



# Infection Prevention For Life

2024 Half Year Results

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INVESTOR PRESENTATION

Michael Kavanagh, CEO & President  
Jason Burriss, CFO



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## Our Mission

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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.

# Our Strategic Pillars

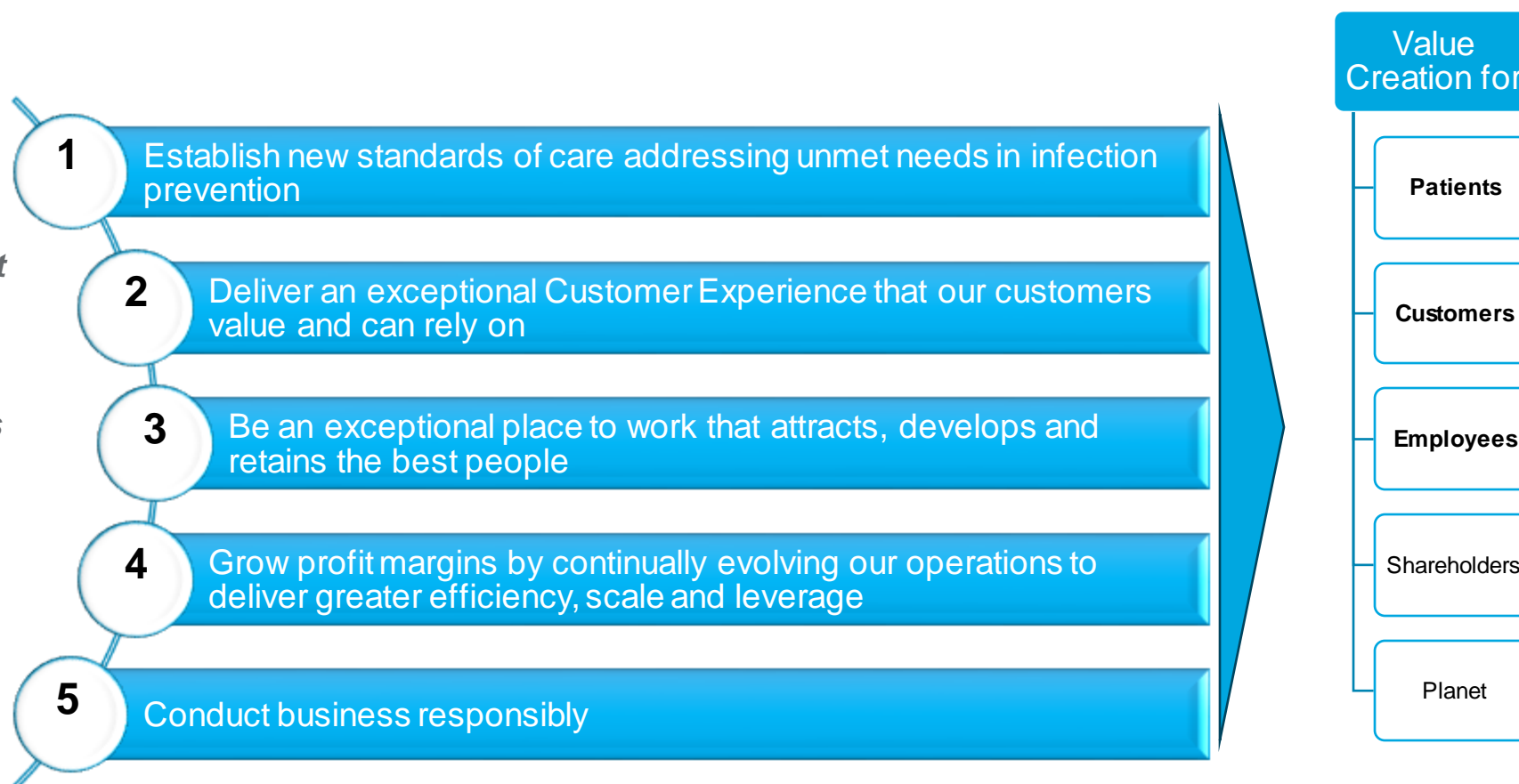
We have defined 5 Strategic Pillars aligned with our mission that guide the organisational strategies to deliver value creation for patients, customers, employees, shareholders and the planet.

## 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 Strategic Priorities

For each of the Strategic Pillars we have defined a core set of strategic priorities that guide the growth investments and activities across the organisation.

**1** Establish new standards of care addressing unmet needs in infection prevention

- Continue to establish automated ultrasound reprocessing as standard of care and deliver innovations that maintain Nanosonics leadership in the category.
- Launch and establish CORIS as the new standard of care in the cleaning phase of endoscope reprocessing.
- Expand our product portfolio through organic R&D investment, M&A, Licencing, & distribution opportunities.

**2** Deliver an exceptional Customer Experience that our customers value and can rely on

- Provide ongoing clinical and educational support to our customers
- Ensure a customer centric approach to all we do based on mutual respect, collaboration, mutual benefit.
- Grow our technical service business.

**3** Be an exceptional place to work that attracts, develops and retains the best people

- Establish and maintain a strong employee value proposition to attract and retain diverse talent to deliver on our business priorities.
- Develop internal capability and enable career development across the organisation.

**4** Grow profit margins by continually evolving our operations to deliver greater efficiency, scale and leverage

- Continue to evolve our operations with scalable, compliant and performance focussed processes.
- Increase supply chain and manufacturing agility and implement policies and practices aimed at mitigating risks of disruption while managing COGS.

**5** Conduct business responsibly

- Ensure the highest levels of Corporate Governance and Compliance
- Embrace DEI as an important driver of growth
- Implement sustainability principals throughout our business.

# Key Highlights



Michael Kavanagh  
CEO & President

“During the first half of FY24, the pipeline for both new installed base and upgrade units continued to grow demonstrating the underlying requirement for automated high level disinfection of ultrasound probes. The timeframe for which units in the pipeline were converted into sales increased however due to hospital capital budgetary pressures. This impacted overall sales performance in the half.

We remain confident in the underlying growth opportunity of the Company's trophon ultrasound reprocessing business as well as the broader growth opportunities through the investments being made in both product and geographical expansion.”

**Half year revenue** of \$79.6 million, down 2% on prior corresponding period (down 4% in constant currency).

- Half year capital revenue of \$21.9 million, down 15% on prior corresponding period primarily related to delays in expected upgrade unit sales.
- Half year consumables and service revenue of \$57.7 million, up 4% compared with prior corresponding period.

**Global installed base** up 1,100 units to 33,550 units (up 3% in last 6 months and 8% in last 12 months).

**trophon2 upgrades** of 620 units, down 23% on prior corresponding period with customers extending use of their existing trophon EPR devices due to budgetary constraints.

**Gross profit margin** of 79.7%, up from 78.9% in prior corresponding period. The stronger gross margin was driven by revenue mix and the positive impact of foreign exchange rates.

**Continued investment in strategic growth agenda** with operating expenses of \$60.8 million, up 12% on prior corresponding period and up 2% compared with H2 FY23.

**Operating profit before tax** of \$4.9 million compared with \$11.4 million in FY23 H1.

**Free cash flow** for the half was \$7.9 million with cash and cash equivalents of \$118.3 million at 31 December and no debt.

The Company continues to target the submission of the FDA De Novo application for **CORIS** by the end of Q3 FY24.

# Financial



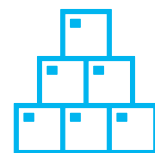
TOTAL REVENUE	CAPITAL REVENUE	CONSUMABLES/ SERVICE REVENUE	GROSS PROFIT MARGIN	OPERATING EXPENSES	CONSOLIDATED PROFIT BEFORE TAX
\$79.6 <sup>m</sup>	\$21.9 <sup>m</sup>	\$57.7 <sup>m</sup>	79.7%	\$60.8 <sup>m</sup>	\$4.9 <sup>m</sup>
<div style="text-align: center;">▼</div> <p><b>2%</b> VS. FY23 H1</p>	<div style="text-align: center;">▼</div> <p><b>15%</b> VS. FY23 H1</p>	<div style="text-align: center;">▲</div> <p><b>4%</b> VS. FY23 H1</p>	<div style="text-align: center;">▲</div> <p><b>0.8<sup>PTS</sup></b> VS. FY23 H1</p>	<div style="text-align: center;">▲</div> <p><b>12%</b> VS. FY23 H1</p>	<div style="text-align: center;">▼</div> <p><b>57%</b> VS. FY23 H1</p>
▼ 4% CC <sup>1</sup>					

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).



# trophon Units

With an installed base of 33,550 trophon units globally, more than 26 million patients are protected every year from the risk of ultrasound probe cross contamination.



GLOBAL INSTALLED BASE

33,550



3%

IN LAST 6 MONTHS



NEW INSTALLED BASE

1,100



13%

VS. FY23 H1



UPGRADES

620



23%

VS. FY23 H1

## Installed Base and Upgrades

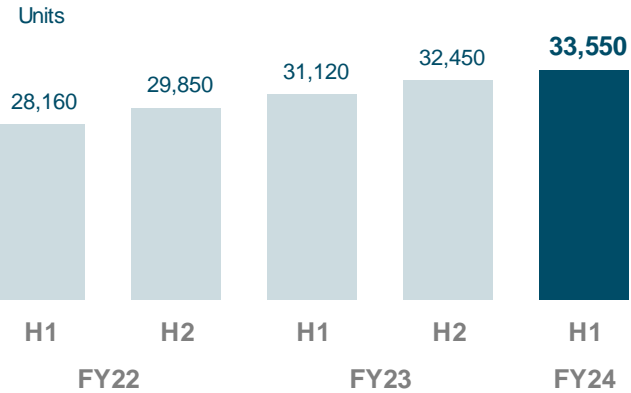
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# Installed Base

**33,550** units

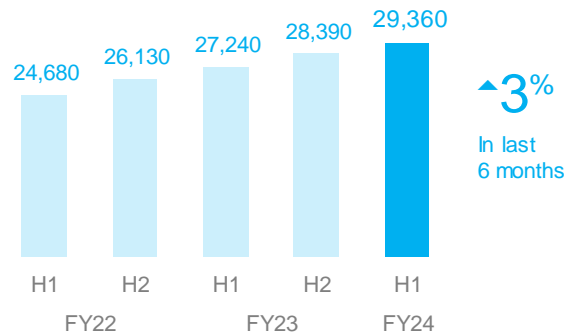
trophon continues to strengthen its position as the standard of care for automated high level disinfection of ultrasound transducers and the opportunity for long term growth remains strong across all three regions. Global installed base grew 3% for the half year with 33,550 trophon units now in operation around the world.

## GLOBAL TOTAL INSTALLED BASE



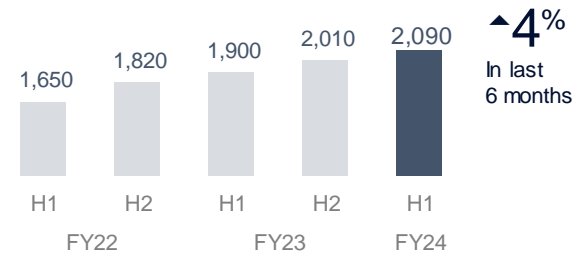
▲3% In last 6 months  
▲8% In last 12 months

### NORTH AMERICA Units



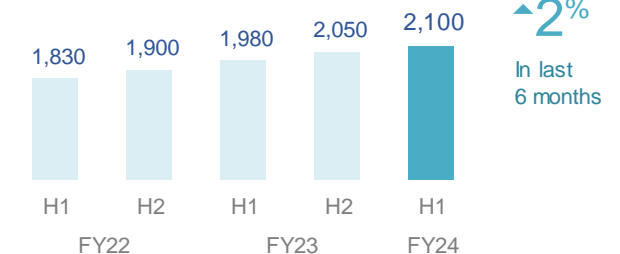
▲3% In last 6 months

### EUROPE AND MIDDLE EAST Units



▲4% In last 6 months

### ASIA PACIFIC Units



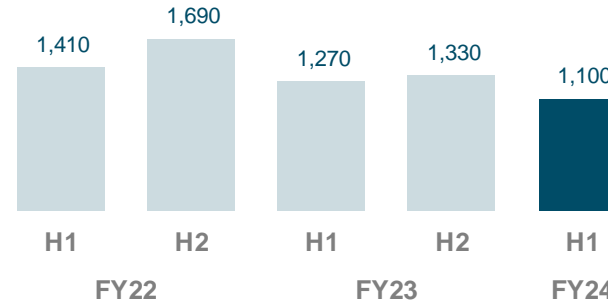
▲2% In last 6 months

# New Installed Base Growth

**1,100** units

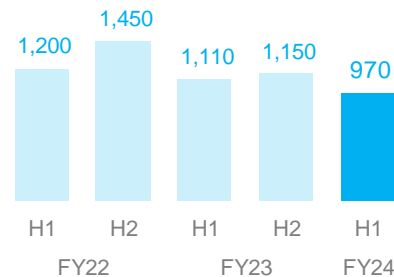
The global new installed base grew 1,100 units during the period. The pipeline for new installed base continues to grow, however, continuing budgetary pressures resulted in longer sales cycle time and has resulted in new installed base to be down 13% compared with prior corresponding period.

**GLOBAL NEW INSTALLED BASE**  
Units



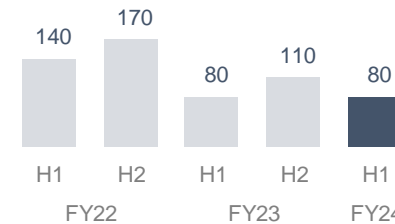
▼ **13%** Vs FY23 H1

**NORTH AMERICA**  
Units



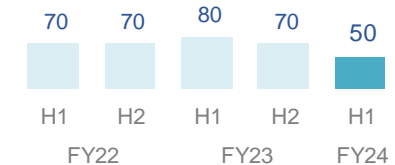
▼ **13%**  
Vs PCP

**EUROPE AND MIDDLE EAST**  
Units



▼ **0%**  
Vs PCP

**ASIA PACIFIC**  
Units



▼ **38%**  
Vs PCP

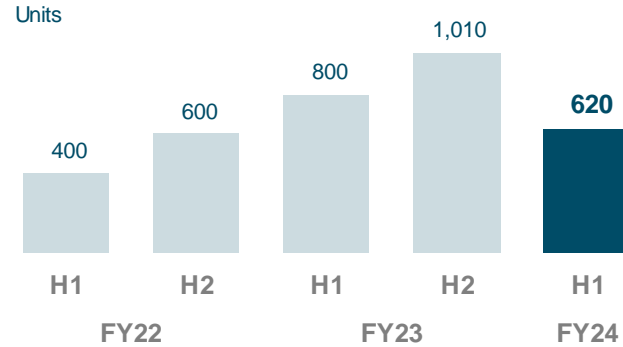
# Upgrade Units

**620** units

During the first half, the sales pipeline for upgrades continued to grow with strong customer interest based on the value proposition trophon2 offers.

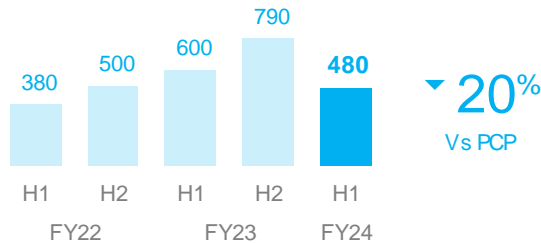
The time to purchase however increased due to hospital capital budgetary pressures with customers continuing to use their existing trophon device until becomes available. 620 upgrades were installed in the first half which was down 23% vs prior corresponding period.

## GLOBAL TOTAL UPGRADES



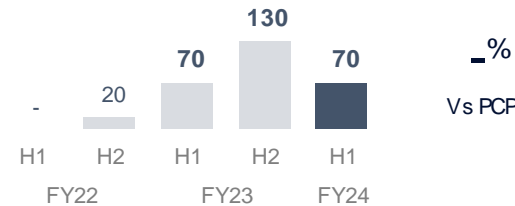
▼ 23% Vs PCP

### NORTH AMERICA Units



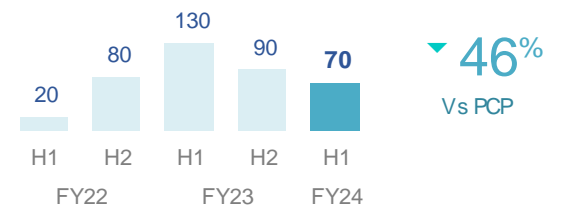
▼ 20% Vs PCP

### EUROPE AND MIDDLE EAST Units



-% Vs PCP

### ASIA PACIFIC Units



▼ 46% Vs PCP

Graphs are not to scale and therefore not comparable.

## Financial Results

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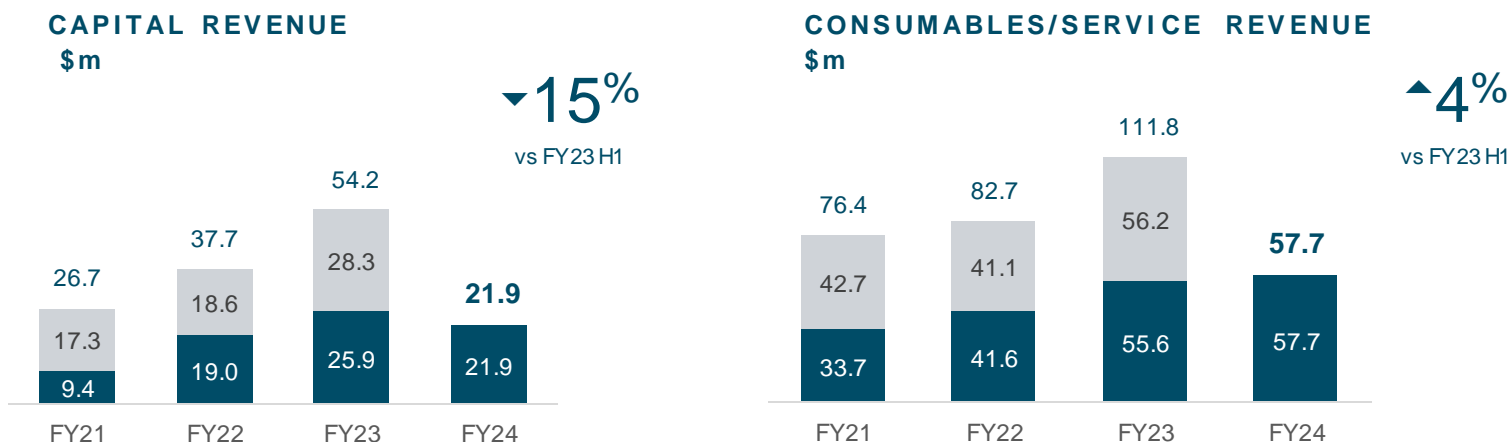
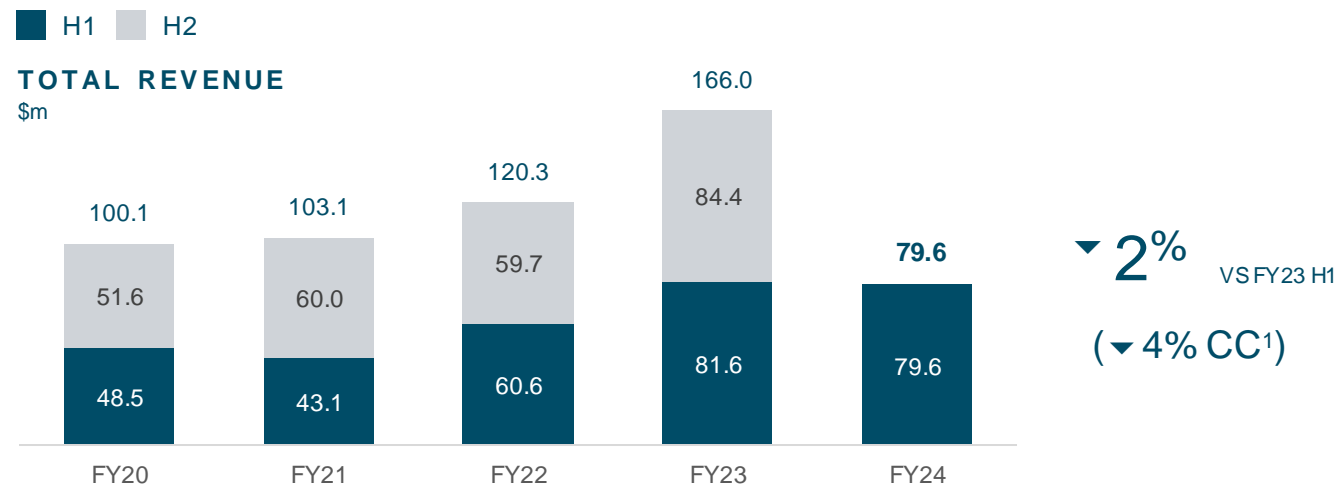
# Global Revenue

**\$79.6<sup>m</sup>**

Total Revenue for the first half year was \$79.6 million, down 2% on prior corresponding period.

The decline in revenue was attributable to:

- Lower than anticipated capital unit sales due to delays in hospital capital budget availability. This resulted in capital revenue of \$21.9 million for the half, down 15% compared to prior corresponding period.
- This is partially offset by increased consumables/service revenue; and
- Favourable foreign exchange.



Graphs are not to scale and therefore not comparable.

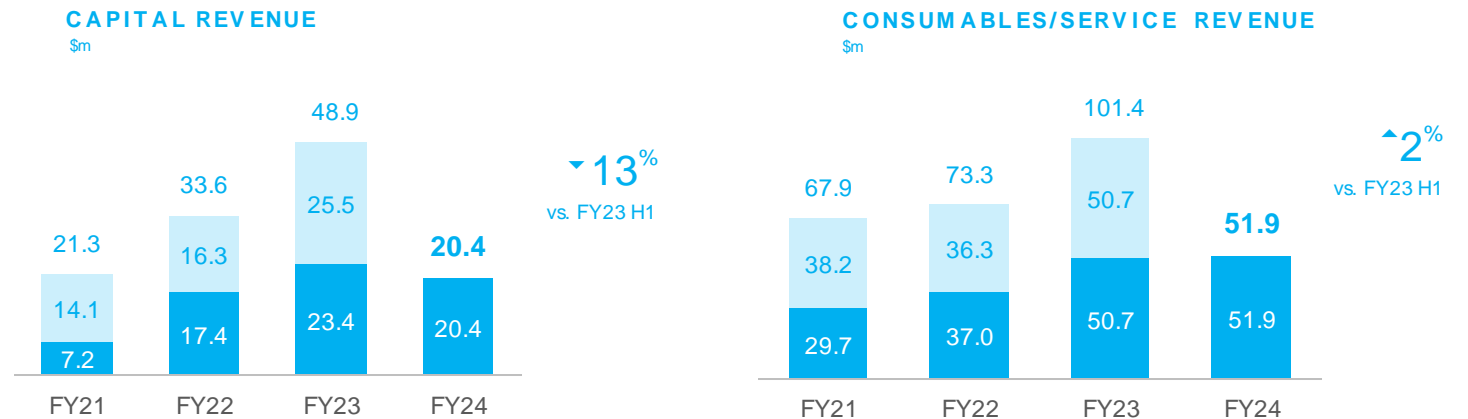
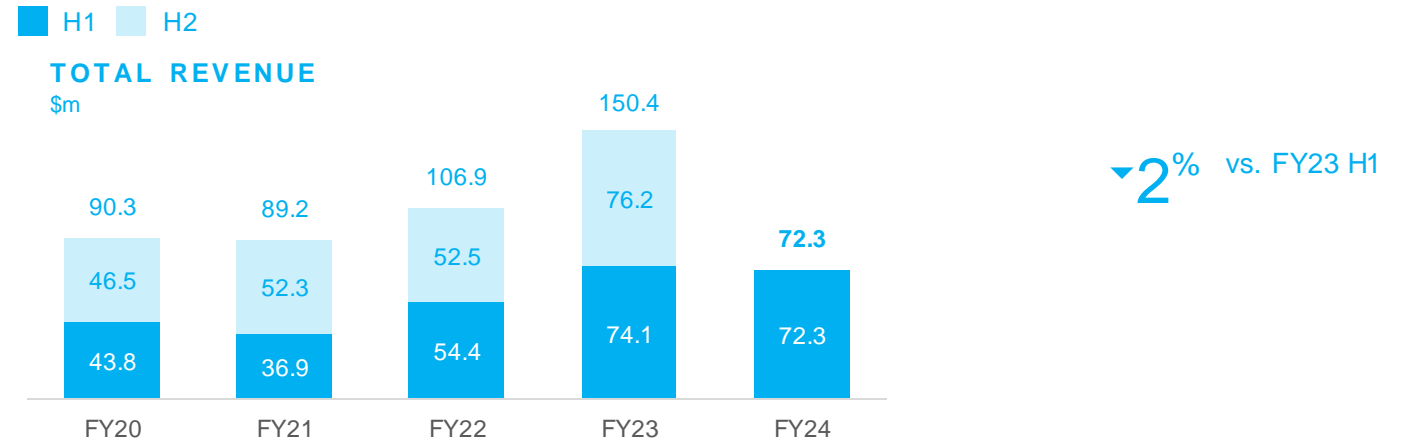
# North America Revenue

## \$72.3<sup>m</sup>

Total revenue for the half was \$72.3 million, down 2% on prior corresponding period (4% on CC<sup>1</sup>).

Capital revenue was \$20.4 million, down 13% on prior corresponding period with lower sales volume due to continuing hospital budgetary constraints impacting sales cycle time for new installed base and deferral of upgrades while the trophon EPR devices continue to perform.

Consumables and service revenue for the half was \$51.9 million, up 2% compared to prior corresponding period.



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).

Graphs are not to scale and therefore not comparable.



# Europe and Middle East Revenue

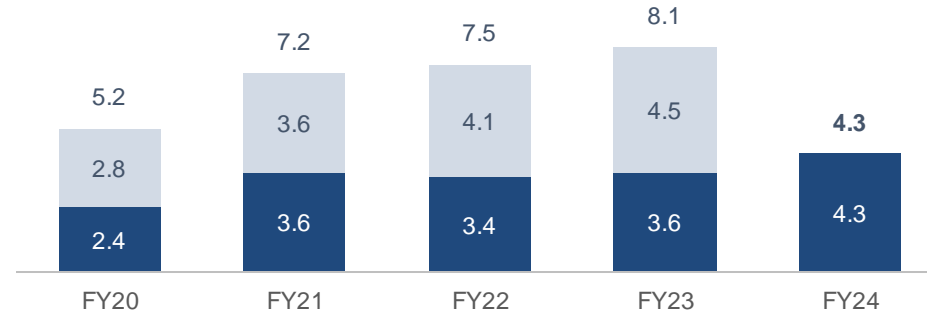
**\$4.3m**

Total revenue was \$4.3 million, up 19% on prior corresponding period.

While the total number of units installed was similar to the prior corresponding period, capital revenue for the half was \$0.7 million, down 22% compared to prior corresponding period. This takes into account the Managed Equipment Service (MES) model in the UK, where no capital revenue is recognised for placements and offset over time with higher consumables price.

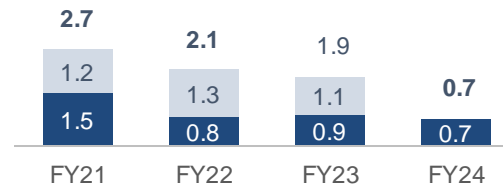
Consumables and Service revenue was \$3.5 million for the half, up 30% compared to prior corresponding period.

■ H1 ■ H2  
TOTAL REVENUE  
\$m



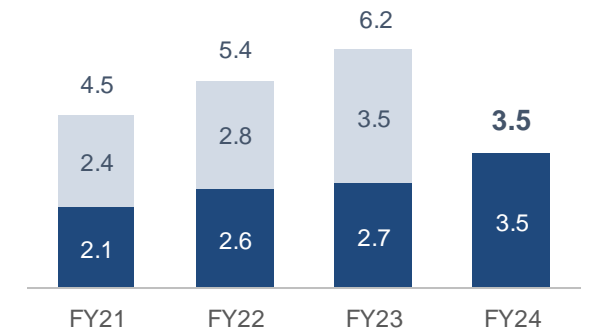
**↑19%** vs. FY23 H1

CAPITAL REVENUE  
\$m



**↓22%**  
vs. FY23 H1

CONSUMABLES/SERVICE REVENUE  
\$m



**↑30%**  
vs. FY23 H1

Graphs are not to scale and therefore not comparable.

# Asia Pacific Revenue

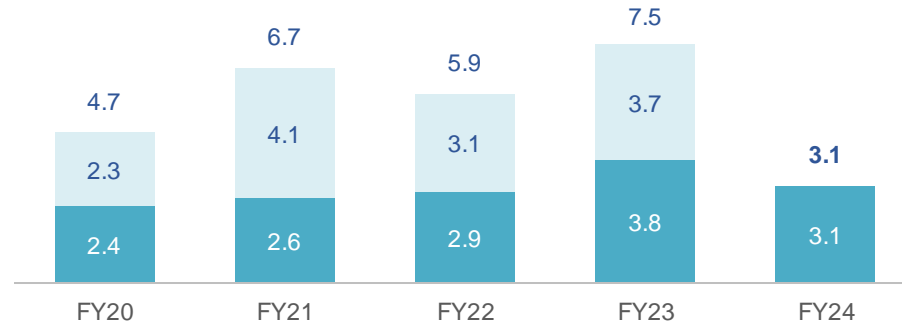
## \$3.1<sup>m</sup>

Total revenue for the first half was \$3.1 million, down 18% on prior corresponding period.

Capital revenue of \$0.8 million was down 50% compared to prior corresponding period reflecting larger upgrade purchases in prior periods and the timing of distributor purchases of units at end of FY23.

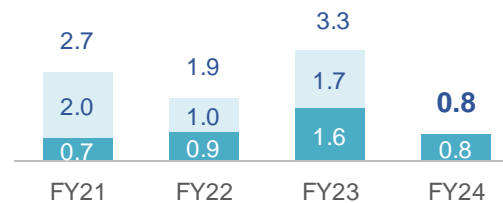
Consumables and service revenue was \$2.2 million, consistent with prior corresponding period and up 10% compared to last half.

■ H1 ■ H2  
TOTAL REVENUE  
\$m



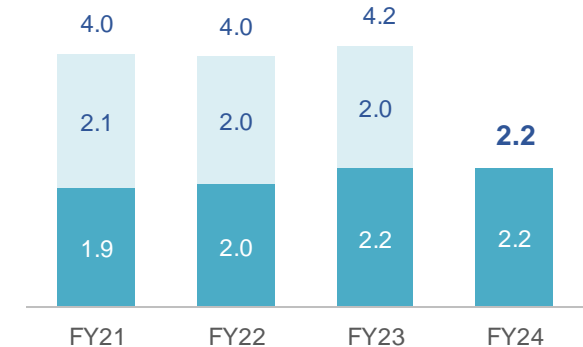
▼18% vs. FY23 H1

CAPITAL REVENUE  
\$m



▼50% vs. FY23 H1

CONSUMABLES/SERVICE REVENUE  
\$m



▲10% vs. FY23 H1

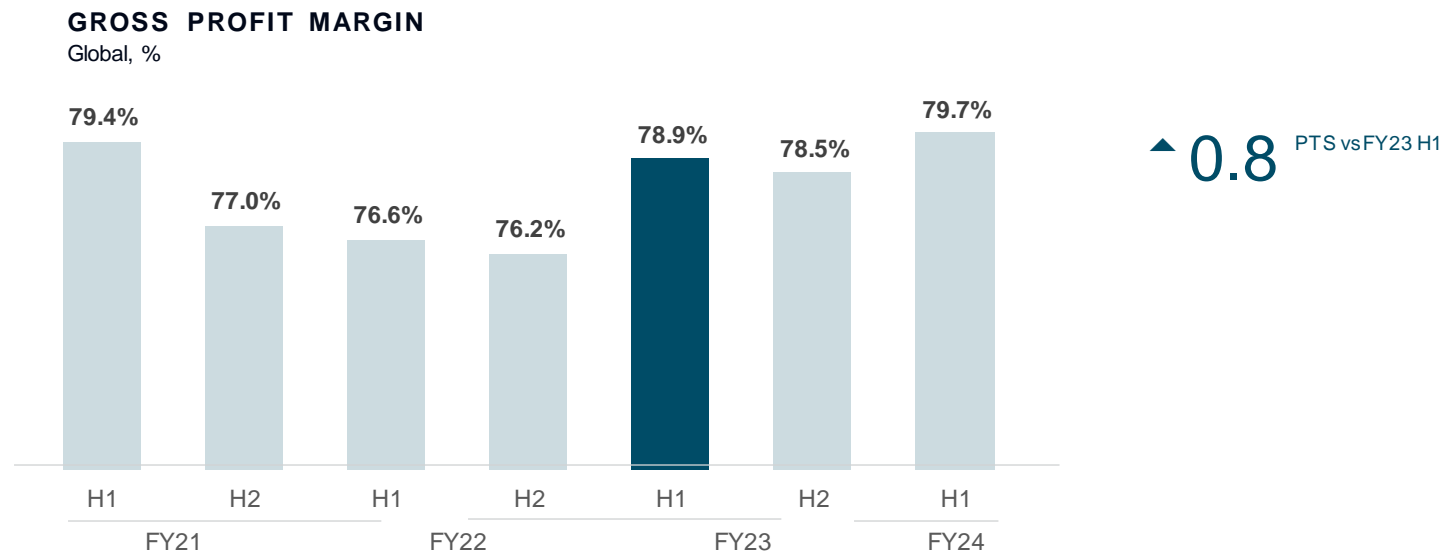
Graphs are not to scale and therefore not comparable.

# Gross Profit Margin

## 79.7%

Gross profit margin for the half was 79.7% up from 78.9% in prior corresponding period.

The stronger gross margin was driven by revenue mix and the positive impact of foreign exchange rates.

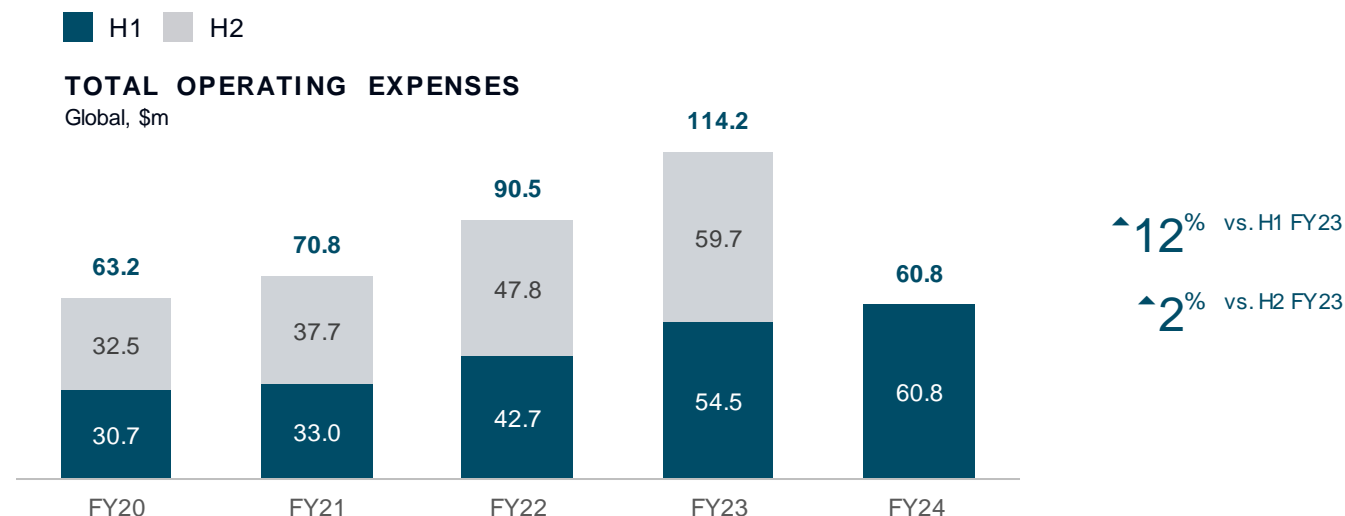


# Operating Expenses

**\$60.8m**

Operating expenses for the half totalled \$60.8 million, up 12% on prior corresponding period and 2% on prior half.

These operating expenses include investments being made in preparation for the commercialisation of the Company's new endoscope reprocessing platform, CORIS.

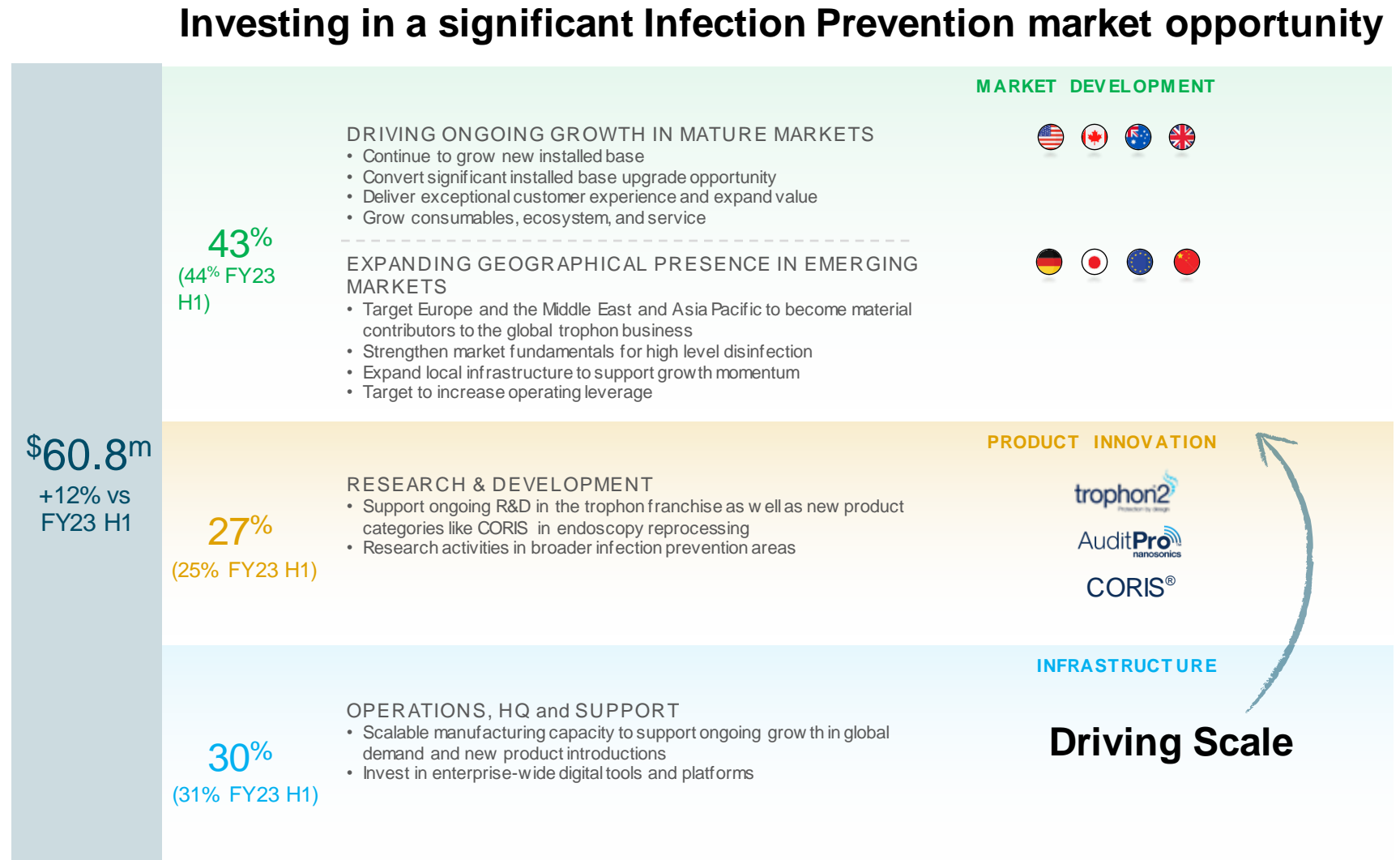


A number of productivity initiatives are underway across the organisation which will see operating expenses for the year reducing from the 17-22%<sup>1</sup> growth outlook to between 9-11%<sup>1</sup> including the costs associated with the new ERP implementation program which commenced in FY24.

1. For clarity, the 17-22% growth were based on a AUD/USD rate of 0.70, and the 9-11% growth assumes an AUD/USD rate of 0.67.

# Global Operating Expenses

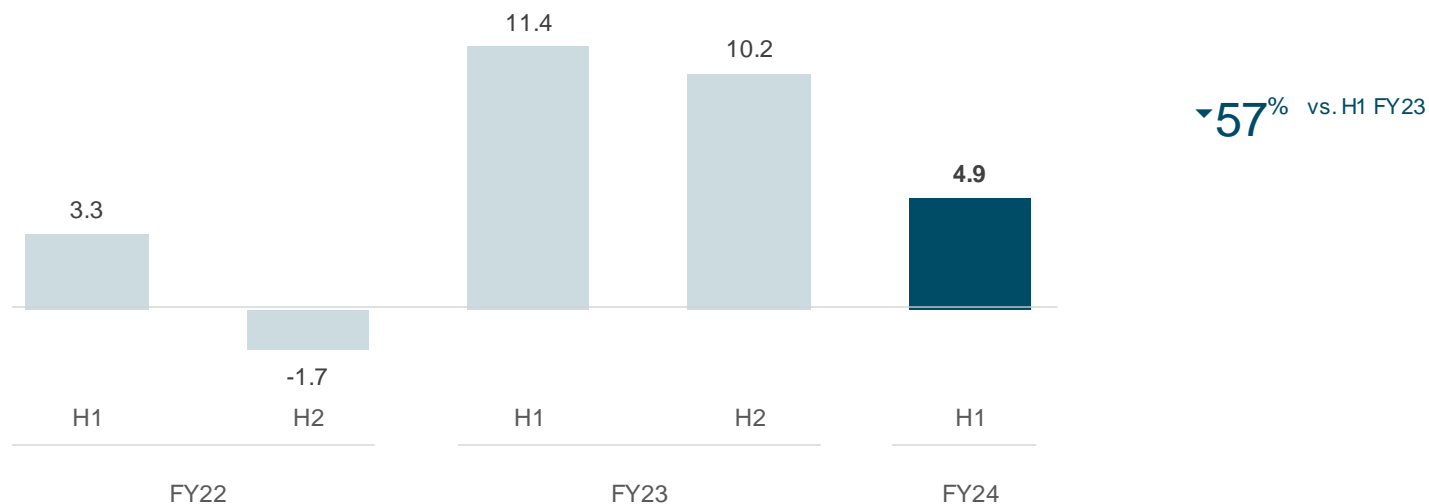
Nanosonics has established significant capabilities and continues to focus its operating costs and investments on the future of the business, positioning it well to further expand its participation as a leader in the global infection prevention market.



# Profit Before Tax

**\$4.9m**

Operating profit before tax of \$4.9 million compared with \$11.4 million in prior corresponding period.



# Cash Reserves

**\$7.9m**

Free cash flow for the half year of \$7.9 million compared with a net inflow of \$19.8 million in FY23.

**\$118.3m**

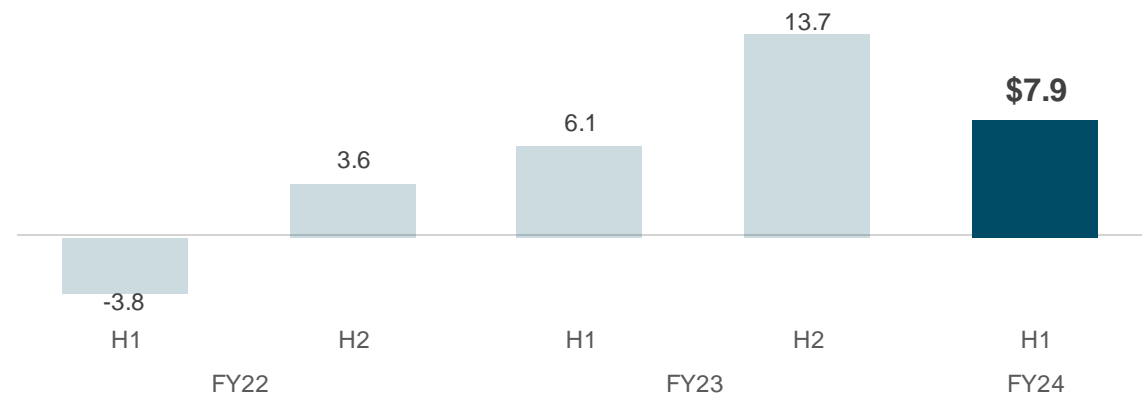
as at 31 December 2023

Cash and cash equivalents were \$118.3 million at 31 December 2023. The Company has no debt.



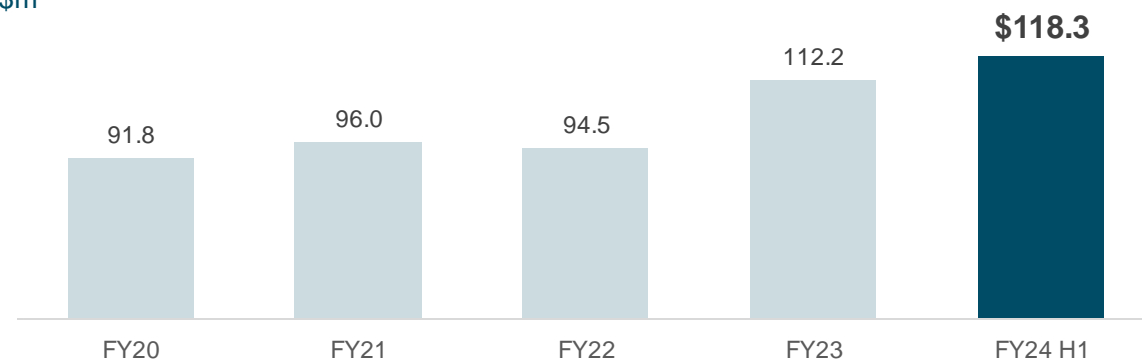
## FREE CASH FLOW

Global, \$m



## CASH AND CASH EQUIVALENTS

Global, \$m



# Profit and Loss Summary

\$ millions	FY24 H1	FY23 H1	Change %	
Capital revenue	21.9	25.9	▼	-15%
Consumable/service revenue	57.7	55.7	▲	4%
<b>Total revenue</b>	<b>79.6</b>	<b>81.6</b>	▼	-2%
<b>Gross profit</b>	<b>63.4</b>	<b>64.4</b>	▼	-2%
%	79.7%	78.9%		
<b>Operating expenses</b>				
Selling and general	(32.3)	(29.5)	▲	9%
Admin	(12.3)	(11.4)	▲	8%
Research and development	(16.2)	(13.6)	▲	19%
<b>Total Operating expenses</b>	<b>(60.8)</b>	<b>(54.5)</b>	▲	<b>12%</b>
Other income	0.8	0.6	▲	33%
Other gains/(losses)-net	(0.4)	0.2	▼	-300%
<b>Earnings before interest and tax</b>	<b>3.0</b>	<b>10.7</b>	▼	-72%
Finance income-net	1.8	0.7	▲	157%
<b>Operating income/(loss) before income tax</b>	<b>4.9</b>	<b>11.4</b>	▼	-57%
Income tax benefit/(expense)	1.3	(1.0)	▼	-230%
<b>Profit after income tax</b>	<b>6.2</b>	<b>10.4</b>	▼	-40%

## HIGHLIGHTS

- Half year revenue of \$79.6 million, down 2% on prior corresponding period (4% in constant currency).
  - Half year capital revenue of \$21.9 million, down 15% on prior corresponding period primarily related to delays in expected upgrade unit sales.
  - Half year consumables and service revenue of \$57.7 million, up 4% compared with prior corresponding period.
- Gross profit margin of 79.7%, up from 78.9% in prior corresponding period reflecting a greater proportion of consumables and service in the product mix.
- Continued investment in strategic growth agenda with operating expenses of \$60.8 million, up 12% on prior corresponding period and up 2% compared with H2 FY23.
- Other income, which includes NSW Jobs Plus Program grant, of \$0.8m million, up 33% on prior corresponding period.
- Net finance income increased \$1.1m with higher interest rates and available cash.
- Operating profit before tax of \$4.9 million compared with \$11.4 million in prior corresponding period.



## trophon Business Profitability

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# Unaudited Pro forma Profit and Loss

A significant proportion of the Company's operating expenses are associated with future earning opportunities from new product development and expansion. Presented below is the profitability profile of the current core trophon business without those product expansion investments.

Excluding operating expenses of approximately \$13.3 million<sup>1</sup> associated with the development and commercialisation preparation of the CORIS technology, the unaudited pro forma profit before tax of the current trophon business in H1 FY24 was approximately \$18.2 million.<sup>1</sup>

\$ millions	FY24 H1
<b>Revenue</b>	<b>79.6</b>
<b>Gross profit</b>	<b>63.4</b>
%	79.7%
<b>Operating expenses</b>	<b>(47.5)</b>
% of Revenue	59.6%
Other income	0.8
Other gains/(losses)-net	(0.4)
<b>Earnings before interest and tax</b>	<b>16.4</b>
Finance income-net	1.8
<b>Operating profit before tax</b>	<b>18.2</b>

This includes all operating and investment costs associated with developing emerging trophon markets that do not currently contribute significantly to revenue as well as R&D associated with the trophon technology roadmap.

The pro forma profit before tax of \$18.2 million for the half represents 23% of revenue demonstrating the strong underlying profitability of the stand-alone trophon business.<sup>1</sup>

1. The pro forma profit and loss statement is unaudited and reflects total Company results less operating costs associated with new product development and commercialisation. Operating costs reflect unaudited management allocation estimates where resources are shared between trophon and new product development and commercialisation. The pro forma profit and loss statement also includes income received from the Jobs Plus Program.

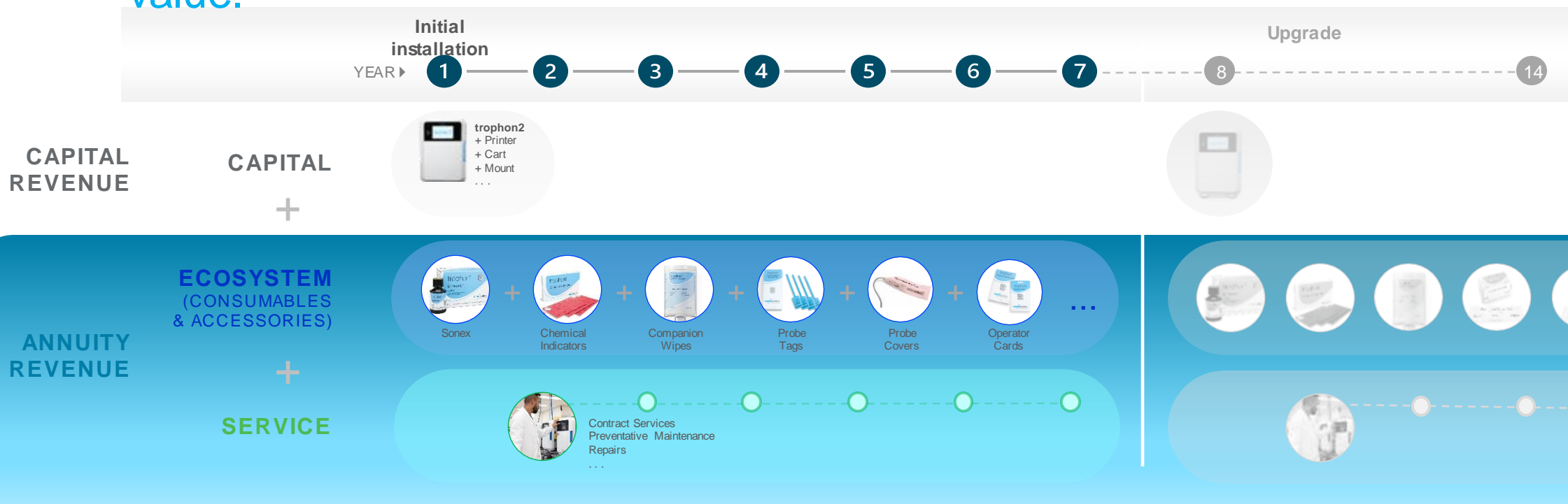
# TROPHON<sup>®</sup> OPPORTUNITY

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# trophon Lifetime Value

Every new installed base delivers a significant incremental lifetime value.



## ↑ trophon growth

Each new installed base unit delivers capital revenue plus high margin annuity revenue for the life of the device.

## ↑ 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

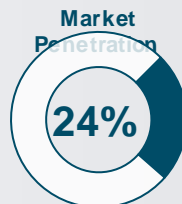
As devices age and new trophon versions are launched, a significant upgrade opportunity exists generating new capital revenue and extending high margin annuity revenue.

# Significant Global Opportunity



## GLOBAL

Installed base opportunity  
**140,000**<sup>1</sup>  
 UNITS



- 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 Market Penetration  
**60,000**<sup>1</sup>  
 UNITS



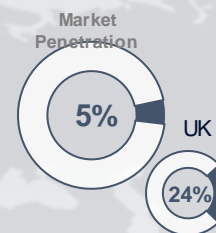
### Strong Fundamentals

- Fundamentals for adoption strong with requirements for HLD in place.
- trophon installed base of 29,360 units and already in approximately of hospitals using ultrasound, including majority of luminary hospitals.
- Nanosonics has established a direct infrastructure to access remaining opportunity within existing hospitals through expansion into all ultrasound using departments, introduction into new hospitals as well as established a number of Channel partners to access the private physician market.



## EUROPE AND MIDDLE EAST

Installed Base Opportunity  
**40,000**<sup>2</sup>  
 UNITS



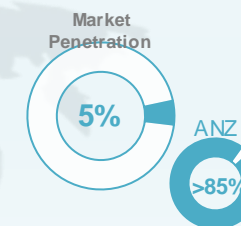
### Strengthening Fundamentals

- 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. Established direct operations in Ireland.
- Trophon established on NHS Framework which facilitates more efficient procurement processes
- In Germany, new guidelines from the Commission for Hospital Hygiene and Infection Prevention in Germany (KRINKO) at the Robert Koch Institute are due for publication in mid-2024 with expectation of recommendation for automated and validated disinfection processes for ultrasound probes.



## ASIA PACIFIC

Installed Base Opportunity  
**40,000**<sup>2</sup>  
 UNITS



### Strengthening Fundamentals and Expanding Markets

- Sales mainly in ANZ where trophon is standard of care and market penetration is >85%.
- In Japan, the Company's market development activities continue to progress with 100 trophon units currently installed.
- In Japan, a multicentre study examining the degree of contamination of ultrasound probes in emergency departments was conducted. Over 75% of the probes used were found to be contaminated. This new study, together with the study conducted in the ObGyn setting demonstrating contamination in over 90% of probes, further supports the Company's work towards the development of national based guidelines.
- In China, the regulatory submission for trophon2 has progressed with expectations of approvals and full registration within the next 9 months with commercialisation plans to follow thereafter.

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.

# Significant opportunity continues in North America

There are **over 150 procedures<sup>1</sup>** that use ultrasound probes across many departments that risk contact with mucous membranes, non-intact skin and/or sterile tissue.

## EXAMPLES



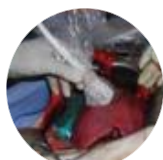
ENDOCAVITARY

- Abdominal Duplex Vascular (complete & limited, transvaginal)
- Pregnancy scans
- Chorionic Villus Sampling
- Transrectal scan
- Transrectal prostate biopsy



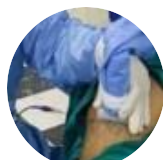
UG<sup>2</sup> BIOPSY

- Biopsy of liver
- Biopsy of pancreas
- Biopsy of pleural fluid
- Biopsy of pulmonary lesions
- Biopsy of salivary gland
- Biopsy of sclerosing mesenteritis



INTRAOPERATIVE

- Intraoperative neurosurgical procedures
- Intraoperative UG tracer injection
- UG implantation of iodine seeds
- UG percutaneous renal transplant biopsy
- UG transthoracic punctures



NERVE BLOCKS

- UG cervical nerve root block
- UG ankle block
- UG femoral nerve block
- UG ophthalmic regional anesthesia
- UG percutaneous peripheral nerve stimulation



WOUNDS

- UG burn patient assessment
- UG Focused Assessment with Sonography in Trauma (FAST)
- UG focused diagnostic echocardiography (e.g., cardiac resuscitation in presence of trauma)

+ AND MANY MORE. . .

## Market Opportunity

- Approximately 5700 hospitals use ultrasound extensively in USA<sup>3</sup>
- trophon currently exists in approximately 70% of these hospitals in at least one department
- Ultrasound used in many departments including Radiology, OB/GYN, Urology, Emergency Care, OR, Intensive Care, Cardiology, Orthopedics
- Opportunity exists to expand trophon presence in each relevant department
- Approximately 70% of current new installed base sales are into existing trophon hospitals
- Further opportunity to increase adoption into the 30% of hospitals without trophon
- Large Private Physician Market in OB/GYN and Private Radiology also exists with Nanosonics signing channel partner agreements to serve this market segment



ULTRASOUND  
INSTALLED BASE  
UNITED STATES



TROPHON TAM<sup>4</sup>  
NORTH AMERICA



60,000<sup>5</sup>  
UNITS

1 Nanosonics analysis, SDMS guidelines, market reports  
2 Ultrasound-guided

3 DHC ACE Report with report ultrasound procedure volumes for claim year 2022.

4 Total Addressable market.

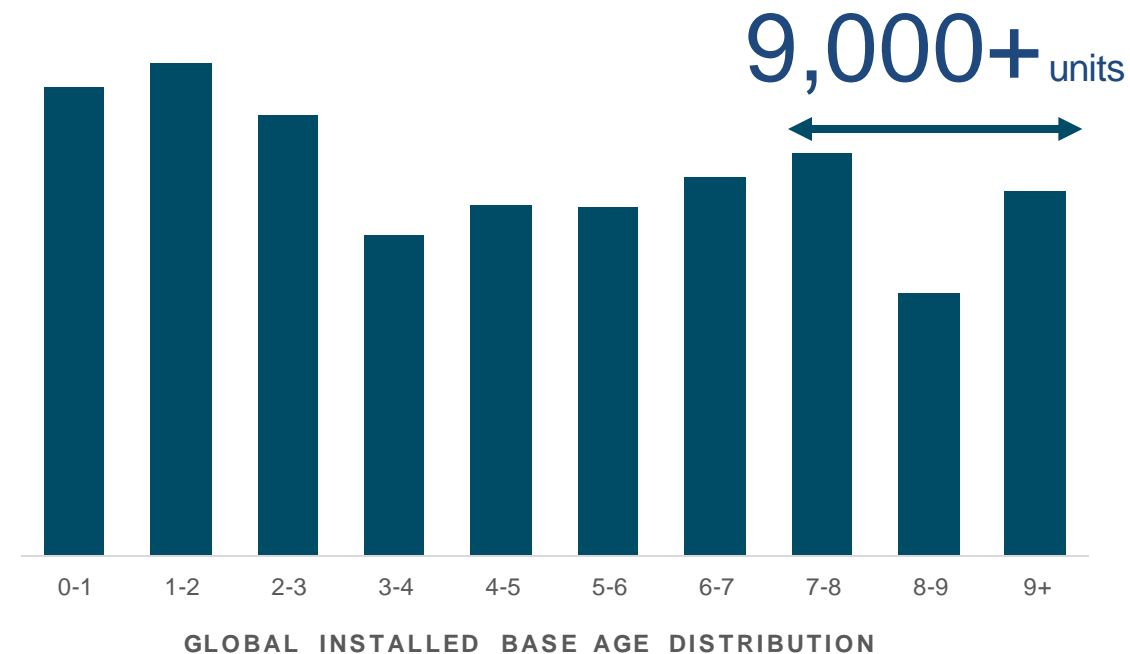
5 Nanosonics analysis based on updated ultrasound information commissioned by Nanosonics and an estimated trophon to ultrasound attachment rate.

# Significant Upgrade Opportunity

A significant upgrade potential exists in the current North American installed base for both capital revenue and incremental annuity revenue through service.



◀◀ GROWING UPGRADE OPPORTUNITY





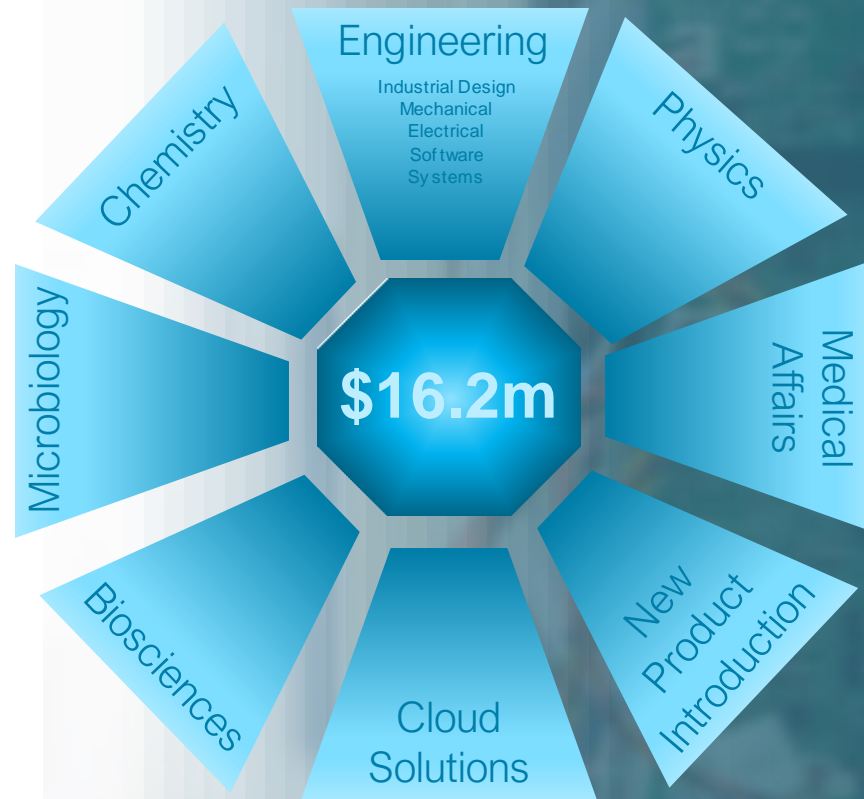
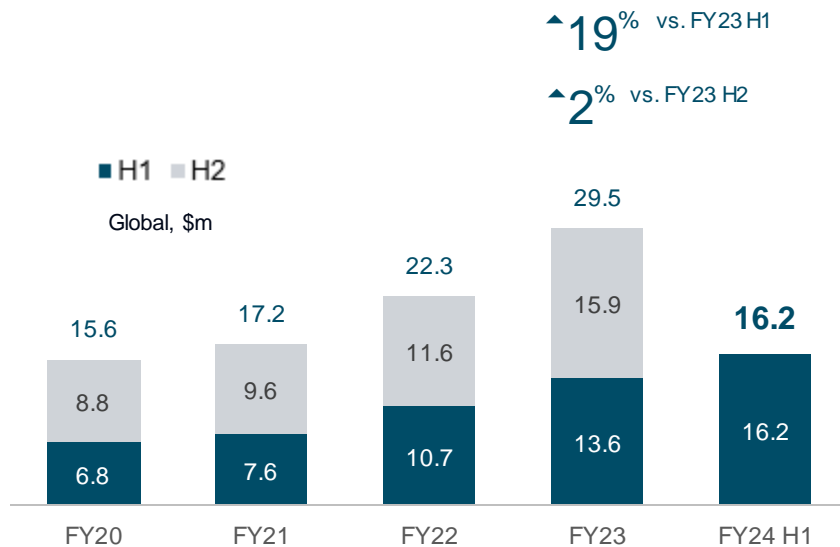


# Research & Development

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# Investment in R&D

Research and development continues to be a cornerstone of the future growth of the Company.



During the half, the Company continued to invest in its product expansion strategy across ultrasound reprocessing, endoscopy reprocessing and traceability/cloud solutions. R&D investment was \$16.2 million, up 19% compared with the prior corresponding period and 2% compared with prior half.

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

# CORIS<sup>®</sup>

Transforming the cleaning  
of flexible endoscopes

Our Next Instrument Reprocessing Product Platform

**United States  
Food and Drug  
Administration  
(FDA)**

**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.

- Clinical In Use Study in Australia progressing.
- Clinical Simulation Lab established in USA and phase one of Human Factors Study complete with phase two underway.
- Once the data from these studies are available, the Company expects to be in a position to lodge the FDA De Novo submission.

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

Product shown is a pre-production unit.

# CORIS – International Conference Presentations



CORIS presented at several international conferences during H1 highlighting best in class efficacy against toughened biofilm. Additional presentations are planned in H2 2024.



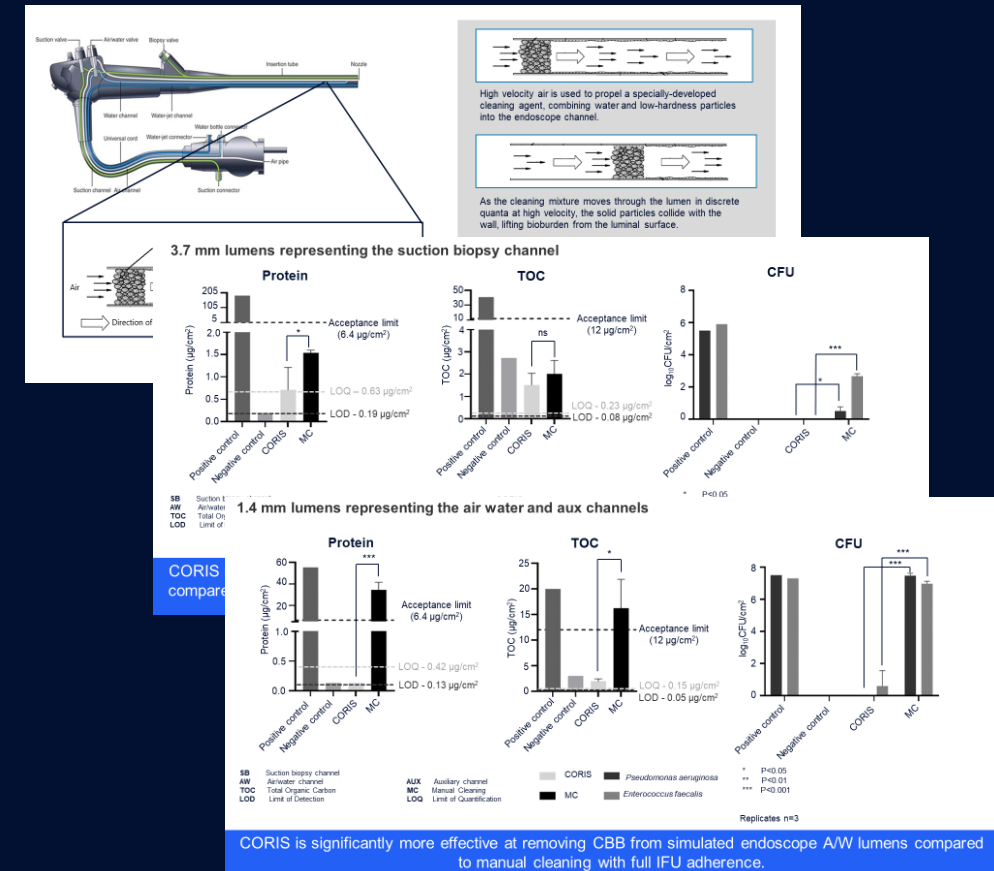
Association for Professionals in Infection Control and Epidemiology (APIC), USA, June 2023



Irish Decontamination Institute (IDI) Annual Meeting, Ireland, Oct 2023



World Federation for Hospital Sterile Services (WFHSS) World congress, Brussels, Oct 2023

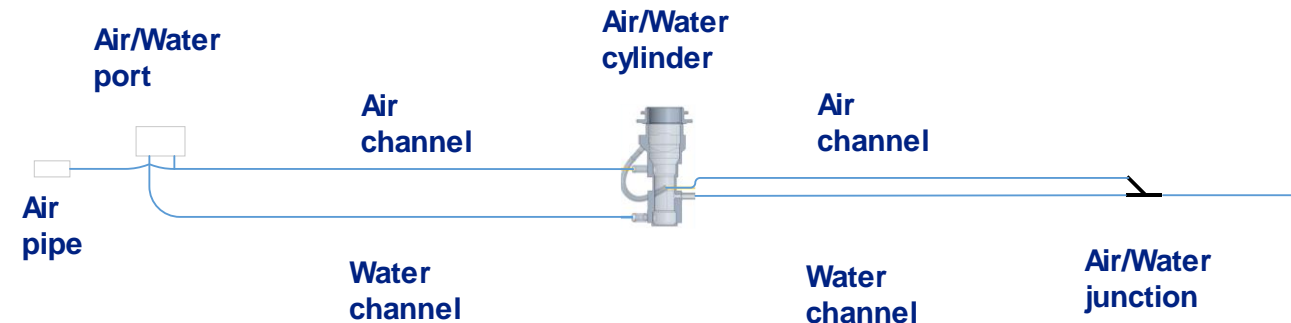
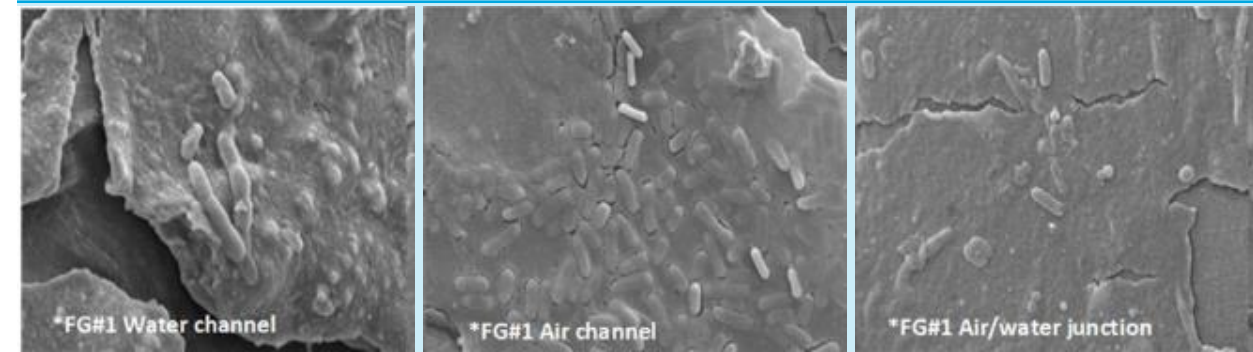


# Biofilm forms quickly in narrow channels and is resistant to removal

Phase	FG Identification and Time of Use	Type of Channel	Structural Damage	Biofilm	Other Residuals
Phase 3 FG channels after 60 d in use following the revised reprocessing protocol	FG #1, 60 d	Biopsy	+	~	+
		Water	NV	+	+
		Air <sup>a</sup>	+	+	+
		Junction	+	+	+
	FG #2, 60 d	Biopsy	+	~	+
		Water	NV	+	+
		Air	+	+	+
		Junction	NV	+	+
	FG #3, 60 d	Biopsy	+	~	+
		Water	+	+	+
		Air	NV	~	+
		Junction	NV	+	+

NV: channel surface not visible due to thick layer of biofilm and/or residual; +: Positive; ~: Suggestive of biofilm; FG: Flexible Gastroscope

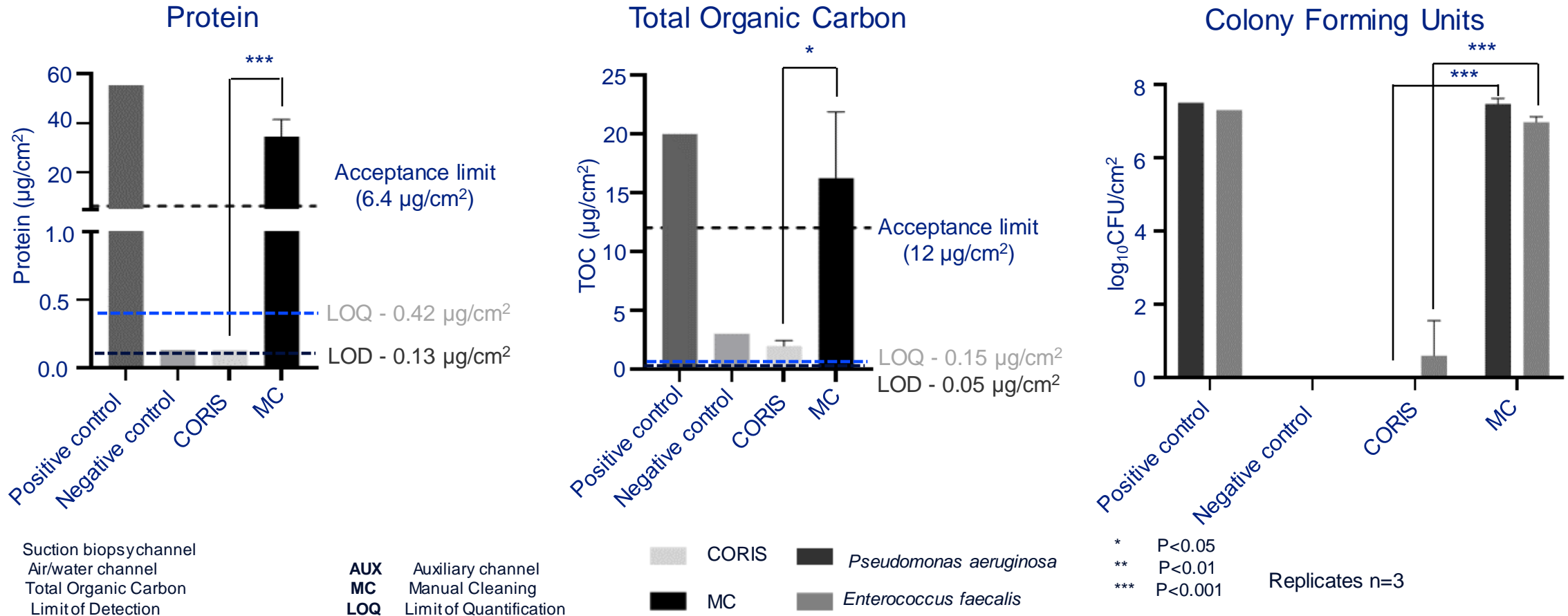
## Water channel      Air channel      A/W junction



Biofilm formed in A/W channels in just 60 days (30 days in some cases) and remained on all endoscopes, despite reprocessing.

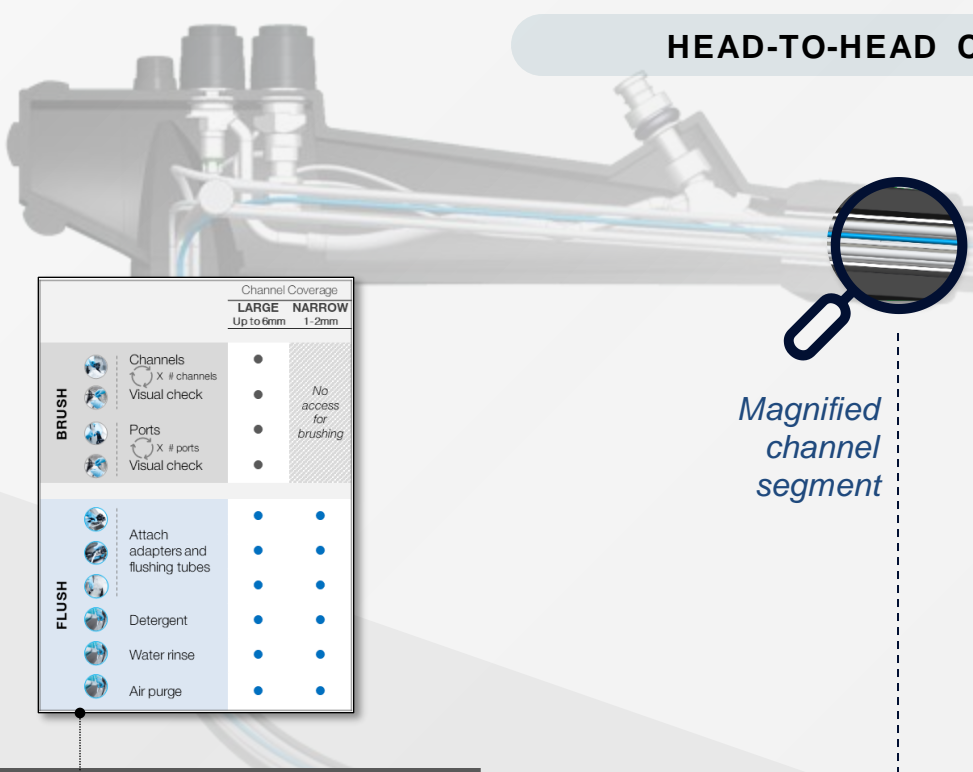
# CORIS Preliminary Results

## 1.4 mm lumens representing the air water and aux channels



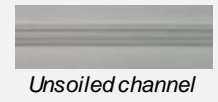
CORIS is significantly more effective at removing cyclic build-up biofilm from simulated endoscope A/W lumens compared to manual cleaning with full IFU adherence.

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



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

**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.







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

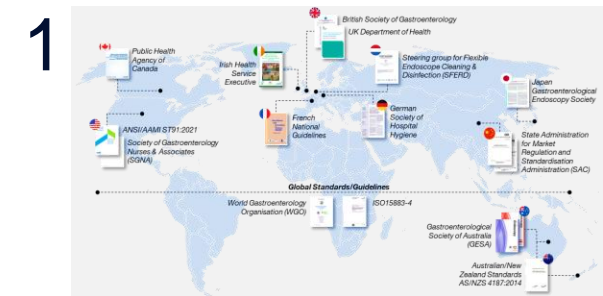
Michelle Alfa, PhD, FCCM, Clinical Microbiologist, International expert in biofilm and endoscope reprocessing



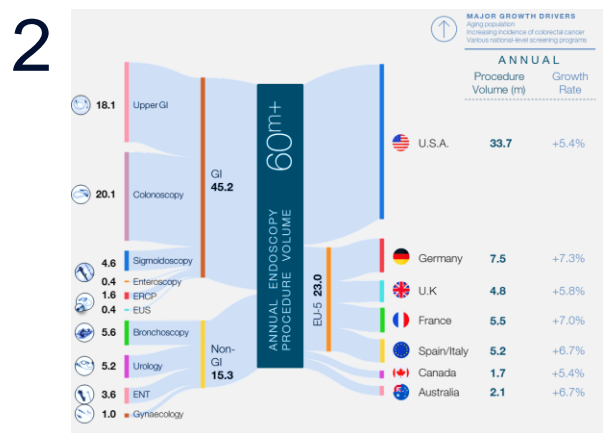
“To expect a human individual to perform over 100 steps to clean an object and expect that to be done perfectly every single time without any residue with no mistakes is unrealistic and it's not a possibility. Manual cleaning is a human element that we cannot control any longer.”

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

# CORIS<sup>®</sup> represents a significant global opportunity



**STRONG FUNDAMENTALS AND STANDARD FOR REPROCESSING<sup>#</sup>**



**AN ESTABLISHED AND GROWING ENDOSCOPY MARKET >60 million procedures growing at 6% annually<sup>#</sup>**



**EXPENSIVE AND INEFFECTIVE CURRENT STANDARD OF CARE**

<sup>#</sup>References on file; available upon request.  
 1. O'stead, C.L., Quick, M.R., Eiland, J.E. and Adams, S.J., 2017. A glimpse at the true cost of reprocessing endoscopes. International Association of Healthcare Central Service Material Management.

## Outlook

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"Despite the market challenges faced in the first half, we expect both unit and revenue growth in H2 over H1.

We remain confident in the ongoing growth opportunity of the Company's trophon ultrasound reprocessing business as well as the broader growth opportunities through the investments being made in both product and geographical expansion."

- Michael Kavanagh, CEO & President

The underlying fundamentals for the ongoing growth of the trophon ultrasound reprocessing business remain strong with the sales pipeline for both new installed base and upgrades continuing to grow. As the macroeconomic conditions have not materially changed from those experienced in the first half, it is expected that the challenges associated with hospital capital budget constraints are likely to continue throughout the second half. The Company is adapting to the market conditions through the introduction of customer offerings designed to provide customers with greater financial flexibility. In that context, the targets for FY24 have been adjusted as follows:

#### REVENUE

Total revenue in H2 is expected to grow between **6-15% over H1**. Full year revenue is expected to be **between \$164 million and \$171 million**. The increase in revenue includes growth in both new installed base and upgrade units over H1.

#### GROSS PROFIT MARGIN

Gross profit margin **between 76-78%** driven by the increased proportion of capital sales in H2 over H1 and allowing for the introduction of a number of customer offerings providing them greater financial flexibility.

#### OPERATING EXPENSES

Operating expenses for the year have been moderated from previous outlook. Operating expenses are now expected to **grow by 9-11%**, down from the previous outlook of 17-22%<sup>1</sup> growth.

The above outlook statements assume an AUD/USD rate of 0.67 where applicable.

All guidance is subject to ongoing uncertainty in relation to hospital budgetary pressures as well as broader economic and geopolitical conditions.

1. For clarity, the 17-22% growth were based on a AUD/USD rate of 0.70, and the 9-11% growth assumes an AUD/USD rate of 0.67.