



Infection Prevention.
For Life.

2023 HALF YEAR
RESULTS

INVESTOR PRESENTATION

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



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Disclaimer



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- III. Financial results
- IV. Research & development
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- VI. Outlook

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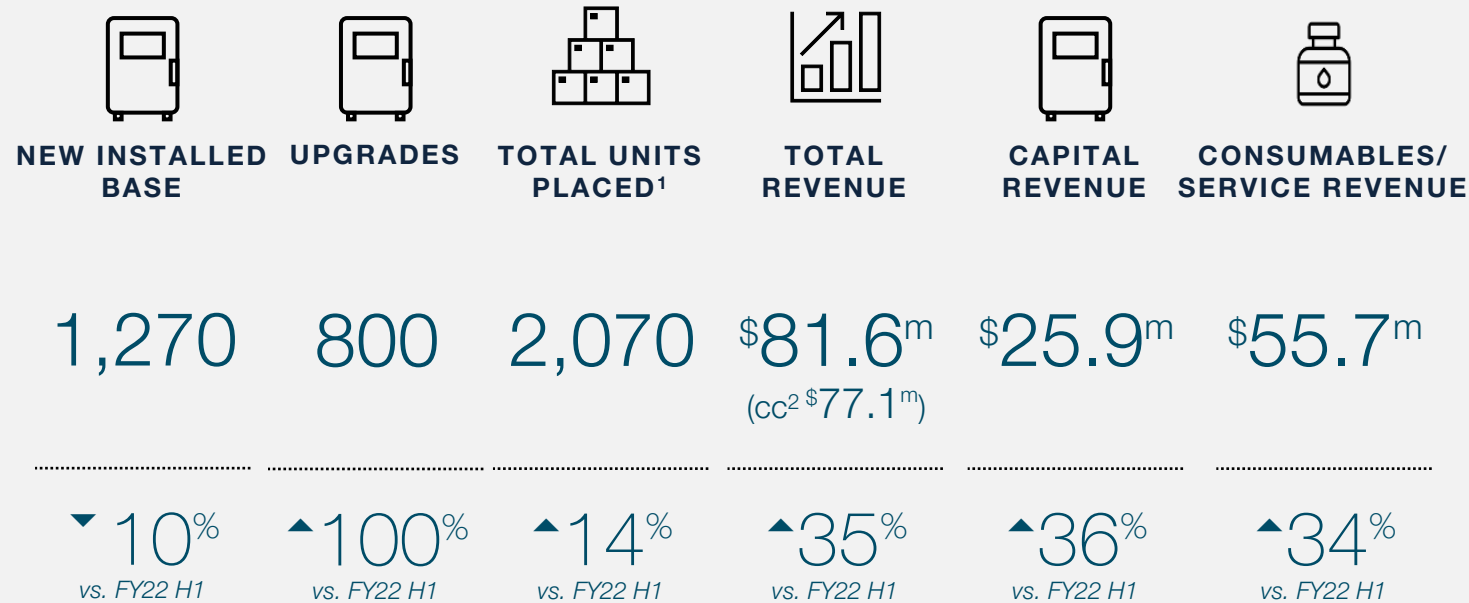


We improve the safety of patients, clinics, their staff and the environment by transforming the way infection prevention practices are understood and conducted and introducing innovative technologies that deliver improved standards of care.

“Total revenue for the half year grew 35% to \$81.6 million resulting from improved pricing, increased total capital unit placements and consumables volume growth.

These positive outcomes in the half, coupled with anticipated ongoing growth momentum, results in a positive upgrade to the outlook for the full year”.

– Michael Kavanagh CEO



1. Units placed comprises new installed base units and upgrades including UK MES units.
 2. 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.

SUCCESSFUL TRANSITION OF NORTH AMERICAN SALES MODEL delivering ability to manage and support total installed base, margin improvements, growth in upgrade volumes plus execution of enterprise agreements with all major Integrated Delivery Networks (IDNs). 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 INSTALLED BASE up 1,270 units to 31,120 (up 4% in last 6 months and 11% in last 12 months).

trophon®2 UPGRADES of 800 units, up 100% on prior corresponding period.

TOTAL trophon2 UNITS PLACED of 2,070, up 14% on prior corresponding period.

GROSS PROFIT MARGIN of 78.9% compared with 76.6% in the prior corresponding period reflecting favourable pricing and consumables volume growth.

CONTINUED INVESTMENT IN STRATEGIC GROWTH AGENDA with operating expenses of \$54.5 million, up 28% on prior corresponding period (26% in constant currency) and up 14% compared with H2 FY22, reflecting move to largely direct sales model in North America and continued investment in R&D program.

PROFIT BEFORE TAX of \$11.4 million, compared with \$3.3 million in prior corresponding period.

FREE CASH FLOW for the half year was \$6.1 million with cash and cash equivalents of \$99.3 million as at 31 December 2022.

NANOSONICS CORIS® – Progress continues in respect of the Company’s new endoscope reprocessing product platform, Nanosonics CORIS® which represents a significant opportunity for the Company. A number of supply chain delays were encountered in the first half primarily associated with COVID-19 related issues in China. Assuming supply chain risks can be effectively managed, the Company continues to target progressive market introductions aligned with regulatory approvals, with the first introduction targeted towards the end of calendar 2023 in Australia and/or Europe.



Installed base and Upgrades

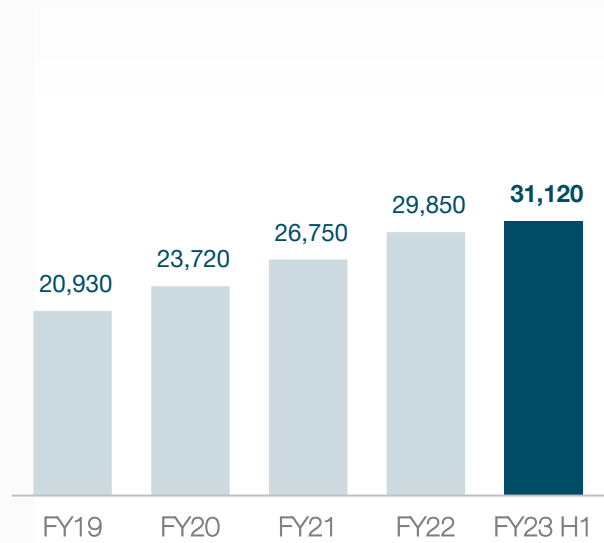
INSTALLED BASE

31,120 units

The global installed base increased by 1,270 units to 31,120 units, an increase of 4% in the last 6 months (11% in last 12 months).

GLOBAL TOTAL INSTALLED BASE

Units



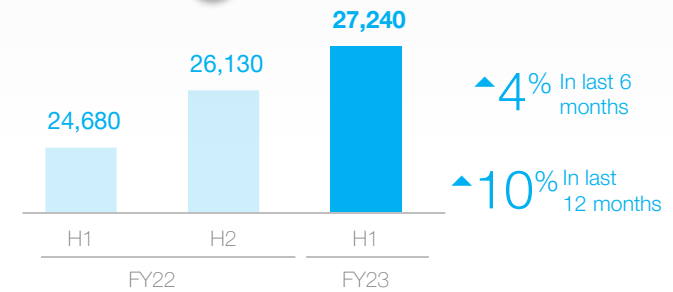
CUMULATIVE INSTALLED BASE

▲ 4% In last 6 months

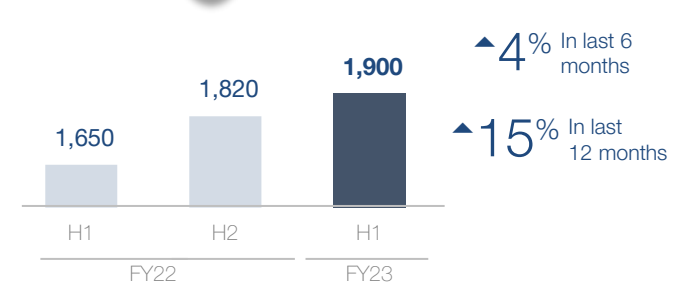
▲ 11% In last 12 months



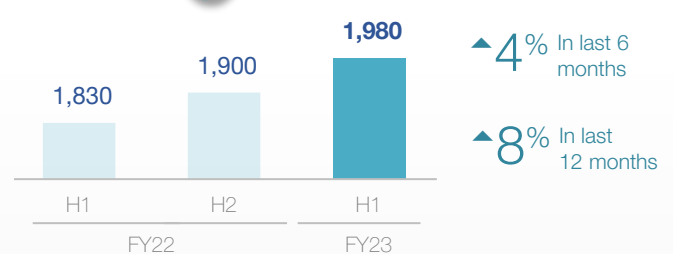
NORTH AMERICA



EUROPE AND MIDDLE EAST



ASIA PACIFIC



NEW INSTALLED BASE

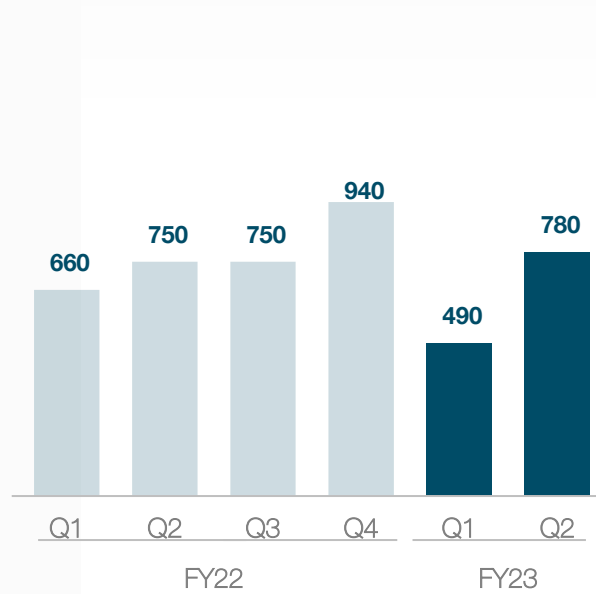
1,270 units

The global new installed base increased by 1,270 units in the half with 490 units in Q1 and 780 units in Q2.

Growth momentum in Q2 was evident.

GLOBAL NEW INSTALLED BASE

Units



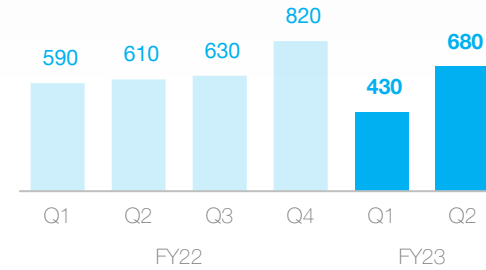
NEW INSTALLED BASE

▼ 10% H1 FY23 vs. H1 FY22

▲ 59% Q2 FY23 vs. Q1 FY23



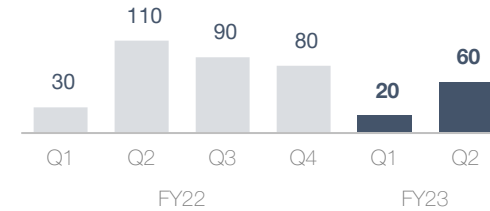
NORTH AMERICA



▼ 8% FY23 H1 vs FY22 H1

▲ 58% FY23 Q2 vs FY23 Q1

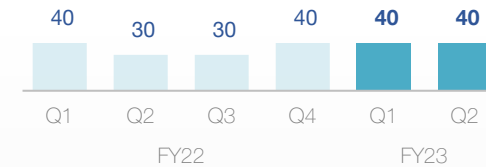
EUROPE AND MIDDLE EAST



▼ 43% FY23 H1 vs FY22 H1

▲ 200% FY23 Q2 vs FY23 Q1

ASIA PACIFIC



▲ 14% FY23 H1 vs FY22 H1

—% FY23 Q2 vs FY23 Q1

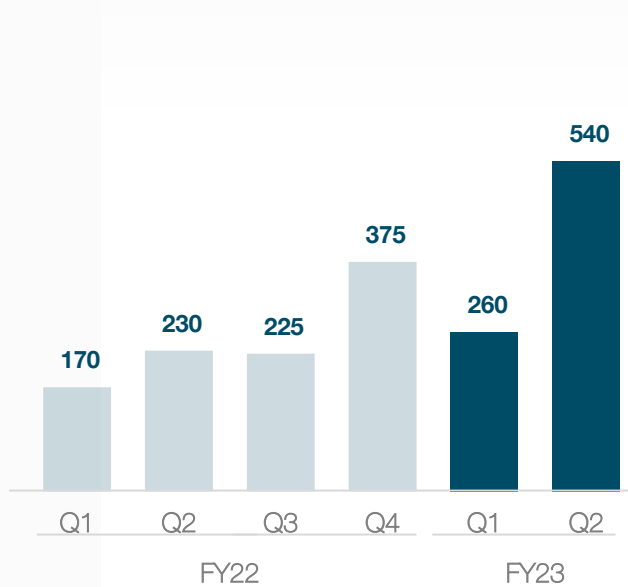
800 units

800 trophon2 upgrades were installed in the first half up 100% compared with prior corresponding period with 260 units in Q1 and 540 units in Q2.

Growth momentum in Q2 was evident.

GLOBAL UPGRADES

Units

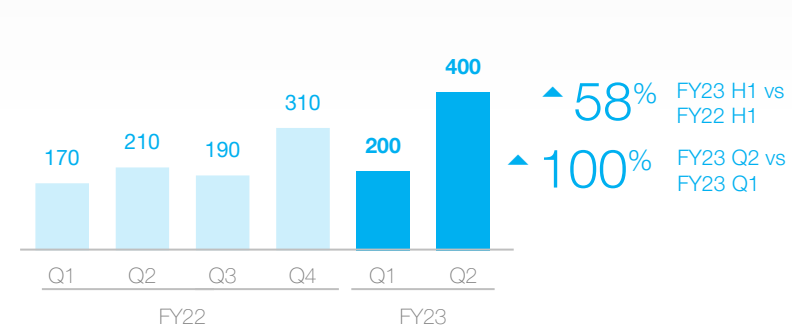


GLOBAL UPGRADES

▲ 100% H1 FY23 vs. H1 FY22

▲ 108% Q2 FY23 vs. Q1 FY23

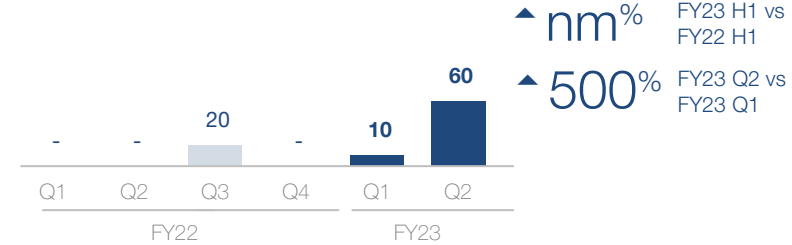
NORTH AMERICA



▲ 58% FY23 H1 vs FY22 H1

▲ 100% FY23 Q2 vs FY23 Q1

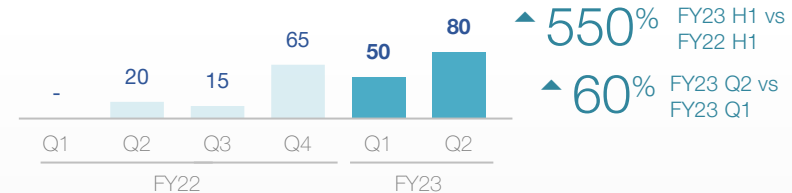
EUROPE AND MIDDLE EAST



▲ nm% FY23 H1 vs FY22 H1

▲ 500% FY23 Q2 vs FY23 Q1

ASIA PACIFIC



▲ 550% FY23 H1 vs FY22 H1

▲ 60% FY23 Q2 vs FY23 Q1

TOTAL UNITS PLACED

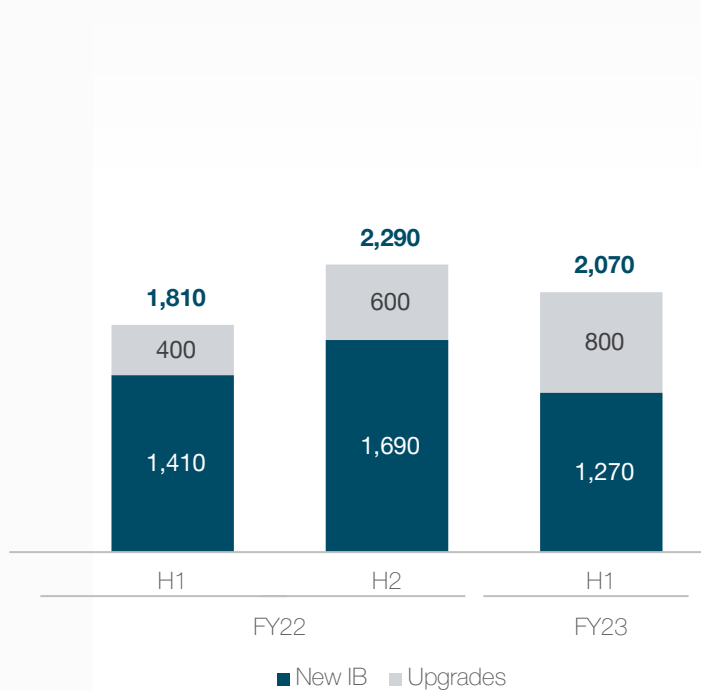
2,070 units

Total unit placements grew 14% on prior corresponding period with 2,070 units placed in the half.

Growth momentum in Q2 was evident with 64% (1,320) of total units for the half placed in Q2.

GLOBAL TOTAL UNITS PLACED

Units



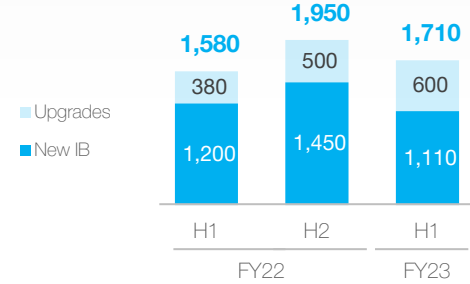
TOTAL UNITS PLACED

▲ 14% vs. H1 FY22

Q2 represented 64% of total placements in the half.



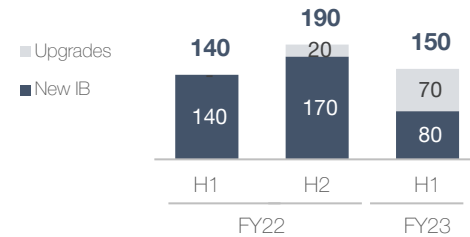
NORTH AMERICA



▲ 8% FY23 H1 vs. FY22 H1

Q2 represented 63% of total placements in the half.

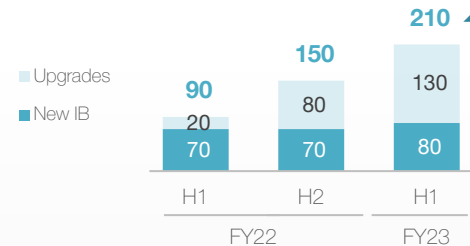
EUROPE AND MIDDLE EAST



▲ 7% FY23 H1 vs. FY22 H1

Q2 represented 80% of total placements in the half.

ASIA PACIFIC



▲ 133% FY23 H1 vs. FY22 H1

Q2 represented 57% of total placements in the half.



Financial results



\$81.6m

Total revenue for the half year was \$81.6 million, up 35% on the prior corresponding period (27% in constant currency¹) and 37% compared with the prior half.

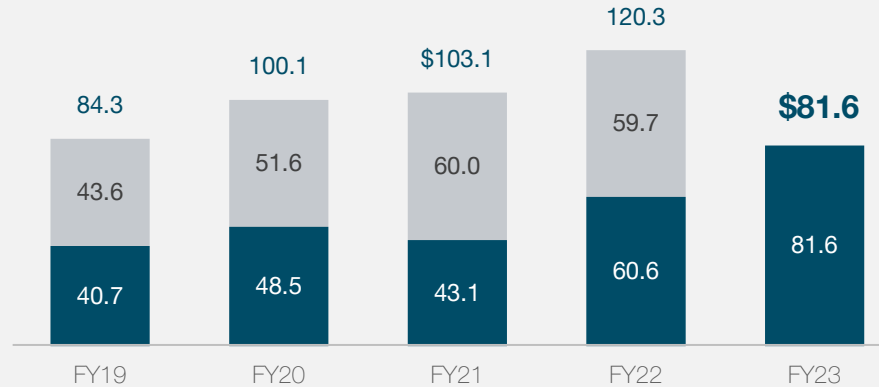
Key contributors to revenue growth included:

- growth in total units placed (both new installed base and upgrades);
- increased consumable volumes as new installed base continued to grow and ultrasound procedures return to pre-COVID-19 levels;
- favourable pricing with shift from distributor pricing to customer pricing as a result of the transition to the largely direct North American sales model;
- increase in service revenue; and
- favourable foreign exchange associated primarily with a relatively stronger USD.

■ H1 ■ H2

TOTAL REVENUE

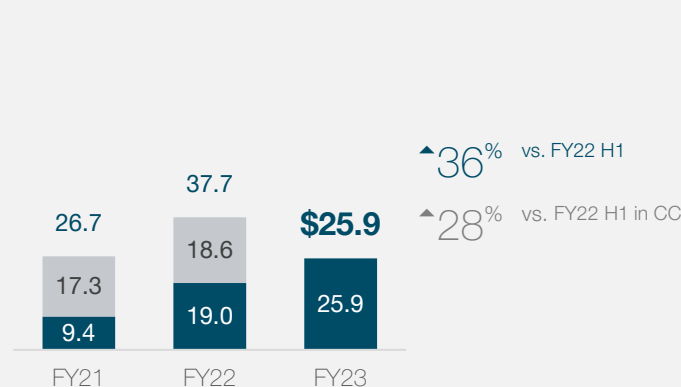
Global, \$m



▲ 35% vs. FY22 H1
 ▲ 27% vs. FY22 H1 in CC

CAPITAL REVENUE

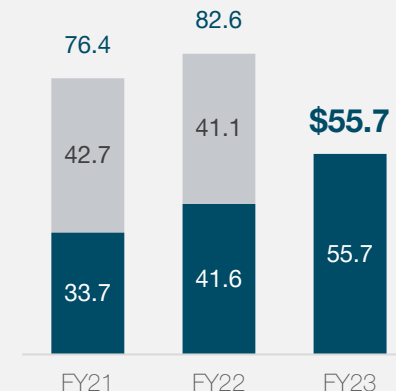
Global, \$m



▲ 36% vs. FY22 H1
 ▲ 28% vs. FY22 H1 in CC

CONSUMABLES/SERVICE REVENUE

Global, \$m



▲ 34% vs. FY22 H1
 ▲ 27% vs. FY22 H1 in CC

Graphs are not to scale and therefore not comparable

¹Constant 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 average exchange rate used for the Company's major foreign currency (USD) for the 6 months to December 2022 was 0.6736 (2021:0.7355).



\$74.1m

Total revenue for the half was \$74.1 million, up 36% on FY22 H1 and 41% compared with FY22 H2.

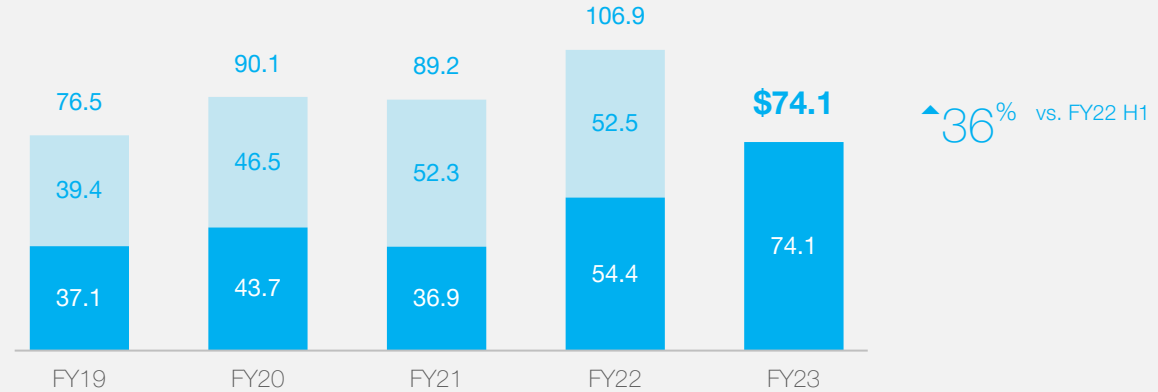
Capital revenue for the half was \$23.4 million up 35% on prior corresponding period and 44% on prior half. The increase in capital revenue reflects growth in total units placed, favourable pricing associated with the transition to largely direct sales model and favourable foreign exchange outcomes.

Revenue associated with consumables and service for the half was \$50.7 million up 37% on prior corresponding period and up 40% on prior half. The increase was driven by growth in consumables usage as the installed base continues to grow and ultrasound procedure volumes return to pre-COVID-19 levels, as well as growth in service revenue.

■ H1 ■ H2

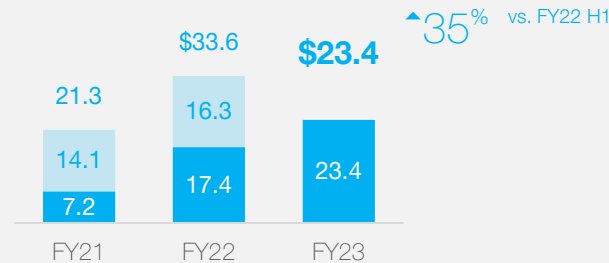
TOTAL REVENUE

North America, \$m



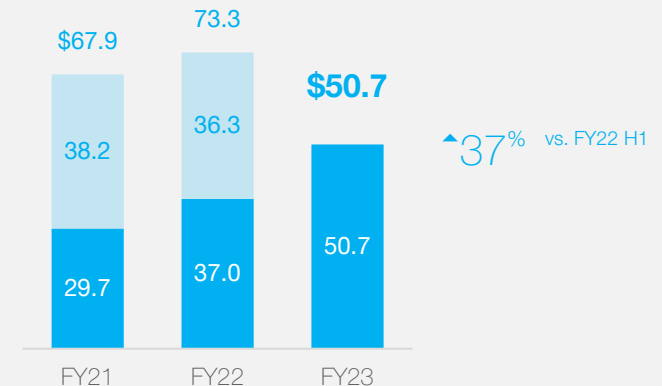
CAPITAL REVENUE

North America, \$m



CONSUMABLES/SERVICE REVENUE

North America, \$m





\$3.6m

Total revenue for the half was \$3.6 million up 6% on prior corresponding period and down 12% on prior half.

Performance in the first half was impacted by ongoing COVID-19 related hospital staff issues, NHS pressures and general inflationary pressures.

Capital revenue for the half was \$0.9 million up 13% on prior corresponding period. This takes into consideration the Managed Equipment Service (MES) model in the UK where no capital revenue is recognised for placements of trophon under this model.

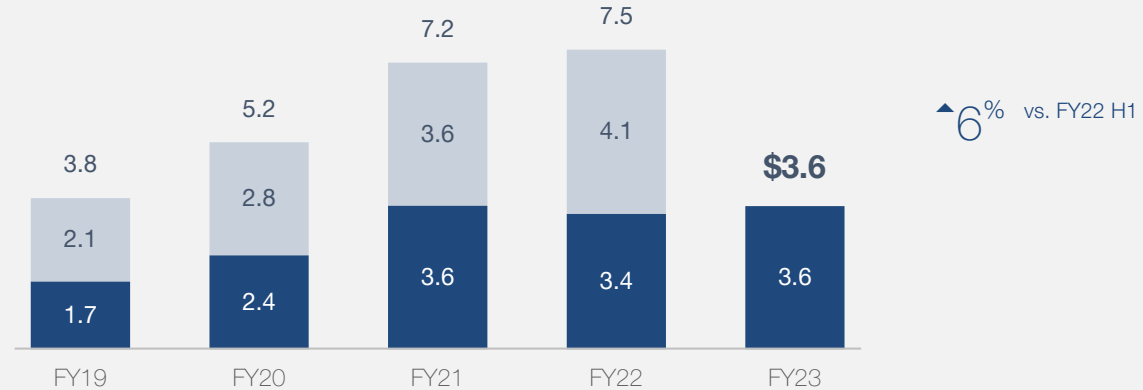
Total units placed grew 7% on prior corresponding period with 150 units placed in the first half with 80% of those units placed in Q2. Growth momentum has continued into Q3

Revenue associated with consumables and service was \$2.7 million up 4% on prior corresponding period.

■ H1 ■ H2

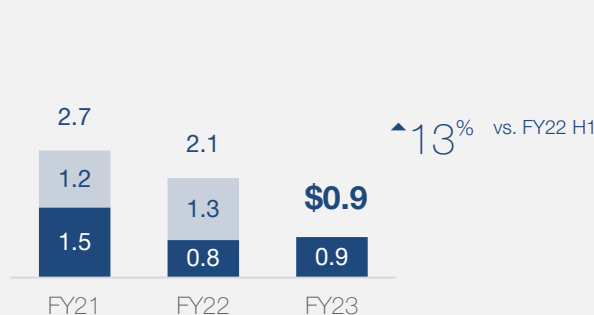
TOTAL REVENUE

Europe and Middle East, \$m



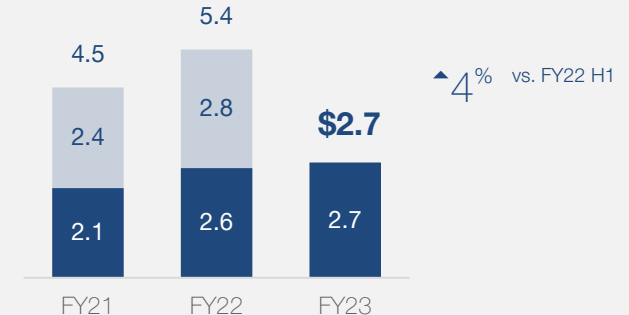
CAPITAL REVENUE

Europe and Middle East, \$m



CONSUMABLES/SERVICE REVENUE

Europe and Middle East, \$m





\$3.8m

Total revenue for the half was \$3.8 million up 31% on prior corresponding period and 27% compared with the prior half.

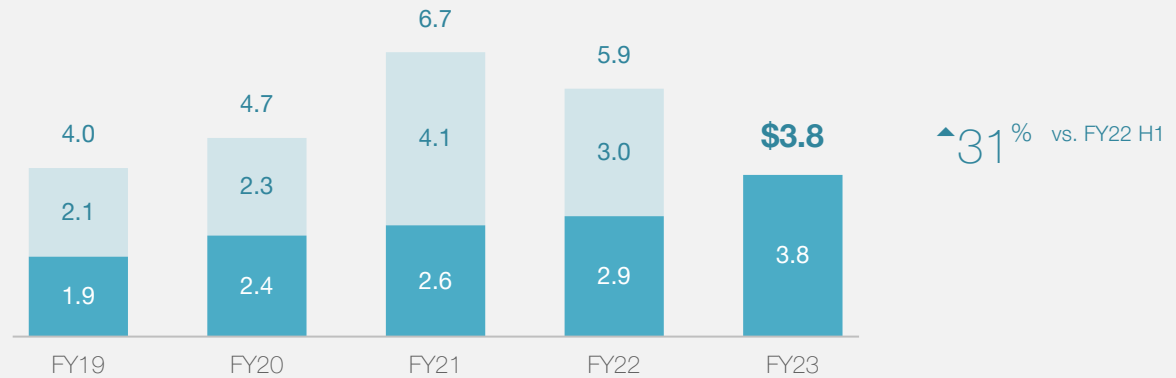
Capital revenue for the half was \$1.6 million up 78% on prior corresponding period and 60% compared with the prior half reflecting the strong growth in upgrades as well as ongoing growth in new installed base.

Revenue associated with consumables and service for the half was \$2.2 million which was up 10% on prior corresponding period and 10% compared with the prior half.

■ H1 ■ H2

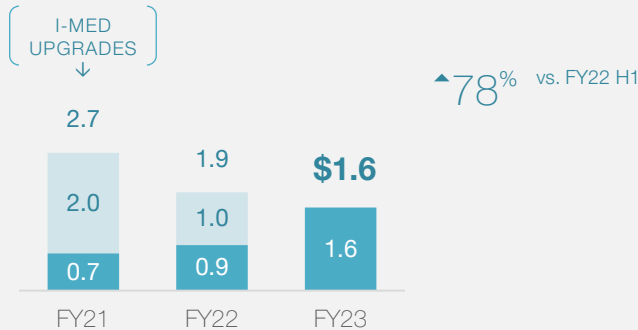
TOTAL REVENUE

Asia Pacific, \$m



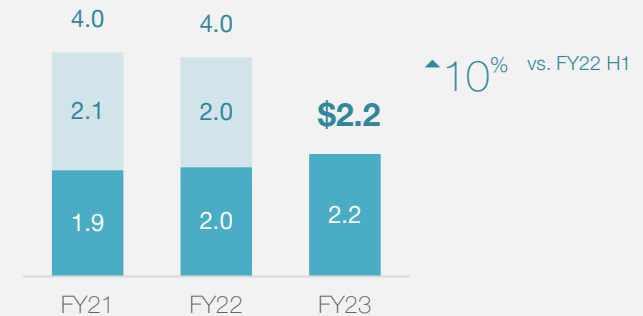
CAPITAL REVENUE

Asia Pacific, \$m



CONSUMABLES/SERVICE REVENUE

Asia Pacific, \$m





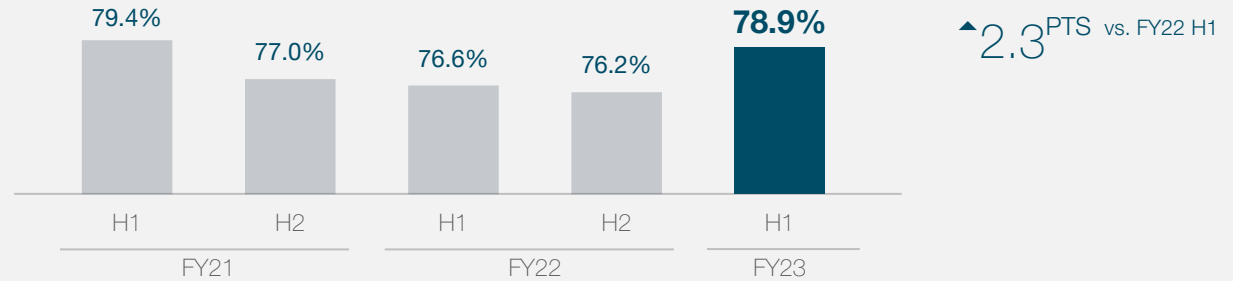
78.9%

Gross profit margin was 78.9% for the half year, up 2.3 points compared with H1 FY22.

■ H1 ■ H2

TOTAL GROSS PROFIT MARGIN

Global, \$m



The stronger gross margin was driven by:

- favourable capital and consumable pricing in North America associated with the transition to a largely direct sales model;
- increased proportion of consumables resulting from strong sales growth in the first half; and
- favourable impact of foreign exchange associated primarily with a relatively stronger USD.

The above factors were partially offset by higher freight costs.



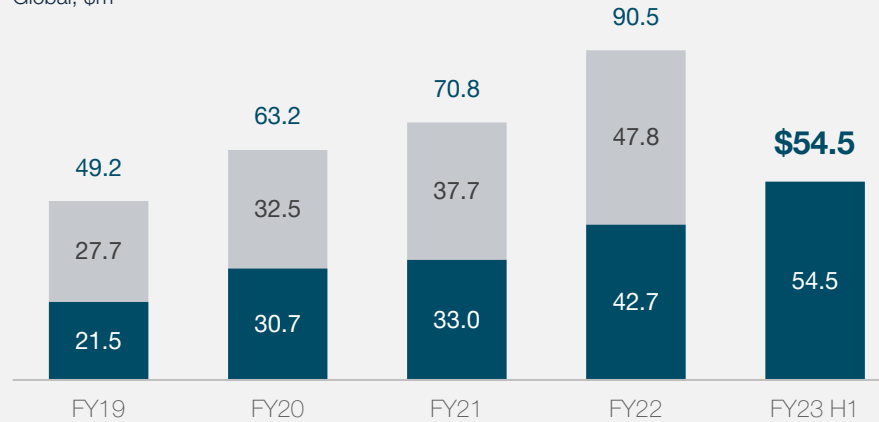
\$54.5m

In line with the Company's ongoing strategy to invest for growth, operating expenses of \$54.5 million for the half year increased 28% compared to prior corresponding and 14% compared to prior half.

■ H1 ■ H2

TOTAL OPERATING EXPENSES

Global, \$m



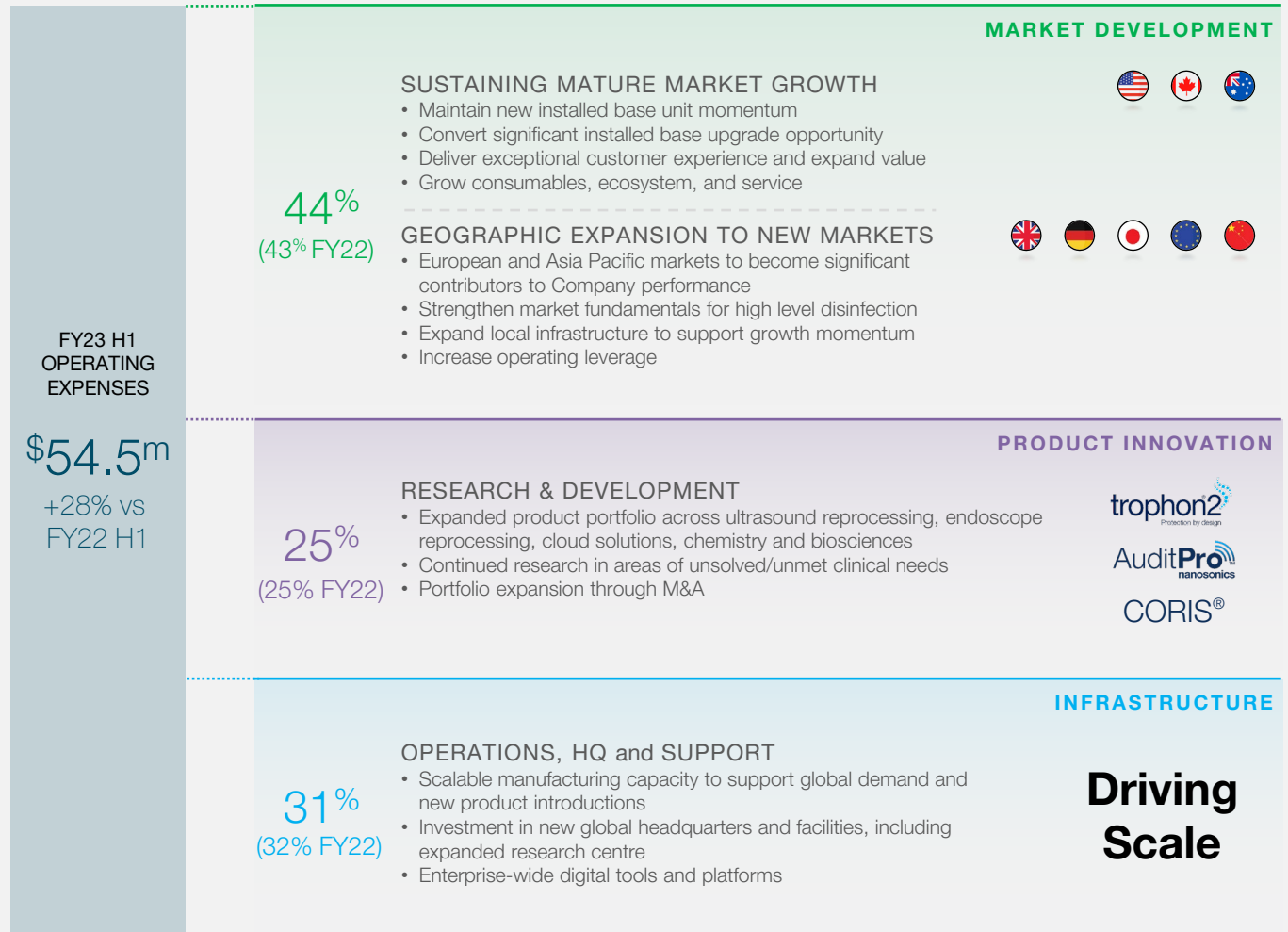
▲ 28% vs. FY22 H1

▲ 14% vs. FY22 H2

The primary drivers for an increase in operating expenses included;

- increase in North American infrastructure supporting the transition to largely direct sales model;
- ongoing Investment in R&D supporting expansion of product portfolio;
- infrastructure expenditure associated with the new Corporate HQ, R&D and Manufacturing facility; and
- the unfavourable impact of foreign exchange on USD denominated expenses.

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.





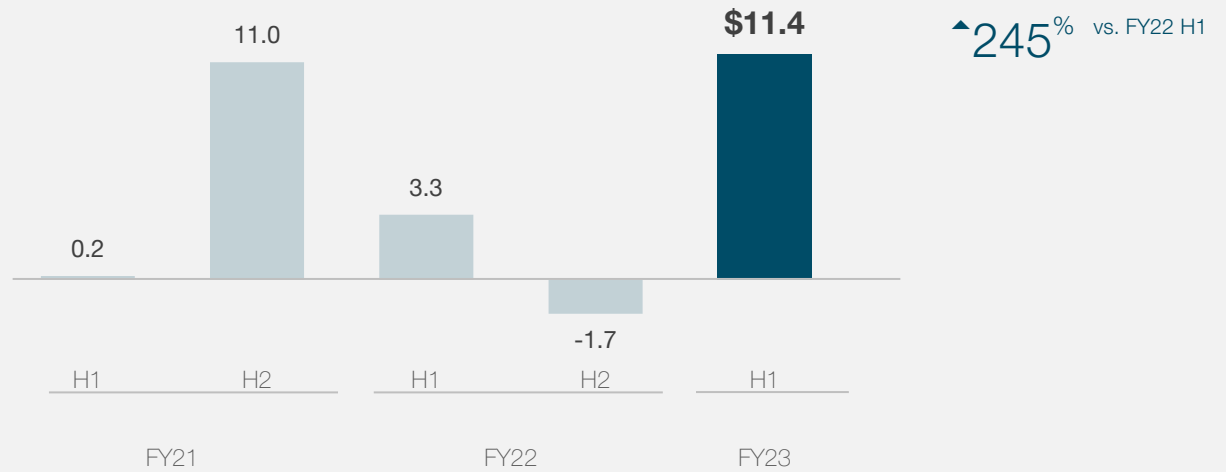
\$ 11.4m

Profit before tax was \$11.4m for the half year up from \$3.3 million in prior corresponding period.

■ H1 ■ H2

TOTAL PROFIT BEFORE TAX

Global, \$m



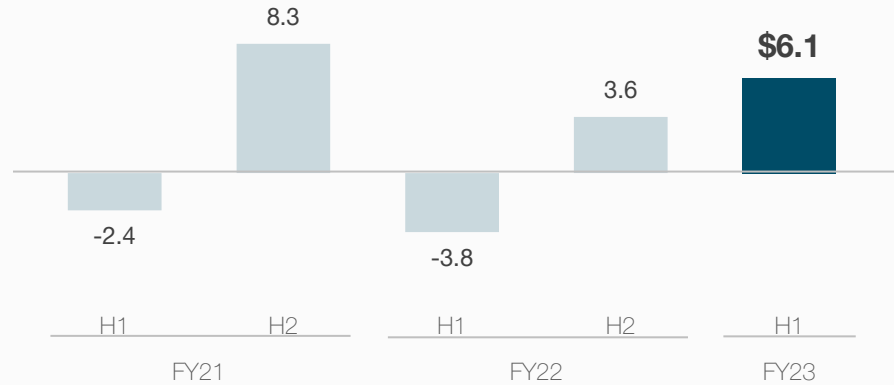
\$6.1m

Free cash flow for the half year of \$6.1 million compared with a net outflow of \$3.8 million in H1 FY22.



FREE CASH FLOW

Global, \$m



\$99.3m

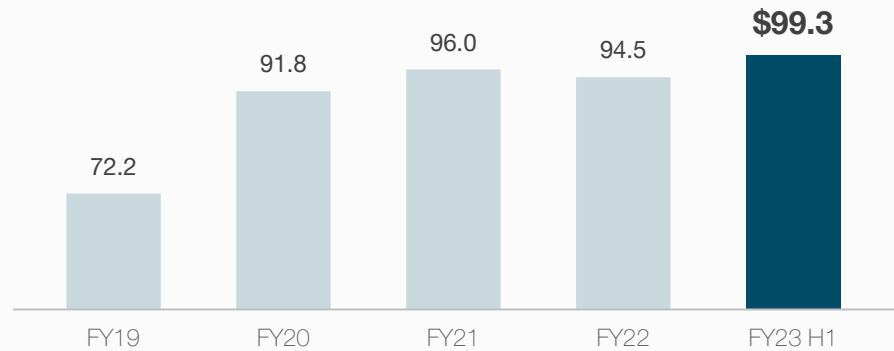
as at 31 December 2022

Cash and cash equivalents were \$99.3 million at 31 December 2022. The Company has no debt and its cash position continues to provide a strong foundation to support its growth plans.



CASH AND CASH EQUIVALENTS

Global, \$m



PROFIT AND LOSS SUMMARY



\$ millions	FY23	FY22	Change %		FY22	Change %	
	H1	H1	(vs H1 FY22)		H2	(vs H2 FY22)	
Capital revenue	25.9	19.0	▲	36%	18.7	▲	39%
Consumable/service revenue	55.7	41.6	▲	34%	41.0	▲	36%
Total revenue	81.6	60.6	▲	35%	59.7	▲	37%
Gross profit	64.4	46.4	▲	39%	45.5	▲	42%
%	78.9%	76.6%			76.2%		
Operating expenses							
Selling and general	(29.5)	(22.3)	▲	32%	(25.6)	▲	15%
Admin	(11.4)	(9.7)	▲	18%	(10.6)	▲	8%
Research and development	(13.6)	(10.7)	▲	27%	(11.6)	▲	17%
Other income	0.6	0.1	▲	500%	0.4	▲	50%
Other gains/(losses)-net	0.2	(0.4)	▲	150%	0.3	▼	-33%
Earnings/(loss) before interest and tax	10.7	3.4	▲	215%	(1.6)	▲	769%
Finance income-net	0.7	(0.1)	▲	800%	(0.1)	▲	800%
Operating income/(loss) before income tax	11.4	3.3	▲	245%	(1.7)	▲	771%
Income tax (expense)/benefit	(1.0)	0.6	▲	267%	1.5	▲	167%
Profit/(loss) after income tax	10.4	3.9	▲	167%	(0.2)	▲	5,300%

HIGHLIGHTS

- Half year revenue of \$81.6 million, up 35% (27% in cc¹) on prior corresponding period.
 - Half year capital revenue of \$25.9 million up 36% on prior corresponding period; and
 - Half year consumables and service revenue of \$55.7 million up 34% on prior corresponding period.
- Gross profit margin of 78.9% compared with 76.6% in prior corresponding period.
- Operating expenses of \$54.5 million, up 27% on prior corresponding period.
- Profit before tax of \$11.4 million compared with \$3.3 million in prior corresponding period.
- Net finance income of \$0.7m reflects higher interest earned with increased interest rates during the half year.
- Other income for the half year was \$0.6 million, up \$0.5 million compared with prior corresponding period, with the increase mainly attributable to the NSW Jobs Plus Program.

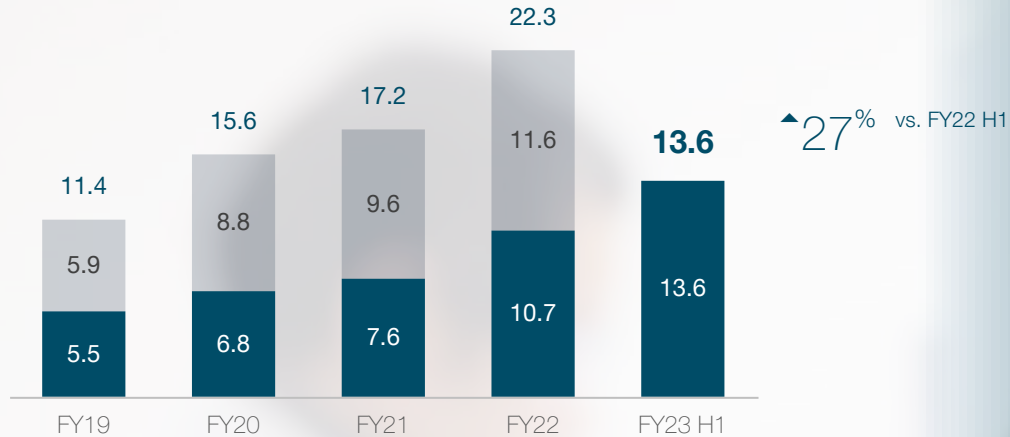
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Research & Development

INVESTMENT IN R&D

Global, \$m



During the half, Nanosonics continued to invest in its product expansion strategy across Ultrasound Reprocessing, Endoscopy Reprocessing and Traceability & Compliance solutions. R&D investment was \$13.6 million

FIVE CORE AREAS OF R&D 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.

KEY CAPABILITIES

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



CORIS[®]

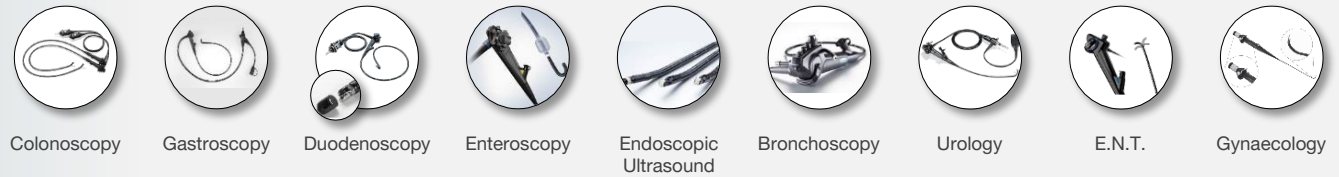
Transforming the cleaning
of flexible endoscopes

Our Next Instrument Reprocessing Product Platform

Endoscope reprocessing is an **established global practice**

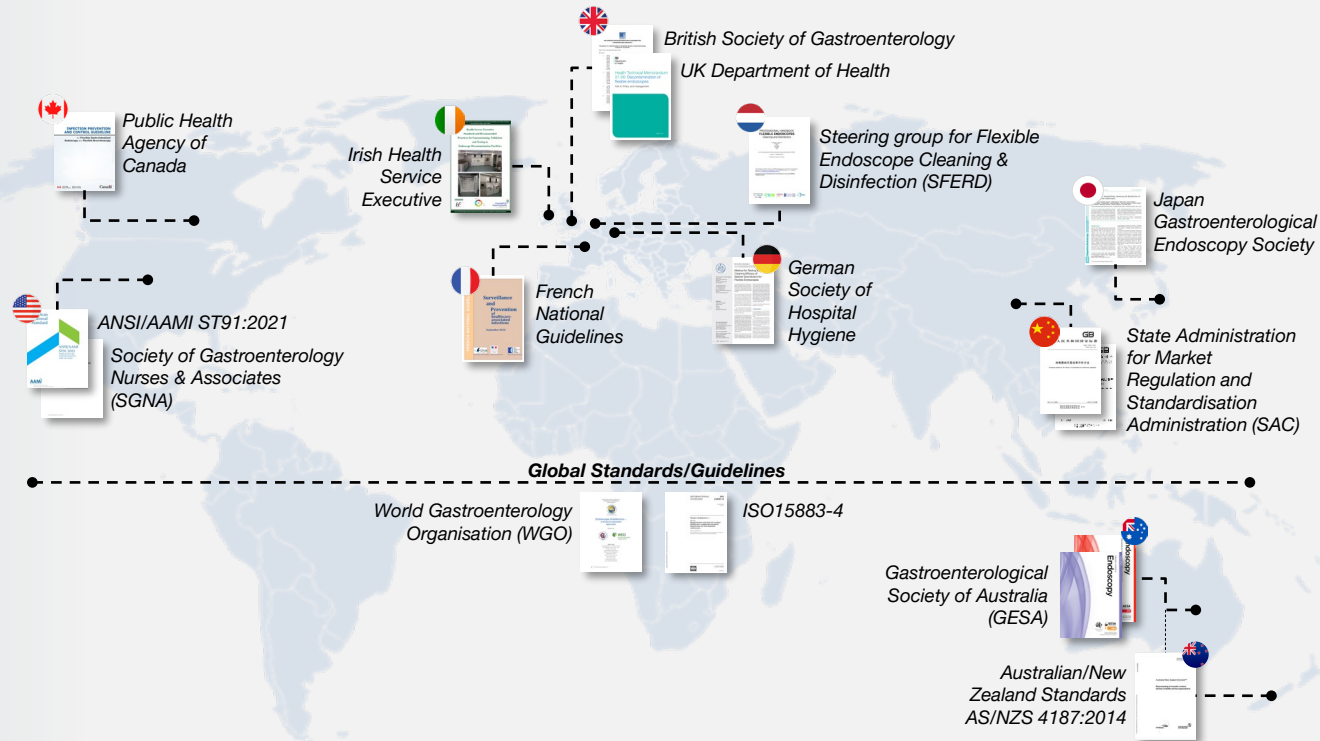
Reusable flexible endoscopes are **highly sophisticated medical devices** designed to **enable advanced diagnostic and therapeutic interventions** to diagnose and treat cancers and other life-threatening conditions. They incorporate **advanced technology** that gives physicians a sophisticated level 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...



Endoscopes require cleaning and disinfection (reprocessing) after every use

...WITH STRONG FUNDAMENTALS AND STANDARDS FOR REPROCESSING

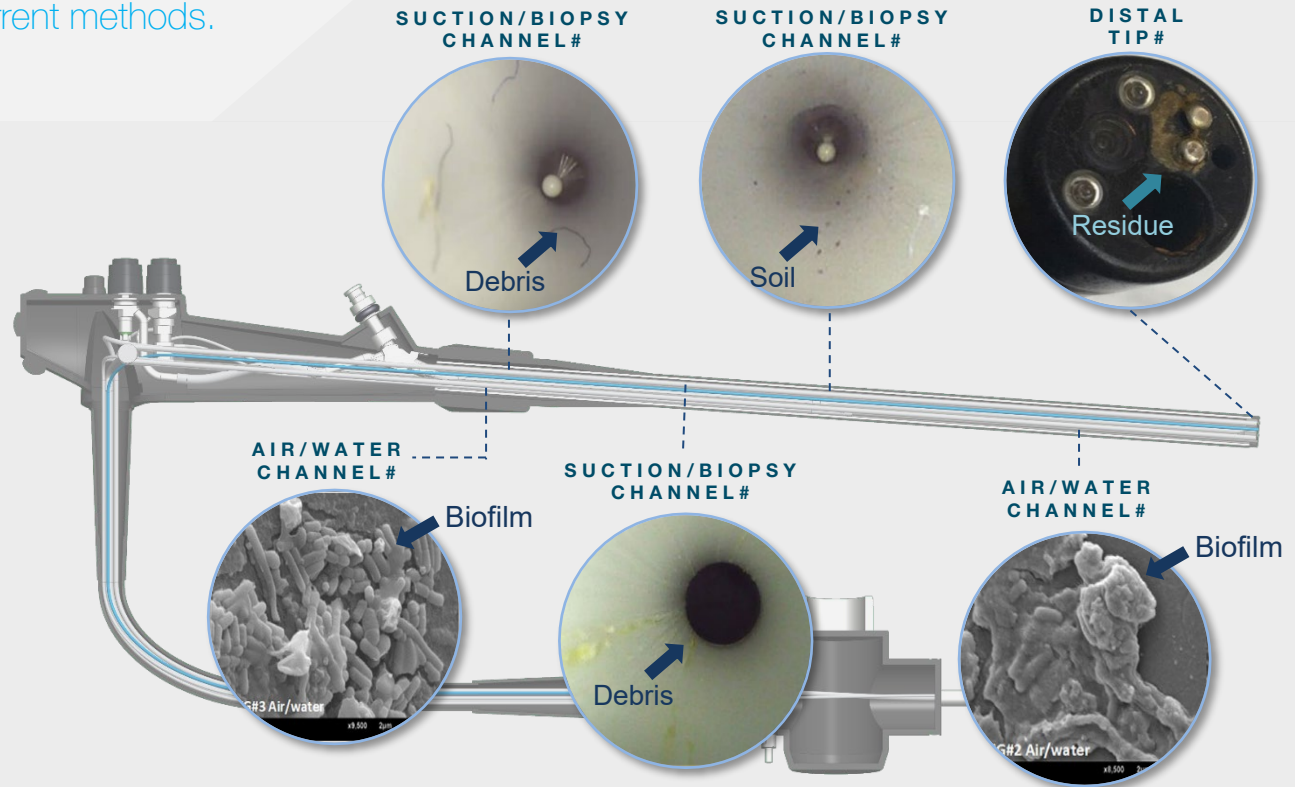
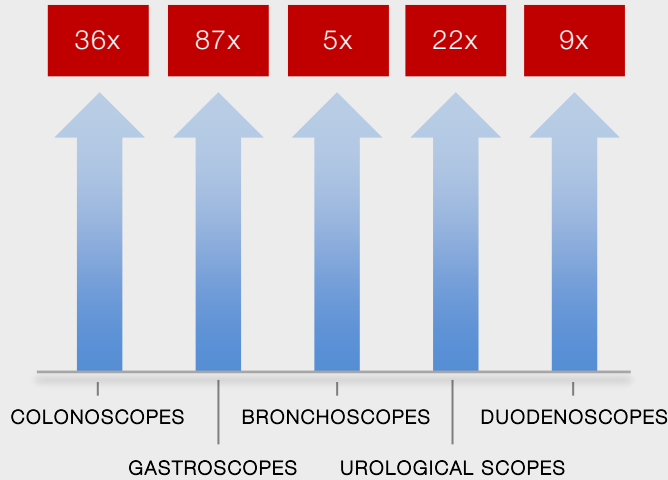


REPROCESSING FAILURES AND INFECTIONS HAVE BEEN REPORTED ACROSS ALL MAJOR ENDOSCOPE TYPES...

...indicating a significant unmet need with current methods.

Boroscope & Scanning Electron Microscope Images

FDA MAUDE database
Increase in adverse event reports relating to endoscope reprocessing, 2014 to 2021*



“Over the past few years, it has become apparent that contamination of patient-ready flexible endoscopes with multi-resistant bacteria is a world-wide problem that results in transfer of these organisms to patients resulting in long-term colonization and/or infection. Biofilm formation has been shown to contribute significantly to the persistence of such bacteria within endoscope channels... novel techniques for endoscope channel cleaning are urgently needed that efficiently remove biofilm accumulation.”

Michelle Alfa, PhD, FCCM, Clinical Microbiologist, International expert in biofilm and endoscope reprocessing

A MAJOR ROOT CAUSE OF REPROCESSING FAILURES IS THE CURRENT LIMITATIONS OF MANUAL CLEANING

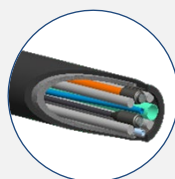


“To expect a human individual to perform over 100 steps to clean an object and expect that to be done perfectly every single time without any residue with no mistakes is unrealistic and it's not a possibility. Manual cleaning is a human element that we cannot control any longer.”

Laura Habighorst BSN RN CAPA CGRN NPD-BC, previous SGNA Board Member and Surgical Services Educator, USA

COMPLEX ENDOSCOPE DESIGN

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



CHALLENGING GEOMETRIES

- Multiple interconnected channels and ports
- Channels range from <1 to 6mm in diameter and up to 4m long

PHYSICALLY INACCESSIBLE

- Many channels are so small that they cannot be brushed today

HUMAN FACTORS

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

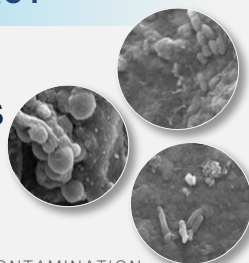


COMPLICATED MANUAL PROCESS

- 55 to 200 steps including channel brushing and flushing
- Hundreds of endoscope models with varied complex instructions
- Current process can lead to fatigue and injury

INSUFFICIENT CLEANING EFFICACY

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



BIOFILM CONTAMINATION IN AIR/WATER & SUCTION BIOPSY CHANNELS*

BENCHMARKS NOT MET

2015 study found **persistent contamination in 92%** of endoscopes **despite manual cleaning** in accordance with US guidelines. **Contamination exceeded established cleaning benchmarks** recognized by the FDA.#

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.**#

Biofilm resists and protects underlying organisms from HLD/sterilization.

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

CORIS[®]

A unique solution that aims to set a new benchmark in cleaning efficacy, replacing manual processes with automation and a revolutionary mode of action.



CORIS® AIMS TO ADDRESS THE LIMITATIONS OF MANUAL CLEANING

NOVEL MODE OF ACTION

1



CORIS® uses a proprietary, environmentally-friendly cleaning agent – coupled with an advanced delivery mechanism – to deliver a novel mode of action that effectively and consistently cleans large and small channels, including those that cannot be brushed today.

AUTOMATION

2



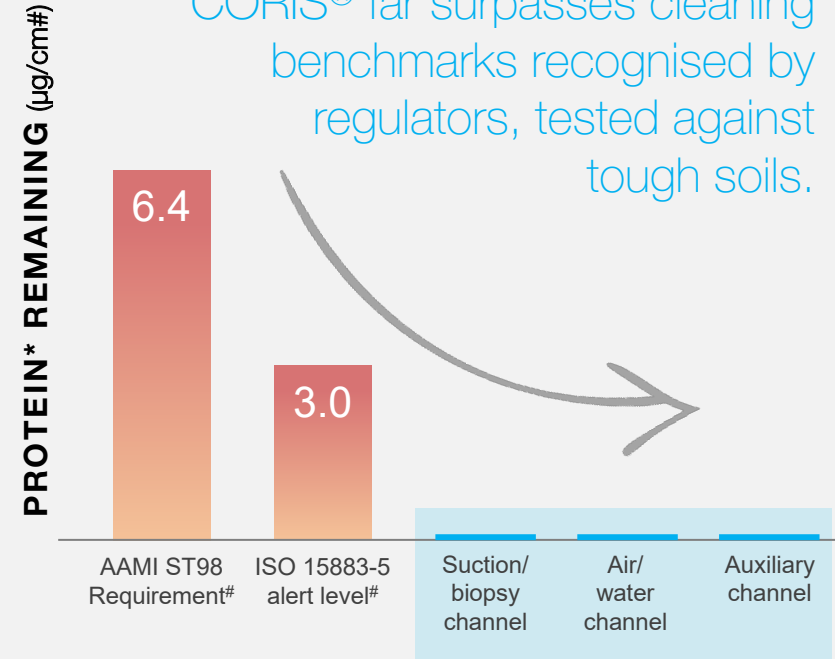
By eliminating brushing and flushing through automation, CORIS® aims to significantly reduce the number of cleaning steps, allowing staff to focus on other tasks, and reducing the risk of fatigue and injury.

NEW BENCHMARKS IN CLEANING EFFICACY

3

Testing to date demonstrates that:

CORIS® far surpasses cleaning benchmarks recognised by regulators, tested against tough soils.



CORIS®

**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® IS BEING DESIGNED TO ADDRESS THE LIMITATIONS OF MANUAL CLEANING

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

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

NEW BENCHMARKS IN CLEANING EFFICACY



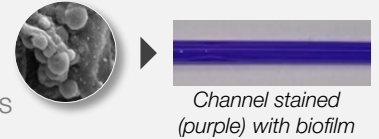
		Channel Coverage	
		LARGE	NARROW
		Up to 6mm	1-2mm
BRUSH	Channels X # channels Visual check	●	No access for brushing
	Ports X # ports Visual check	●	
	Attach adapters and flushing tubes	●	●
FLUSH	Detergent	●	●
	Water rinse	●	●
	Air purge	●	●
		●	●

Magnified channel segment

1 SIMULATE NARROW CHANNEL
Auxiliary channel conditions: 1.5 mm diameter, 3.6 m length, PTFE material



2 SIMULATE CLINICAL CONDITIONS
Biofilm grown across entire channel length (stained purple) to simulate clinical conditions



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.



CORIS[®]

AIMING TO SET A NEW BENCHMARK IN CLEANING EFFICACY



“There is no doubt that this new technology has the potential to greatly improve the effectiveness of flexible endoscope reprocessing.”

Michelle Alfa, PhD, FCCM, Clinical Microbiologist, International expert in biofilm and endoscope reprocessing



“Our aim is to provide our patients with devices that are ready free from contaminants to the best of our knowledge...I am excited to see some potentially new technology that will help us do our job better and make it safer for patients.”

Lori Chabot MSN, RN, CFER, System High-Level Disinfection Manager, University of Michigan Health, USA

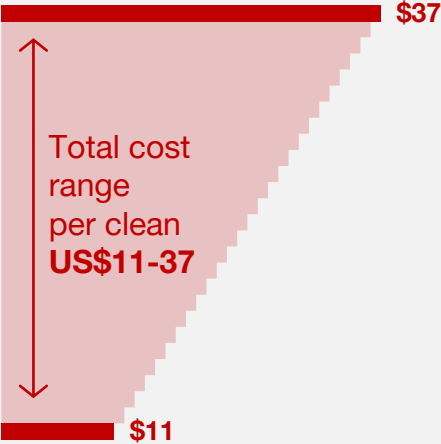


An established and growing market

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

Expensive and ineffective current standard of care

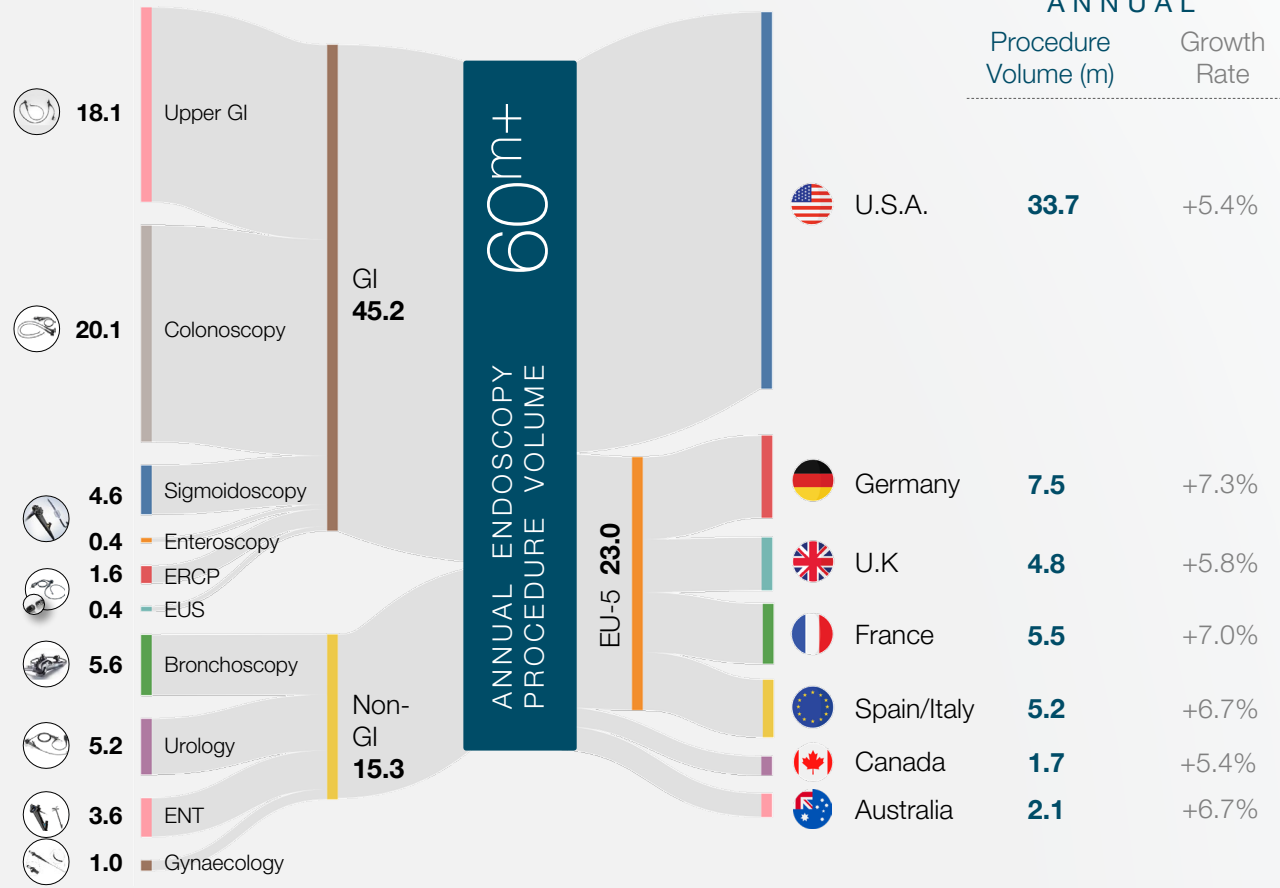
Example: Total cost to manually clean a single GI endoscope[#]



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.



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



“CORIS® is being designed as a global solution ultimately to be used across all types of channeled flexible endoscopes.

Progress continues in preparation for the commercial introduction of CORIS® across regulatory, strategic sourcing, manufacturing readiness and clinical study preparation. A number of supply chain delays were encountered in the first half primarily associated with COVID-19 related issues in China.

Assuming supply chain risks can be effectively managed, the Company continues to target progressive market introductions aligned with regulatory approvals, with the first introduction targeted towards the end of calendar 2023 in Australia and/or Europe.

- Michael Kavanagh

VARYING REGULATORY REQUIREMENTS

United States Food and Drug Administration (FDA)

Engagement with the FDA through their Safer Technologies Program (STeP) is ongoing



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

The company is also progressing plans for regulatory approvals in Europe and Australia



EUROPEAN MEDICINES AGENCY
SCIENCE · MEDICINES · HEALTH



Australian Government
Department of Health
Therapeutic Goods Administration



PROGRESS IS BEING MADE ACROSS MANUFACTURING READINESS, CLINICAL STUDY PREPARATION AND SUPPLY CHAIN.



STRATEGIC SOURCING AGREEMENTS



MANUFACTURING SITE READINESS



CLINICAL STUDY PREPARATION



Outlook

“The positive outcomes in the first half, coupled with anticipated ongoing growth momentum results in a positive upgrade to the outlook for the full year.”

- Michael Kavanagh



BUSINESS OUTLOOK – FY23*

REVENUE

Maintaining pricing benefits achieved in H1.
Growing capital revenue with new installed base and upgrade volumes.
Increasing consumables sales aligned with growth in installed base and procedure volumes returning to pre COVID-19 levels.
Increased service revenue.

+36%-41%
(previously 20% to 25%)

GROSS PROFIT MARGIN

Maintaining pricing benefits achieved in H1.
Improved management of freight costs.
Note: a moderation in gross profit margin is anticipated in H2 compared with H1. This is a result of an expected increase in the proportion of capital revenue compared with consumables revenue in H2, driven by the anticipated growth in new installed base and upgrades relative to the first half. This moderation is currently expected to continue into FY24 as total unit volumes are anticipated to increase.

77% - 79%
(previously 75% to 76%)

OPERATING EXPENSES

Additional resources to support new strategy for the expansion of the North American service infrastructure to leverage opportunity for growth in service business.
Impact of foreign exchange.

+22% - 27%
(previously 15% to 18%)

*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. The adjusted targets for FY23 assume an AUD/USD rate of 0.70.

Appendix





trophon[®] Opportunity

ATTRACTIVE ANNUITY-BASED BUSINESS MODEL

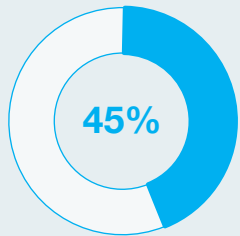
In markets with strong fundamentals of adoption, the trophon business can generate significant operating profit associated with the attractive high-margin business model.



NORTH AMERICA

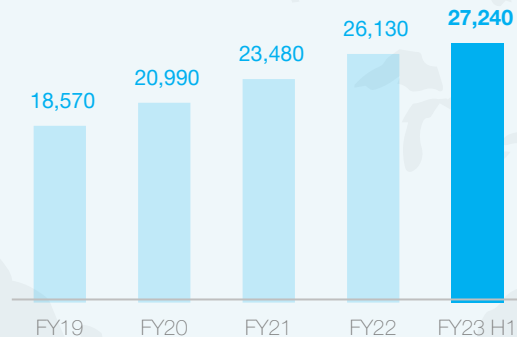
INSTALLED BASE OPPORTUNITY

60,000 UNITS



MARKET PENETRATION

INSTALLED BASE



FY23 H1 KEY PERFORMANCE METRICS

Revenue	\$74.1m
Revenue growth	~36%
Gross profit	~80%
Operating profit ¹	~55-60%
Headcount	114

SIGNIFICANT GLOBAL MARKET OPPORTUNITY

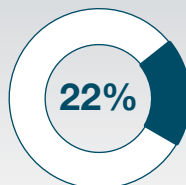


GLOBAL

Installed base opportunity

140,000¹
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.

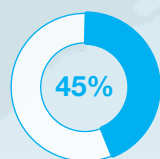


NORTH AMERICA

Installed Base Opportunity

60,000¹
UNITS

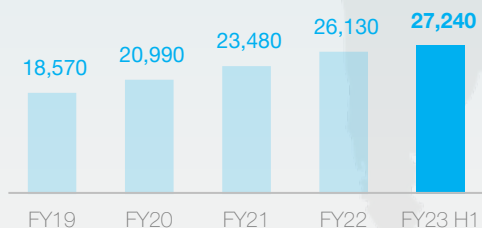
Market Penetration



Strong Fundamentals

- Fundamentals for adoption strong with requirements for HLD in place.
- trophon installed base over 27,000 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

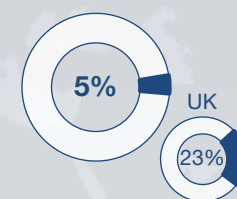


EUROPE AND MIDDLE EAST

Installed Base Opportunity

40,000²
UNITS

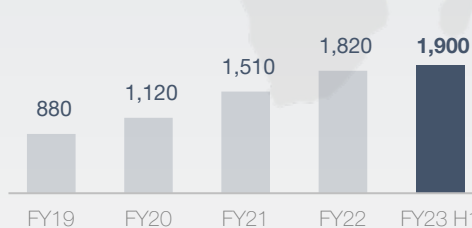
Market Penetration



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

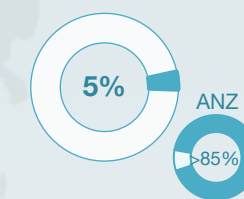


ASIA PACIFIC

Installed Base Opportunity

40,000²
UNITS

Market Penetration



Strengthening Fundamentals and Expanding Markets

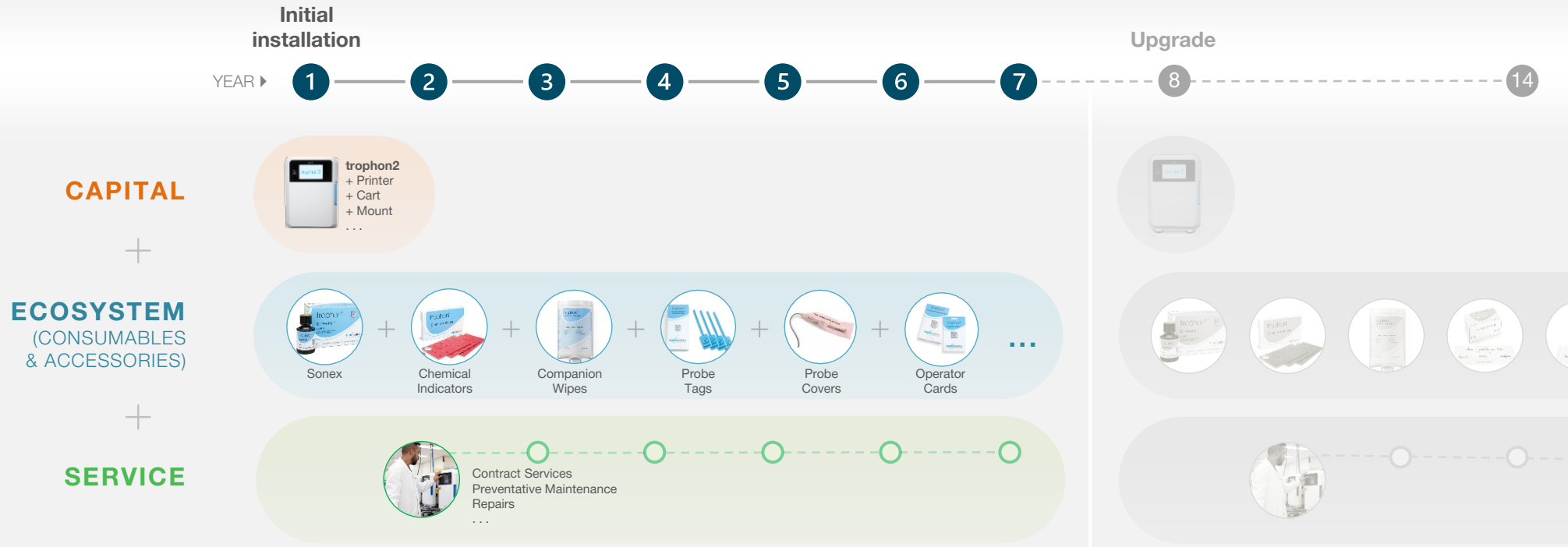
- Sales mainly in ANZ where market penetration is >85%.
- In Japan, the Company expanded its local team and medical affairs activities as we work with local authorities on the establishment of local guidelines.
- Finalised registration of a wholly owned subsidiary in China with required local testing of the trophon device and consumables by relevant State authorities commenced as part of product registration plans.

INSTALLED BASE



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.

Delivering consistent protection across every high-level disinfection cycle



trophon®2



Consumables



Accessories



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.



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

RANGE OF SELLING MODELS¹

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

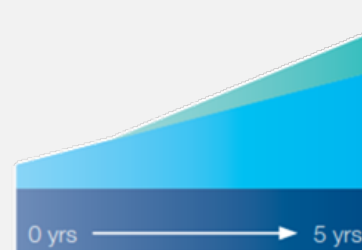
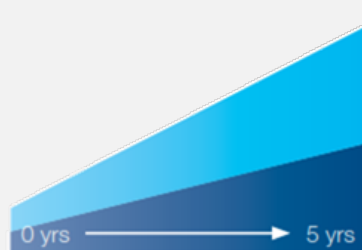
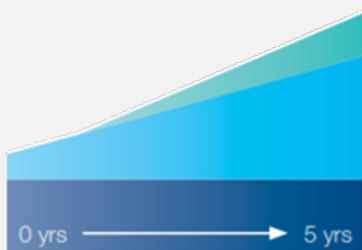
FULL SERVICE DISTRIBUTION

- 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





Income tax

INCOME TAX

\$ million	FY23 H1	FY22 H1
Income tax expense / (benefit)	1.0	(0.6)

Components of Net Deferred Tax Asset (DTA)	FY23 H1	FY22
Tax losses	0.5	0.3
R&D tax credits	-	2.5
All other timing differences	13.2	10.5
Total	13.7	13.3

Value of carried forward losses/R&D credits	Gross	Benefit	Effective rate %
Losses recognised	2.4	0.5	21.9%
R&D credits recognised	-	-	-
Total losses and R&D credits recognised	2.4	0.5	21.9%
Losses not recognised	7.8	2.0	25.7%
Total	10.2	2.5	

KEY POINTS

- Effective income tax rate for the half year was 8.9%
- 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, and utilised, at an effective rate of 45.9% during the half 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