

nanosonics

Infection Prevention. **For Life.**



Nanosonics Limited
Building A, Level 1, 11 Talavera Road
Macquarie Park
NSW 2113 Australia

**Welcome to the 2024
Annual General Meeting**
12 November 2024



Steve Sargent
Non-Executive Director
and Chairman



Michael Kavanagh
CEO, President and
Managing Director



Lisa McIntyre
Non-Executive Director



David Fisher
Non-Executive Director



Tracey Batten
Non-Executive Director



Marie McDonald
Non-Executive Director



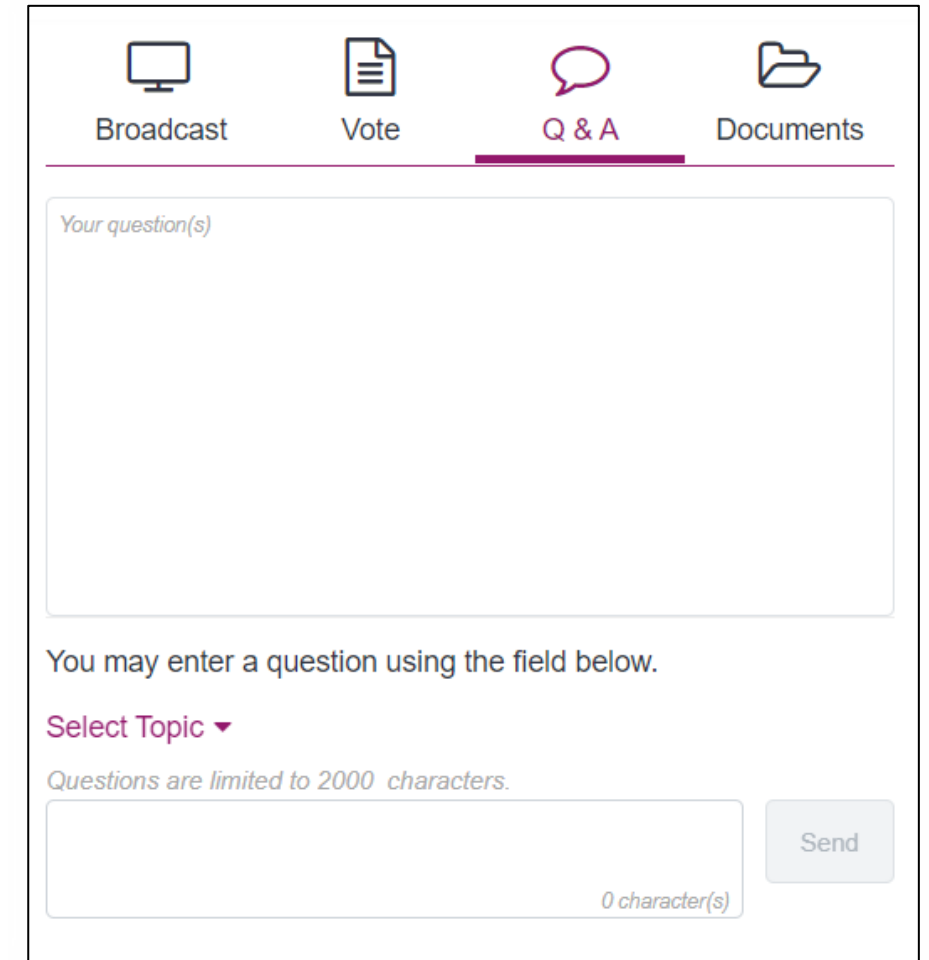
Geoff Wilson
Non-Executive Director



Larry Marshall
Non-Executive Director

How to ask a Question

- To ask a written question select the Q & A icon
- Select the topic your question relates to from the drop-down list
- Type your question in the text box and press the send button
- To ask a verbal question follow the instructions below the broadcast window.



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How to Vote

- When the poll is open, select the vote icon at the top of the screen
- To vote, select either For, Against or Abstain
- You will see a vote confirmation
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2024 Annual General Meeting

Chairman's Address

Steven Sargent

Non-executive Director and Chairman



GROWTH IN ULTRASOUND & ENDOSCOPY GENERALLY

Both ultrasound and endoscope modalities remain as relevant as ever. Each continues to be a mainstay of healthcare delivery globally.



HEALTHCARE ACQUIRED INFECTIONS

The negative impacts on patients and healthcare systems caused by healthcare acquired infections remains significant.



DIGITISATION & AUTOMATION

The digital world is permeating all aspects of healthcare; replacing arcane documentation and records. Automation, data and traceability are becoming a cornerstone of infection prevention.

Executing on the opportunity



We continue to **lead** the **Ultrasound Reprocessing** market through our trophon2 technology



We anticipate that CORIS will **transform** the **Endoscope Reprocessing** market



Key FY25 Targets

Caring for our Planet



- 100% renewable electricity for Australian and United States (circa 100% of scope 1&2).
- Work with transport providers on reducing scope 3 emissions

Caring for our Partners



- Conduct onsite modern slavery audits in conjunction with quality audits with tier one suppliers
- Continue growth in the number of patients protected from cross contamination from ultrasound probes

Caring for our Customers & their Patients



- Gender diversity progress towards 40:40:20 at Board, Executive & Senior Leader level
- Continue growth in water savings
- Zero Product recalls and regulatory complaints

Caring for our People



- Employee Engagement 74%
- WGEA - to maintain or increase the level of women in our total global workforce (44% in 2024) and represented in the global senior leader level at 44%





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2024 Annual General Meeting

CEO Address
Michael Kavanagh
CEO and President

FY24 Key highlights



Revenue

- Total revenue: \$170.0 million, up 2% on prior period (0% in constant currency¹)
- H2 revenue: \$90.4 million, up 14% on FY24 H1

Global installed base

- Up 2,340 units to 34,790 units globally, a 7% increase in the last 12 months

trophon®2 upgrades

- 1,510 units, down 17% compared to prior period
- H2 upgrades: 890 units, up 44% on FY24 H1

Gross profit margin

- For the year: 77.9%
- H2: 76.3% down 3.4 pts on the 79.7% in FY24 H1 due to the one-off production reduction

Operating expenses

- \$125.6 million, up 10% on prior period
- Includes investments in product expansion (CORIS), geographical expansion, and over \$1 million for new ERP system

Operating profit before tax

- \$13.0 million including ongoing investments in growth strategy. Trophon only PBT of \$40.4 million

Free cash flow and cash

- Free cash flow of \$20.4 million, with cash and cash equivalents of \$129.6 million at 30 June with no debt

CORIS® progress

- FDA de novo regulatory application submitted and currently under review.

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 average exchange rate used for the Company's major foreign currency (USD) for the half year was 0.66 (2023:0.67).

Business outlook for FY25



The Company is optimistic about the potential for growth in the trophon ultrasound reprocessing sector and its wider strategic objectives for expansion, particularly regarding the prospects with CORIS following regulatory approval.

8% - 12%¹ revenue growth

- Growing capital revenue with increased unit volumes over FY24.
- Increasing consumables and service revenue aligned with growth in installed base and service contract coverage.

77% - 79%¹ gross margin

- With a planned return to higher production volumes in FY25 and with anticipated increase in unit volume sales, gross margin is expected to return to 77-79%.

6% - 10%¹ operating expenses growth

- Includes ongoing investment in CORIS commercialisation readiness, R&D and geographical expansion.
- One-off expenses associated with the introduction of a new ERP.
- Expecting positive operating leverage in trophon only business.

All guidance is subject to uncertainty in relation to the impact of inflation on hospital budgetary pressures and healthcare costs in general.

1. The FY25 outlook assumes a USD/AUD rate of 0.67.

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.

Our Aspiration

Transform medical device reprocessing for improved patient safety and better health outcomes.



Our aspiration and strategy



Transform medical device reprocessing for improved patient safety and better health outcomes

VALUE CREATION



By establishing new standards of care and category leadership

Leading ultrasound reprocessing

Transforming endoscope reprocessing

R&D, strategic partnerships and M&A



Growing, expanding value for and protecting our customer base

International expansion

Customer value expansion

Excellence in customer experience



Operational excellence will deliver value for all stakeholders

R&D and bioscience innovation

Medical and clinical affairs impact

Asset allocation and operational efficiencies

Manufacturing and supply chain scalability and continuity

ORGANISATIONAL FOUNDATIONS



Strong organisational foundations will underpin our achievements

Excellent talent

Digital and data transformation

Quality

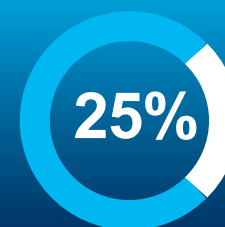
Sustainability

Significant global opportunity



A GLOBAL INSTALLED
BASE OPPORTUNITY OF

140,000¹ UNITS



**market
penetration**

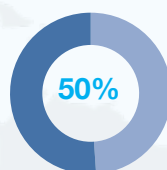


NORTH AMERICA

Installed Base Opportunity

60,000¹
UNITS

Market Penetration



Strong Fundamentals

- Direct infrastructure in place to access Hospital opportunity
- Channel partners in place to capture Private market opportunity
- Significant installed base for annuity revenue optimization through value adding eco system

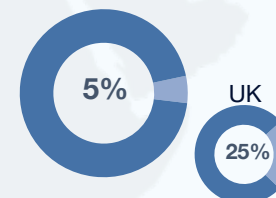


EUROPE AND MIDDLE EAST

Installed Base Opportunity

40,000²
UNITS

Market Penetration



Strengthening Fundamentals

- Direct in markets with strongest fundamentals
- Strategic partnership with Eco Lab in France and ME
- Expanded offerings to leverage current investments in UK and Ireland

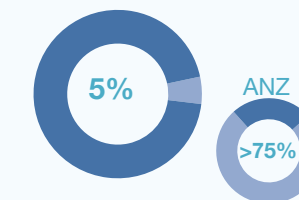


ASIA PACIFIC

Installed Base Opportunity

40,000²
UNITS

Market Penetration



Strengthening Fundamentals and Expanding Markets

- Ongoing growth and leadership in ANZ
- Focus on Japan with awareness increasing and fundamentals improving

1. Nanosonics analysis last updated in 2021 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.

Ongoing NA market opportunity



Approximately 270,000 ultrasound devices in use in North America across....

5,700 relevant hospitals with departments using ultrasound¹



Large (~250)
(>501 beds)



Medium (~750)
(251-500 beds)



Small (4,700)
(<250 beds)

Together with approximately 12,000 relevant private physician centres¹



trophon TAM
NORTH AMERICA²
60,000 units

trophon devices established as standard of care with **50% market penetration**

Remaining 30,000 TAM

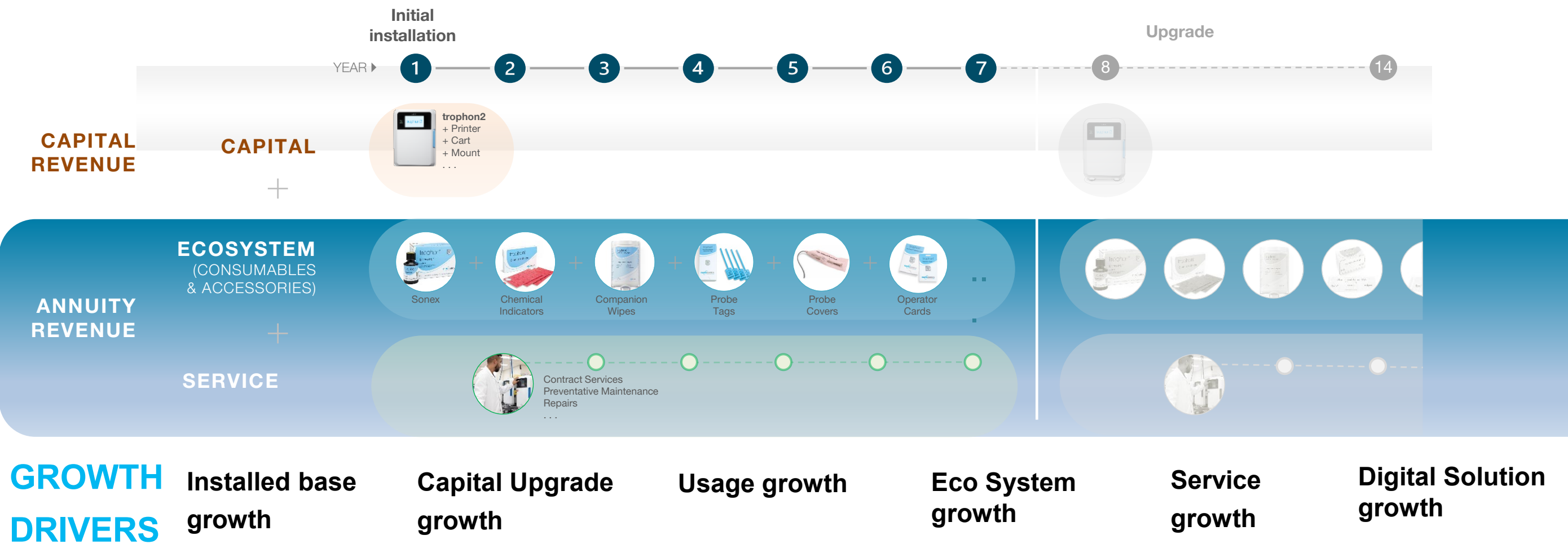
Hospital market ~ 20,000
Private physician market ~ 10,000

1. Nanosonics analyses of North America hospitals and procedures data conducted in 2024

2. Nanosonics analysis last updated in 2021 based on ultrasound information commissioned by Nanosonics.

trophon growth and value opportunity

We strive to deliver continuous value over the lifetime of trophon devices by driving improved compliance with HLD standards and owning the ultrasound reprocessing value chain through eco-system & digital offerings.



Europe fundamentals improving



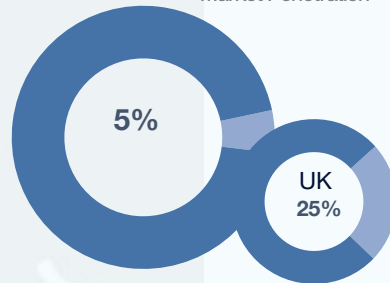
EUROPE AND MIDDLE EAST

Installed Base Opportunity

40,000¹

UNITS

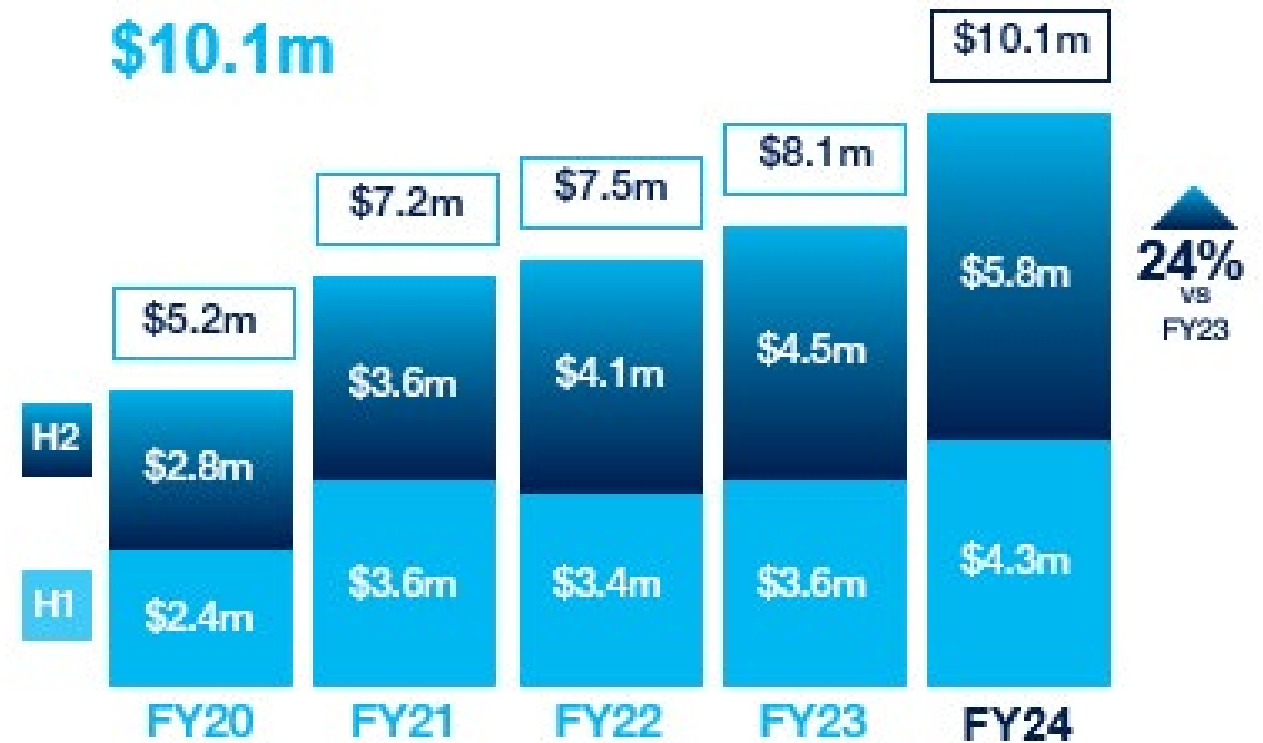
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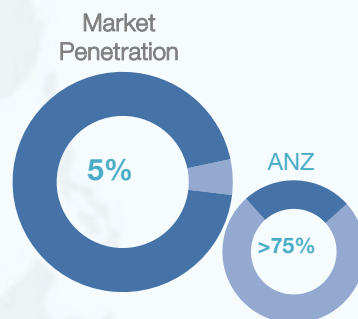
FY24 Total revenue \$10.1m



1. 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.

Japan fundamentals improving

ASIA PACIFIC
Installed Base Opportunity
40,000¹
UNITS



Strengthening Fundamentals and Expanding Markets

- Ongoing growth and leadership in ANZ
- Focus on Japan with awareness increasing and fundamentals improving

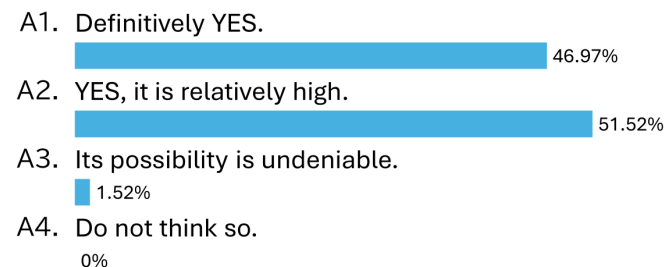
Japan Market Development Progressing

- Japanese Society of Sonographer (JSS) has **published a new guideline** recommending Spaulding classification based HLD practice for ultrasound transducers
- Survey in recent symposium at Japanese Society of Infection Prevention & Control (JSIPC) demonstrated awareness of risk increasing.

第39回日本環境感染学会総会学術集会
スポンサードセミナー1

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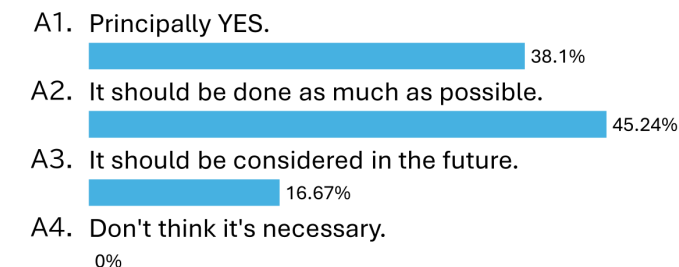
Q. Do you think ultrasound probes can cause healthcare-associated infections by transmitting bacteria, viruses, etc.?



第39回日本環境感染学会総会学術集会
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Q. Do you think reprocessing of ultrasound probes should be based on the Spaulding's classification?



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Leading Ultrasound Reprocessing

Significant ongoing
growth opportunity

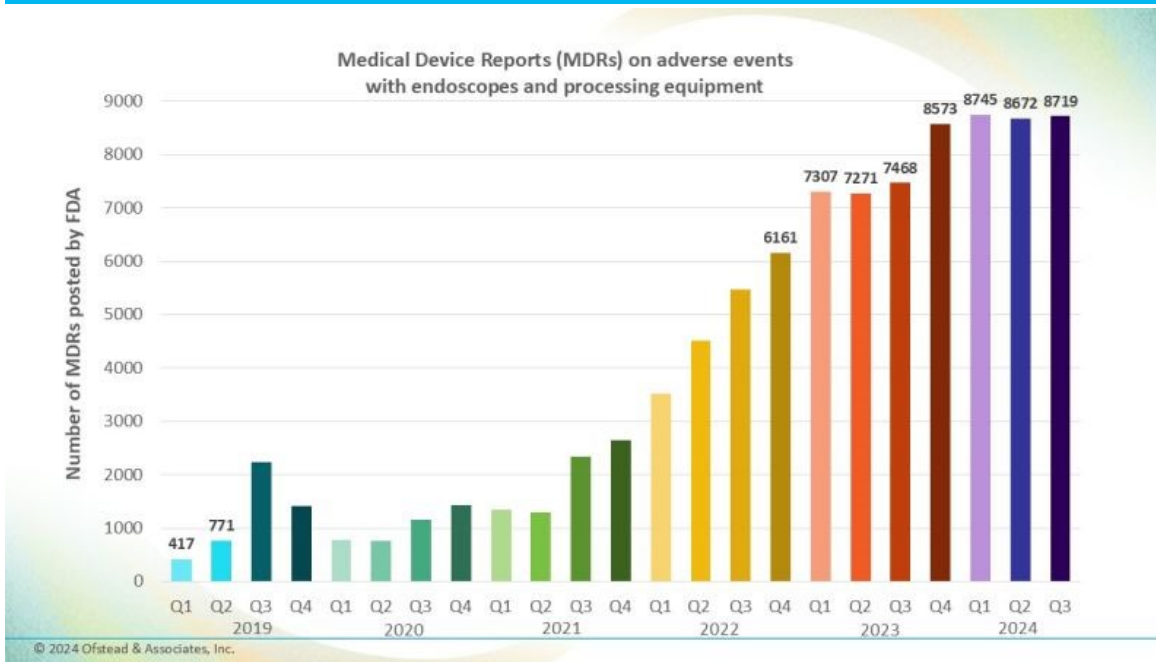


Transforming endoscope reprocessing



Adverse event reports for endoscopes continue to grow

Adverse events continue to grow and reprocessing failures and infections have been reported across all major endoscope types¹



- Excess of 34,000 endoscope-related adverse events in past 12 months
- Gastrosopes and colonoscopes most commonly involved

Numerous outbreaks caused by multi-drug resistant organisms continue to occur, with significant impact to healthcare facilities and patients

- 5 multidrug-resistant organisms (MDRO) outbreaks with 1,527 patients exposed have been reported in the peer-reviewed literature YTD in 2024 in the USA.²⁻⁶
- Some patients became carriers and did not show active signs of infection for up to 320 days after the endoscopic procedure.²
- Authors noted published outbreaks greatly underestimate the true rate of exposure and infection²⁻⁴ and biofilm was implicated in several outbreaks.³⁻⁵
- One outbreak investigation alone in the US involved 77 healthcare professionals to manage.⁷

CORIS aims to deliver safer endoscopes to patients through superior cleaning

Designed to deliver
better cleaning
outcomes

Combining a unique mode of action with the CORIS QUANTUM cleaning agent that can remove even the toughest biofilm from all channels, even the smallest ones that cannot be brushed.

Automating the
cleaning process

Removing the risk of human error in the cleaning process to provide reliable cleaning outcomes every time.

Improving the safety
of reprocessing staff

Removing the manual actions that cause fatigue and injury via its Smart Drain technology, reducing the risk of splashes and aerosolisation of contaminants.

Increasing the efficiency
of the facility

Automating traceability tasks and releasing staff from hands-on reprocessing activities to perform other duties.

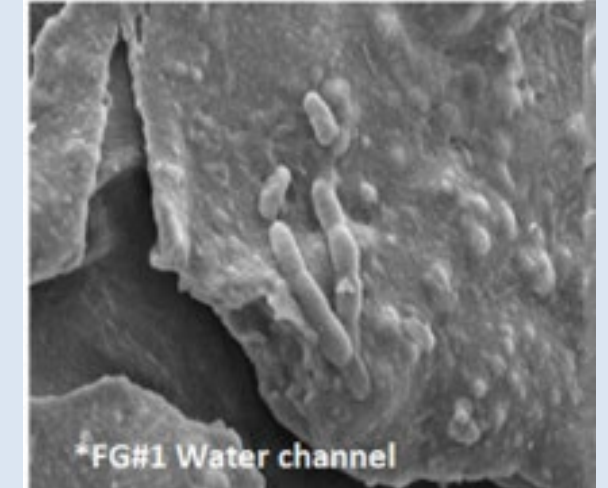
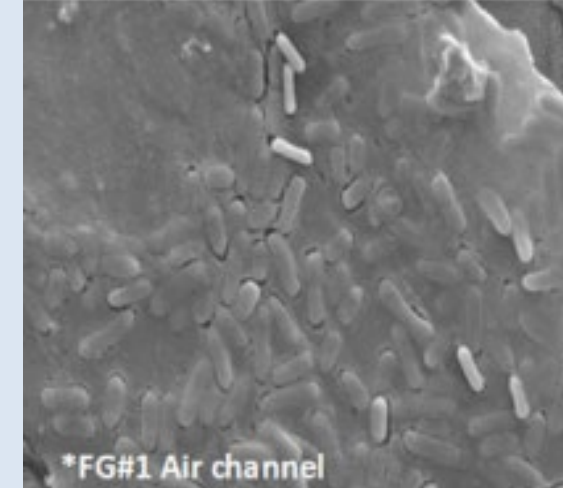
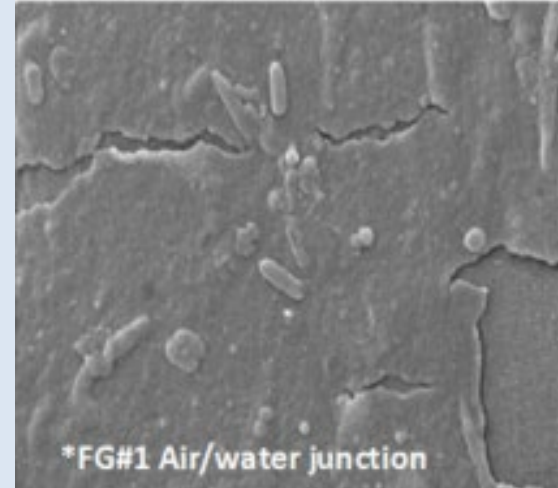


Evidence of biofilm formation in endoscope channels

Published data:

Biofilm found in clinical lumens¹

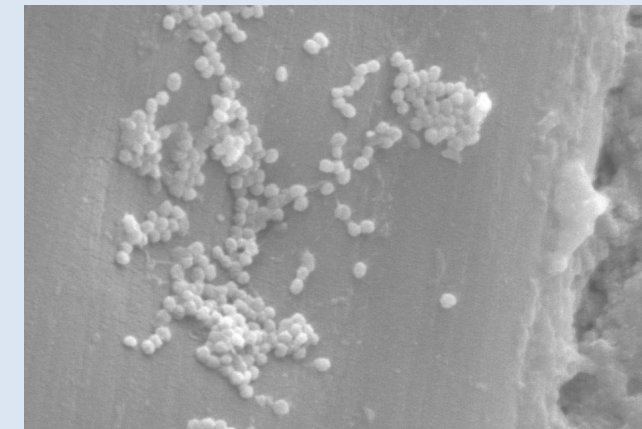
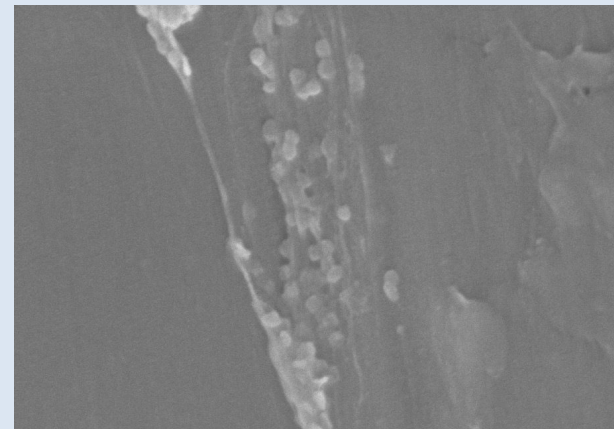
- Study withdrew clinically used gastroscopes, replaced lumens, then returned the scopes to clinical use.
- At 30- and 60-day timepoints the lumens were recovered and sent for analysis
- Despite reprocessing, biofilm or probable biofilm was found in all locations sampled



Preliminary data:

Biofilm presence in clinical lumens²

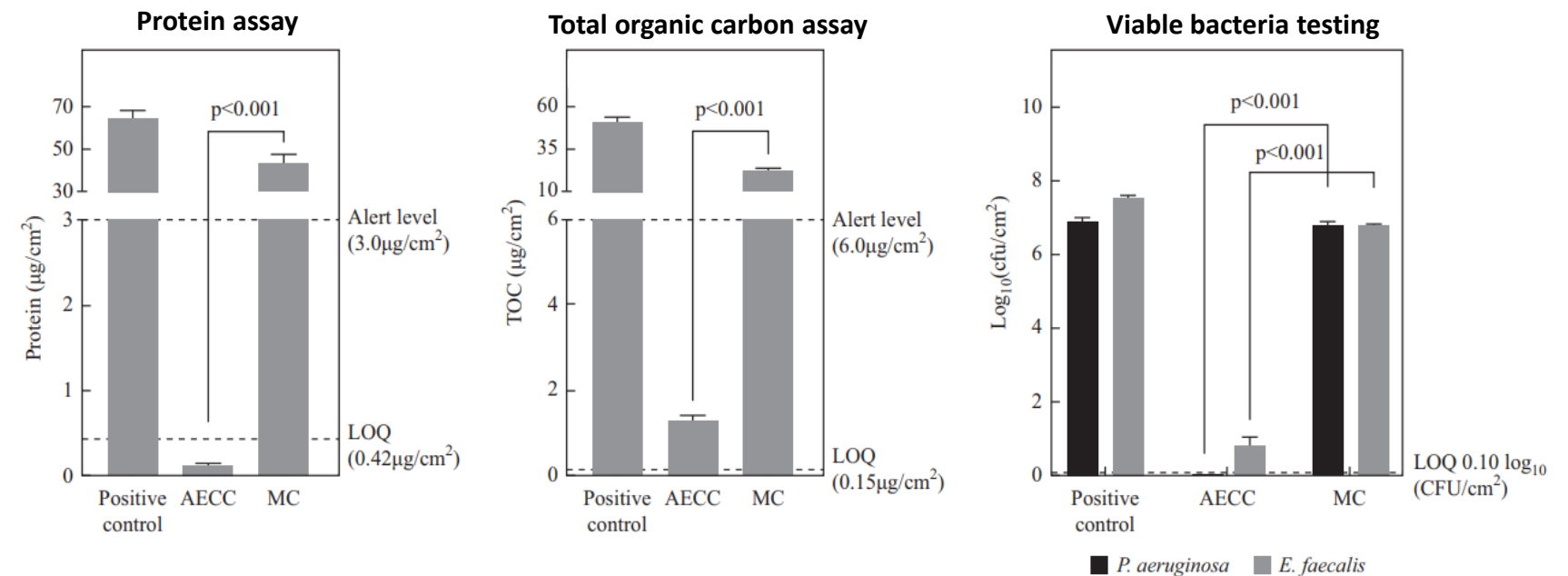
- Study underway to assess lumens of clinically used endoscopes for the presence of biofilm at the time of servicing.
- Staining and SEM images undertaken for small and large channels
- Preliminary data show biofilm or probable biofilm in multiple samples despite reprocessing.



CORIS delivers cleaning results far exceeding manual cleaning

Key findings

- CORIS significantly outperformed manual cleaning in all channels across all markers including protein, total organic carbon and viable bacteria.
- 1.4-mm and 3.7-mm channels were tested, representing air/water/auxiliary and suction/biopsy channels respectively.
- Manual cleaning failed to remove biofilm from the air/water and auxiliary channels.



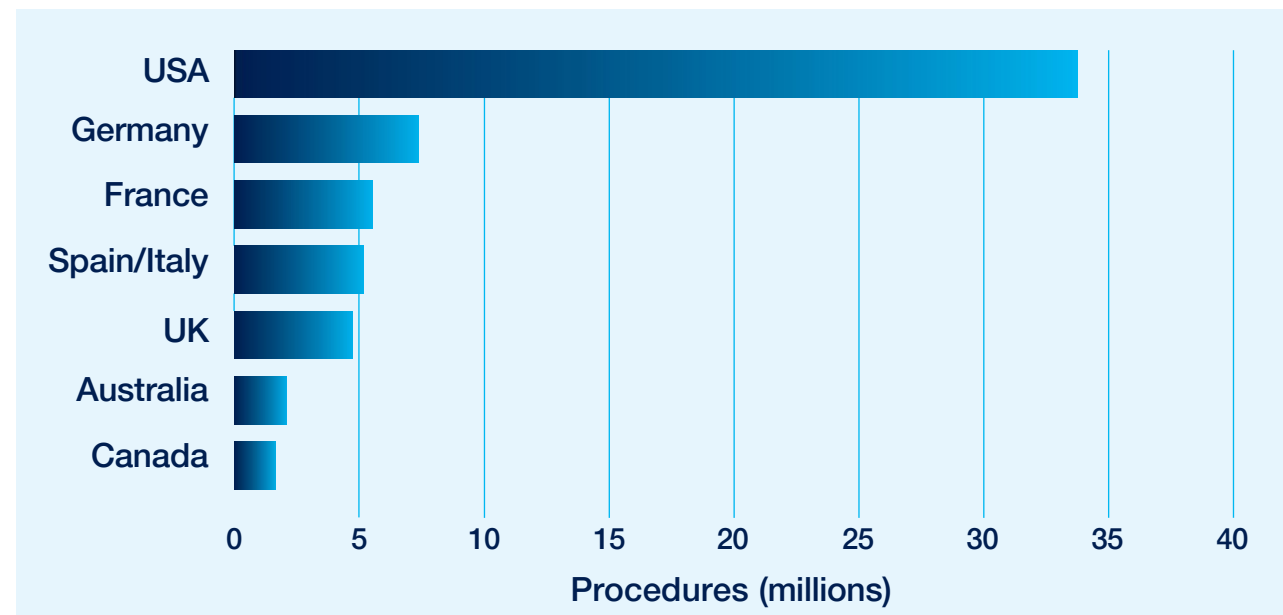
Published in the Journal of
Hospital Infection

Large global opportunity for CORIS



More than 60 million flexible procedures annually across major markets

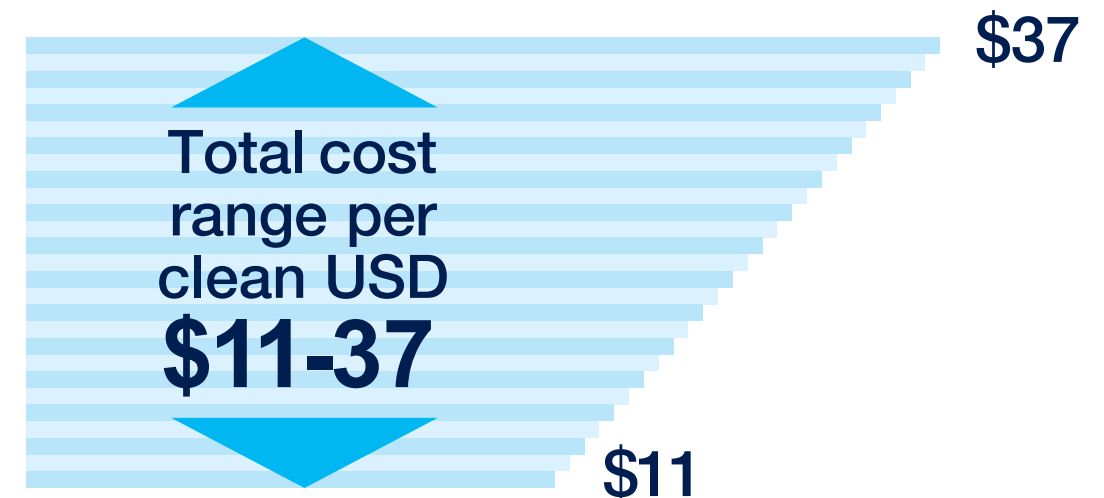
Endoscopy, 60 million annual procedures¹



- Projected procedure growth rate of 6% p.a.¹
- The USA is the largest contributor to procedure volume.
- 75% of the total are upper and lower gastro-intestinal (GI) procedures.
- Colonoscopes and gastroscopes are most-commonly used.

Manual cleaning costs²

EXAMPLE: Total cost to manually clean a single GI endoscope²



Current cost of manual cleaning of endoscopes is estimated to be between USD \$11-\$37.

CORIS - the pathway to market¹



United States
Food and
Drug
Administration
(FDA)

De Novo Regulatory Pathway

As CORIS is a completely novel technology platform, Nanosonics is pursuing the FDA's De Novo regulatory pathway in the United States. Approval via this pathway would establish CORIS as a completely new category for endoscope cleaning technology.

CORIS currently under FDA review

- CORIS was submitted for De Novo approval at the end of April 2024 and is now proceeding through the FDA's De Novo review process.
- Upon approval, 510K submissions planned to cover all flexible endoscopes.

¹. All research and new product development programs involve inherent risks and uncertainties which can impact commercialisation timelines.

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2024 Annual General Meeting

Resolutions

Re-election of a Director Ms Marie McDonald



To consider and, if thought fit, to pass the following ordinary Resolution:

That Ms Marie McDonald, who retires as a Director pursuant to the Company’s Constitution and, being eligible, offers herself for re-election, be re-elected a Director.

Proxy votes received		Number	%
For	:	196,046,026	98.90
Against	:	1,966,997	0.99
Discretion	:	219,019	0.11
Abstained/Excluded	:	124,831	-

Remuneration Report

To consider and, if thought fit, to pass the following ordinary Resolution:

That the Remuneration Report for the financial year ended 30 June 2024 be adopted.

Proxy votes received		Number	%
For	:	196,343,254	99.38
Against	:	1,006,254	0.51
Discretion	:	224,559	0.11
Abstained/Excluded	:	109,446	-

Issue of 21,914 Service Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, in respect of Mr Kavanagh’s 2024 Short Term Incentive grant (2024 STI) under the Nanosonics Equity Plan

To consider and, if thought fit, to pass the following ordinary Resolution:

That approval be given under and for the purpose of ASX Listing Rule 10.14 and for all other purposes for the issue of 21,914 Service Rights to Nanosonics’ Chief Executive Officer and President, Mr Michael Kavanagh, under the Nanosonics Equity Plan in respect of Mr Kavanagh’s 2024 STI, on the terms and conditions set out in the Explanatory Notes accompanying this Notice of Meeting and the Nanosonics Equity Plan Rules (as amended from time-to-time).

Proxy votes received		Number	%
For	:	196,847,682	99.62
Against	:	562,342	0.28
Discretion	:	209,293	0.10
Abstained/Excluded	:	737,556	-

Issue of 470,877 Performance Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, in respect of Mr Kavanagh’s 2024 Long-Term Incentive grant (2024 LTI) under the Nanosonics Equity Plan

To consider and, if thought fit, to pass the following ordinary Resolution:

That approval be given under and for the purpose of ASX Listing Rule 10.14 and for all other purposes for the issue of 470,877 Performance Rights to Nanosonics’ Chief Executive Officer and President, Mr Michael Kavanagh, under the Nanosonics Equity Plan in respect of Mr Kavanagh’s 2024 LTI, on the terms and conditions set out in the Explanatory Notes accompanying this Notice of Meeting and the Nanosonics Equity Plan Rules (as amended from time-to-time).

Proxy votes received		Number	%
For	:	196,219,704	99.30
Against	:	1,169,067	0.59
Discretion	:	218,384	0.11
Abstained/Excluded	:	749,718	-

Re-insertion of Proportional Takeover Provisions in Constitution

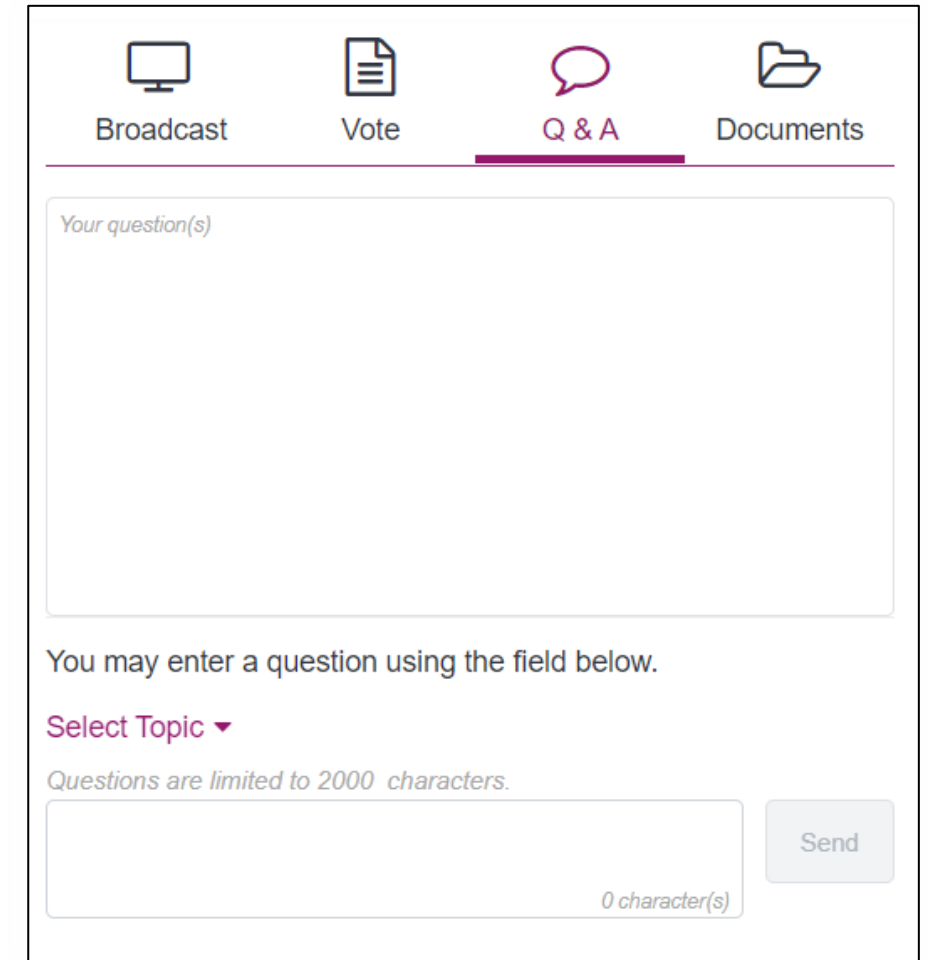
To consider and, if thought fit, to pass the following special Resolution:

That the proportional takeover provisions in clause 14 of the Company’s Constitution be renewed for a period of three years commencing on the day this special Resolution is passed.

Proxy votes received		Number	%
For	:	197,795,082	99.83
Against	:	111,760	0.06
Discretion	:	223,654	0.11
Abstained/Excluded	:	226,377	-

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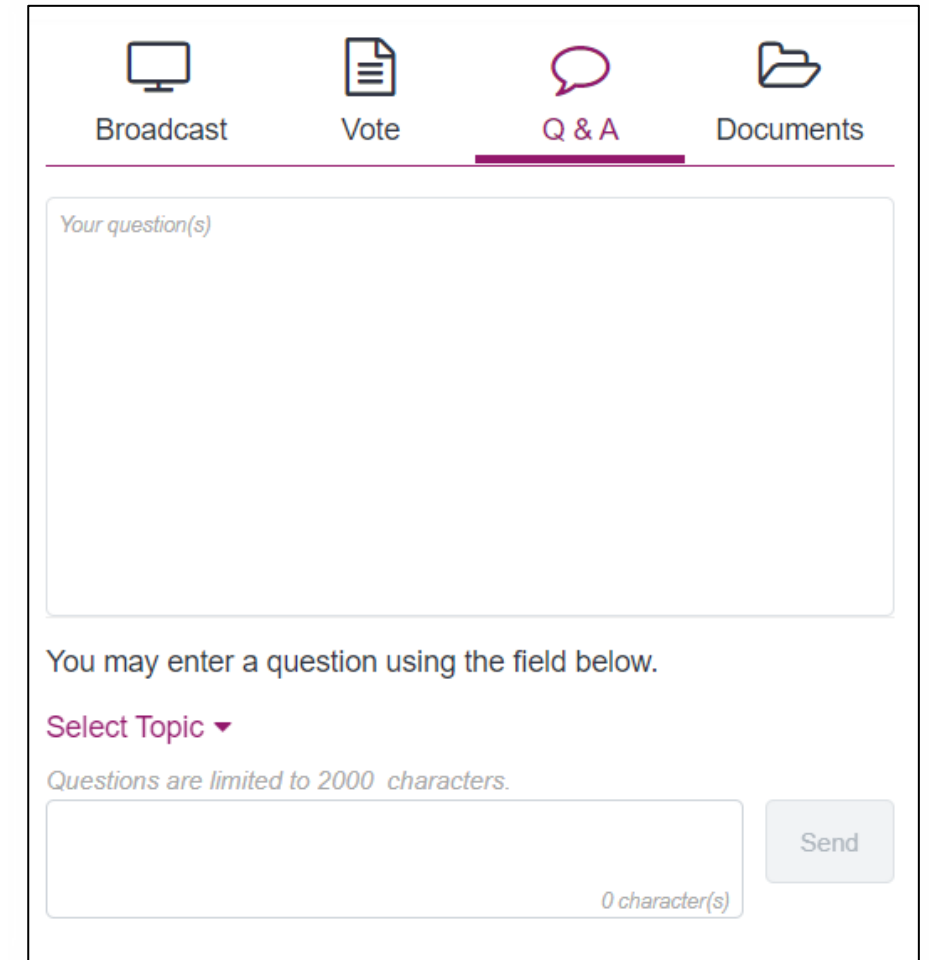
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- This presentation is intended to provide a general outline only and is not intended to be a definitive statement on the subject matter covered in it. The information in this presentation, whether written or verbal, has been prepared without taking into account the commercial, financial or other needs of any individual or organisation.
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