

23 January 2024

Company Announcements Office  
ASX Limited

## **H1 FY24 trading update and expectations for the remainder of FY24**

Nanosonics (ASX:NAN), a leader in infection prevention solutions, provides an update in respect of its H1 FY24 results and current expectations for the remainder of FY24.

Trophon continues to consolidate its position as the standard of care for automated High Level Disinfection of ultrasound transducers and the opportunity for ongoing long term growth remains strong across all three regions. As indicated in August 2023 at the release of the FY23 full year financial results, during FY23 the Company experienced ongoing uncertainty associated with the impact on the timing of capital unit sales due to hospital capital budgetary pressures.

“During the first half of FY24, the pipeline for new installed base and upgrades continued to grow however timeframes to conclude sales increased resulting in lower capital sales than expected. In particular, this saw the Company experience softer than anticipated upgrade sales with customers extending the use of their existing trophon equipment, delaying the trophon2 upgrade capital purchase. Based on the Company’s current sales pipeline and the opportunities for ongoing pipeline growth in both new installed base and upgrades, the Company is expecting both capital unit and revenue growth in H2 over H1 and is currently undertaking a detailed review of the full year outlook. Further, we are also reviewing a number of additional customer offerings to support our customers to upgrade capital units earlier without impacting the longer term value of a trophon unit.

“It is expected that further detail on H2 will be able to be provided at time of release of the H1 FY24 results on 26 February 2024. Over the longer term, the Company remains positive about the underlying growth opportunity of the trophon ultrasound reprocessing business and its broader long term strategic growth agenda”, said Michael Kavanagh, CEO & President.

### **Preliminary unaudited results based on management accounts for H1 FY24<sup>1</sup>**

- **Global total installed base is expected to grow by approximately 3.4% to 33,550 in H1 FY24.**
- **Trophon upgrades of 620 units in H1 FY24 down 22.5% on pcp.**
- **New installed base of 1,100 units in H1 FY24 down 13.4% on pcp.**
- **Total revenue for the half year is expected to be approximately \$79.6 million**, representing a decrease of 2.4% (4.3% in CC)<sup>2</sup> compared with prior corresponding period primarily related to lower than expected capital unit sales (in particular upgrade sales).
- **Gross margin for the half year is expected to be 79.7%** primarily driven by the sales mix between capital and consumables/service.
- **Operating expenses are expected to be approximately \$60.8 million for the half**, representing an increase of 12% compared with prior corresponding period including investments being made in preparation for the commercialisation of the Company’s new endoscope reprocessing platform, CORIS.
- The Company expects to report **profit before tax of approximately \$4.9 million for the half** compared with \$11.4 million in the prior corresponding period.

<sup>1</sup> Based on unaudited management accounts that have not been independently reviewed or verified.

<sup>2</sup> 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.

## Summary of results

\$ millions	FY24 H1	FY23 H1	Change %
<b>Total revenue</b>	<b>79.6</b>	<b>81.6</b>	▼ 2%
<b>Gross profit</b>	<b>63.4</b>	<b>64.4</b>	▼ 2%
%	79.7%	78.9%	▲ 0.8 pts
<b>Operating expenses</b>	<b>60.8</b>	<b>54.5</b>	▲ 12%
Other income	0.8	0.6	33%
Other (losses)/gains-net	(0.4)	0.2	▼ nm <sup>3</sup>
<b>Earnings before interest and tax</b>	<b>3.0</b>	<b>10.7</b>	▼ 72%
Finance income (net)	1.8	0.7	▲ 157%
<b>Operating income before income tax</b>	<b>4.9</b>	<b>11.4</b>	▼ 57%

## Revised FY24 Expectations

Based on the expected H1 FY24 results outlined above, the Company expects that updated outlook statements for the remainder of FY24<sup>4</sup> will be able to be provided on 26 February 2024 at the announcement of the Company's half year results. In the meantime, the Company is currently able to provide the following comments in relation to each area of the FY24 business outlook:

- **Total revenue.** The Company is currently reviewing its H2 sales outlook and anticipates revenue growth in H2 over H1 as well as for revenue growth for the full year. It is anticipated that by the time of the release of the H1 FY24 results on 26 February 2024 the Company will be in a better position to provide more detail as to expected full year revenue growth.
- **Gross margin.** Gross margin for the full year is also being reviewed in the context of the sales mix between capital and consumables in the second half, and additional customer offerings that may also be introduced. Further clarity will be able to be provided as part of the H1 FY24 results on 26 February 2024.
- **Operating expenses.** The increase in operating expenses is expected to be below the bottom of the range of the Company's previously communicated outlook of 17-22%.<sup>5</sup> These expenses include investments in CORIS commercialisation preparation and the one-off investment in the Company's new ERP implementation. This reduction will be undertaken without compromising investment in the Company's long term strategic growth agenda.

The Company continues to deliver against key technical milestones for its new endoscope reprocessing platform, CORIS, in anticipation of the upcoming FDA submission.

Full details of H1 FY24 financial results together with a review of the Company's performance and revised outlook will be released on 26 February 2024.

All guidance is subject to ongoing uncertainty in relation to hospital capital budgetary pressures as well as broader economic and geopolitical conditions. All the forward looking information included is inherently uncertain, and the Company cautions against reliance on any forward-looking statements.

This announcement has been authorised by the Board of Directors of Nanosonics.

### For more information, please contact:

Michael Kavanagh, CEO / President or Jason Burriss, CFO, on (02) 8063 1600.

<sup>3</sup> Nm means not meaningful.

<sup>4</sup> Compared with FY23.

<sup>5</sup> Previous FY24 outlook was provided at AUD/USD rate of 0.70.