



Infection Prevention. For Life.

2021 HALF YEAR
RESULTS

INVESTOR PRESENTATION

Michael Kavanagh – CEO and President

McGregor Grant – CFO and Company Secretary

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“It is very encouraging to see a significant recovery in the underlying growth momentum of the business across trophon adoption, consumables usage and overall growth, despite the continuing impacts of COVID-19.”

Michael Kavanagh,
CEO and President

H1 FY21 Highlights

- Global installed base up 12% in last 12 months and up 6% in last 6 months to 25,100 units. Importantly, the number of new units installed in Q2 FY21 was up 38% compared with Q1 FY21.
- Half year revenue of \$43.1 million, down 11% compared with prior corresponding period.
 - The lower revenue was primarily driven by the foreshadowed reduction in purchases by GE Healthcare as a result of the impacts of COVID-19 on its inventory at 30 June 2020 as well as the impact of a stronger Australian dollar.
 - Global revenue recovered strongly in Q2 FY21, up 48% compared with Q1 FY21. This growth resulted from stronger installed base growth across all regions, GE Healthcare resuming purchases of capital equipment in Q2 FY21 as well as an increase in consumables and service revenue.
 - All revenue associated with I-MED's upgrade of its 200+ trophon@EPR fleet, announced in November 2020, is expected to be recognised in H2 FY21 as new trophon2 systems are installed across their network.
- Half year consumables and service revenue of \$33.7 million, down 1% compared with prior corresponding period.
 - Revenue from consumables and service in Q2 FY21 was up 29% compared with Q1 FY21. This growth reflects the recovery in ultrasound procedure volumes experienced in the half leading to increased purchases by GE Healthcare, along with the growing installed base.
 - Q2 FY21 consumables and service revenue in constant currency¹ terms represented the Company's highest quarter on record.
- Half year capital revenue of \$9.4 million, down 35% compared with prior corresponding period.
 - Capital revenue was impacted by the foreshadowed reduction in trophon unit sales to GE Healthcare as a consequence of COVID-19. This impact was primarily experienced in Q1 FY21 with GE resuming purchases of capital in Q2 F21.
- Continued investment in the Company's growth strategy with first half operating expenses of \$33.0 million, up 8% on prior corresponding period.
- Operating profit before tax of \$0.2 million, compared with \$6.7 million in prior corresponding period. This result reflects the impacts of COVID-19, particularly on Q1 revenue, and the ongoing investment in the Company's growth strategy.
- Free cash flow for the half year was a net outflow of \$2.4 million compared with a net cash inflow of \$10.0 million in the prior corresponding period due to the amount and timing of customer receipts and the timing of supplier payments.
- Cash and cash equivalents of \$87.9 million, providing ongoing strong foundation for continued investment in growth. The Company has negligible debt.

1. Constant currency (CC) removes the impact of foreign exchange rate movements to facilitate comparability of operational performance. This is done by converting the current period sales of entities that use currencies other than Australian dollars at the rates that were applicable in the prior period. The average exchange rate used for the Company's major foreign currency for the 6 months to Dec20/Dec19 was AUD/USD 0.72/0.68.

Our Mission

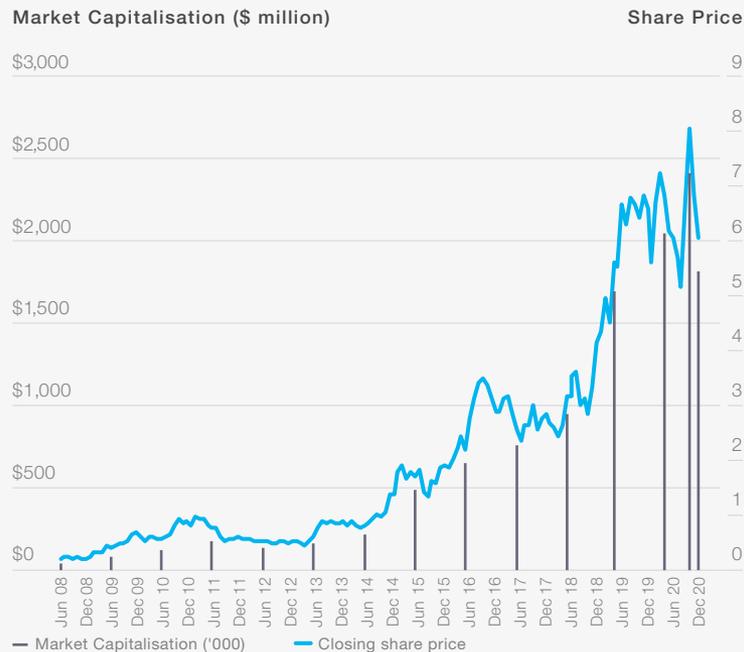
We improve the safety of patients, clinics, their staff and the environment by transforming the way infection prevention practices are understood and conducted and introducing innovative technologies that deliver improved standards of care.

COMPANY OVERVIEW

ASX 200 listed healthcare company specialised in the development and commercialisation of infection prevention solutions

- First product, trophon® – proprietary automated technology for low temperature, high level disinfection (HLD) of ultrasound probes
- Approved for sale in most major markets including: US/Canada, ANZ, UK, Europe, Singapore, HK, South Korea, Japan
- 323 staff across Australia, US, Canada, UK, Ireland, Germany, France, Norway, Sweden and Japan
- Sold direct and through distribution partners, including leading brands such as: GE Healthcare, Philips, Samsung, Siemens and Canon
- Active R&D program targeting expansion of product portfolio for Infection Prevention market

SHAREHOLDER RETURN ¹

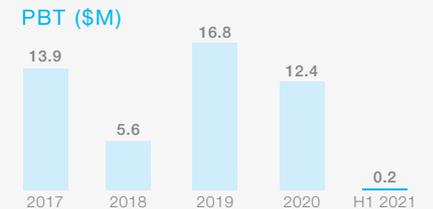


1. As at 23 February 2021.

KEY CORPORATE DATA ¹

Share price	\$6.05
Shares on issue	301.0 million
Market capitalisation	\$1,821 million
Liquidity (30 day avg.)	0.8 million shares
Cash (31 Dec 20)	\$87.9 million
Share Register Breakdown (31 Dec 20)	Founders 14.2% Institutions 58.7% Private 27.1%

FINANCIAL OVERVIEW



INSTALLED BASE

Global installed base grew 12% in last 12 months and 6% in last 6 months to **25,100** units

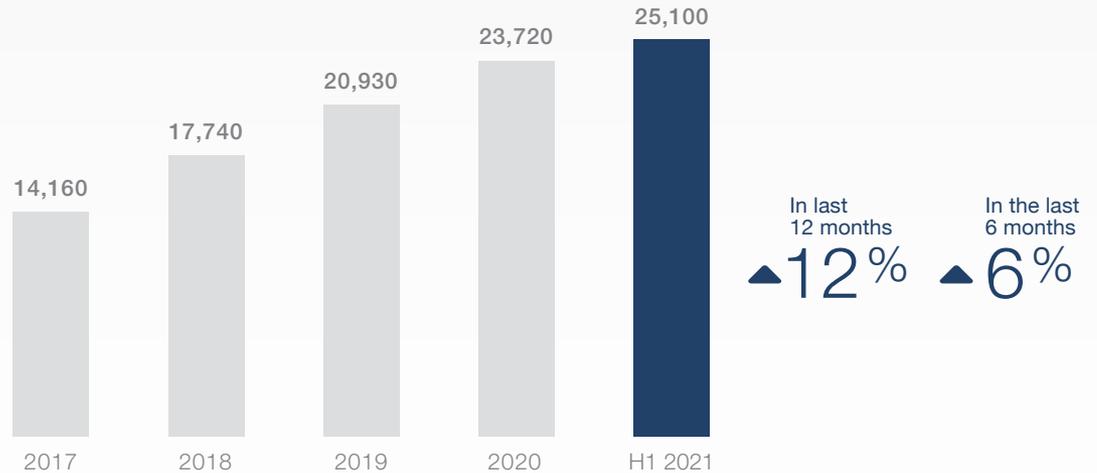
The Company experienced a return in the underlying growth momentum of the installed base with the number of new units installed in Q2 FY21 **up 38%** compared with Q1 FY21.

Graphs are not to scale and therefore not comparable



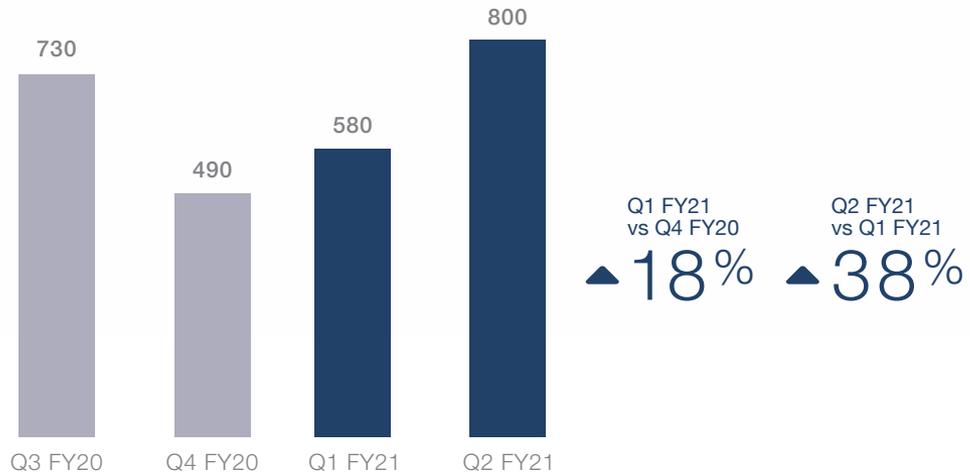
GLOBAL

CUMULATIVE INSTALLED BASE UNITS

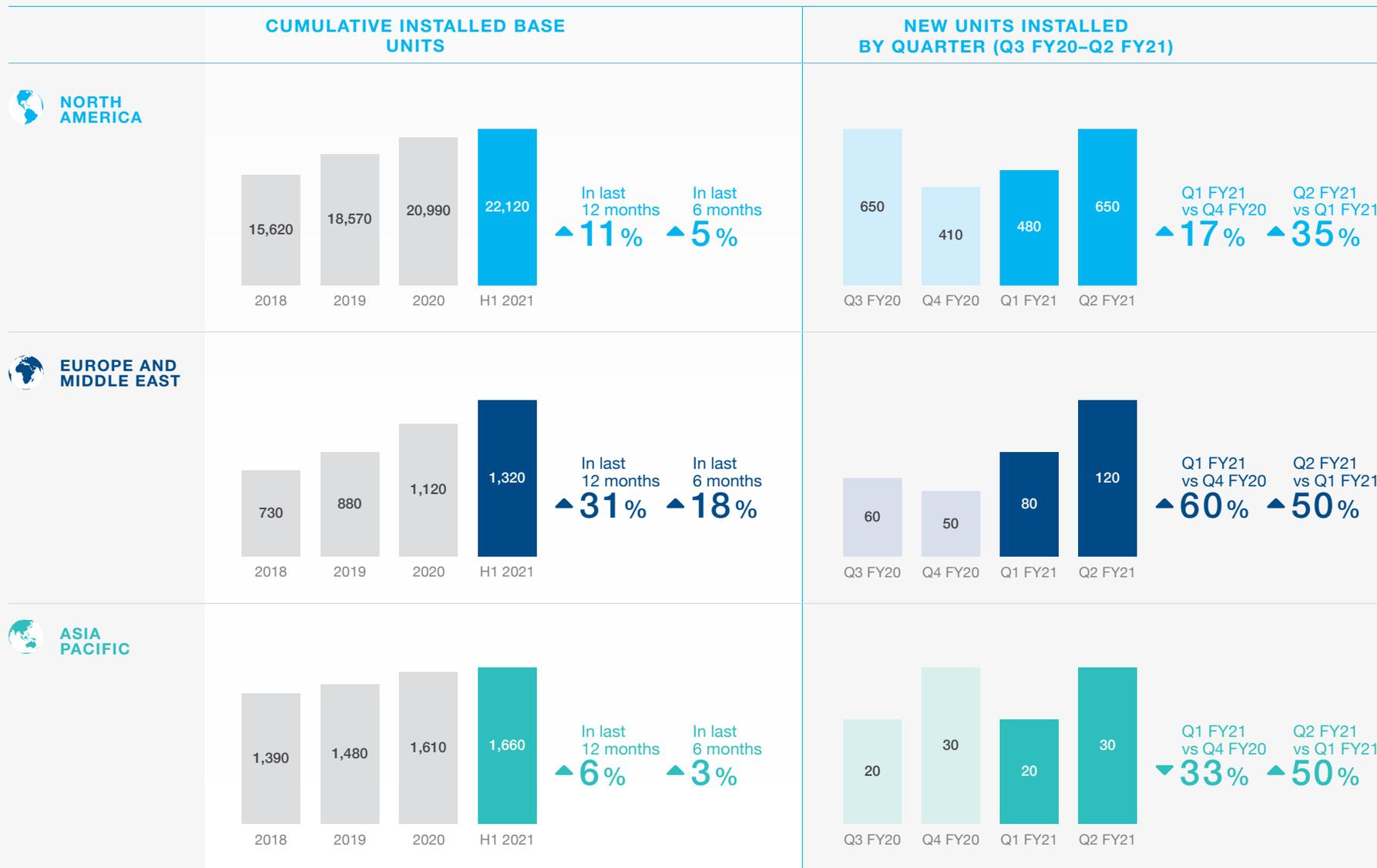


GLOBAL

NEW INSTALLED BASE UNITS BY QUARTER (Q3 FY20-Q2 FY21)



INSTALLED BASE BY REGION



Graphs are not to scale and therefore not comparable

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.

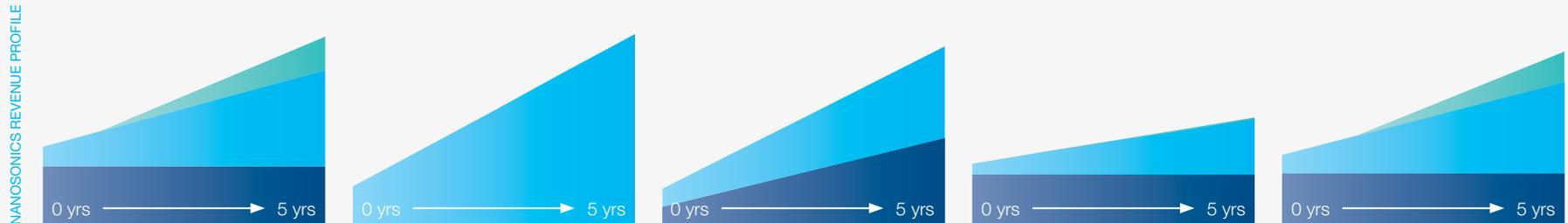
DISTRIBUTION CHANNEL

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.



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.





FINANCIAL RESULTS REVIEW

TOTAL REVENUE

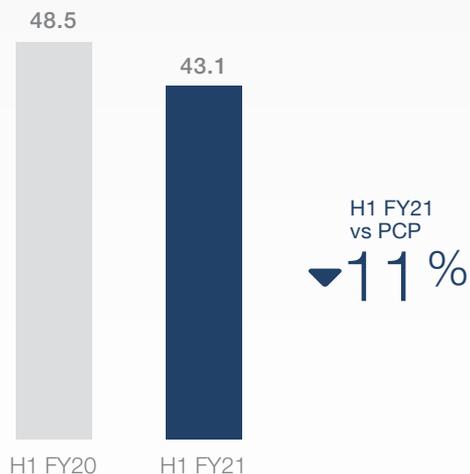
Total revenue down 11% vs PCP to **\$43.1 m**

The lower revenue was primarily driven by the foreshadowed reduction in purchases by GE Healthcare as a result of the impacts of COVID-19 on its inventory at 30 June 2020 as well as the impact of a stronger Australian dollar.

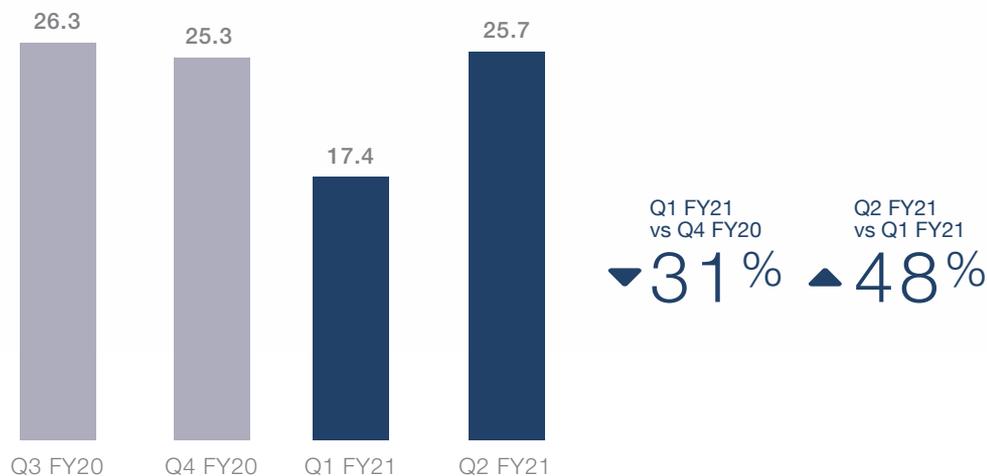
Global revenue recovered strongly in Q2 FY21, up 48% compared with Q1 FY21. This growth resulting from stronger installed base growth across all regions, GE Healthcare resuming purchases of capital equipment in Q2 FY21 as well as an increase in consumables and service revenue.

Graphs are not to scale and therefore not comparable

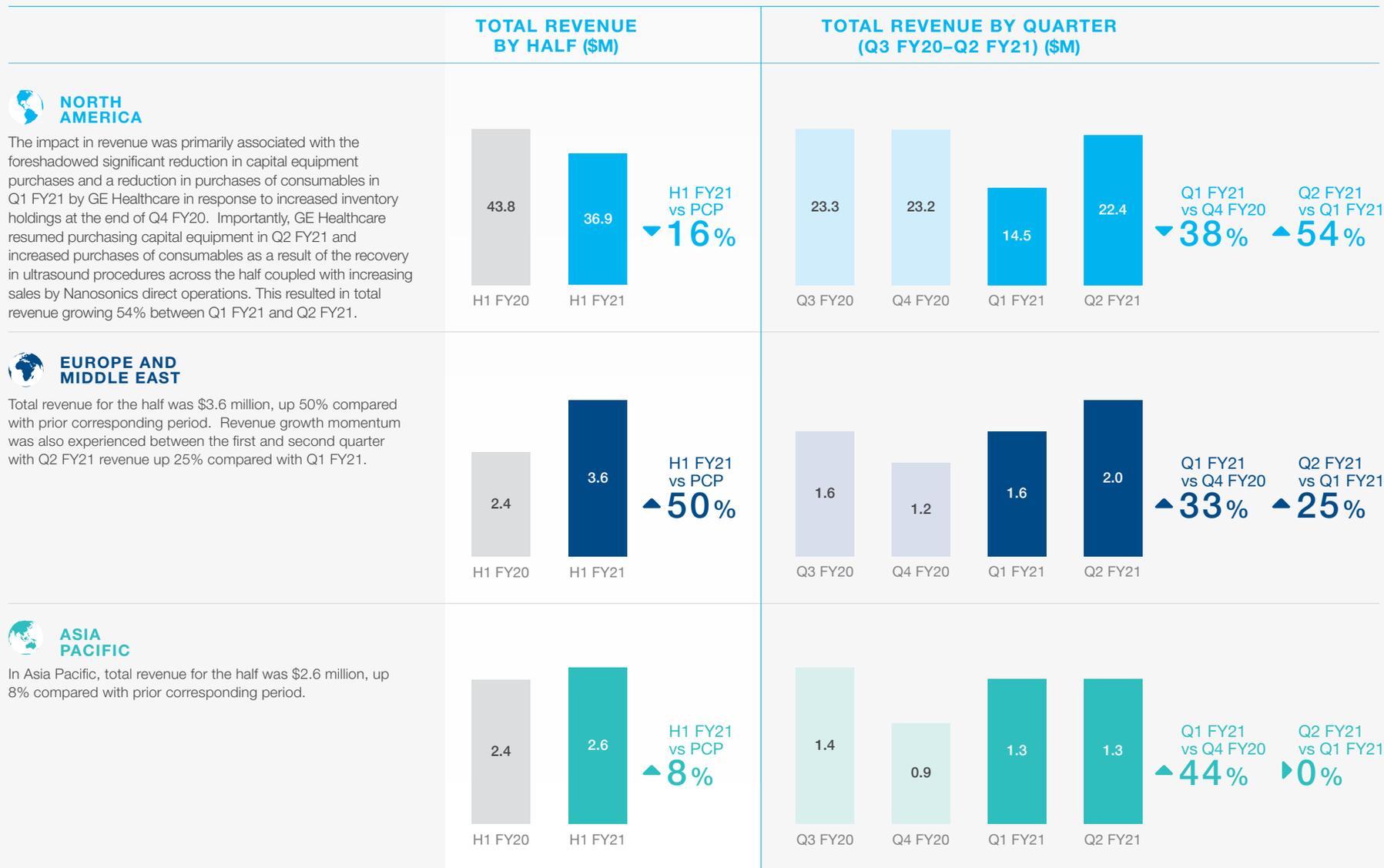
TOTAL REVENUE BY HALF (\$M)



TOTAL REVENUE BY QUARTER (Q3 FY20–Q2 FY21) (\$M)



TOTAL REVENUE BY REGION



Graphs are not to scale and therefore not comparable
Quarterly revenue data is based on management accounts

CAPITAL REVENUE

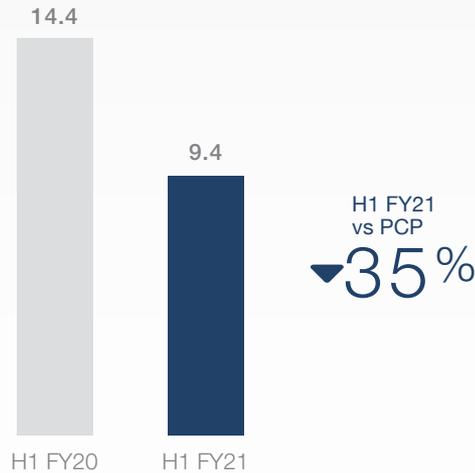
Capital Revenue
down 35% vs PCP to
\$9.4m

Impact was primarily felt in the first quarter where no capital units were sold to GE Healthcare resulting in a reduction in capital revenue of 64% between Q4 FY20 and Q1 FY21.

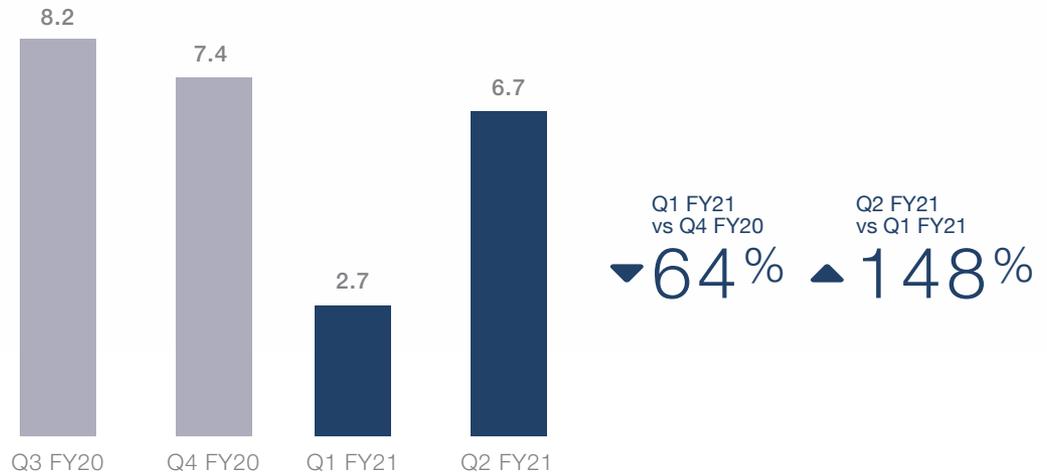
As GE Healthcare resumed capital purchases in the second quarter, coupled with increasing capital sales by Nanosonics' direct operations and other distributor partners, capital revenue grew by 148% compared with Q1.

Graphs are not to scale and therefore not comparable

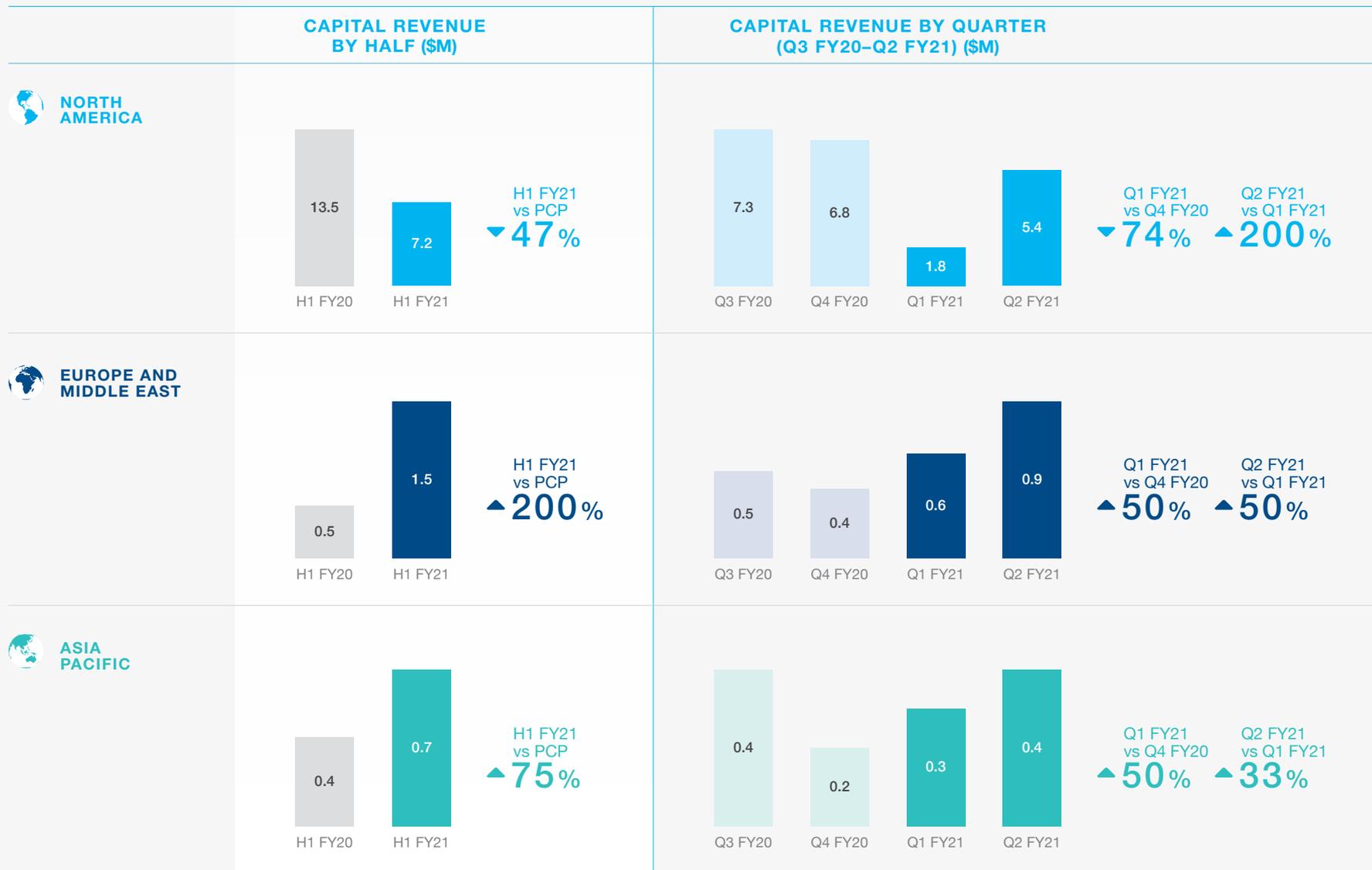
CAPITAL REVENUE BY HALF (\$M)



CAPITAL REVENUE BY QUARTER (Q3 FY20–Q2 FY21) (\$M)



CAPITAL REVENUE BY REGION



Graphs are not to scale and therefore not comparable
Quarterly revenue data is based on management accounts

CONSUMABLE/SERVICE REVENUE

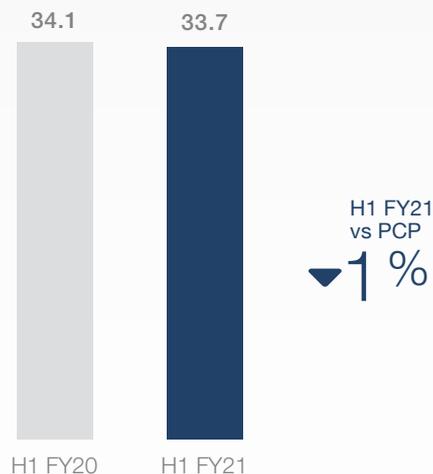
Consumables/
Service Revenue
down 1% vs PCP to
\$33.7m

Revenue from consumables and service in Q1 FY21 was impacted by a reduction in ultrasound procedure volumes in Q4 of FY20. This led to a reduction in purchases by GE Healthcare in Q1 FY21.

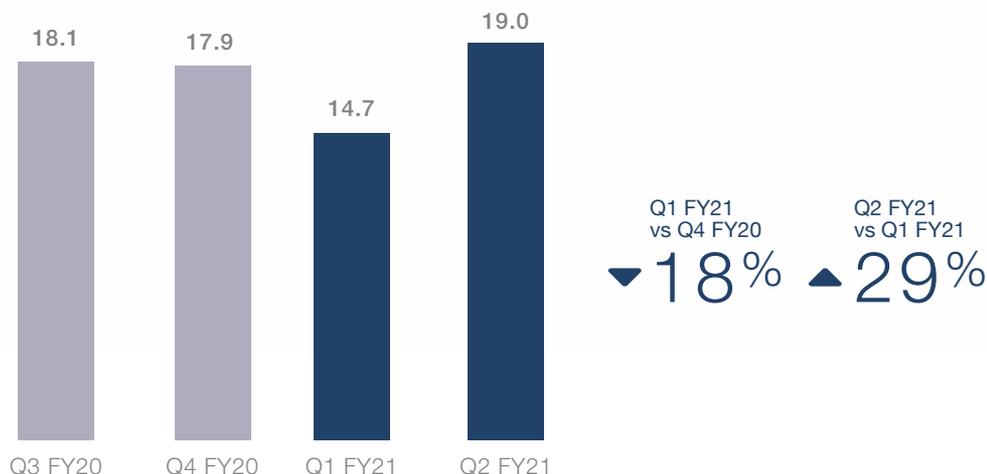
Importantly, total consumables and service revenue in Q2 FY21 was up 29% compared with Q1 FY21. This growth reflects the recovery in ultrasound procedure volumes experienced in the half leading to increased purchases by GE Healthcare, along with the growing installed base.

Graphs are not to scale and therefore not comparable

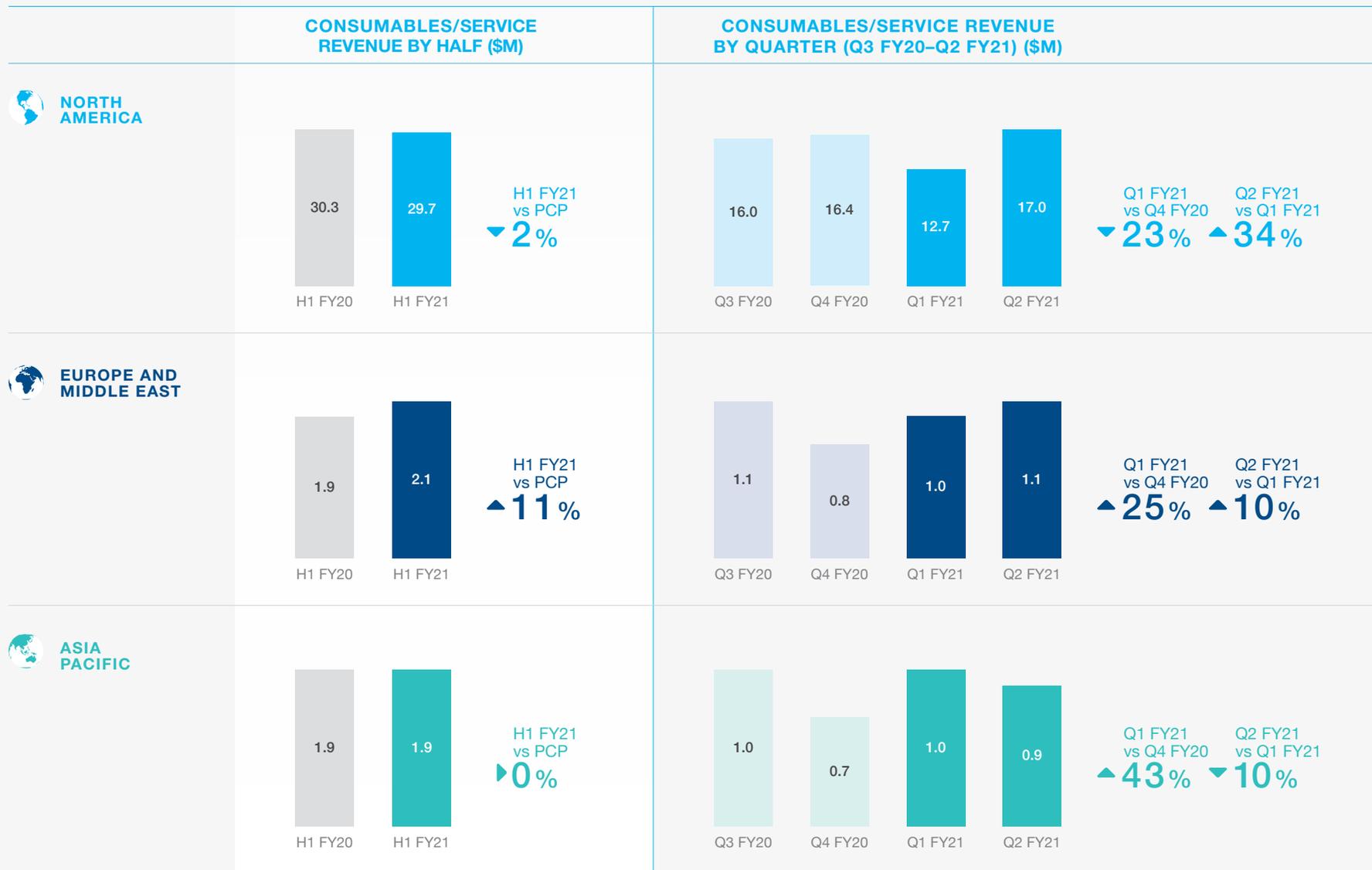
CONSUMABLES/ SERVICE REVENUE BY HALF (\$M)



CONSUMABLES/ SERVICE REVENUE BY QUARTER (Q3 FY20-Q2 FY21) (\$M)



CONSUMABLES/SERVICE REVENUE BY REGION



Graphs are not to scale and therefore not comparable
Quarterly revenue data is based on management accounts

OPERATING EXPENSES

\$33.0m

Continued investment in the Company's growth strategy with first half operating expenses of \$33.0 million, up 8% on prior corresponding period and up 2% compared with H2 FY20.

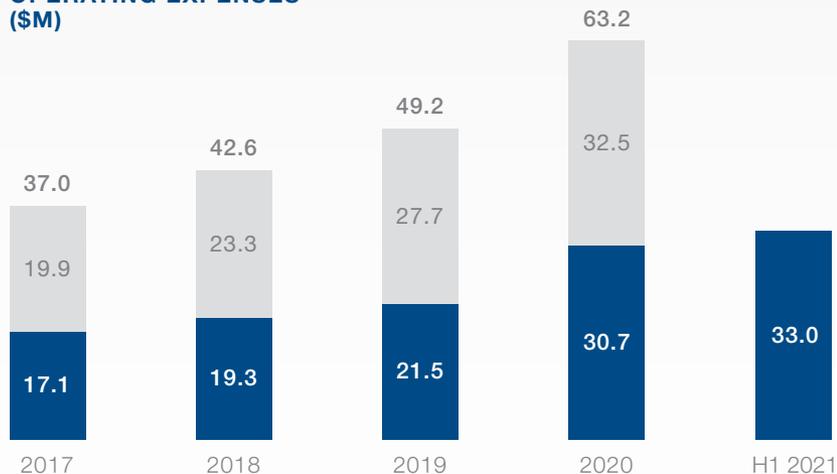
PROFIT BEFORE TAX

\$0.2m

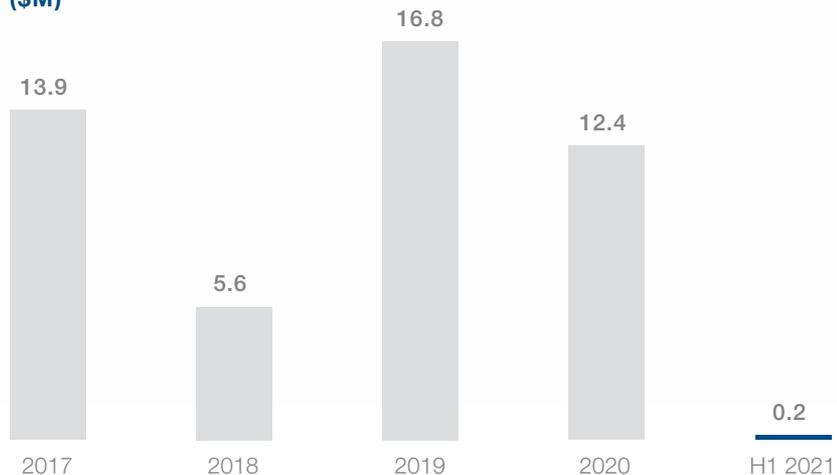
Operating profit before tax was \$0.2 million compared to \$6.7 million in prior corresponding period. This reflects the impacts of COVID-19, in particular on Q1 revenue, the ongoing investment in the Company's growth strategy and a stronger Australian dollar.

Graphs are not to scale and therefore not comparable

OPERATING EXPENSES (\$M)



PROFIT BEFORE TAX (\$M)



FREE CASH FLOW

(\$2.4m)

Free cash flow for the half year was a net outflow of \$2.4 million compared with a net cash inflow of \$10.0 million in prior corresponding period due to the amount and timing of customer receipts and the timing of supplier payments.

CASH AND CASH EQUIVALENTS

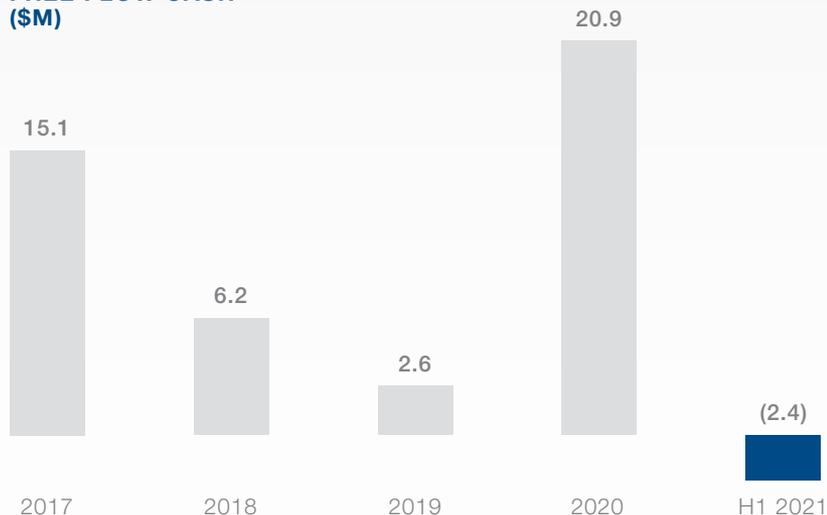
\$87.9m

as at 31 December 2020

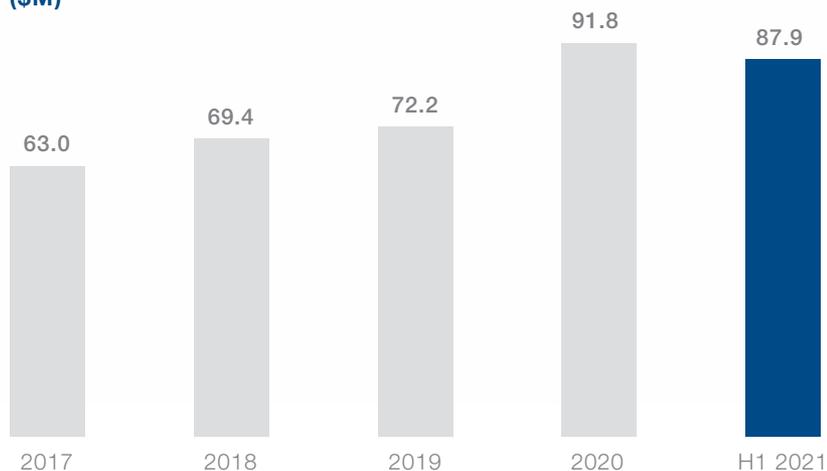
Cash and cash equivalents of \$87.9 million, providing ongoing strong foundation for continued investment in growth. The Company has negligible debt.

Graphs are not to scale and therefore not comparable

FREE FLOW CASH (\$M)



CASH AND CASH EQUIVALENTS (\$M)



PROFIT AND LOSS SUMMARY

\$ Million	FY21 H1	FY20 H1	CHANGE% (vs H1 FY20)	FY20 H2	CHANGE% (vs H2 FY20)
Capital revenue	9.4	14.4	▼ (35%)	15.6	▼ (40%)
Consumables/Service revenue	33.7	34.1	▼ (1%)	36.0	▼ (6%)
Total revenue	43.1	48.5	▼ (11%)	51.6	▼ (16%)
Gross profit	34.2	36.4	▼ (6%)	39.1	(13%)
%	79%	75%		76%	
Operating expenses					
Selling and general	(17.8)	(17.7)	▲ 1%	(17.0)	▲ 5%
Admin	(7.6)	(6.2)	▲ 23%	(6.7)	▲ 13%
Research and development	(7.6)	(6.8)	▲ 12%	(8.8)	▼ (14%)
Other income	0.0	0.0	—	0.0	—
Other (losses)/gains-net	(1.2)	0.6	▼ (300%)	(1.3)	▼ (8%)
Earnings before interest and tax	0.0	6.3	▼ (100%)	5.3	▼ (100%)
Finance income (net)	0.2	0.4	▼ (50%)	0.4	▼ (50%)
Operating income before income tax	0.2	6.7	▼ (97%)	5.7	▼ (96%)
Income tax benefit/(expense)	1.3	(1.0)	▼ (230%)	(1.3)	▼ (200%)
Profit after income tax	1.5	5.7	▼ (74%)	4.4	▼ (66%)

HIGHLIGHTS

- Half year revenue of \$43.1 million down 11% (down 8% in constant currency¹) compared with prior corresponding period.
- Gross profit of \$34.2 million, or 79% of revenue.
- Selling, general and administration expenses of \$25.4 million compared with \$23.9 million in prior corresponding period.
- Research and development expenses of \$7.6 million, the majority associated with new products.
- Other losses comprised mainly of net foreign currency losses.
- Income tax benefit of \$1.3 million compared with expense of \$1.0 million in the prior year.

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 rates that were applicable in the prior year. The average exchange rate used for the Company's major foreign currency for the 6 months to Dec20/Dec19 was AUD/USD 0.72/0.68.

SIGNIFICANT GLOBAL MARKET OPPORTUNITY

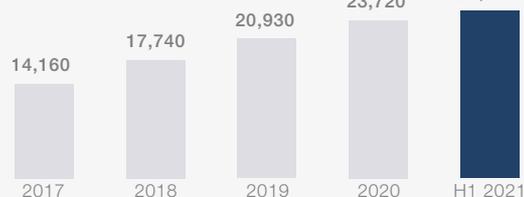
Installed base opportunity

GLOBAL
120,000
units

Market Penetration



Cumulative Installed Base

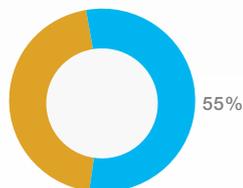


- Increasing number of international guidelines requiring high level disinfection (HLD) supporting growing international demand.
- Nanosonics expanding its footprint geographically both direct and through distributors.

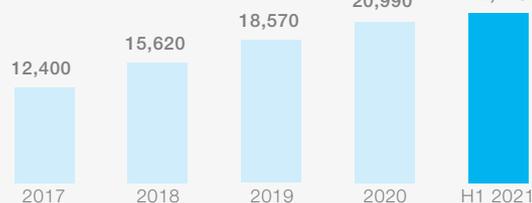
Installed base opportunity

NORTH AMERICA
40,000
units

Market Penetration



Cumulative Installed Base



- Fundamentals for adoption strong with requirements for HLD in place.
- trophon installed base over 22,120 and already in over 5,000 hospitals and clinics, including majority of luminary hospitals.
- Nanosonics has a direct sales operation of 74 people as well as partnerships with all leading ultrasound companies to drive ongoing adoption.

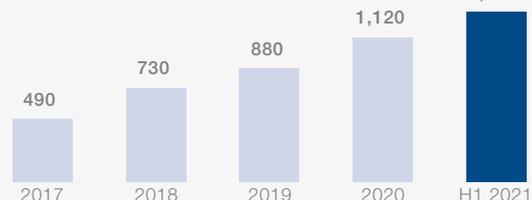
Installed base opportunity

EUROPE AND MIDDLE EAST
40,000
units

Market Penetration



Cumulative Installed Base

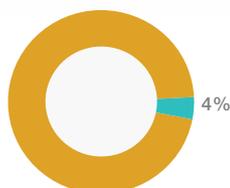


- Expanded geographical reach, strengthening fundamentals for adoption and growing awareness.
- Expanded infrastructure covering sales, marketing, clinical, regulatory and operations.
- A range of business models in place to support market requirements.

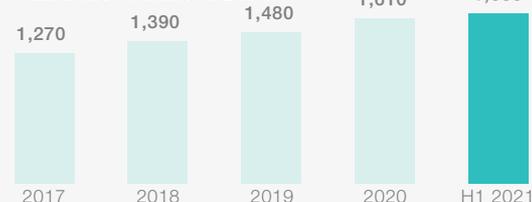
Installed base opportunity

ASIA PACIFIC
40,000
units

Market Penetration



Cumulative Installed Base



- Sales mainly in ANZ where market penetration is >75%.
- Japan market development strategy continues with five distribution agreements in place.
- Continued development of China market entry strategy.
- Assessment underway for further expansion across Asia Pacific with regulatory approvals now in Thailand and Indonesia with Malaysia underway.

1. ●●●●● Current installed base. ● Remaining potential opportunity. Graphs are not to scale and therefore not comparable.

2. Internal estimate based on historical regional estimates of the installed base of ultrasound consoles and those associated with procedures where high level disinfection may be required.

EXPANDING GLOBAL PRESENCE

Nanosonics distributes its products in 27 countries, either through direct operations or via distributor partners.





NEW PRODUCT
DEVELOPMENT

NEW PRODUCT DEVELOPMENT

Nanosonics continues to invest in a number of innovations aimed at addressing a broader range of infection prevention requirements.

In addition, ongoing investigations into potential strategic acquisitions and/or product licensing or collaboration opportunities continue through the newly established business development function.

FIVE CORE AREAS OF FOCUS

COMPLIANCE AND TRACEABILITY

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

ENVIRONMENTAL DECONTAMINATION

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

Infection Prevention. For Life.

INSTRUMENT CLEANING

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

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.

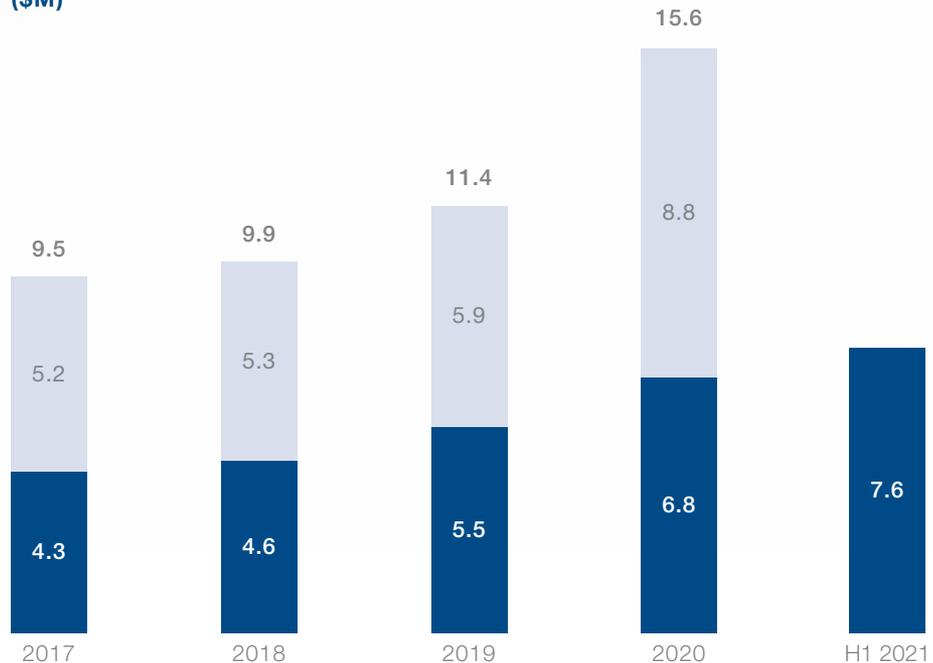
Active programs are in place covering a number of the areas outlined above.

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

In the first half \$7.6 million was invested in R&D, up 12% on prior corresponding period.

The R&D team continued to make significant progress across a number of projects including a new platform technology and a solution for further digital traceability and reporting.

INVESTMENT IN R&D (\$M)



OUR STRATEGIC PRIORITIES



TROPHON AS STANDARD OF CARE

- Support establishment of international guidelines.
- Provide awareness and education to highlight risks of cross contamination for all semi critical transducers.
- Ensure customers have a positive experience with all aspects of the product and brand.



EXPAND GEOGRAPHIC FOOTPRINT

- Expand operations across Asia Pacific and EMEA with trophon plus new products.



PRODUCT EXPANSION

- Expand portfolio of infection prevention solutions to address unmet needs.
- Leverage technology platforms for potential expanded indications.



INVEST TO GROW

- Maintain strong financial position to support growth.
- Deliver operational efficiencies, scale and leverage.

BUSINESS OUTLOOK

“The positive growth trend and improving market conditions experienced across the half are expected to continue, subject of course to the inherent risks and uncertainties associated with the COVID-19 pandemic”

Michael Kavanagh,
CEO and President

FY21 EXPECTATIONS

- Based on current market improvements the Company is anticipating ongoing growth in total revenue and profitability into the second half, driven by increasing installed base growth and increased usage of consumables across all regions. With COVID-19 vaccination programs underway, the Company is optimistic that overall market conditions, in particular access to hospitals, are likely to continue to improve.
- The underlying fundamentals for the business remain strong and we maintain our commitment to continue to invest in the strategic growth priorities of the business through market expansion, R&D and infrastructure and capability growth. Total operating expenses for the year are now expected to be at the lower end of the \$75 million to \$78 million range indicated previously.



BUSINESS OUTLOOK

Despite the current challenges of the COVID-19 pandemic our longer term strategic growth agenda remains very much intact.

BEYOND FY21

Our forward looking growth agenda remains very much intact and indeed the COVID-19 pandemic increases our resolve to execute on this agenda. Beyond FY21, Nanosonics is targeting:

- Continued growth in the trophon eco system and installed base across all regions;
- Growth in upgrades of trophon EPR to trophon2;
- Japan to become an important contributor to global installed base growth as well as further expansion into Asia Pacific including China;
- Proactive expansion of our product portfolio through internal product development and opportunities for strategic acquisitions and product licensing across key vectors of infection;
- Ongoing investment in R&D, infrastructure, people and capability to continue driving the global strategic growth agenda with the aim of establishing Nanosonics as a global leader in infection prevention.



**TROPHON AS
STANDARD OF CARE**



**EXPAND GEOGRAPHIC
FOOTPRINT**



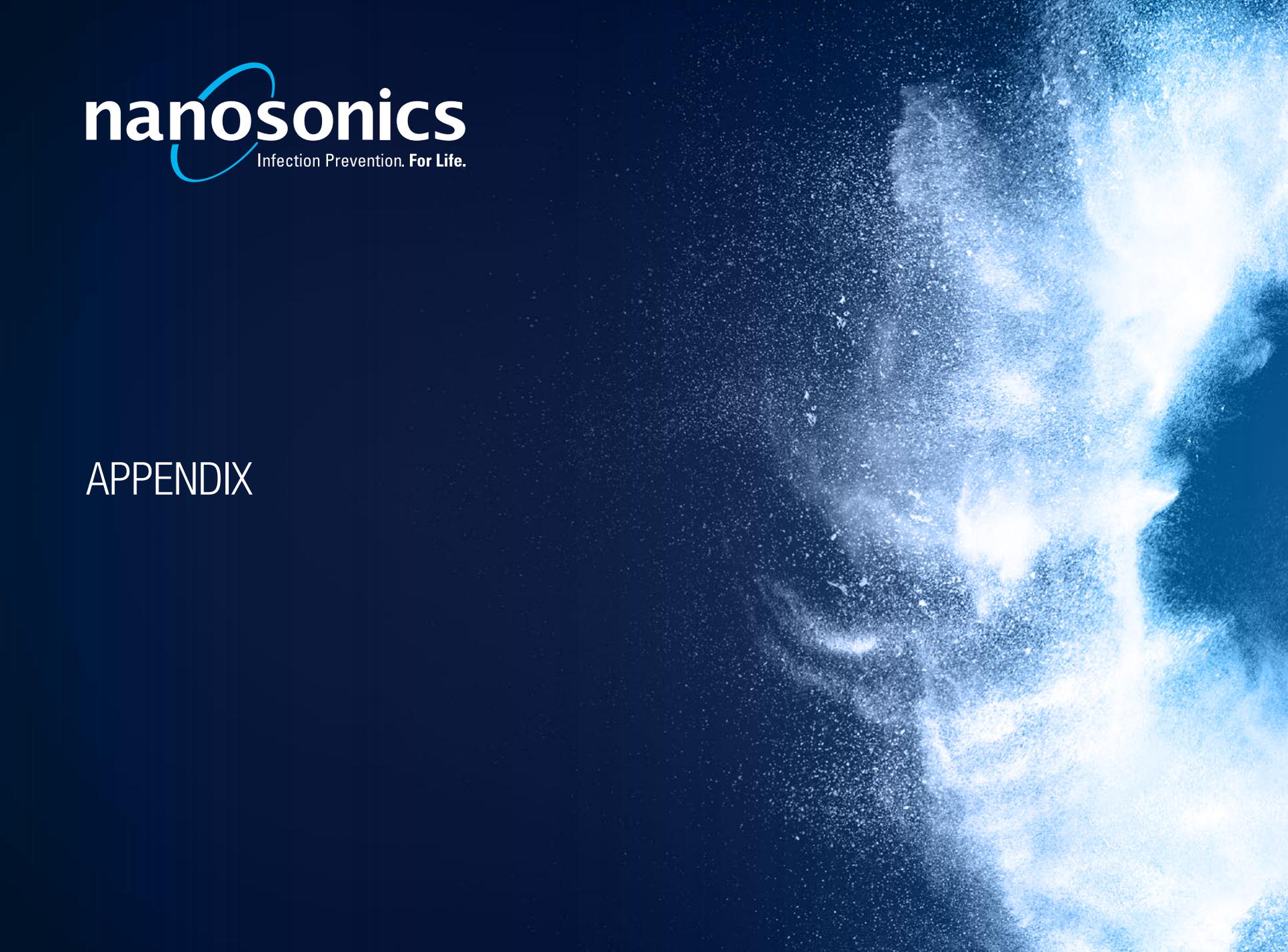
PRODUCT EXPANSION



INVEST TO GROW



APPENDIX





A REAL MARKET NEED

Risk of cross contamination with ultrasound probes well established



- 0.9-9% of barrier sheaths and condoms leak.¹
- A meta-analysis has shown that 12.9% of transducers are contaminated with pathogenic bacteria following routine disinfection.²
- HPV, a known cause of cervical cancer, has been found on up to 7.5% of transvaginal ultrasound transducers following routine disinfection.³
- A fatal case of hepatitis B and non-fatal case of hepatitis C have been attributed to improper ultrasound transducer disinfection.^{4,5}
- Ultrasound transducer handles are not routinely disinfected and can harbour pathogens including MRSA.⁶
- Six year population-level study demonstrates increased risk of infection and antibiotic prescriptions following semi-critical ultrasound procedures.⁷

1. Vickery et al, J InfPub Health 2013; in press.

2. Leroy, S. J HospInfect 2013 83(2): 99-106.

3. Ma S et al. EmergMed J. 2013 30(6): 472-5.

4. FerhiK, et al. Case Rep Urol, 2013; p. 797248.

5. Medicines and Healthcare products Regulatory Agency (UK), Medical Device Alert Ref: MDA/2012/037.

6. McNally G, NguA, ISUOG world congress, Sydney, 2013.

7. Scott D et al. Ultrasound. 2018 26(3):168-177.

Fundamentals for adoption continue to strengthen with an increasing number of international guidelines requiring high level disinfection for semi critical probes

Traditional mechanisms of decontamination unchanged in decades



THE TRADITIONAL METHODS: SOAK, SPRAY OR WIPE

- ✗ Chemical spills and vapour control present OH&S risks.
- ✗ Probes often must be transported to a central sterilisation facility.
- ✗ Pathogens may remain – increased risk of cross contamination.
- ✗ Wipes and sprays not approved by the FDA for HLD.
- ✗ Toxic chemicals must be disposed of as chemical waste.



trophon® setting a new Standard of Care globally



SAFE



- ✓ **Patient** proven effective on wide range of pathogens.
- ✓ **User** safe for user.
- ✓ **Environment** water and oxygen by products.

VERSATILE



- ✓ Compatible with > 1,000 probes.
- ✓ Can be used at point of care.
- ✓ Supports streamlined practice workflows.

SIMPLE



- ✓ Simple to use – one button operation.
- ✓ Fast 7 minute cycle.

TROPHON®

The latest innovation in ultrasound probe high level disinfection.

trophon is an automated system that delivers effective, efficient and safe high level disinfection of ultrasound probes

trophon®

Consumables

Accessories



KEY FEATURES

- Highly effective in killing bacteria, fungi and viruses including the highly resistant HPV virus.
- Easy to use with fast 7 minute cycle.
- Can be placed at point of care to support efficient clinical workflows.
- Over 1000 ultrasound probes from all major ultrasound brands approved for use in the system.
- Safe for the operator, patient and environment with oxygen and water as by products.
- Fully automated delivering reproducible results every time.
- Data logs each cycle for excellent traceability.

trophon is covered by 14 patent families. Most are active through to 2025 and in many cases beyond including patents relating to the consumables which go out to 2029.