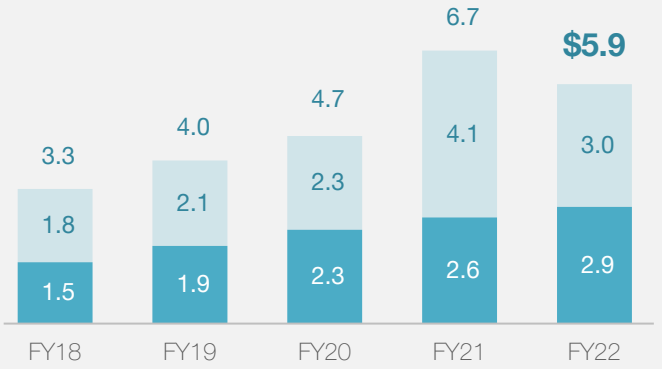
Capital revenue was down 30% vs. FY21, with H2 revenue up 11% over H1, mainly as a result of the upgrade deal with I-MED in FY21.

Consumables and service revenue of was the same as FY21. While revenue growth in FY22 was impacted by the timing of shipments to distributors, sales of consumables (NanoNebulant) to end customers increased in FY22 compared with FY21.

H1 H2

TOTAL REVENUE

Asia Pacific, $m

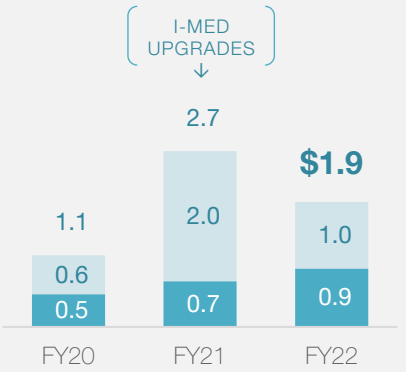


▼12% vs. FY21

▲3% H2 vs. H1

CAPITAL REVENUE

Asia Pacific, $m

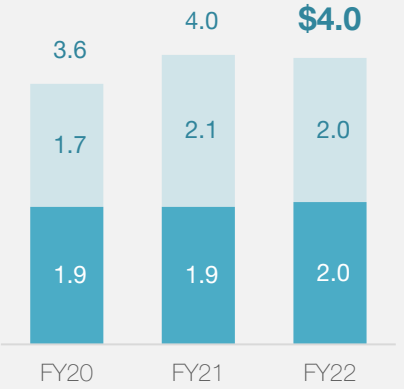


▼30% vs. FY21

▲11% H2 vs. H1

CONSUMABLES/SERVICE REVENUE

Asia Pacific, $m



_% vs. FY21

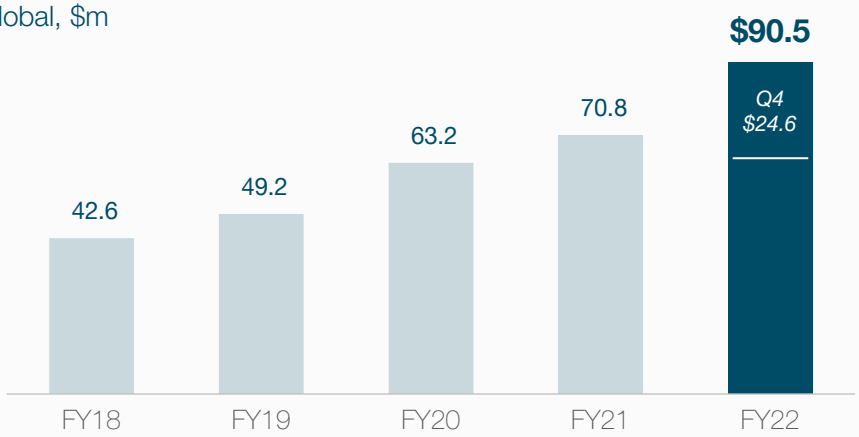
_% H2 vs. H1

$90.5m

In line with the Company's deliberate strategy to invest for growth, operating expenses for the year increased 28% to $90.5 million. In FY22, the Company incurred additional costs of approximately $1.5 million as a result of its relocation to its new global headquarter facility, increasing the organisation's capabilities and capacity for future growth.

OPERATING EXPENDITURE

Global, $m



▲28% vs. FY21

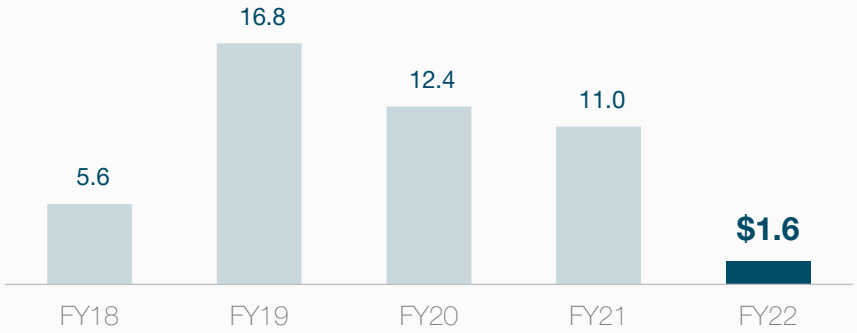
▲12% H2 vs. H1

$1.6m

Profit before tax for the year was $1.6 million reflecting the increased investment in the Company's strategic growth agenda as well as the foreshadowed impact in H2 on revenue in North America associated with the move to a largely direct sales model.

PROFIT BEFORE TAX

Global, $m



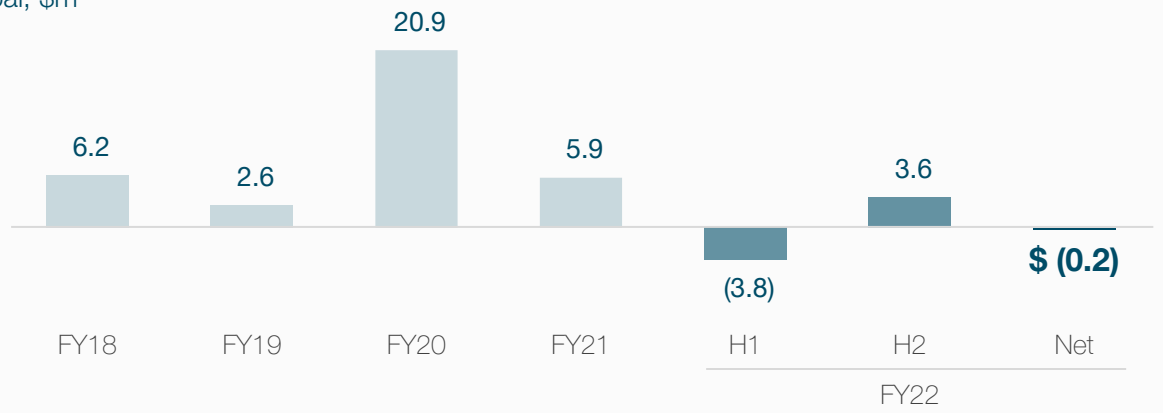
▼85% vs. FY21

$(0.2)m

Free cash flow for the year was a net outflow of $0.2 million driven mainly by capital expenditure associated with the new corporate headquarters and the increase in the Company's inventory holding. Free cash flow in H2 FY22 was a net inflow of $3.6 million, offsetting the net outflow in H1 of $3.8 million. The Company expects to receive at least $1.6 million cash in FY23 relating to infrastructure rebate claims in respect of FY22 under the NSW Jobs Plus Program.

FREE CASH FLOW

Global, $m



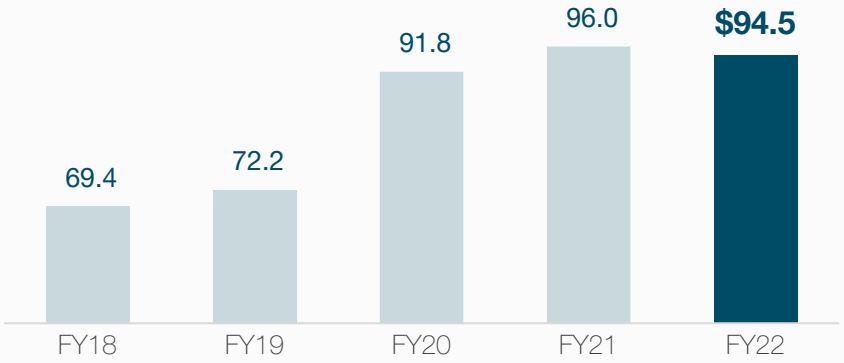
$94.5m

as at 30 June 2022

Cash and cash equivalents were $94.5 million at 30 June, providing a strong foundation for continued investment in growth. The Company has no debt and continues to regularly review its capital management strategy.

CASH AND CASH EQUIVALENTS

Global, $m



We are proactively managing the risks of operating a complex global supply chain in the current climate.

Key Risk Drivers

COVID-19 PANDEMIC

INFLATION

GLOBAL SUPPLY CONSTRAINTS

FREIGHT BOTTLENECKS

Inventory Management

Inventory **increased by 91%**, driven by the need to carry more safety inventory in response to increased supply chain risks caused by the COVID-19 pandemic and the Company's transition to a largely direct sales model in North America. As a result, there were no supply disruptions to customers. It is anticipated that once the supply chain risks reduce then the Company's inventory holding requirements will reduce.

Freight Costs

Increased freight costs were associated with global shortages in transport capacity associated with the disruptions caused by the COVID-19 pandemic, and the transition to the largely direct sales model in North America.

PROFIT AND LOSS SUMMARY

$ million	FY22	FY21	Change%
Capital Revenue	37.7	26.7	▲ 41%
Consumable / service revenue	82.6	76.4	▲ 8%
Revenue	**120.3**	**103.1**	▲ 17% ▲ 15% cc[1]
Gross profit	**91.9**	**80.4**	▲ 14%
%	76.4	78.0	
Operating expenses			
Selling and general	(47.9)	(37.6)	▲ 27%
Administration	(20.3)	(16.0)	▲ 27%
Research and development	(22.3)	(17.2)	▲ 30%
Other income	0.5	0.2	
Other (losses) / gains – net	(0.1)	1.0	
Earnings before interest and tax	**1.8**	**10.8**	▼ 83%
Finance (expense) / income – net	(0.2)	0.2	
Profit before income tax	**1.6**	**11.0**	▼ 85%
Income tax benefit / (expense)	2.1	(2.4)	
Profit after income tax	**3.7**	**8.6**	▼ 57%

HIGHLIGHTS

- Full year revenue of $120.3 million, up 17% (15% in cc[1]) on prior corresponding period.
  - Global installed base up 12% (3,100 units) to 29,850
  - Full year capital revenue of $37.7 million up 41% on prior corresponding period; and
  - Full year consumables and service revenue of $82.6 million up 8% on prior corresponding period.
- Gross profit margin of 76.4% compared with 78% in prior corresponding period reflecting increased freight costs.
- Continued investment in strategic growth agenda across R&D, geographical expansion and infrastructure with operating expenses up 28% to $90.5 million, including R&D expenses of $22.3 million, up 30% compared with prior corresponding period.
- Profit before tax of $1.6 million compared with $11.0 million in prior corresponding period. This reflects the increased investment in the Company's strategic growth agenda as well as the foreshadowed one-off impact in H2 FY22 on revenue in North America associated with the move to a largely direct sales model.
- Other income for the year was $0.5 million, up $0.3 million compared with prior corresponding period, with the increase being mainly attributable to the NSW government funding received from the Jobs Plus Program.

[1]Constant currency removes the impact of foreign exchange rate movements to facilitate comparability of operational performance. This is done by converting the current year sales of entities that use currencies other than Australian dollars at the average rates that were applicable in the prior year.

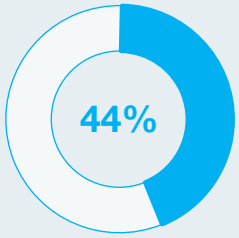
trophon® Opportunity

In markets with strong fundamentals of adoption, the trophon business can generate significant operating profit associated with the attractive high-margin business model.

NORTH AMERICA

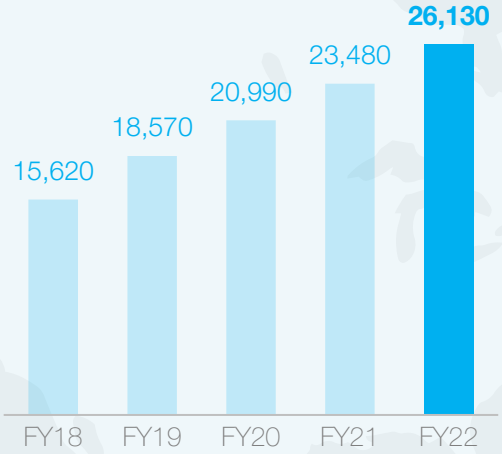
INSTALLED BASE OPPORTUNITY

60,000 UNITS



MARKET PENETRATION

INSTALLED BASE



FY22 KEY PERFORMANCE METRICS

Revenue	$106.9m
Revenue growth	~20%
Gross profit	~80%
Operating profit[1]	~55-60%
Headcount	103

[1]Before any HQ costs are any allocated to the region.

SIGNIFICANT GLOBAL MARKET OPPORTUNITY

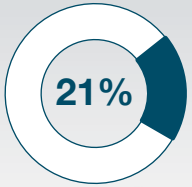
GLOBAL

Installed base opportunity

140,000[1]

UNITS

Market Penetration



- Significant global growth opportunity.
- Increasing number of international guidelines requiring high level disinfection (HLD) supporting growing international demand.
- Nanosonics expanding its footprint geographically both direct and through distribution.

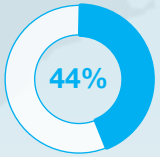
NORTH AMERICA

Installed Base Opportunity

60,000[1]

UNITS

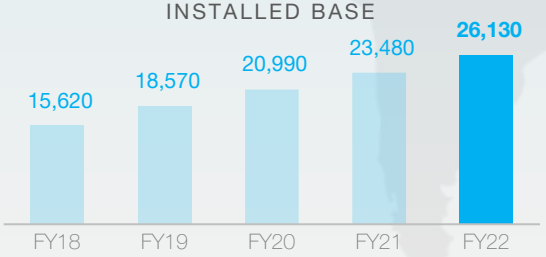
Market Penetration



Strong Fundamentals

- Fundamentals for adoption strong with requirements for HLD in place.
- trophon installed base over 26,000 units and already in over 5,000 hospitals and clinics, including majority of luminary hospitals.
- Nanosonics has implemented a more direct sales operation with 100+ people, as well as partnerships with all leading ultrasound companies, to drive ongoing adoption.

INSTALLED BASE



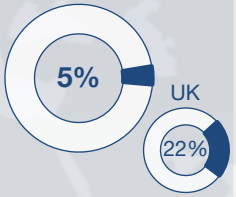
EUROPE AND MIDDLE EAST

Installed Base Opportunity

40,000[2]

UNITS

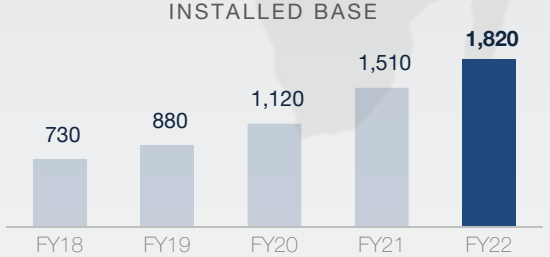
Market Penetration



Strengthening Fundamentals

- Expanded geographical reach, strengthening fundamentals for adoption and growing awareness.
- Expanded infrastructure with sales teams increasing in the UK and Germany, plus appointment of local clinical, marketing, regulatory, service, and distributor partner engagement.
- A range of business models In place to support market requirements.

INSTALLED BASE



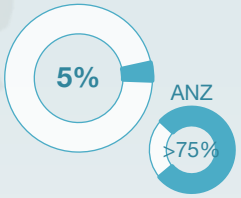
ASIA PACIFIC

Installed Base Opportunity

40,000[2]

UNITS

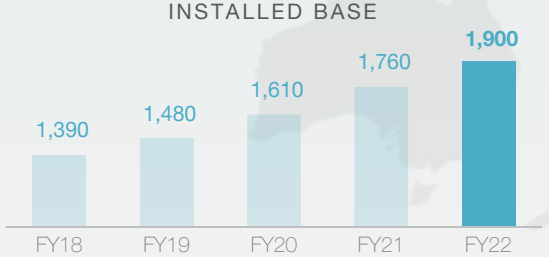
Market Penetration



Strengthening Fundamentals and Expanding Markets

- Sales mainly in ANZ where market penetration is >75%.
- In Japan, the Company expanded its local team and medical affairs activities as we work with local authorities on the establishment of local guidelines.
- Finalised registration of a wholly owned subsidiary in China with required local testing of the trophon device and consumables by relevant State authorities commenced as part of product registration plans.

INSTALLED BASE

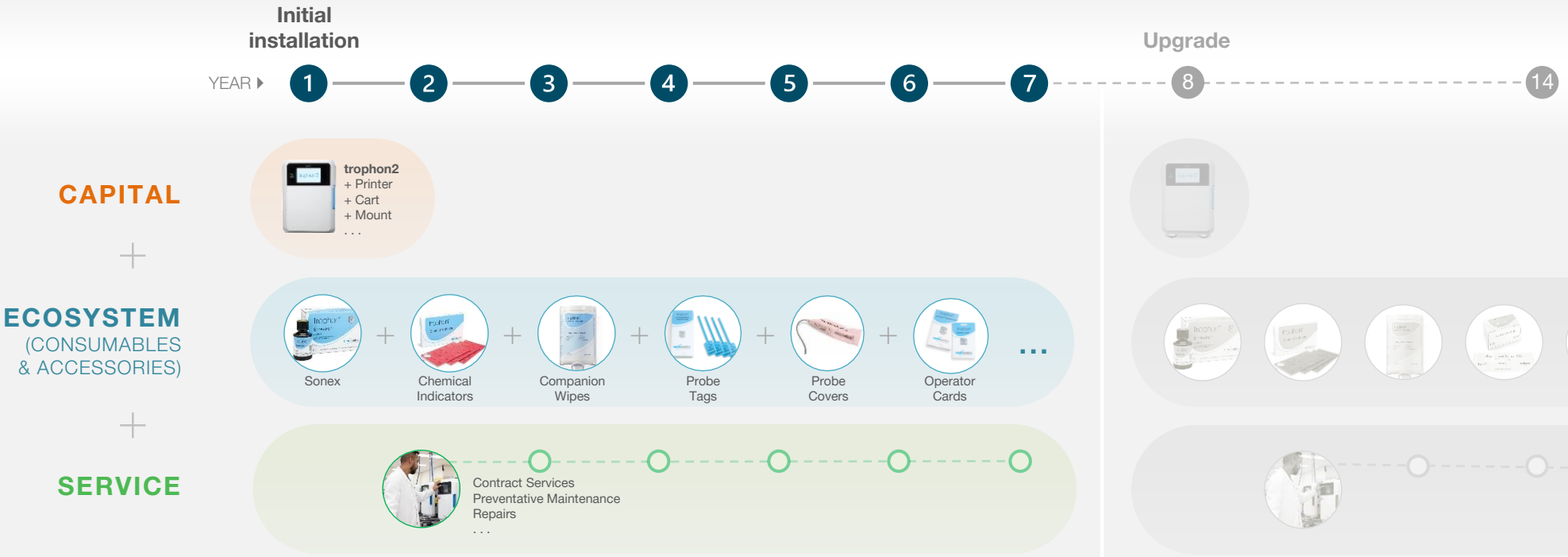


[1]Nanosonics analysis based on updated ultrasound information commissioned by Nanosonics and an estimated trophon to ultrasound attachment rate.

[2]Based on Nanosonics' estimate from around 2011. While current data is not readily available for the Asia Pacific and Europe and Middle East regions, the Company considers that the ultrasound market has grown in these regions since the initial estimate of the Installed Base Opportunity was made.

TROPHON VALUE OPPORTUNITY

In addition to managing a growing installed base, we strive to deliver continuous value over the lifetime of trophon by driving improved compliance with HLD standards.



trophon growth

Each new installed base unit delivers exceptional customer value for 7 years, while generating annuity revenue over that period.

Usage per trophon

With >150 ultrasound procedures requiring HLD, there is an opportunity to drive increased compliance and usage across the existing installed base.

Capital upgrades

Refreshing the installed base offers existing customers new features and benefits, additional value, and extends barriers to competitive entry.

Successful North American Direct Sales Model Transition

NORTH AMERICA – DIRECT SALES MODEL

Nanosonics has successfully transitioned to a largely direct sales model, delivering capability and capacity to take advantage of significant remaining growth opportunity, as well as new product introductions.

TRANSITION COMPLETE WITH KEY CAPABILITIES IN PLACE

END-TO-END CUSTOMER EXPERIENCE

Expanded Infrastructure	✓ **Expanded Sales & Clinical infrastructure now fully in place** to manage ongoing growth, with N. American team now **100+ strong**
Customer Engagement	✓ Nanosonics now **engaging with total installed base** to deliver an **end-to-end customer experience**
Inventory Management	✓ **Established logistics facility** with ample capacity for current and **future growth** requirements
Continuity of Supply	✓ **No impact on supply to customers** during the transition

"Our North American team is now well positioned to manage the overall growth strategy associated with new installed base, upgrade adoption & consumables usage. The business performance in Q4 FY22 saw many of these benefits start to come to fruition. In that quarter, the Nanosonics team were responsible for 91% of the new installed base together with 86% of upgrade sales."

- Michael Kavanagh

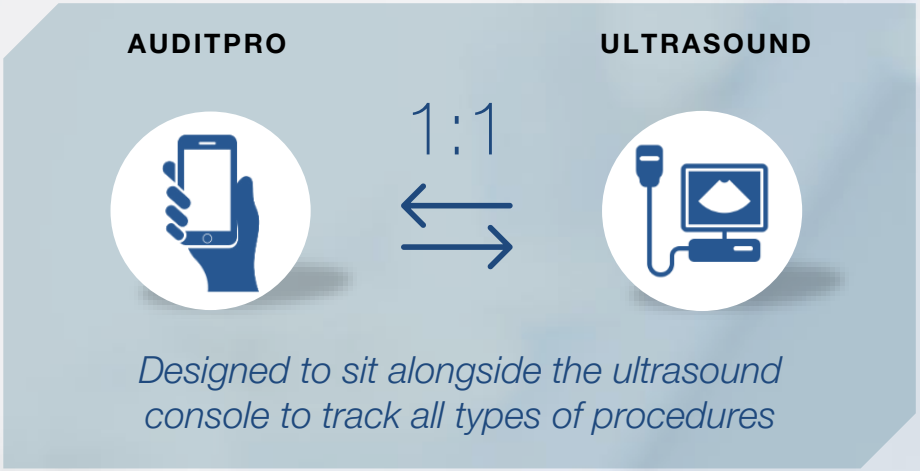
Access to, and management of, the **total customer base** enables:

- Delivery of a consistent customer experience
- Opportunity for clinical engagement to educate all customers on high-level disinfection (HLD) requirements
- Optimised opportunity to create addition value for customers through upgrades, service, and ecosystem offerings
- Future margin improvement

Nanosonics AuditPro™

Every data point on every probe for every procedure and every patient

NORTH AMERICAN MARKET OPPORTUNITY



Designed to sit alongside the ultrasound console to track all types of procedures

CREATING **A NEW MARKET**

- ✓ Offering a **unique value proposition**
  - Only product that integrates infection prevention decision-making, track and trace, and compliance into a single solution
  - Enables workflow efficiencies by bringing infection control to point-of-care
- ✓ **Subscription business model** drives deeper and continuous customer engagement
- ✓ Data foundation **enables value-added service** growth

PLATFORM TECHNOLOGY ENABLES GROWTH BEYOND ULTRASOUND

AuditPro™ nanosonics

End-to-end ultrasound infection prevention traceability

Best practice infection prevention is built into everyday workflow with Nanosonics AuditPro.

Uniquely sitting with the ultrasound console and user at the point-of-care, the mobile scanning device guides the user through the **Spaulding Classification** framework to support standard operating procedures (SOPs).

The Spaulding Classification is a globally-accepted, risk-based framework used to determine the level of disinfection or sterilization required for reusable medical devices.

[1]Nanosonics analysis of U.S. ultrasound market based on third party data.

CUSTOMER FEEDBACK

AuditPro is currently installed at key reference sites, where feedback has indicated **consistent clinical compliance** to ultrasound infection control SOPs, resulting in **increased clinical efficiency** and **risk reduction** through standardisation and automation.

Up to 6x

Efficiency improvement in Ultrasound Infection Control trace audits

Reprocessing workflow compliance following installation of AuditPro

100% compliance

ISO 27001

The Company advanced preparations for ISO27001 accreditation, the internationally accepted standard for the management of information security, which will further streamline customer security assessment requests as part of AuditPro implementation.

Investing for Growth

OPERATING COSTS

Nanosonics has established significant capabilities and continues to focus its operating costs and investments on the future of the business, positioning it well to further expand its participation as a leader in the global infection prevention market.

Investing in a significant Infection Prevention market opportunity

FY22 OPERATING EXPENSES

$90.5m

+28% YOY

MARKET DEVELOPMENT — 43%

SUSTAINING MATURE MARKET GROWTH

- Maintain 2,800-3,000+ new installed base unit momentum
- Convert significant installed base upgrade opportunity
- Deliver exceptional customer experience and expand value
- Grow consumables, ecosystem, and service

GEOGRAPHIC EXPANSION TO NEW MARKETS

- European and Asia Pacific markets to become significant contributors to Company performance
- Strengthen market fundamentals for high level disinfection
- Expand local infrastructure to support growth momentum
- Increase operating leverage

PRODUCT INNOVATION — 25%

RESEARCH & DEVELOPMENT

- Expanded product portfolio across ultrasound reprocessing, endoscope reprocessing, cloud solutions, chemistry and biosciences
- Continued research in areas of unsolved/unmet clinical needs
- Portfolio expansion through M&A

trophon2 Protection by design

AuditPro nanosonics

CORIS®

INFRASTRUCTURE — 32%

OPERATIONS, HQ and SUPPORT

- Scalable manufacturing capacity to support global demand and new product introductions
- Investment in new global headquarters and facilities, including expanded research centre
- Enterprise-wide digital tools and platforms

Driving Scale

INVESTING IN SCALE

Our new Macquarie Park facilities will support future company growth.

2X Manufacturing Capacity

3X Laboratory Space

400+ Employee Capacity

SPACE TO GROW

GLOBAL HEADQUARTERS
7–11 Talavera Road

35–41 Waterloo Road
R&D CENTRE + LABS
MANUFACTURING
WAREHOUSE

STATE OF THE ART FIT-OUT

Supported by NSW Government

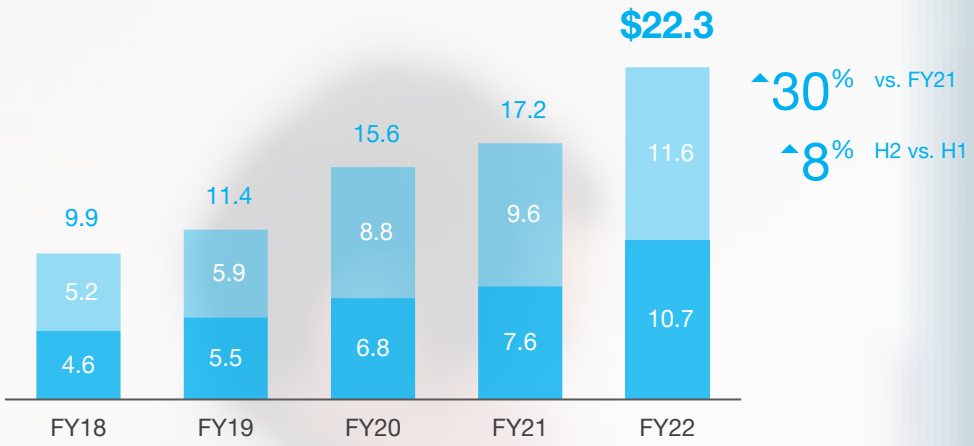
NSW GOVERNMENT
Investment NSW

[1] National Australian Built Environment Rating System of 5.5 is between "Excellent" and "Market Leading"

Research & Development

INVESTMENT IN R&D

Global, $m



During the year, Nanosonics continued to invest in its product expansion strategy. R&D investment increased to

$22.3m

directed across multiple projects, including the Company's new endoscope reprocessing platform – Nanosonics CORIS®

FIVE CORE AREAS OF R&D FOCUS

COMPLIANCE AND TRACEABILITY
Digitally-enabled tools to increase visibility and control around infection risk mitigation.

INSTRUMENT CLEANING
Mandatory critical first step which sets up the effectiveness of all downstream disinfection procedures.

ENVIRONMENTAL DECONTAMINATION
Novel technologies and chemistries to reduce cross-contamination risk coming from high contact surfaces and environment.

INSTRUMENT DISINFECTION
High level and low level disinfection and sterilisation for medical devices before re-use with a patient.

STORAGE SOLUTIONS
Assurance that reprocessed devices are not subsequently contaminated and are always available for next use.

KEY CAPABILITIES

- Chemistry
- Microbiology
- Biochemistry
- Medical Affairs
- Regulatory Affairs
- Engineering
  - Systems
  - Mechanical
  - Industrial Design
  - Electrical
  - Software
- Cloud Solutions

All research and new product development programs involve inherent risks and uncertainties which can impact commercialisation timelines.

Our technology platforms offer significant growth potential within current and potential future indications.

	In-market Growth focus	**Launched** Adoption focus	**Market Introduction CY2023** Development focus
			Coris®
	trophon2® Protection by design	AuditPro™ nanosonics	
	23 patent families	*1 patent family*	*9 patent families*
CURRENT INDICATION	**Ultrasound High-Level Disinfection**	**Ultrasound Reprocessing Compliance Management**	**Flexible Endoscope Cleaning**

Opportunity to broaden indications for each of the core technologies

Nanosonics aims to address the challenges of manual cleaning of endoscope channels through a **novel automated technology that revolutionises the cleaning process**, thereby reducing the risk of ineffective endoscope reprocessing and resulting patient infection.

CORIS®

Transforming the cleaning of flexible endoscopes

Our Next Instrument Reprocessing Product Platform

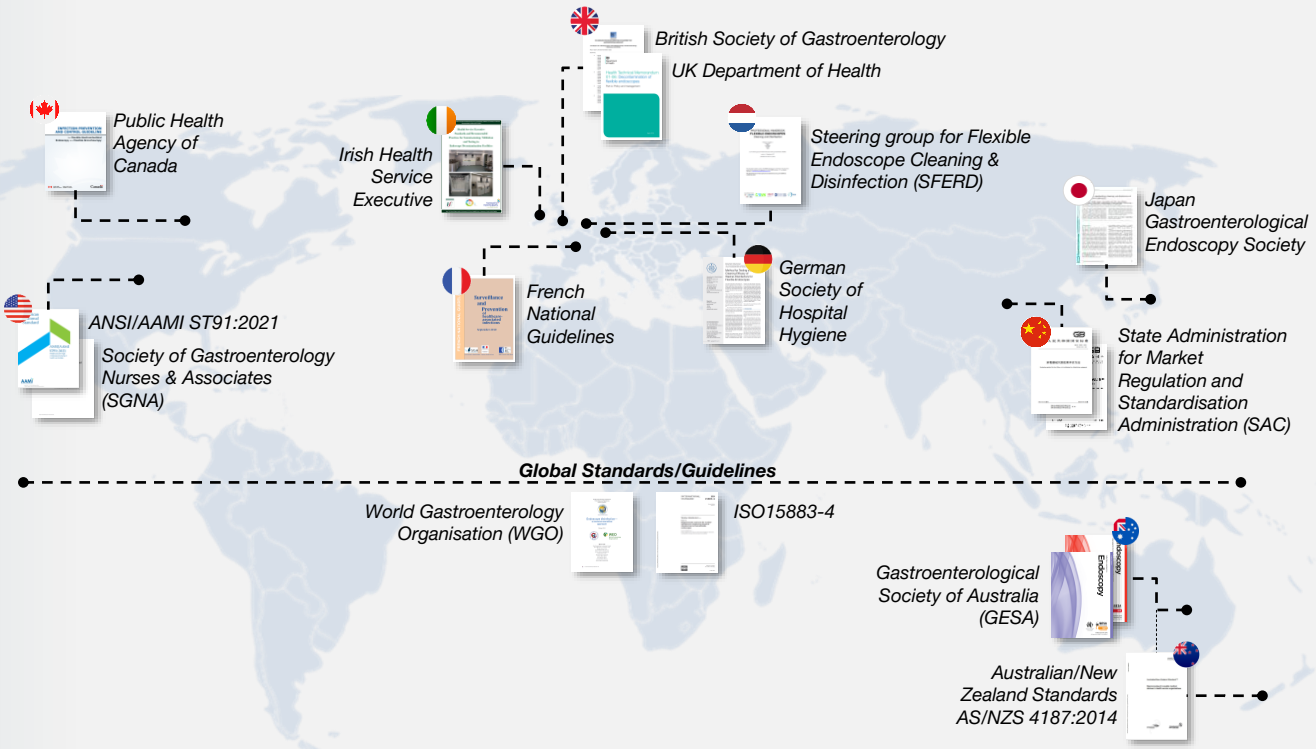
Endoscope reprocessing is an **established global practice**

Reusable flexible endoscopes are **highly sophisticated medical devices** designed to **enable advanced diagnostic and therapeutic interventions** to diagnose and treat cancers and other life-threatening conditions. They incorporate **advanced technology** that gives physicians a sophisticated level of control in carrying out **complex, minimally-invasive procedures** and navigating challenging anatomical situations to deliver the highest level of patient care.

LARGE VARIETY OF ENDOSCOPES FOR COMPLEX CLINICAL PROCEDURES...

Colonoscopy | Gastroscopy | Duodenoscopy | Enteroscopy | Endoscopic Ultrasound | Bronchoscopy | Urology | E.N.T. | Gynaecology

...WITH STRONG FUNDAMENTALS AND STANDARDS FOR REPROCESSING

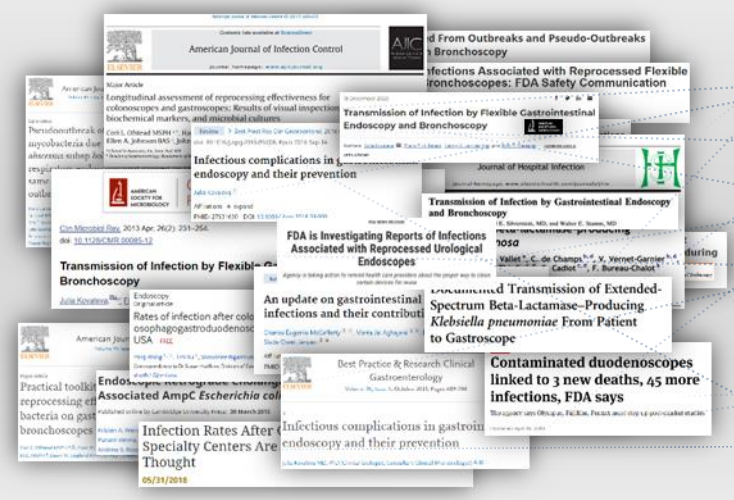


All research and new product development programs involve inherent risks and uncertainties which can impact commercialisation timelines.

Reusable endoscopes have been associated with infections and reprocessing failures across all endoscope types.

THERE ARE MANY WELL-DOCUMENTED INSTANCES OF…

INFECTION OUTBREAKS…



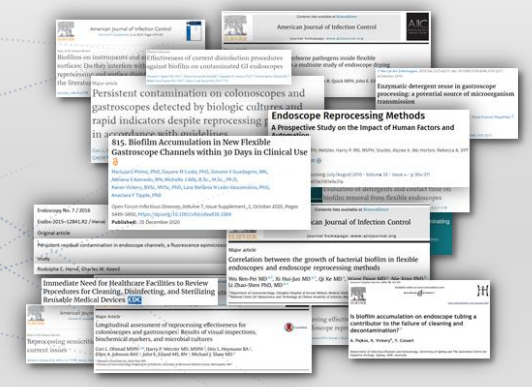
FDA MAUDE database[1]

Increase in adverse event reports relating to endoscope reprocessing, 2014 to 2021

↓

COLONOSCOPES	36x
GASTROSCOPES	87x
BRONCHOSCOPES	5x
UROLOGICAL SCOPES	22x
DUODENOSCOPES	9x
HUMAN FACTORS	
BIOFILM	
REPROCESSING FAILURE	
. . .	

…AND REPROCESSING ISSUES



A TOP 10 HEALTH TECHNOLOGY HAZARD

In 2018, the ECRI Institute listed "**failure to consistently and effectively reprocess flexible endoscopes**" as one of the **top 10 health technology hazards** facing the Healthcare industry.

– ECRI Institute, 2018[2]

…ACROSS **ALL MAJOR SCOPE TYPES** INDICATING A **SIGNIFICANT UNMET NEED** WITH CURRENT METHODS.

All research and new product development programs involve inherent risks and uncertainties which can impact commercialisation timelines.
#References on file; available upon request

THE PROBLEM

A major root cause of reprocessing failures is the current limitations of manual cleaning.

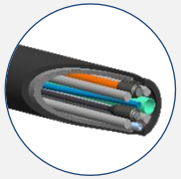
A TOP 10 HEALTH TECHNOLOGY HAZARD

In 2018, ECRI drew attention to "**The cleaning step, which is largely manual** and technique-dependent. If biologic debris and other foreign material is not cleaned from the endoscope first, residual soil can harden, making subsequent disinfection ineffective."

– ECRI Institute, 2018[2]

COMPLEX ENDOSCOPE DESIGN

1 Sophisticated by design, **complex to clean**



CHALLENGING GEOMETRIES

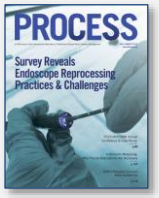
- Multiple interconnected channels with up to 9 ports – delivering instruments, air and water
- Channels range from 1-6mm in diameter and up to 3 metres long

PHYSICALLY INACCESSIBLE

- Many channels (e.g. air and water) are so narrow or geometrically complex that they are physically impossible to brush today

HUMAN FACTORS

2 Challenging, arduous process, **prone to human error and variability**

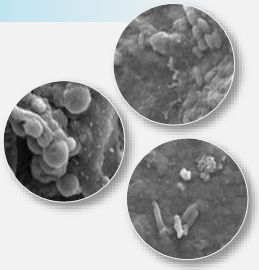


COMPLICATED MANUAL PROCESS

- 55 to 200 steps including channel brushing and flushing
- Hundreds of endoscope models with varied complex instructions
- Time pressure to turn endoscopes around quickly
- Arduous process leading to fatigue and injury

INSUFFICIENT CLEANING EFFICACY

3 **Contamination persists** in channels despite routine reprocessing



BIOFILM CONTAMINATION IN AIR/WATER & SUCTION BIOPSY CHANNELS[4,5]

BENCHMARKS NOT MET

2015 study sampled channels and ports of colonoscopes and gastroscopes and found **persistent contamination in 92%** of endoscopes **despite manual cleaning** in accordance with US guidelines. **Contamination exceeded established cleaning benchmarks** recognized by the FDA.[3]

RAPID BIOFILM BUILD-UP

A 2021 study on gastroscopes revealed that **extensive biofilm** accumulated in the majority of **new air and water channels within 30 days of clinical use, despite routine cleaning**.[4] Biofilm resists and protects underlying organisms from HLD/sterilization.

There is nothing on the market that effectively solves for these challenges today.

All research and new product development programs involve inherent risks and uncertainties which can impact commercialisation timelines.
#References on file; available upon request

CORIS® is being designed to address these problems

The **U.S. Food & Drug Administration (FDA)** recently accepted the CORIS® technology into the agency's **Safer Technologies Program (STeP)**, a recognition that CORIS® has the potential to improve the risk-benefit profile of endoscopic procedures.

COMPLEX ENDOSCOPE DESIGN

1 CORIS® – designed to **automatically navigate complex internal geometries** across a **wide range of endoscope models**

- ✓ Revolutionary mode of action – **synergy of physics, chemistry and engineering**
- ✓ Delivers automated cleaning to large and small channels, including those that cannot be manually brushed today
- ✓ Designed to **navigate complex internal geometries** across a wide range of endoscope models

HUMAN FACTORS

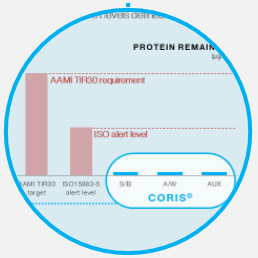
2 CORIS® – through **automation**, designed to deliver **consistent cleaning outcomes** and a **seamless user experience**

- ✓ Designed to **deliver consistent cleaning outcomes by replacing manual brushing and flushing** with automated cleaning of endoscope channels
- ✓ Significantly **reduces the number and variability of current manual cleaning steps**

SUPERIOR CLEANING EFFICACY

3 CORIS® – designed to **set a new standard in cleaning efficacy**

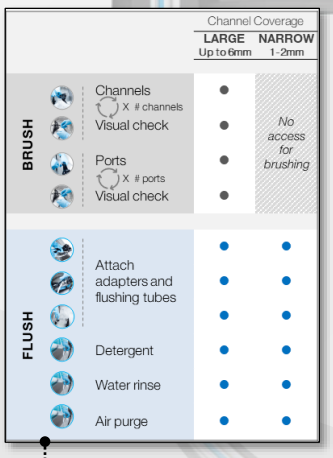
- ✓ Designed to remove **globally recognized test soils** simulating worst-case clinical conditions – **surpasses benchmarks recognised by regulators**
- ✓ Designed to remove **toughest build-up biofilm models** simulating real-world use, including **superior efficacy** over manual cleaning in the **small channels** that cannot be brushed today



MORE

SUPERIOR BIOFILM REMOVAL

CORIS® technology delivers far superior efficacy over manual cleaning in removing biofilm from small channels that cannot be brushed today.



Magnified channel segment

HEAD-TO-HEAD CLEANING TEST ON A SIMULATED NARROW CHANNEL

1 SIMULATE NARROW CHANNEL

Auxiliary channel conditions: 1.5 mm diameter, 3.6 m length, PTFE material

Unsoiled channel

2 SIMULATE CLINICAL CONDITIONS

Biofilm grown across entire channel length (stained purple) to simulate clinical conditions

Channel stained (purple) with biofilm

3 RUN HEAD-TO-HEAD CLEANING TEST

Simultaneously run manual cleaning cycle and CORIS® cleaning cycle **across entire 3.6 m channel length**

Results shown below for a random segment of the total channel

Manual Cleaning

Performed in strict accordance with endoscope manufacturer instructions.

CORIS®

Automated cleaning cycle with CORIS® revolutionary mode of action.

All research and new product development programs involve inherent risks and uncertainties which can impact commercialisation timelines.

Far surpasses cleaning benchmarks recognized by regulators

PROTEIN REMAINING (µg/cm^2)

Protein is a major component of clinical soils in endoscopes. It is routinely used as a benchmark of soil removal due to its relative abundance and the availability of reliable and sensitive detection methods.

CORIS® removes artificial soils to an order of magnitude better than industry-recognised cleaning benchmarks and new alert levels defined by ISO 15883-5 in 2021.

CORIS®

DESIGNED TO SET A **NEW STANDARD** IN **CLEANING EFFICACY**

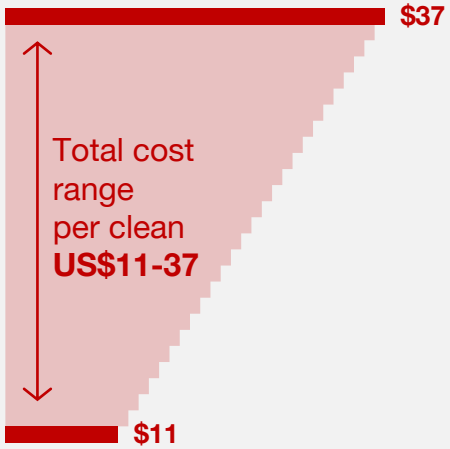
INVESTING IN EXPERTISE

Nanosonics has developed significant internal capabilities in the area of Bioscience to solve this complex problem, including a team of highly qualified scientists with deep expertise in biofilms and artificial soils, a purpose-built Bioscience project laboratory dedicated to endoscope testing, and a comprehensive test program using sophisticated methods that encompass the latest international standards.

All research and new product development programs involve inherent risks and uncertainties which can impact commercialisation timelines.
#References on file; available upon request

Expensive and ineffective current standard of care

Example: Total cost to manually clean a single GI endoscope[8]

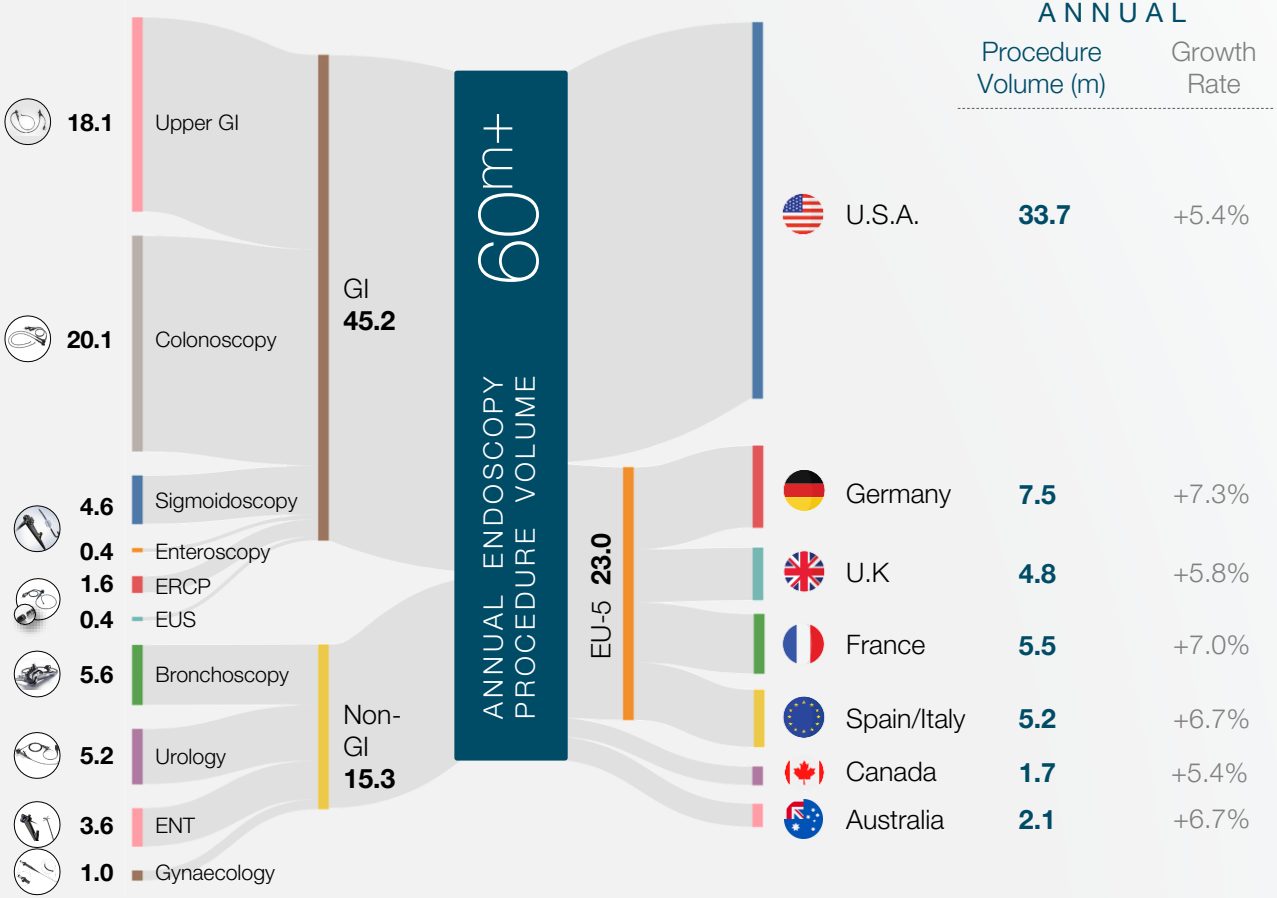


CORIS® aims to automate a significant proportion of the current manual cleaning including complex channel cleaning and deliver significantly superior outcomes compared to what can be achieved today.

An established and growing market

>60m procedures growing at 6% annually[9]

MAJOR GROWTH DRIVERS
Aging population
Increasing incidence of colorectal cancer
Various national-level screening programs



All research and new product development programs involve inherent risks and uncertainties which can impact commercialisation timelines.
#References on file; available upon request

"CORIS® is being designed as a global solution ultimately to be used across all channeled flexible endoscope types.

The CORIS® technology continues to advance with the Company targeting progressive market introductions aligned with regulatory approvals, with the first introduction targeted for calendar 2023 and likely to be in Australia and/or Europe."

- Michael Kavanagh

VARYING REGULATORY REQUIREMENTS

United States Food and Drug Administration (FDA)

Acceptance into the FDA Safer Technologies Program (STeP)

Products accepted into this program are reasonably expected to significantly improve the safety of currently available treatments. The goal of STeP is to provide patients and healthcare providers with timely access to these medical devices by expediting their development, assessment and review while preserving the statutory standards for approval. Through the program the FDA provides sponsors of devices with additional review resources, facilitating more interactive and timely communication through the submission review process.

De novo Regulatory Pathway

In the United States, CORIS® represents a disruptive innovation. As such, there is no existing predicate device like it on the market. As a completely novel technology platform, CORIS® will be subject to the FDA de novo clearance pathway thus setting a new benchmark and creating an entirely new category for endoscope cleaning.

Regulatory bodies for other markets

MHRA

Health Canada

Pmda

Australian Government
Department of Health
Therapeutic Goods Administration

EUROPEAN MEDICINES AGENCY
SCIENCE MEDICINES HEALTH

国家药品监督管理局
National Medical Products Administration

COMMERCIAL READINESS ACTIVITIES UNDERWAY

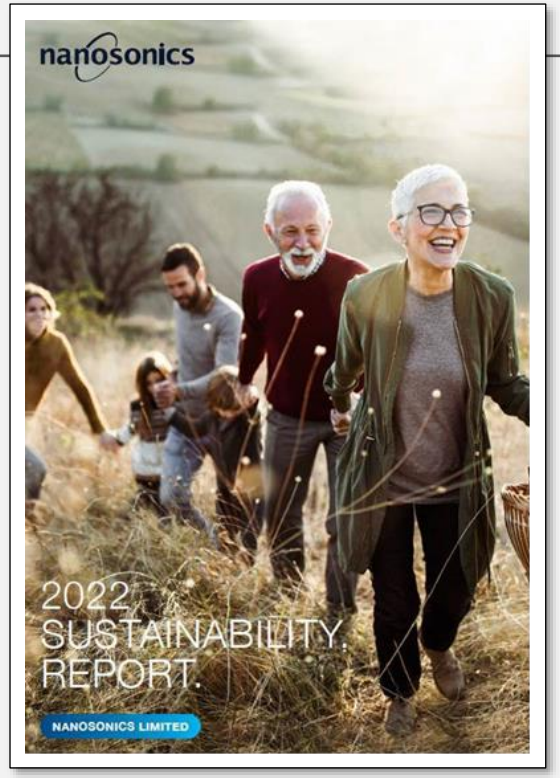
Nanosonics is ramping up activities across a range of commercialisation requirements, including:

- INCREASED CAPACITY WITH MOVE TO NEW HQ
- STRATEGIC SOURCING AGREEMENTS
- MANUFACTURING SITE READINESS
- INTELLECTUAL PROPERTY PROTECTION
- CLINICAL STUDY PREPARATION

All research and new product development programs involve inherent risks and uncertainties which can impact commercialisation timelines.

Environment, Social, and Governance

CONTINUED COMMITMENT TO SUSTAINABILITY



SUSTAINABILITY HIGHLIGHTS[1]

~98k Patients protected daily from the risk of cross-contamination

Progressed sustainable Supply Chain initiatives

Establishment of the Community Engagement Committee

Strengthened IT, privacy & cybersecurity protections as we move toward ISO27001 accreditation

Maintained strong employee engagement during a time of significant change as we moved to our new headquarters and developed a flexible working culture

MORE

Continued commitment to environmental responsibility with a focus on sustainable products

MORE

CHARITABLE GIVING

~$38k in funds raised through a range of charitable initiatives, including Australia's Biggest Morning Tea, and the St. Vinnies CEO Sleepout, where Nanosonics employees raised enough funds to be put towards 72 individual support programs, 189 beds and 759 meals.

[1]For full details, refer to the Nanosonics 2022 Sustainability Report

Our people, our advantage

Our organisational growth has been focused on growing and supporting our customer base, and on Nanosonics' innovation agenda to drive future growth.

Total Employees **425** +25% vs. FY21

Strongly aligned to Company Purpose **94%**

Know how their work contributes to Company Goals **93%**

DIVERSITY & INCLUSION

We value all aspects of diversity fostering an **inclusive workplace** for all to **fulfil their potential**.

NATIONALITIES REPRESENTED	33
FEMALE GENDER RATIO	42%
FEMALES IN STEM[1] ROLES	39%
FEMALES IN SR. MANAGEMENT	41%
INTERNS/GRADUATE PROGRAMS	16

[1]Science, Technology, Engineering, Mathematics

Nanosonics prioritises sustainability throughout the product lifecycle – from research, development and product design stages, to operational usage and end-of-life waste management.

INNOVATION

Aim to use of non-hazardous, ecofriendly materials and chemicals

Recyclability, reusability, and minimisation of landfill as input requirements to design and development

Elimination of toxic chemical usage and exposure

MANUFACTURING

68% of total waste in Australia diverted to recycling

~6.9ML of water consumed globally

Joined APCO[1] and aligned to 2025 targets

DISTRIBUTION

Majority of raw materials shipped via sea freight

46% of our global energy consumption directly attributable to renewable resources

IN-USE

Water savings from ~24.5 million trophon cycles across the global installed base

Low energy consumption at <2Wh per day per device

Zero chemical waste disposal; by-products are air and water

END-OF-LIFE

~80% of total EPR weight and parts (up to 14 tonnes) is responsibly recycled

Consumables primary packaging made from food-grade HDPE[2] design to be recycled at end-of-life

NEW GLOBAL HEADQUARTERS

…with a National Australian Built Environment Rating System (NABERS) sustainability rating of 5.5 (between “Excellent” and “Market Leading”)

[1] Australian Packaging Covenant Organisation (APCO)
[2] High Density Polyethylene (HDPE)

Outlook

"Nanosonics is well positioned to continue to invest in its longer-term strategic growth agenda and expand its participation as a leading infection prevention company in the multi-billion-dollar global infection prevention market."

- Michael Kavanagh

FY23 BUSINESS TARGETS*

REVENUE +20-25%
Increasing global installed base and upgrade volume
Increasing consumables sales aligned with growth in installed base

GROSS PROFIT MARGIN 75-76%
Increasing capital (new IB and upgrades) in revenue mix
Ongoing increased freight and component costs

OPERATING EXPENSES +15-18%
Increased investments weighted towards market development activities; and ongoing product innovation

BEYOND FY23*

TROPHON BUSINESS GROWTH
Global expansion of trophon installed base and associated consumables and service
Increasing upgrade momentum and conversions to trophon2
Critical new markets become important contributors, including Japan and China

NEW SOURCES OF REVENUE
Growth in the data and analytics space leveraging AuditPro™ platform
Introducing the new CORIS® endoscope reprocessing platform

INVESTMENT IN INNOVATION
Expanded product portfolio through internal product development and R&D
Opportunities for strategic acquisitions and product licensing

LEADERSHIP IN INFECTION PREVENTION
Ongoing investment in R&D, infrastructure, people and capabilities to drive our global growth strategy

**All guidance is subject to ongoing uncertainty in relation to variability in market access conditions should COVID-19 pandemic related measures change in relevant markets and broader economic and geopolitical uncertainty.*

Appendix

Nanosonics has a highly experienced and dedicated team of professionals leading the development and implementation of our strategic growth agenda.

BOARD OF DIRECTORS


STEVEN SARGENT


MAURIE STANG


MICHAEL KAVANAGH


MARIE MCDONALD


DAVID FISHER


LISA MCINTYRE


GEOFF WILSON

EXECUTIVE TEAM


MICHAEL KAVANAGH


MCGREGOR GRANT


JODI SAMPSON


KEN SHAW


RONAN WRIGHT


DAVID MORRIS


STEVEN FARRUGIA


ROD LOPEZ


MATTHEW LIPSCOMBE


MATTHEW CARBINES

Delivering consistent protection across every high-level disinfection cycle

trophon®2
Protection by design

Nanosonics actively manages its Intellectual Property strategy that includes a range of patents that protect the trophon product group, including capital equipment and consumables (out to 2031).

THE STANDARD OF CARE

BROAD PROTECTION

Tested against an extensive range of infectious pathogens, including STIs, hepatitis A, B and C as well as HPV, *Clostridium difficile* spores and drug-resistant bacteria (MRSA and VRE).[1,2,3]

>1,000 probes approved and endorsed as compatible with trophon by 24 ultrasound manufacturers.

~98,000 patients are protected every day from the risk of cross-contamination.

REPRODUCIBLE AND SAFE OUTCOMES

Novel sonicated mist provides automated and validated HLD with every cycle accessing all probe surfaces, including body, handle and all crevices.

Safe for the environment, with water and oxygen as the only by-products.

Only automated HLD with published data demonstrating clinical efficacy, in accordance with labelling.

EFFICIENT WORKFLOW INTEGRATION

Seamless integration at point-of-care offers workflow efficiencies.

Minimal hands-on time delivers HLD without disrupting clinical workflow.

Audit-ready records demonstrate compliance and traceability across the entire reprocessing workflow.

The trophon® family includes trophon® EPR and trophon®2 which share the same core technology of 'sonically activated' hydrogen peroxide.

[1] STI: Sexually Transmitted Infections
HPV: Human Papillomavirus
MRSA: Methicillin-Resistant *Staphylococcus Aureus*
VRE: Vancomycin-Resistant *Enterococci*

[2] Ryndock E, et al. J Med Virol. 2016;88(6): 1076-1080
[3] trophon micro-efficacy brochure/internal test reports

INCOME TAX

$ million	FY22	FY21
Income tax (benefit) / expense	(2.1)	2.4

Components of Net Deferred Tax Asset (DTA)	FY22	FY21
Tax losses	0.3	0.2
R&D tax credits	2.5	1.9
All other timing differences	10.5	7.9
Total	**13.3**	**10.0**

Value of carried forward losses/R&D credits	Gross	Benefit	Effective rate %
Losses recognised	1.5	0.3	21.0%
R&D credits recognised	5.5	2.5	45.8%
Total losses and R&D credits recognised	**7.0**	**2.8**	**40.4%**
Losses not recognised	8.1	2.0	24.8%
Total	**15.1**	**4.8**	

KEY POINTS

- Effective income tax rate for the period was (137)%
- Deferred tax asset attributable to carried forward tax losses relate to the recognised portion of losses for UK and Canada
- R&D tax credits were generated at an effective rate of 45.8% during the year with the introduction of R&D intensity test incentive
- Assessment of probability of recovery (and therefore recognition of related benefit) of unrecognised losses is made on an on-going basis