



Infection Prevention. For Life.

2020 FULL YEAR
RESULTS

INVESTOR PRESENTATION

Michael Kavanagh – CEO and President

McGregor Grant – CFO and Company Secretary

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“The 2020 financial year has been another year of significant achievement and progress with many important milestones achieved against our strategic growth agenda.”



Michael Kavanagh
CEO and President

FY20 HIGHLIGHTS

- Full year revenue of \$100.1 million, up 19% on prior corresponding period.
 - In the first three quarters of the year, total revenue was up 26% on prior corresponding period, demonstrating strong underlying growth momentum.
 - In Q4, when the main impacts of COVID-19 were experienced, revenue increased 1% compared with the prior corresponding period.
- Full year global installed base up 13% to 23,720 units.
 - In the first three quarters of the year, the growth in the installed base in North America was in line with expectations (i.e. similar to FY19). During that period, the number of new units installed in Europe and Middle East was up 37%, and up 56% in Asia Pacific compared with the prior corresponding period.
 - Installed base growth was impacted in Q4 due to COVID-19 pandemic restrictions with the number of new units installed down 46% compared to prior corresponding period.
- Full year consumables and service revenue up 36% to \$70.1 million.
 - In the first three quarters of the year, consumables and service revenue was up 39% on prior corresponding period.
 - In the fourth quarter, despite a reduction in the number of ultrasound procedures as a result of the COVID-19 pandemic, consumables and service revenue grew 29% compared with the prior corresponding period.
 - In June, global sales of consumables to end customers trended back to approximately 80% of Q1 to Q3 levels.
- Full year capital revenue down 9% on prior corresponding period to \$30.0 million, despite increase in installed base reflecting:
 - The impact of GE Healthcare's inventory management associated with the launch of trophon®2 in FY19; and
 - A delay in capital sales to customers during Q4 as a result of the COVID-19 pandemic.
- Continued increasing investment in growth strategy with operating expenses up 28% to \$63.2 million, including \$15.6 million in R&D, which was up 37% on prior corresponding period.
- New business development function established, together with a new investment subsidiary, dedicated to identifying and assessing local and international opportunities to accelerate the growth of our infection prevention portfolio.
- As a consequence of accelerating investment in the strategic growth agenda, as well as the impacts of COVID-19 on Q4 revenue, operating profit before tax was \$12.4 million compared with \$16.8 million in the prior corresponding period.
- Free cash flow for the year was \$20.9 million compared with \$2.6 million in the prior corresponding period, driven by increased receipts from customers.
- Cash and cash equivalents up \$19.6 million to \$91.8 million, providing strong foundation for ongoing investment in growth. The company has negligible debt.

Our Mission

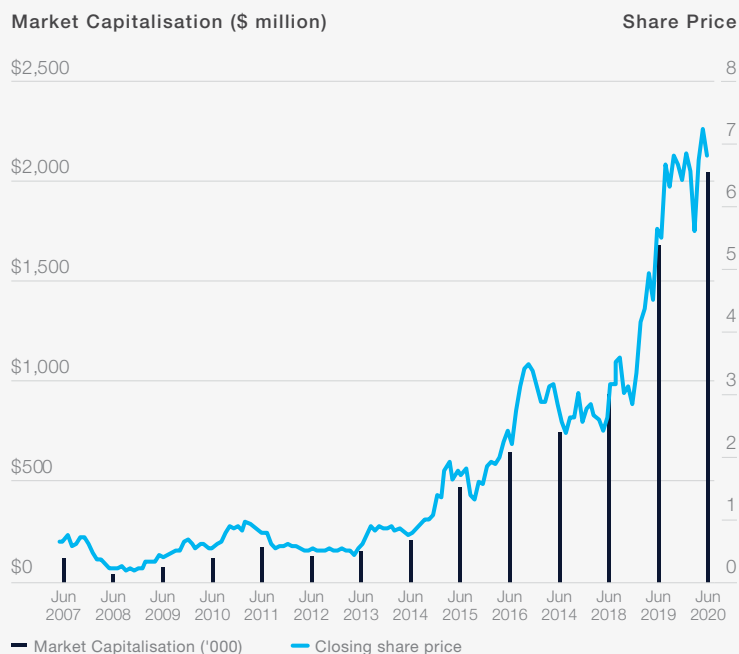
We improve the safety of patients, clinics, their staff and the environment by transforming the way infection prevention practices are understood and conducted and introducing innovative technologies that deliver improved standards of care.

COMPANY OVERVIEW

ASX 200 listed healthcare company specialised in the development and commercialisation of infection control 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, Europe, Singapore, HK, South Korea, Japan
- 311 staff across Australia, US, Canada, UK, Ireland, Germany, France, Norway & 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

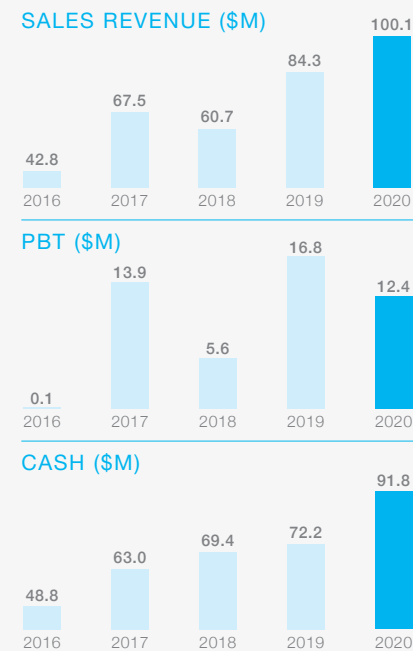


1. As at 21 August 2020.

KEY CORPORATE DATA ¹

Share price	\$6.49
Shares on issue	300.6 million
Market capitalisation	\$1,951.2 million
Liquidity (30 day avg.)	0.9 million shares
Cash (30 Jun 20)	\$91.8 million
Share Register Breakdown (30 Jun 20)	Founders 14.6% Institutions 56.8% Private 28.6%

FINANCIAL OVERVIEW



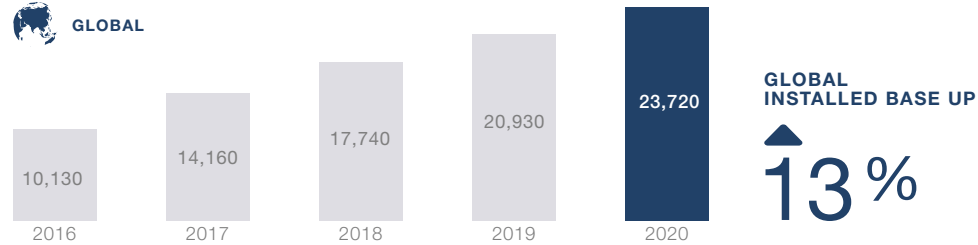
INSTALLED BASE

Global installed base grew 13% to **23,720** units

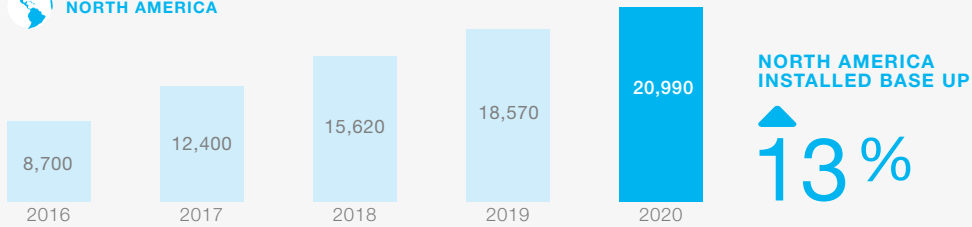
- In the first three quarters of the year, the growth in installed base in North America was in line with expectations (i.e. similar to FY19). During that period, the number of new units installed in Europe and Middle East was up 37% and up 56% in Asia Pacific compared with the prior corresponding period.
- Installed base growth was impacted in Q4 due to COVID-19 pandemic restrictions with the number of units down 46% compared to prior corresponding period.

EVERY DAY APPROXIMATELY
78k
patients are protected from the risk of cross contamination because their probe has been decontaminated using trophon.

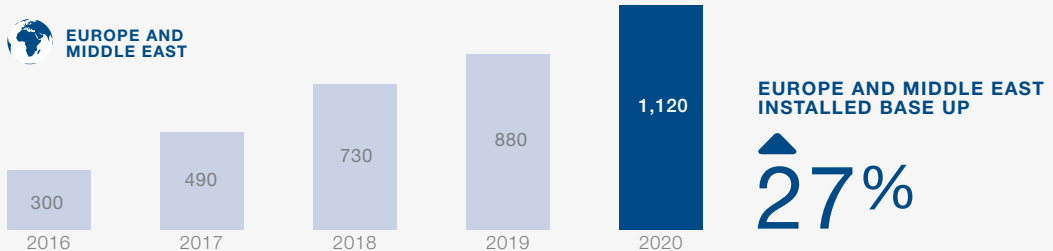
GLOBAL



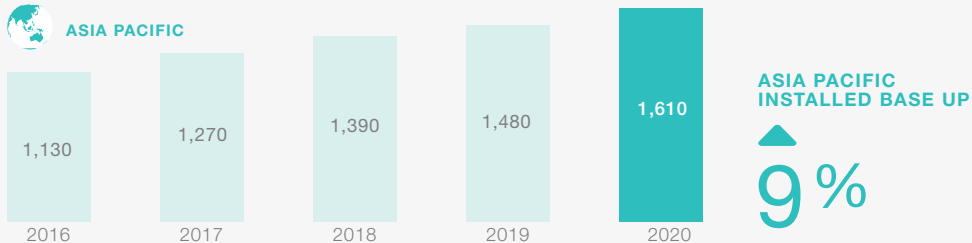
NORTH AMERICA



EUROPE AND MIDDLE EAST



ASIA PACIFIC



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.

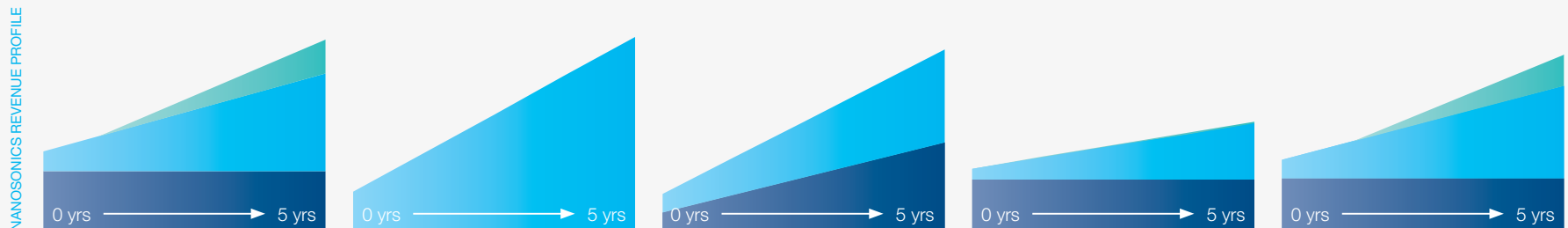
DISTRIBUTION CHANNEL

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.





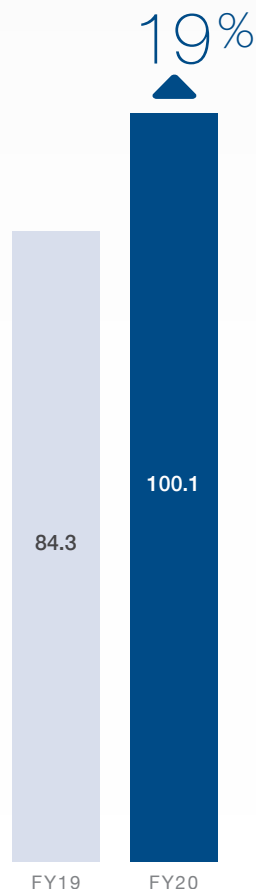
FINANCIAL RESULTS REVIEW

TOTAL REVENUE

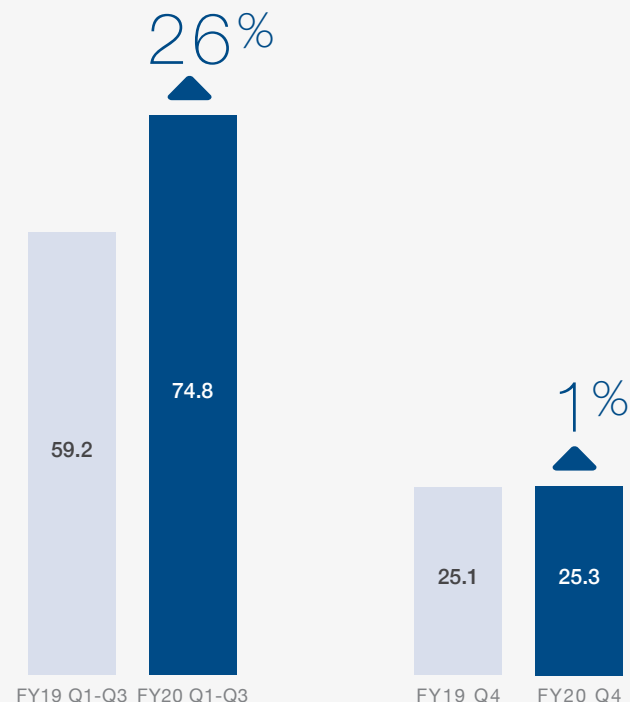
Total Revenue
up 19% to
\$100.1 m

In the first three quarters of the year, strong growth was experienced with total revenue increasing 26% on prior corresponding period. Q4 Revenue of \$25.3 million was essentially flat compared to prior corresponding period (increase of 1%), driven largely by the expected implications of the COVID-19 pandemic with very limited hospital access and a reduction in a range of healthcare procedures during this period.

FY20
TOTAL REVENUE VS PCP
(\$M)



FY20 Q1-Q3 AND Q4
TOTAL REVENUE VS PCP
(\$M)



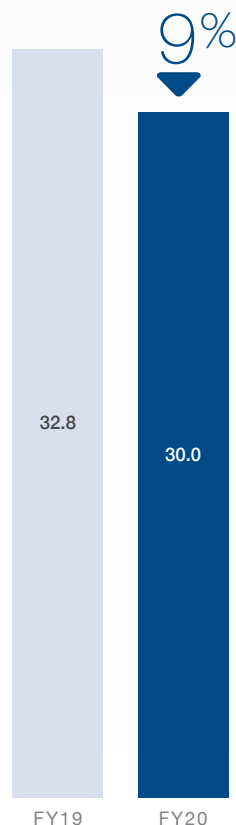
CAPITAL REVENUE

Capital Revenue down 9% to \$30m

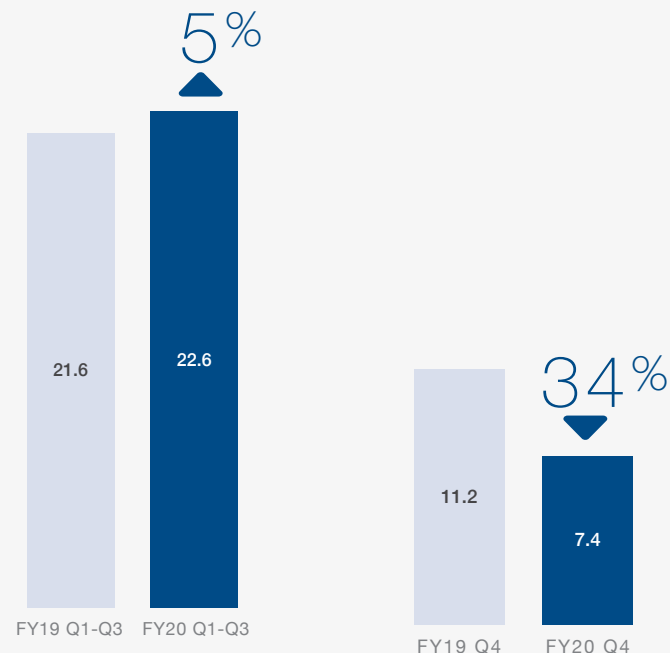
While sales to end customers increased during the year, overall capital revenue decreased reflecting:

- A reduction in the number of units purchased by GE Healthcare compared with the prior corresponding period. This reduction was due to significant destocking in H2 of FY18, resulting from the earlier than anticipated FDA approval of trophon2 and the subsequent restocking of inventory of trophon2 in FY19 upon the launch of trophon2; and
- A delay in capital sales to customers during Q4 as a result of the COVID-19 pandemic.

FY20 CAPITAL
REVENUE VS PCP
(\$M)



FY20 Q1-Q3 AND Q4
CAPITAL REVENUE VS PCP
(\$M)



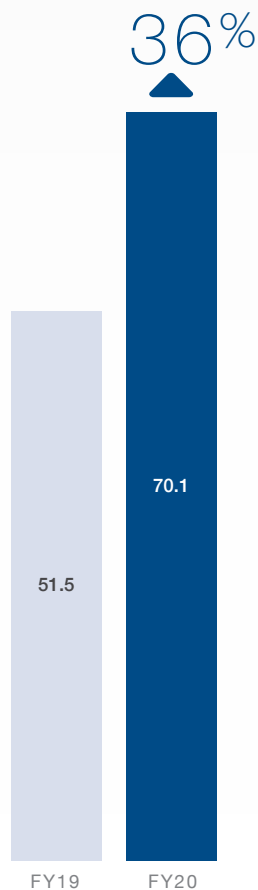
CONSUMABLE/SERVICE REVENUE

Consumables/ Service Revenue up 36% to \$70.1m

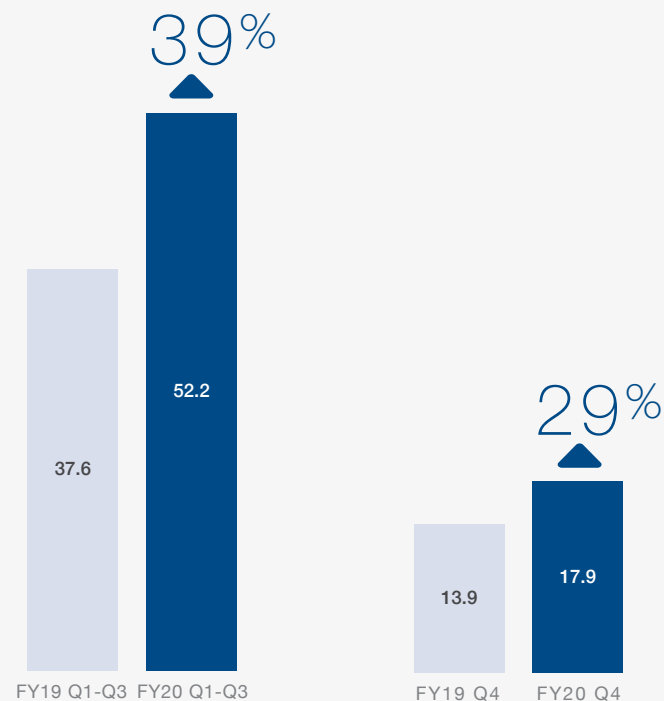
In the first three quarters of the year, revenue was up 39% on prior corresponding period. In Q4, a reduction in the volume of ultrasound procedures was experienced due to COVID-19 restrictions. Despite this reduction in ultrasound procedures, consumables and service revenue grew 29% in Q4 compared to prior corresponding period.

In June, as hospital departments resumed activities in many markets, global sales of consumables to end customers trended back to approximately 80% of Q1 to Q3 levels.

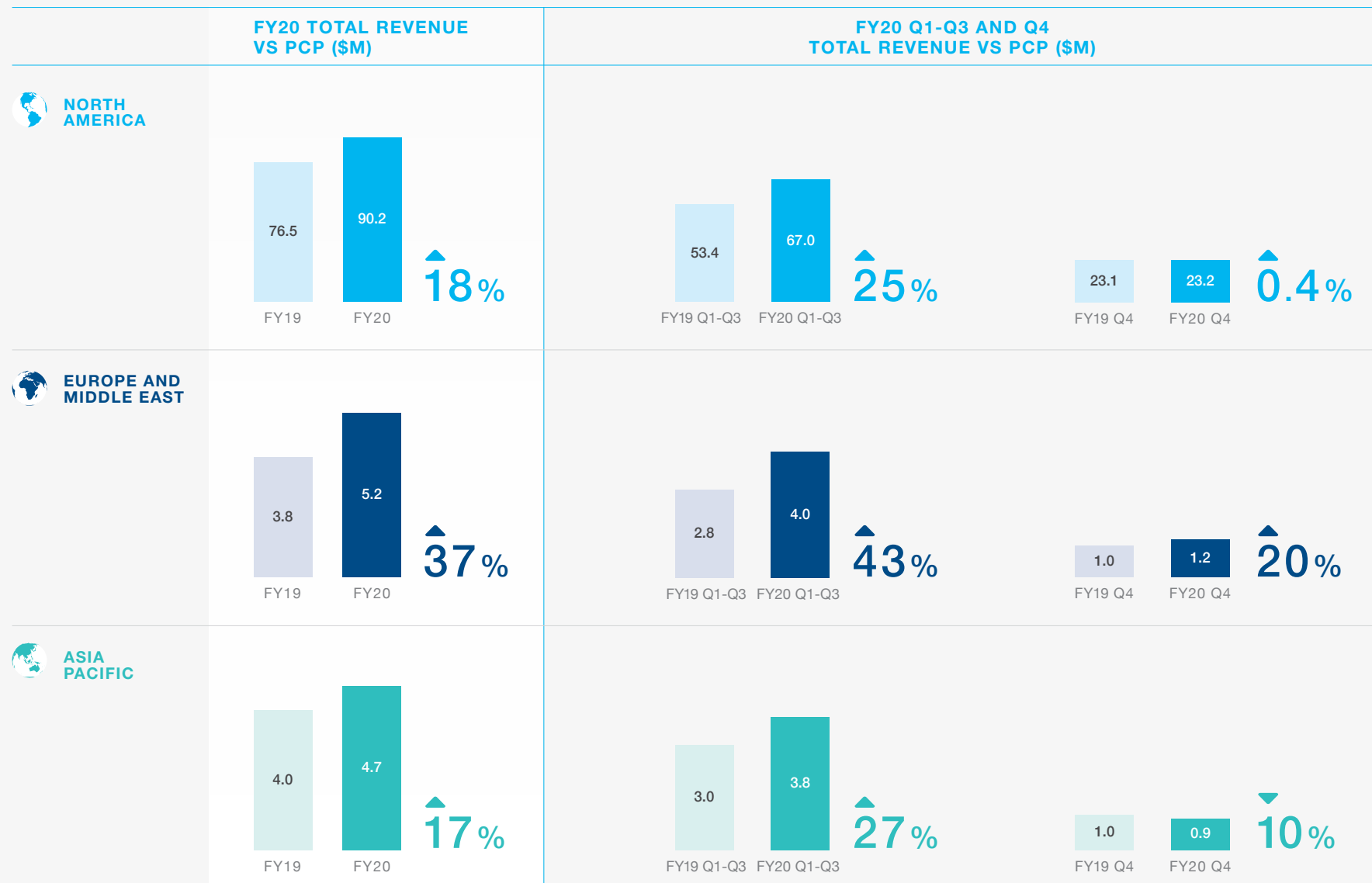
FY20 CONSUMABLES/
SERVICE REVENUE
VS PCP (\$M)



FY20 Q1-Q3 AND Q4
CONSUMABLES/SERVICE REVENUE VS PCP
(\$M)

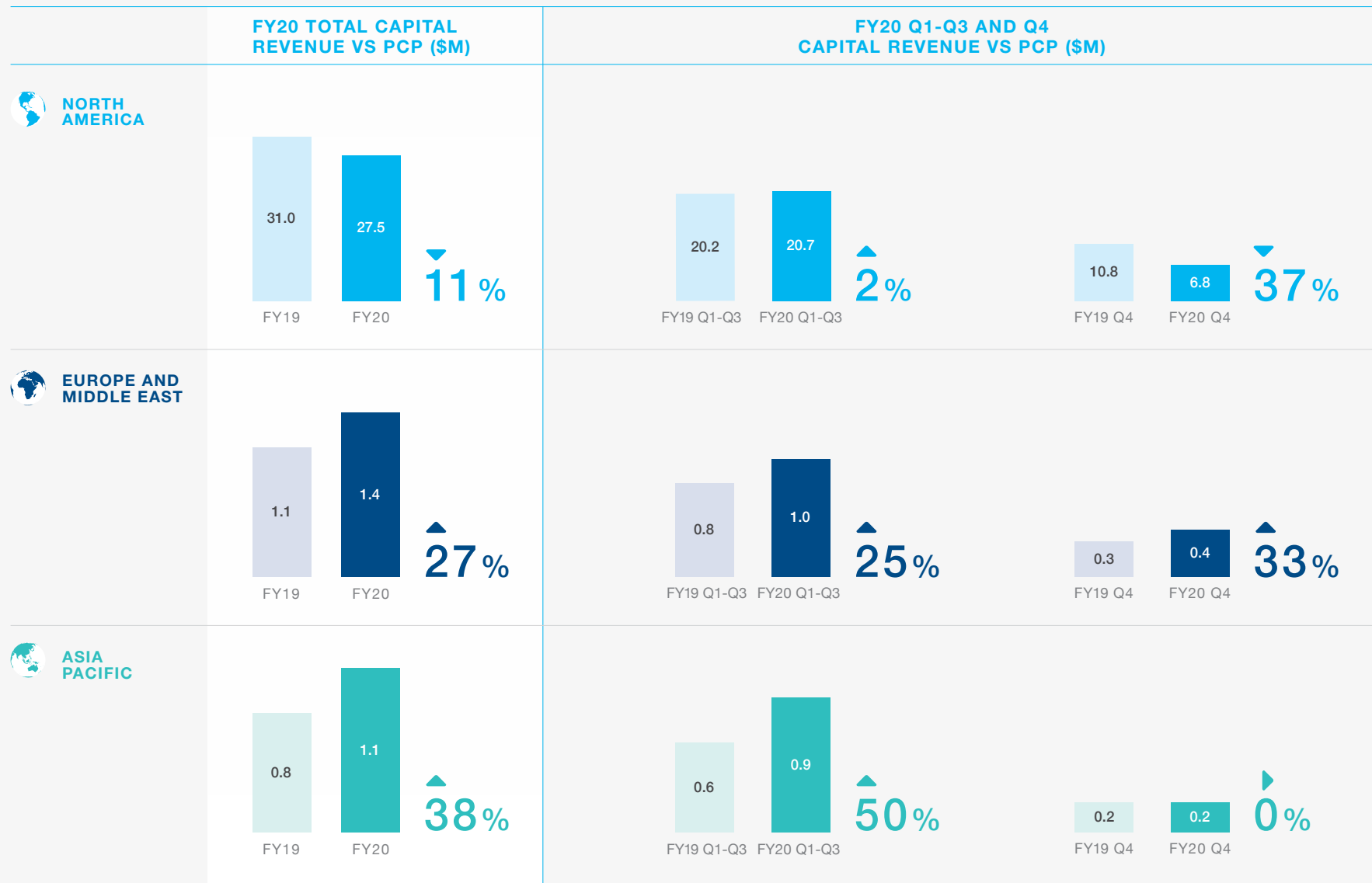


TOTAL REVENUE BY REGION



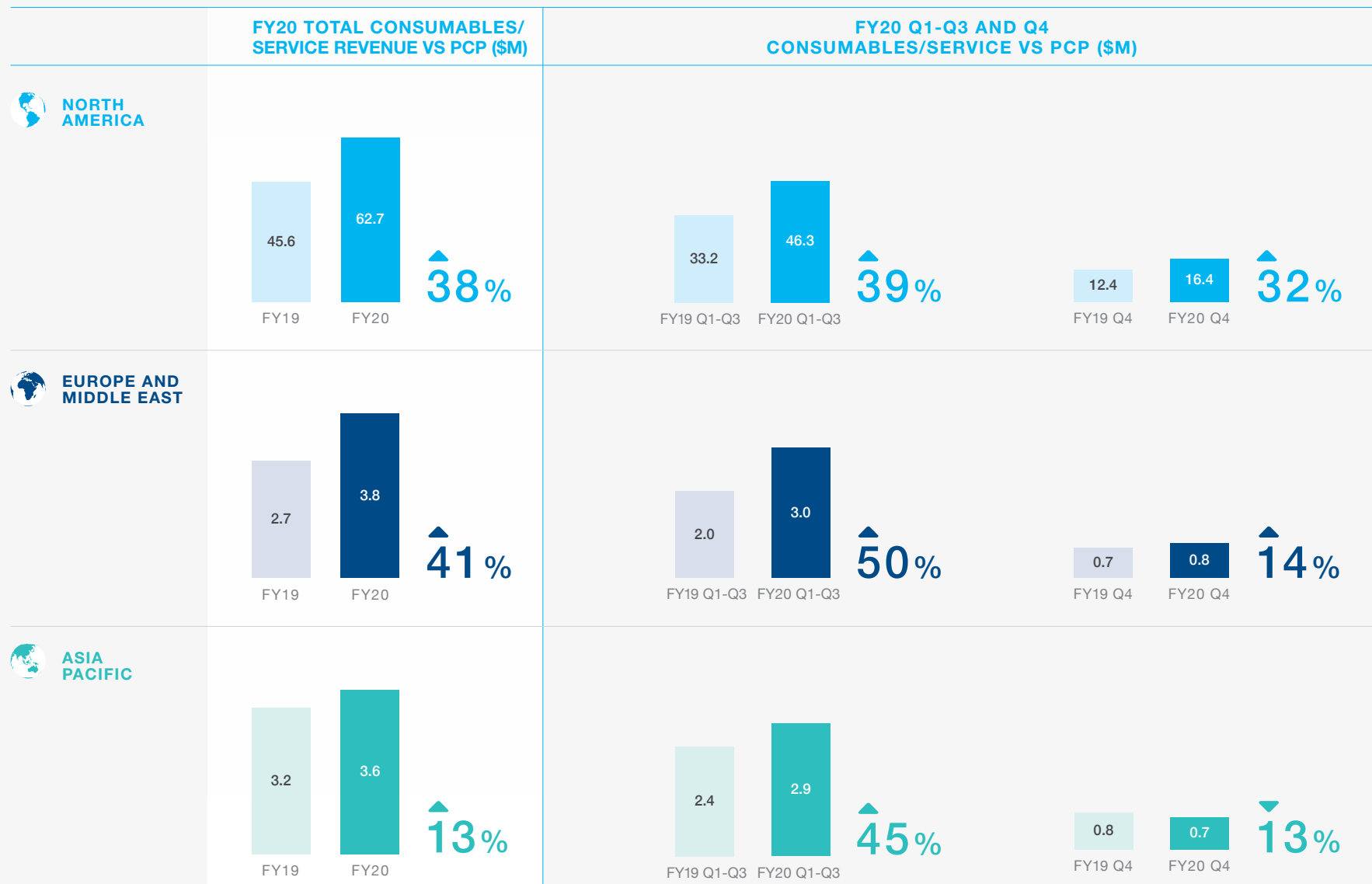
Graphs are not to scale and therefore not comparable

CAPITAL REVENUE BY REGION



Graphs are not to scale and therefore not comparable

CONSUMABLES/SERVICE REVENUE BY REGION



Graphs are not to scale and therefore not comparable

OPERATING EXPENSES

\$63.2m

The Company continued to invest in its strategic growth agenda with operating expenses up 28% to \$63.2m.

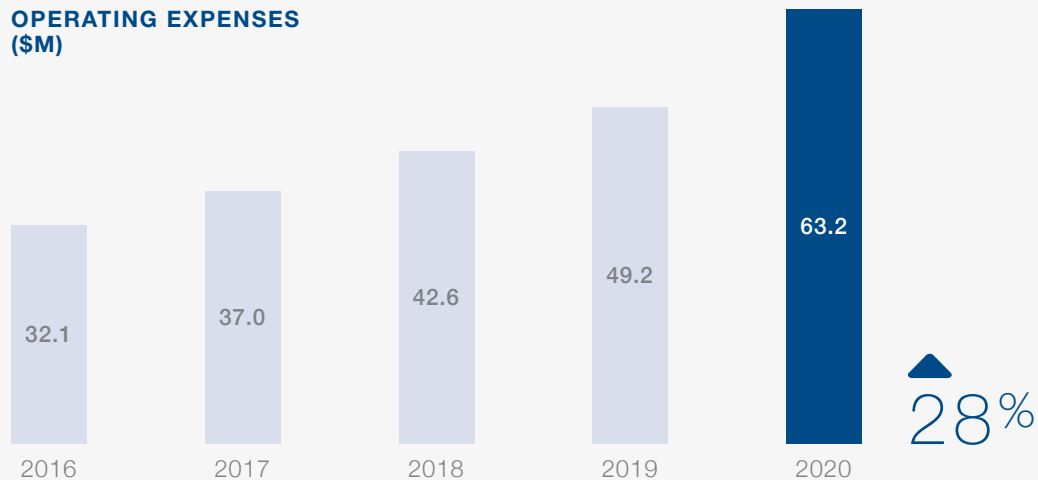
PROFIT BEFORE TAX

\$12.4m

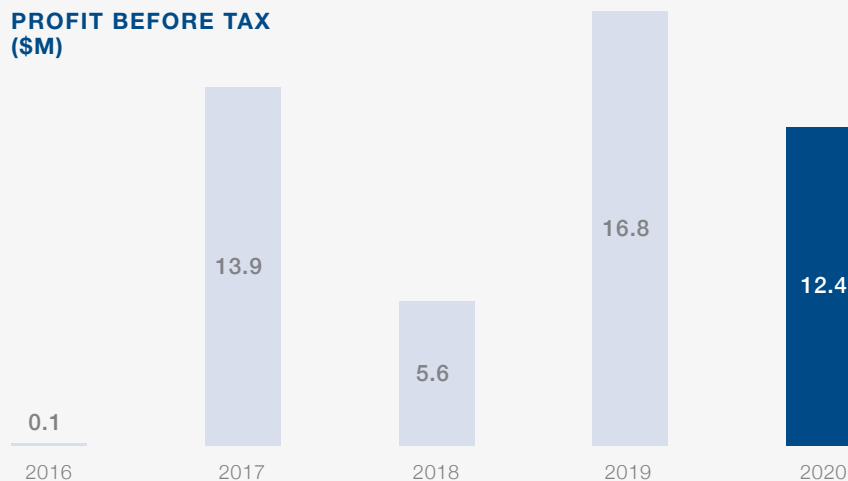
as at 30 June 2020

As a consequence of the planned increase in investment in growth, as well as the impacts of COVID-19 on Q4 revenue, operating profit before tax was \$12.4m compared with \$16.8 million in prior corresponding period.

OPERATING EXPENSES (\$M)



PROFIT BEFORE TAX (\$M)



Graphs are not to scale and therefore not comparable

FREE CASH FLOW

\$20.9m

Free cash flow for the year was \$20.9 million compared with \$2.6 million in prior corresponding period, driven by increased receipts from customers.

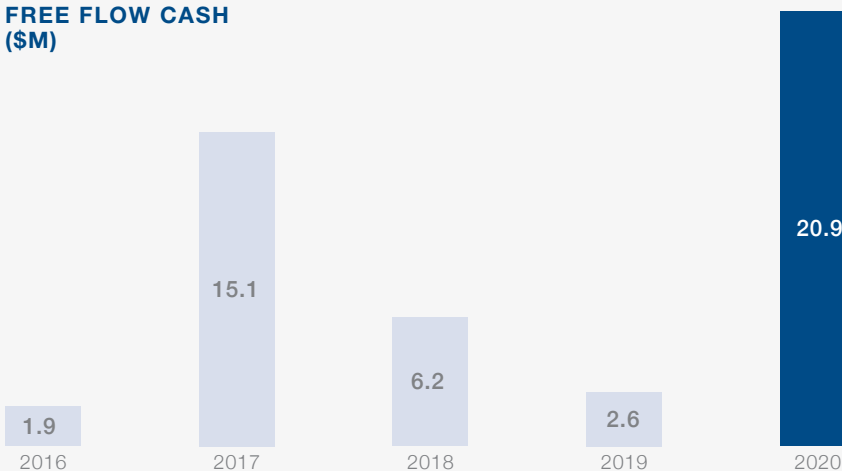
CASH AND CASH EQUIVALENTS

\$91.8m

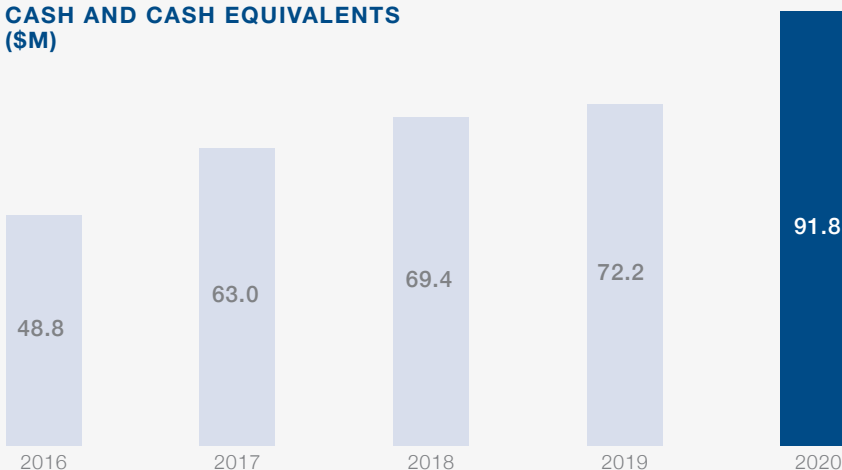
as at 30 June 2020

Cash and cash equivalents up \$19.6 million to \$91.8 million supporting ongoing growth and expansion.

FREE FLOW CASH (\$M)



CASH AND CASH EQUIVALENTS (\$M)



Graphs are not to scale and therefore not comparable

PROFIT AND LOSS SUMMARY

\$ Million	FY20	FY19	CHANGE	%
Revenue	100.1	84.3	▲	19%
Gross profit	75.5	62.8	▲	20%
%	75.4%	74.5%		
Operating expenses				
Selling, general and administration	(47.6)	(37.8)	▲	26%
Research and development	(15.6)	(11.4)	▲	37%
Other income	—	0.1		
Other (losses)/gains-net	(0.7)	1.8		
Earnings before interest and tax	11.6	15.5	▼	(25%)
Finance income (net)	0.8	1.3	▼	(38%)
Profit before income tax	12.4	16.8	▼	(26%)
Income tax expense	(2.3)	(3.2)		
Profit after income tax	10.1	13.6	▼	(26%)

HIGHLIGHTS

- Revenue of \$100.1 million (\$93.7 million in constant currency¹), up 19% (11% in constant currency).
- Gross profit of \$75.5 million, or 75.4% of revenue.
- Selling, general and administration expenses of \$47.6 million compared with \$37.8 million in prior year.
- Research and development expenses of \$15.6 million, the majority associated with new products.
- Other losses comprised mainly of net foreign currency losses.
- Income tax expense of \$2.3 million compared with 3.2 million in the prior year.

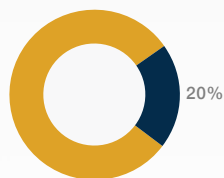
1. Constant currency removes the impact of foreign exchange rate movements to facilitate comparability of operational performance for Nanosonics. This is done by converting the current year sales of entities that use currencies other than Australian dollars at the rates that were applicable in the prior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

SIGNIFICANT GLOBAL MARKET OPPORTUNITY

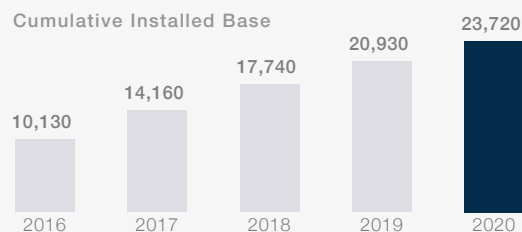
Installed base opportunity

GLOBAL
120,000
units

Market Penetration



Cumulative Installed Base

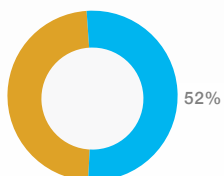


- Increasing number of international guidelines requiring high level disinfection (HLD) supporting growing international demand.
- Nanosonics expanding its footprint geographically both direct and through distribution.

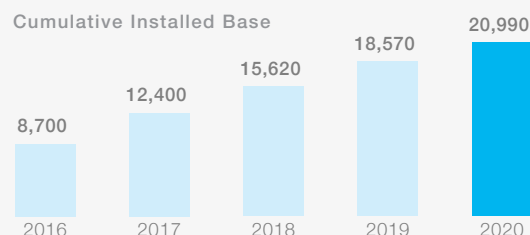
Installed base opportunity

NORTH AMERICA
40,000
units

Market Penetration



Cumulative Installed Base

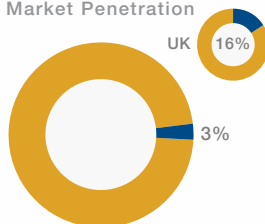


- Fundamentals for adoption strong with requirements for HLD in place.
- trophon installed base over 20,990 and already in over 5,000 hospitals and clinics, including majority of luminary hospitals.
- Nanosonics has a direct sales operation of 74 people as well as partnerships with all leading ultrasound companies to drive ongoing adoption.

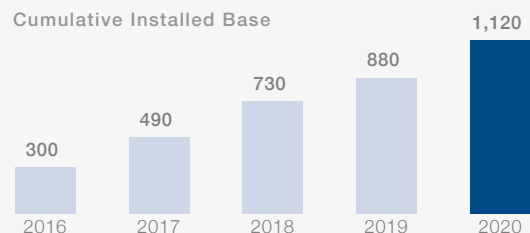
Installed base opportunity

EUROPE AND MIDDLE EAST
40,000
units

Market Penetration



Cumulative Installed Base

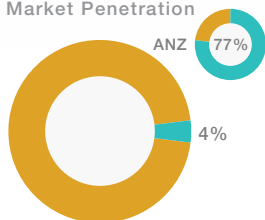


- Expanded geographical reach, stronger fundamentals for adoption and growing awareness.
- Expanded infrastructure with sales teams increasing in the UK and Germany, appointment of local clinical and regulatory leadership and appointment of dedicated resource to support distributor partners.
- A range of business models in place to support market requirements.

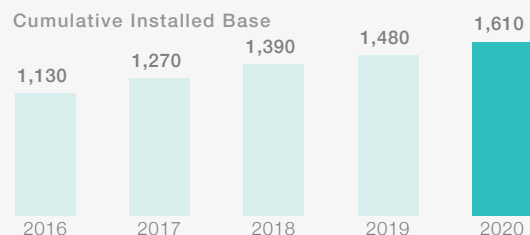
Installed base opportunity

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 distribution agreements in place with five key distributors.
- Continued development of China market entry strategy.
- Assessment underway for further expansion across Asia Pacific.

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

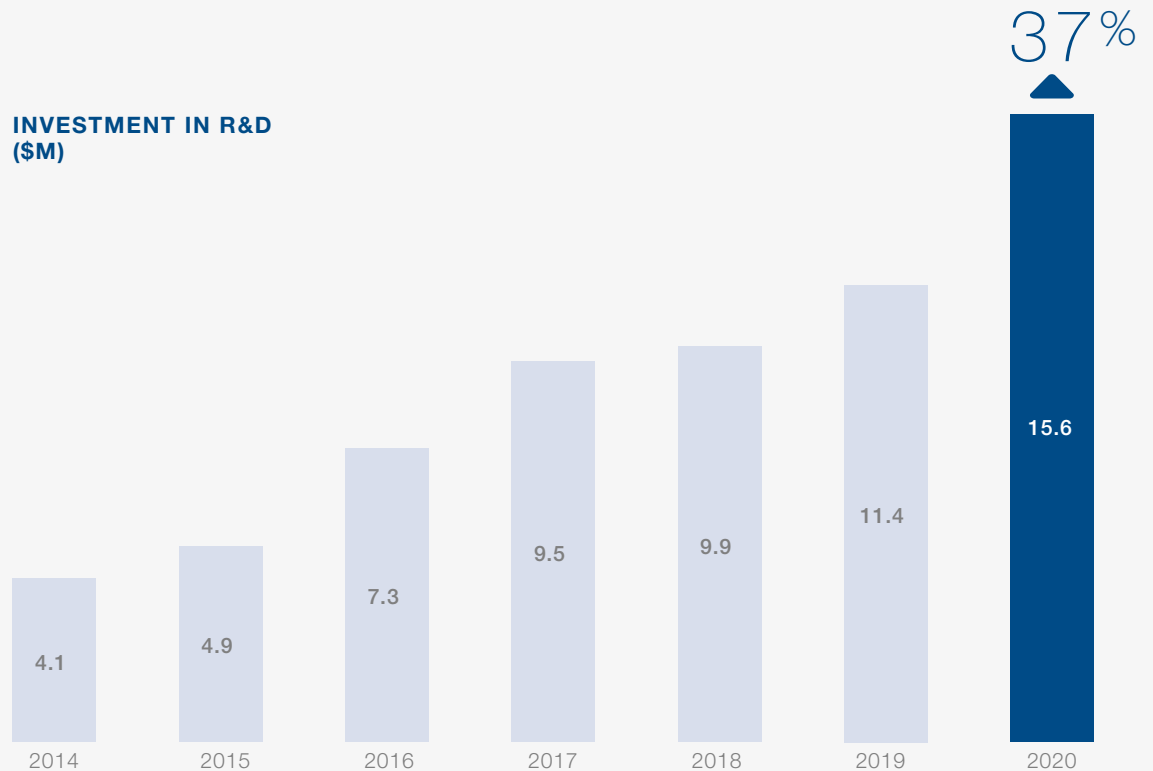
NEW PRODUCT DEVELOPMENT

During the year, Nanosonics continued to invest in its product expansion strategy. R&D investment increased 37% to \$15.6 million, directed across a number of projects.



Substantial investment made in new product development with important milestones met throughout the year towards our product expansion goals.

**INVESTMENT IN R&D
(\$M)**



NEW PRODUCT DEVELOPMENT

There are five core areas of R&D interest in the infection prevention landscape.

As a result of ongoing international collaborations, the Company has identified a number of positive enhancements to our new lead technology platform that provide the possibility to deliver superior outcomes to those originally anticipated. Inclusion of these enhancements, coupled with the uncertainties associated with COVID-19 on certain project milestones, means that commercialisation of the new technology is no longer expected to be in FY21 but will likely be in FY22, with the ultimate launch timing continuing to be dependent on the necessary technical milestones being met as well as the timing of individual market regulatory approvals.

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.

OUR STRATEGIC PRIORITIES



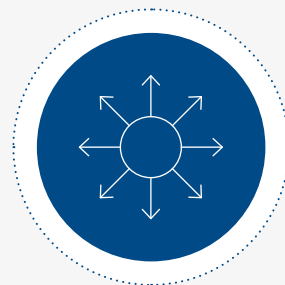
TROPHON AS STANDARD OF CARE

- 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

Despite the ongoing uncertainties associated with the current COVID-19 pandemic, the fundamentals for the underlying business remain strong as demonstrated again in FY20. While we continue to be faced with the current issues associated with the COVID-19 pandemic, we remain optimistic about the future.

FY21

- Considering the inherent uncertainties and ongoing risks associated with the pandemic, it is not possible to provide specific guidance in respect of FY21.
- While installed base continues to grow, it is likely that in the first half of the year, trophon capital sales will be impacted by limited hospital access currently being experienced, in particular in North America. This has been the experience to date in FY21.
- It is expected that this will also have a flow-on effect to the capital equipment requirements of our main North American distributor partner, GE Healthcare. As such, it is anticipated that sales of trophon to GE Healthcare may also be reduced, in particular in the first half, due to the impact of delayed capital sales to customers in Q4 on their ending FY20 inventory, coupled with the ongoing impact of hospital access restrictions.
- In June, global sales of consumables to end customers trended back to approximately 80% of Q1 to Q3 levels. External data suggests the volume of ultrasound procedures continues to recover and sales of consumables to date in FY21 to end customers is consistent with this. There are risks that if the number of ultrasound procedures decreases due to any new restrictions being implemented, then sales of consumables are likely to be impacted, as we saw in Q4 FY20.
- Nanosonics' infrastructure, people and capability and cash balance provide a strong foundation for the future. Despite the current pandemic related uncertainties, we maintain our commitment to continue to invest in our long term strategic growth agenda. As such, total operating expenses for the year are expected to be in the range of \$75 million to \$78 million, with increased investments being made across R&D, regional infrastructure and operational capability to support the organisation globally.



BUSINESS OUTLOOK

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

Beyond FY21

Beyond FY21, Nanosonics is targeting:

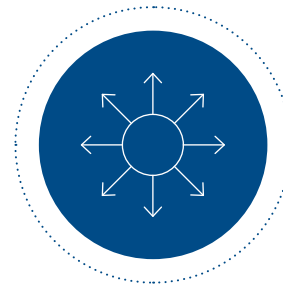
- Continued growth in the trophon installed base across all regions.
- Growth in upgrades of trophon EPR to trophon2.
- Japan to become an important contributor to global installed base growth as well as further expansion into Asia Pacific including China.
- Broadening of our product portfolio through internal product development and opportunities for strategic acquisitions and product licensing.
- Ongoing investment in R&D, infrastructure, people and capability to drive the global strategic growth agenda.



**TROPION 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.

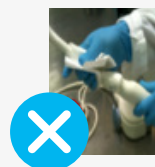
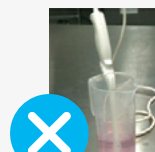
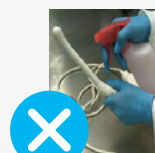
7. Scott D et al. Ultrasound. 2018 26(3):168-177.

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.

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.

INCOME TAX

\$ Million	FY20	FY19
Income tax expense	2.3	3.2

Components of Deferred Tax Asset (DTA)	FY20	FY19
Tax losses	0.3	1.1
R&D tax credits	2.4	4.0
All other timing differences	9.0	7.8
Total	11.7	12.9

Value of carried forward losses/R&D credits	Gross	Benefit	Effective rate %
Losses recognised	1.4	0.3	21.4%
R&D credits recognised	6.2	2.4	38.5%
Total losses and R&D credits recognised	7.6	2.7	35.5%
Losses not recognised	6.6	1.4	21.5%
Total	14.2	4.1	

KEY POINTS

- Effective income tax rate for the period was 18.6%.
- Deferred tax asset attributable to carried forward losses relates to the UK and Canada.
- Assessment of probability of recovery (and therefore recognition of related benefit) of unrecognised losses is made on an on-going basis.