2017 Half Year Results

Investor Presentation

Michael Kavanagh - CEO & President

McGregor Grant – Chief Financial Officer

Disclaimer

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Corporate 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.

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Company overview

- Healthcare company specialised in the development and commericalisation of infection control solutions
- First product, trophon® EPR - proprietary automated technology for low temperature, high level disinfection of ultrasound probes
- Approved for sale in most major markets including: US, Canada, ANZ, Europe, Singapore, HK, South Korea, Japan
- 162 Staff across Australia, US, Canada UK, Germany and France
- Sold through direct sales and distributors including leadings brands such as: GE Healthcare, Philips, Samsung, Siemens Toshiba and Miele Professional
- R&D investment in multi-generational trophon program and portfolio expansion through new infection prevention solutions

Key Corporate Data

Share price*	$2.67
Shares on issue*	297.7 million
Market capitalisation*	$795 million
Liquidity* (30 day avg.)	789,000 shares
Cash (31 Dec 16)	$56.9 million
Share register breakdown	Founders/Related Parties 18% Institutions 51% Private 31%

* As at 22 February 2017

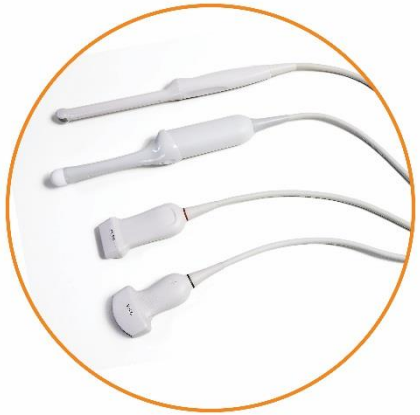
trophon EPR

trophon is the safe, versatile and simple way to high level disinfect ultrasound probes. Anything else is a compromise.

Safe

- Safe for Patient – most comprehensive portfolio of efficacy testing in probe high level disinfection.
- Safe for user - no handling or exposure to toxic chemicals
- Safe for environment - water and oxygen as by products

Versatile



- Compatible with over 1,000 probes including intracavity and surface probes
- Can be used at point of care
- Supports streamlined practice workflows

Simple

- Simple to use – one button operation
- Fast 7 minute cycle

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Large market opportunity & attractive revenue model

Addressable installed base: ~120,000 trophon EPR units globally

- ~40,000 units in North America
- Equivalent sized markets in Europe and RoW

Each unit sale results in a robust annuity revenue stream

Capital sales

trophon device

Accessories

Recurring annuity revenue

Consumables

Service and maintenance contracts

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Corporate objectives

Customer Experience

Establish our offerings as new standards of care globally and provide customers a convenient, seamless and consistent experience with both product and brand.

Product Innovation

Create and bring to market a portfolio of innovative and quality products that address unmet customer needs providing higher standards of safety, efficiency and patient care.

Operational Excellence

Develop an agile operation with scalable, compliant and performance focussed processes, designed to deliver a positive experience for our customers.

People Engagement

Build an organisation that attracts and retains the best people and engages and empowers them to take appropriate initiative and be accountable for our core objectives.

Value Creation

Create sustainable shareholder value, delivering high growth and strong returns , while making a significant contribution to social good.

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2017 First Half Highlights

Customer Experience

- Installed base growth of over 2,000 units in North America
- New international guidelines supporting usage across all semi critical ultrasound probes
- UK market expansion and introduction of Managed Equipment Service (MES) model
- Progress in market expansion activities in Middle East and Japan. Canadian direct sales capability implemented
- Agreements in place with all major ultrasound OEMs in USA for provision of trophon capital equipment
- New North American Website launched trophon.com

Operational Excellence

- Canadian direct sales infrastructure established
- Expanded operations in UK (Sales, Service, Warehousing)
- Lean manufacturing program implemented
- Successful regulatory audits of corporate operations

People Engagement

- Increased workforce from 150 to 162 employees
- Mr. Steven Sargent and Ms. Marie McDonald appointed as Non-Executive Directors

Product Innovation

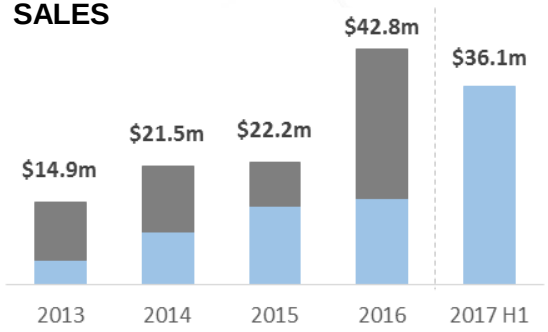
- R&D investment increase of 30% on pcp with solid progress on multi-generational trophon program plus research on novel new infection prevention solutions
- Customer research programs conducted to support new product development

Value Creation

- Sales $36.1 million
- Operating profit $10.6 million
- Free cash flow for the half year $8.2 million
- Strong balance sheet with cash reserve of $56.9 million to support growth strategy
- ASX 200 entry

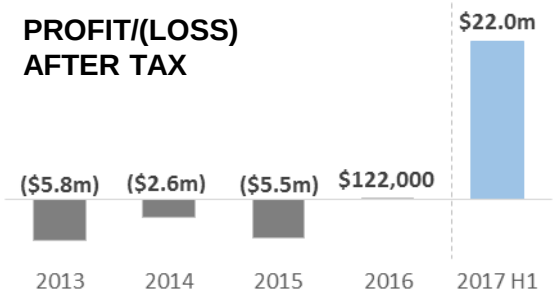
2017 H1 Financial Results

SALES



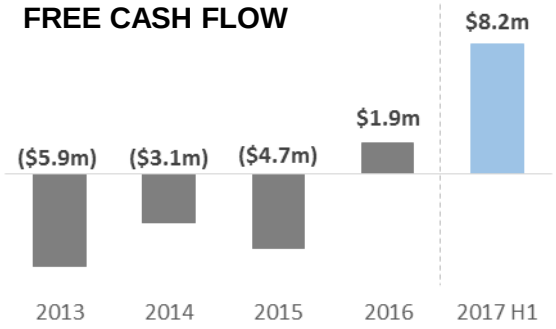
- FY17 H1 sales of $36.1 million, up 33% vs FY16 H2 (36% in constant currency) and up 132% vs FY16 H1 (142% in constant currency).
- Continuing strong adoption of trophon in North America.
- Increased consumables and service revenue from growing global installed base of over 12,300 units.
- Includes one-off impact of additional sales to GE Healthcare as it rebuilt inventory to meet its safety stock requirement.

PROFIT/(LOSS) AFTER TAX



- Profit after tax of $22.0 million. Includes income tax benefit of $11.7 million.
- Operating profit before tax of $10.3 million, up 203% on prior half ($3.4 million) and compares with an operating loss of $3.2 million in prior corresponding period.

FREE CASH FLOW



- Free cash flow for the half year of $8.2 million, up 19% on prior half ($6.9 million) and compares with negative free cash flow of $5.0 million in the prior corresponding period.
- Cash reserve of $56.9 million, maintains strong balance sheet to support growth strategy.

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2017 H1 Financial Results

$ million	FY16 H1	FY16 H2	FY16 Total	FY17 H1
Sale of goods and services	**15.6**	**27.2**	**42.8**	**36.1**
Gross profit	**12.6**	**19.6**	**32.2**	**26.3**
%	81%	72%	75%	73%
Selling, general and administration expenses	(13.1)	(12.3)	(25.4)	(12.9)
Research and development expenses	(3.3)	(4.0)	(7.3)	(4.3)
Other income	0.3	(0.2)	0.1	0.8
Finance income (net)	0.2	0.3	0.5	0.4
Operating income/(loss) before income tax	**(3.3)**	**3.4**	**0.1**	**10.3**
Income tax benefit	-	-	-	11.7
Profit/(loss) attributable to members	**(3.3)**	**3.4**	**0.1**	**22.0**
Cash Balance			**48.8**	**56.9**

Sales of $36.1 million, up 33% vs FY16 H2 and 132% vs FY16 H1

Gross profit of $26.3 million, or 73% of sales

Total operating expenses of $17.2 million

- Net of increase in recovery of indirect production overheads of $1.3 million
- Growth in FY17 H2 operating expenses will come from increased investment in sales & marketing, geographical expansion and R&D

Other income $0.8 million, up $0.5 million vs FY16 H1 mainly due to FX gains

Income tax benefit of $11.7 million primarily related to recognition of benefit associated with losses carried forward

Cash balance of $56.9 million

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HPV – A major driver for new guidelines and adoption


Call to Action

A proposal to reduce the risk of transmission of human papilloma virus via transvaginal ultrasound

C. Andrew Combs, MD, PhD; Alan Fishman, MD

American Journal of Obstetrics and Gynaecology

A proposal to reduce the risk of transmission of human papilloma virus via transvaginal ultrasound.

- References the findings of Prof Meyers first and second HPV papers
- Recommends use of trophon as the only system proven to kill HPV
- Suggests FDA consider adding neutralization of HPV to its standards for high-level disinfectants


Obstetrics and Gynaecology Research

Possible non-sexual modes of transmission of human papilloma virus

Sasidharanpillai Sabeena[1], Parvati Bhat[2], Veena Kamath[2] and Govindakarnavar Arunkumar[1]

Journal of Obstetrics and Gynaecology Research

Possible non-sexual modes of transmission of human papilloma virus

- Draws attention to semi-critical ultrasound probes as a source of non-sexual HPV transmission and discusses the evidence.
- Highlights CDC recommendation to high level disinfect semi-critical ultrasound probes and also states ‘sonicated hydrogen peroxide’ is highly effective against HPV16 and HPV18.

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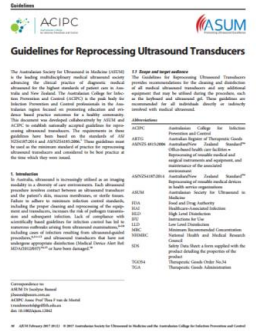
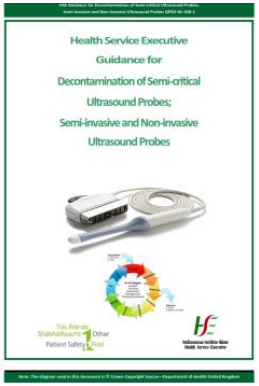
New guidelines reinforce broader requirements for High Level Disinfection





World Federation for Ultrasound in Medicine and Biology

Guidelines for cleaning transvaginal ultrasound transducers between patients

- Defines semi critical devices as those that pose a higher risk because of contact with non-intact skin or mucous membranes
- Recommends HLD for all semi critical probes
- States trophon as a HLD system is very efficient, rapid (approximately 7 min), environmentally friendly and quality-ensured and disinfects the transducer handle

Australasian Society for Ultrasound in Medicine / Australasian College for Infection Prevention and Control Joint Guidance

Advancing infection control in Australasian medical ultrasound practice

- Emphasis on applying HLD not just to intracavity probes, but also to all surface probes used in semi-critical procedures.
- They state that "*If the transducer comes in direct contact with non-intact skin, blood or mucous membranes transducers should be cleaned [and undergo] HLD*".

Health Service Executive Ireland

Guidance for Decontamination of Semi-critical Ultrasound Probes; Semi-invasive and Non-invasive Ultrasound Probes

- Maintains the same classification for semi-critical as per the Health Facilities Scotland
- The new guidance recommends an automated validated process for decontaminating reusable invasive medical devices.
- It also states that high level disinfection using a manual multi-wipe system is the least preferred option

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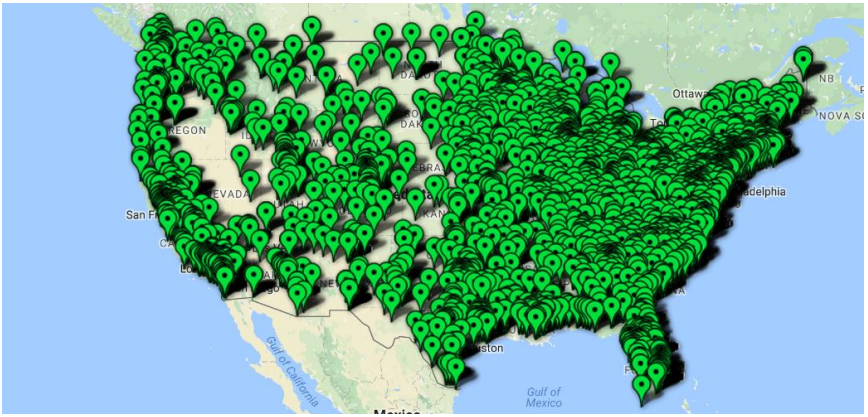
North America - trophon becoming Standard of Care



- trophon installed base grew over 2,000 units in half with total IB now >10,700 units
- Canadian direct sales operations established and commence sales in FY17 Q3
- Engagement with all leading ultrasound OEMs
- Numerous educational activities conducted and ongoing to increase awareness
- Fundamentals for adoption strengthening with new publications and calls to action
- Expanding North American sales and marketing efforts plus warehouse and service operations in FY17 H2

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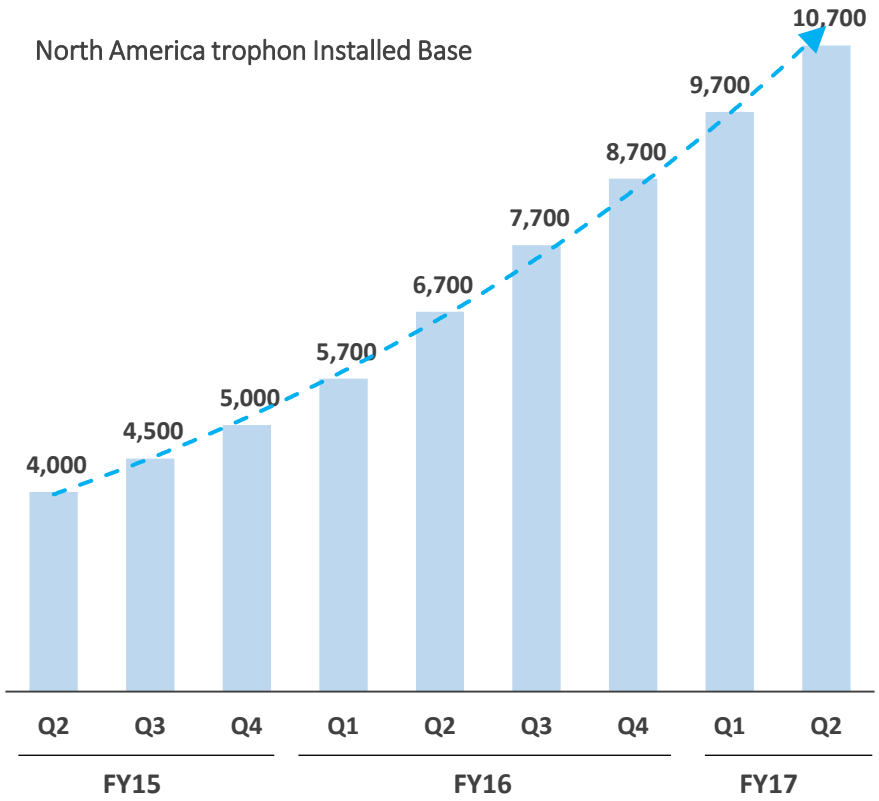
North America - Drivers for ongoing adoption



Addressable installed base of 40,000 units in North America

Drivers for ongoing adoption:

- Usage at point of care in all relevant departments across > 5,000 hospitals
- Private physician office in particular Women's Healthcare
- Infection prevention community awareness of all semi-critical probe usage
- Regulatory & Joint Commission requirements
- Demand generation through:
  - Nanosonics direct sales and marketing
  - GE Healthcare and broader Ultrasound OEM recommendation and sales
- Ongoing education and awareness generation

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North America – Expert infection prevention panel recognise need for broader education and use of HLD for semi-critical probes

Ultrasound Probe Infection Risk
A Call to Action

By Kathy Warye

Ultrasound imaging is the most widely used and rapidly growing diagnostic modality in the U.S. Multiple studies show that there is risk of microbial transmission from improperly reprocessed probes. The rapid development of new types of ultrasound procedures and continual expansion to sites across the continuum of care present growing challenges for infection preventionists who share responsibility for patient safety and compliance with reprocessing standards of care. Adding to the concern around ultrasound probes, is new evidence that the chemicals commonly used to reprocess transvaginal probes are not effective against human papillomavirus (HPV). An expert roundtable was recently convened to discuss the implications of these developments for infection prevention professionals.

Ultrasound imaging technology is currently used for more clinical applications than any other imaging modality in the U.S. with procedures ranging from radiology and cardiology to endocrinology and women's health. Real-time results, safety, portability and cost-effectiveness continue to drive development of new procedures and expansion into medical services that have not traditionally relied on ultrasound for diagnostic evaluations (Box 1).

BOX 1 Ultrasound Imaging Technology

Ultrasound is an imaging technology that uses high-frequency sound waves to view soft tissues and internal organs. Considered both safe and cost effective, ultrasound is used to examine many of the body's internal organs, diagnose a host of conditions and aid in visualization during procedures such as biopsies and placement of central lines. Ultrasound can also be used to treat soft-tissue injuries, break up kidney stones and deliver drugs to very precise areas.

In an ultrasound exam, a transducer (probe) is moved across intact or non-intact skin or inside a body cavity. A thin layer of gel is applied to the skin so that the ultrasound waves are transmitted from the probe through the gel into the body.

While imaging-related HAIs have received little attention in the past, multiple studies show that there is risk of microbial transmission during ultrasound procedures from both the probe and the conductive gel.[1,2] This risk increases with the use of probes in body cavities where blood and body fluids are encountered.

The importance of proper cleaning and disinfection of reusable medical devices has been increasingly recognized as vital in preventing transmission of pathogens, including those that are multi-drug resistant. With the growing number of outbreaks associated with improperly reprocessed medical instrumentation, the Centers for Disease Control and Prevention (CDC), the Food and Drug Administration (FDA), the Joint Commission (TJC) and the Centers for Medicare and Medicaid Services (CMS) are placing greater emphasis on standards of care for the cleaning and disinfection of reusable equipment including ultrasound probes.[1-4] Improper reprocessing of reusable medical equipment also ranked among the Joint Commission's top five non-compliance findings for the first half of 2016.[4] From January through June, 49 percent of ambulatory facilities and 59 percent of hospitals were cited during routine surveys for non-compliance with IC.02.02.01 which outlines requirements for reducing the risk of infections associated with medical equipment, devices, and supplies.

With the proliferation of ultrasound procedures and locations in which they are performed, infection preventionists responsible for monitoring and managing the safety and compliance of ultrasound probe reprocessing face a growing challenge. To gain a better understanding of the awareness of ultrasound-related infection risk and reprocessing requirements, a survey was commissioned by Nanosonics, Ltd. of Sydney, Australia. More than 100 infection preventionists responsible for ultrasound probe disinfection participated in the online survey conducted in October 2016. The survey sought to evaluate the current level of awareness and knowledge with regard to ultrasound probe infection risk and the requirements for the reprocessing of probes used in common, high volume procedures (Box 2).

BOX 2 Spotlight on Ultrasound Probe Reprocessing

Like all reusable medical devices, ultrasound probes are grouped based on intended use under the Spaulding Classification into critical (contact with sterile tissue), semi-critical (contact with mucous membranes or non-intact skin) and non-critical (contact with intact skin only).

According to the CDC, probes used in critical procedures are required to undergo sterilization. If this is not possible, use of a sterile sheath and high level disinfection is recommended. Probes used in semi-critical procedures should be minimally high-level disinfected. Use of a sheath does not reduce the requirement for high level disinfection as sheaths and condoms have been shown to leak.[5] Probes used in non-critical procedures must undergo a minimum of low-level disinfection.

The Association for the Advancement of Medical Instrumentation (AAMI) sets for standards for all medical devices required to undergo chemical sterilization or high level disinfection.[6] The American Institute for Ultrasound in Medicine (AIUM) has also issued guidance for the reprocessing of ultrasound probes.[10]

Response from the 2016 survey of infection preventionists indicates that greater awareness of relevant guidance is needed. For example, for ultrasound guided biopsy procedures, 40 percent of respondents indicated that low-level disinfection or cleaning without disinfection was appropriate. Only 61 percent indicated that use of sterile gel was required. Similar results were seen with wound scans where 47% of respondents selected low-level disinfection and only 51 percent indicated use of sterile gel.

The survey findings indicated that many infection preventionists may not have adequate knowledge to ensure safety and compliance with ultrasound probe reprocessing requirements (Box 2). For example,

ICT | March 2017

- 'Call to Action' on infection risk from ultrasound probes published in Infection Control Today (ICT) in Feb 2017
- HLD required for all semi-critical procedures (intracavity and procedures with broken skin).
- Many infection preventionists not well versed in requirements for semi-critical probes:
  - 40-66% either incorrect or uncertain of HLD requirements for biopsies, nerve blocks and punctures/drainages
- Semi-critical procedures performed widely across most hospital departments
- Need for education and training to fill knowledge gap

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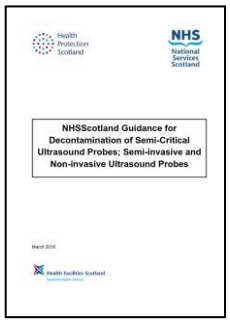
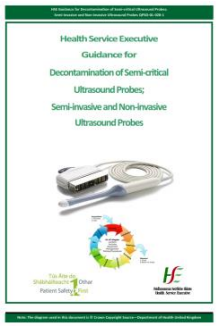
UK & Ireland: Momentum building in trophon adoption

- Six of the fourteen Scottish Health boards have commenced adoption of trophon post release of Scottish guidelines
- All Welsh Health boards have adopted trophon with nine of the fourteen major hospitals in Wales adding to their initial installations
- English guidelines still pending – a number of the largest English NHS trusts commenced adoption and pipeline building in anticipation of guidelines
- Managed Equipment Service (MES) business model gaining traction delivering a win-win for customer and Nanosonics
- Expanded sales and service operations in the UK in first half
- New Irish guidelines released and Irish distributor Wassenburg appoint dedicated trophon sales support

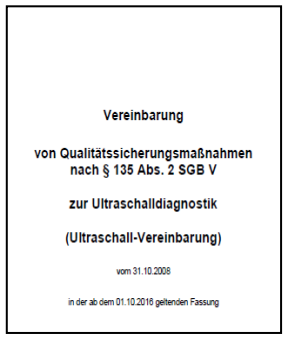




Germany: Fundamentals for adoption strengthening

German hospital hygiene society (DGKH)

- The first official statement by DGKH (German Hospital Hygiene Society) on ultrasound reprocessing in December 2016
- Reinforces the guidelines of the commission for hospital hygiene and infection prevention at the Robert-Koch-Institute (RKI) and the Federal Institute for Drugs and Medical Devices (BfArM)
- Ultrasound Probe OEMs must prove efficacy of their recommended decontamination process by expert report and that if multiple procedures are available then the safest one, usually automated, should be chosen


Vereinbarung

von Qualitätssicherungsmaßnahmen nach § 135 Abs. 2 SGB V

zur Ultraschalldiagnostik

(Ultraschall-Vereinbarung)

vom 31.10.2008

in der ab dem 01.10.2016 geltenden Fassung

Health insurance funds and the National Association of Statutory Health Insurance Physicians

- Revised agreement put in place
- Members must decontaminate ultrasound probes in accordance with the guidance provided by the ultrasound probe OEMs
- Chosen process must be validated and documented


Virucidal efficacy of a sonicated hydrogen peroxide system (trophon® EPR) following European and German test methods

Viruswirksamkeit eines Vernebelungssystems von Wasserstoffperoxid (trophon® EPR) gemäß europäischer und deutscher Prüfmethode

Abstract

Britta Becker[1]
Birte Bischoff[1]
Florian H. H. Brill[1]
Elke Steinmann[2]
Jochen Steinmann[1]

Zusammenfassung

Trophon efficacy / validation published in peer reviewed publication of the DGKH

- Virucidal efficacy proven
- Trophon validated according to required European and German requirements

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France: Fundamentals for adoption strengthening

Ministry of Health (MOH)

- Issued a new statement whereby strict compliance with the stringent visual inspection requirements of the probe after use
- More strict hygiene processes are now required and will be regularly audited
- Commissioned an audit of current practices

GREPHH: Survey of Intracavity Ultrasound Reprocessing Practices in France

- Confirms low compliance with the current required reprocessing practices.

High Council of Public Health Report

- An HLD solution should be permanently available in every facility performing intracavity ultrasound examinations
- The HLD solution should be effective against native HPV

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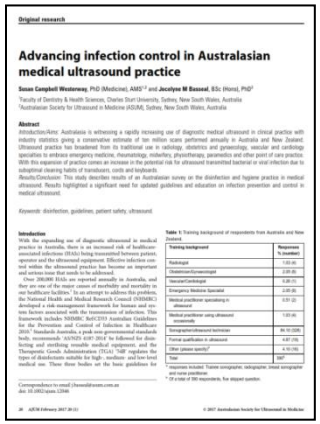
Australia / New Zealand

- Adoption of trophon continues off an already high installed base
- Good demonstration of the ability of trophon to become standard of care when relevant guidelines are in place
- New guidelines released jointly by Australian Society of Ultrasound in Medicine (ASUM) and Australasian College for Infection Prevention and Control (ACIPC)



Original research

Advancing infection control in Australasian medical ultrasound practice

Susan Campbell Westenway, PhD (Medicine), AMS[1,2] and Jocelyne M Bassal, B.Sc (Hons), PhD[2]

[1]Faculty of Dentistry & Health Sciences, Charles Sturt University, Sydney, New South Wales, Australia
[2]Australasian Society for Ultrasound in Medicine (ASUM), Sydney, New South Wales, Australia

Abstract

Introduction/Aims: Australasia is witnessing a rapidly increasing use of diagnostic medical ultrasound in clinical practice with industry statistics giving a conservative estimate of ten million scans performed annually in Australia and New Zealand. Ultrasound practice has broadened from its traditional use in radiology, obstetrics and gynaecology, vascular and cardiology specialties to embrace emergency medicine, rheumatology, midwifery, physiotherapy, paramedics and other point of care practice. With this expansion of practice comes an increase in the potential risk for ultrasound transmitted bacterial or viral infection due to suboptimal cleaning habits of transducers, cords and keyboards.

Results/Conclusion: This study describes results of an Australasian survey on the disinfection and hygiene practice in medical ultrasound. Results highlighted a significant need for updated guidelines and education on infection prevention and control in medical ultrasound.

Keywords: disinfection, guidelines, patient safety, ultrasound.

Introduction

With the expanding use of diagnostic ultrasound in medical practice in Australia, there is an increased risk of healthcare-associated infections (HAIs) being transmitted between patient, operator and the ultrasound equipment. Effective infection control within the ultrasound practice has become an important and serious issue that needs to be addressed.

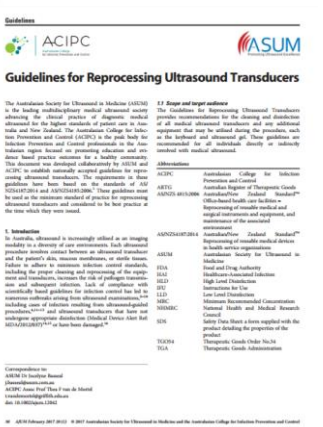
Over 200,000 HAIs are reported annually in Australia, and they are one of the major causes of morbidity and mortality in our healthcare facilities.[1] In an attempt to address this problem, the National Health and Medical Research Council (NHMRC) developed a risk management framework for human and system factors associated with the transmission of infection. This framework includes NHMRC Ref1:2010 Australian Guidelines for the Prevention and Control of Infection in Healthcare 2010.[2] Standards Australia, a peak non-governmental standards body, recommends AS/NZS 4187:2014[3] be followed for disinfecting and sterilising reusable medical equipment, and the Therapeutic Goods Administration (TGA) "ARTG regulates the types of disinfectants suitable for high-, medium- and low level medical use. These three bodies set the basic guidelines for

Table 1: Training background of respondents from Australia and New Zealand.

Training background	Responses % (number)
Radiologist	1.83 (4)
Obstetrician/Gynaecologist	2.29 (5)
Vascular/Cardiologist	6.88 (15)
Emergency Medicine Specialist	2.29 (5)
Medical practitioner specialising in ultrasound	0.91 (2)
Medical practitioner using ultrasound occasionally	1.83 (4)
Sonographer/Ultrasound technician	84.10 (184)
Formal qualification in ultrasound	4.87 (10)
Other (please specify)*	6.39 (14)
Total	219*

* responses included: Trainee sonographer, radiographer, breast sonographer and nurse practitioner.
* Of a total of 580 respondents, five skipped question.

Correspondence to email: j.bassal@unsw.com.au
doi: 10.1002/ajum.12048



Guidelines

ACIPC | ASUM

Guidelines for Reprocessing Ultrasound Transducers

The Australasian Society for Ultrasound in Medicine (ASUM) is the leading multidisciplinary medical ultrasound society advancing the clinical practice of diagnostic medical ultrasound for the highest standards of patient care in Australia and New Zealand. The Australasian College for Infection Prevention and Control (ACIPC) is the peak body for the multidisciplinary infection prevention and control in the Australasian region focused on promoting education and evidence based practice outcomes for a healthy community. This document was developed collaboratively by ASUM and ACIPC to establish nationally accepted guidelines for reprocessing ultrasound transducers. The requirements in these guidelines have been based on the standards of AS/NZS4187:2014 and AS/NZS4815:2006.[1] These guidelines must be used as the minimum standard of practice for reprocessing ultrasound transducers and considered to be best practice at the time which they were issued.

1. Introduction

In Australia, ultrasound is increasingly utilised as an imaging modality in a diversity of care environments. Each ultrasound procedure involves contact between an ultrasound transducer and the patient's skin, mucous membranes, or sterile tissues. Failure to adhere to minimum infection control standards, including the proper cleaning and reprocessing of the equipment and transducers, increases the risk of pathogen transmission and subsequent infection. Lack of compliance with scientifically based guidelines for infection control has led to numerous outbreaks arising from ultrasound examinations,[2–6] including cases of infection resulting from ultrasound-guided procedures,[7,8,9,10] and ultrasound transducers that have not undergone appropriate disinfection (Medical Device Alert Ref: MDA/FSN/2007)[11,12] or have been damaged.[13]

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doi: 10.1002/ajum.12042

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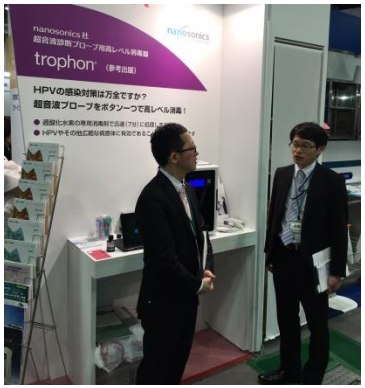
Preparations for geographical expansion underway

Japan



- Japanese commercialisation strategy progressing positively
- trophon technology demonstrated at the annual meeting of the Japanese Society of Infection Prevention and Control (JSIPC) in Kobe in February and to be demonstrated at the Japanese Society of Obstetrics and Gynaecology (JSOG) in April

Middle East

- Registrations now in place for Saudi Arabia, Kuwait, Qatar and United Arab Emirates
- Trophon recently presented at Arab Health and demonstrated in hospitals across a number of the Middle East countries
- Distribution strategies for market entry developing with progress expected in second half

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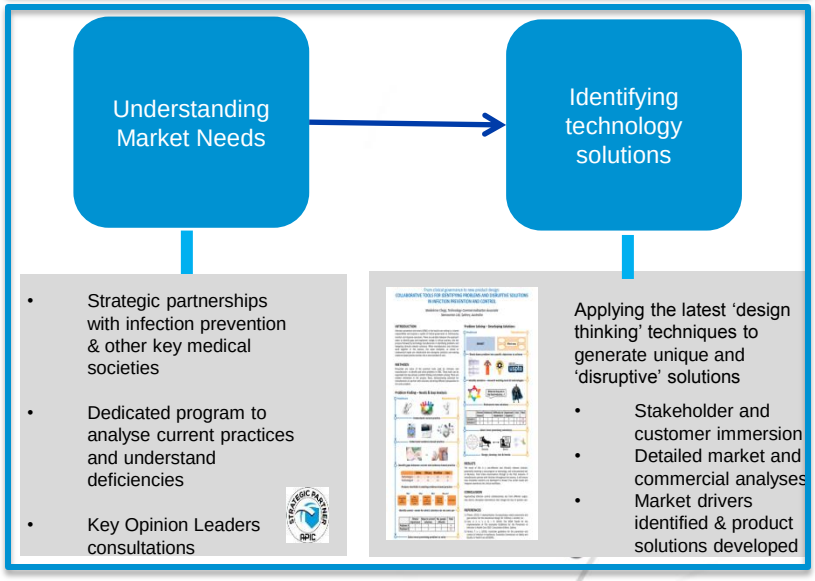
Focussed ramp up in R&D program



- Large unmet needs exist in infection prevention
- Increased investment in R&D by 30% to $4.3 million
- Methodical approach to market needs identification and latest "Design thinking" in place
- Solid progress made on multigenerational trophon plan plus novel new solutions to meet a number of core opportunities in infection prevention

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Business Outlook

Positioned for ongoing growth

- Excellent market opportunity continues in North America
- Fundamentals for adoption strengthening in more markets around the world
- Expansion into new geographical territories planned
- R&D activities in multigenerational trophon program and novel new infection prevention solutions
- Growing global Installed base supporting increasing annuity revenue generation
- Increasing investment to drive strategic growth agenda

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Infection Prevention. For Life.

Thank you!

Appendix

2017 H1 Financial Results: Income tax

$ million

Income tax benefit	
Recognition of deferred tax asset	13.6
Equity component of SBP (current and deferred)	(1.9)
	11.7
Components of deferred tax asset	
Tax losses	6.1
R&D tax credits	4.4
All other timing differences	3.1
Total	**13.6**

Value of losses/R&D credits	**Gross**	**Benefit**	
Losses recognised	14.7	4.4	30.0%
R&D credit recognised	15.4	6.1	39.6%
	30.1	10.5	
Losses not recognised	17.0	6.2	36.7%
Total	**47.1**	**16.7**	

Key points:

- Deferred tax asset recognised following assessment of operations of the Group
- Income tax benefit recognised relates to Australian entities
- Tax losses/R&D credit component of deferred tax asset represents a one-off, non-cash benefit
- Assessment of probability of recovery (and therefore recognition of related benefit) of non-Australian losses to be reviewed on an on-going basis

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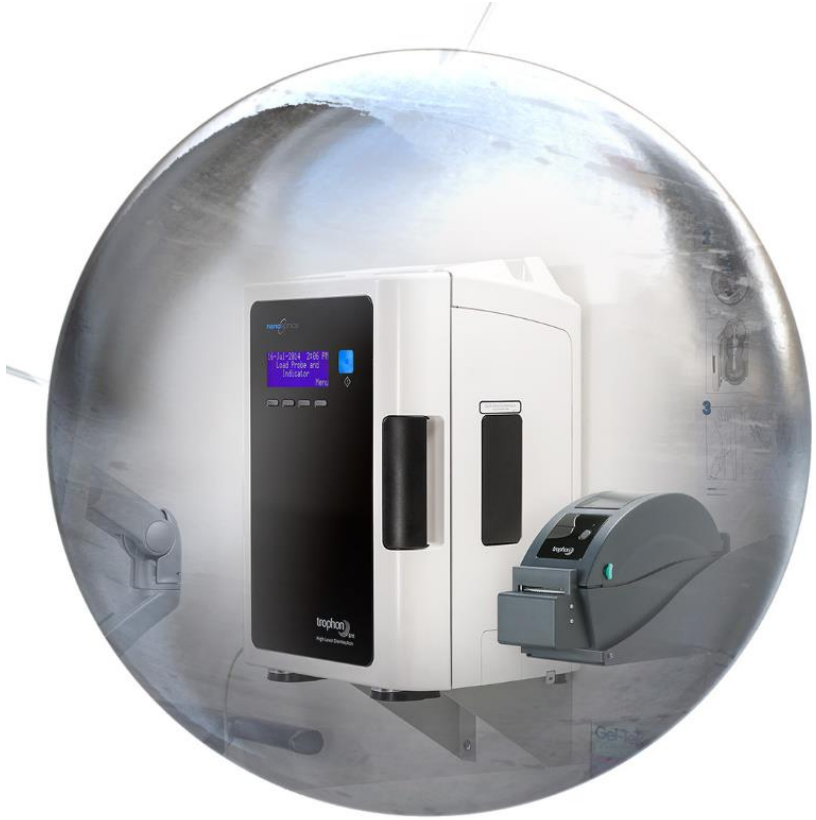
The requirement for disinfection in Ultrasound

- Ultrasound transducers must be reprocessed between patients to prevent cross-infection
- Any transducer that contacts broken skin, mucous membranes or sterile body cavities should be high level disinfected or sterilised[1]
- Heat sensitive transducer construction materials mean that sterilisation is generally not practical; high level disinfection (HLD) is carried out instead
- Despite this knowledge, problems in ultrasound disinfection persist with manual reprocessing



1. Rutala W., Weber DJ., 2008, Centers of Disease Control and Prevention

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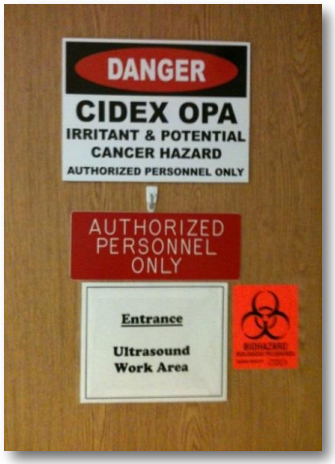
Traditional High Level Disinfection (HLD) Methods

Disinfection processes unchanged in **20+ years**

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



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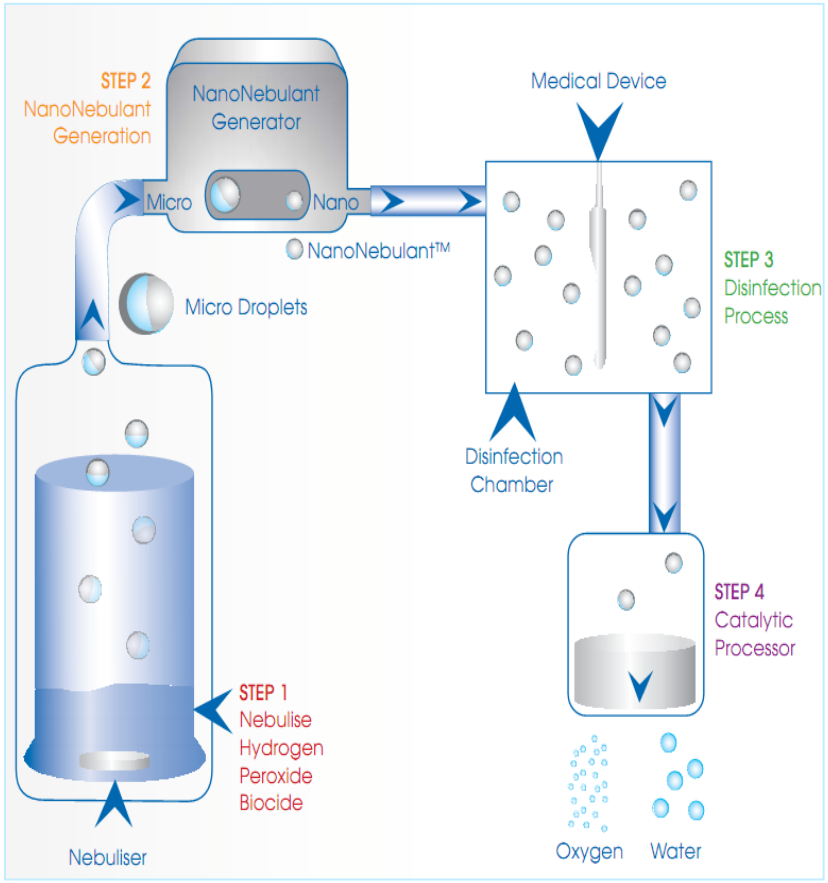
trophon's patented disinfection technology



Step 1: Ultrasonic vibrations generate soundwave energy to create micro-sized droplets.

Step 2: The droplets are converted into an ultrafine mist that enters the disinfection chamber.

Step 3: The mist covers the entire surface of the probe and handle, and is a supercharged mixture of free radicals. These kill bacteria, viruses, and fungi by reacting with their cell membranes and molecular structures.

Step 4: The mist is then broken down by the 'catalytic converter' into water and oxygen.

trophon is covered by 14 patent families - most are active through to 2025

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trophon – breaking new ground in reprocessing

Traditional soaking

Timeline

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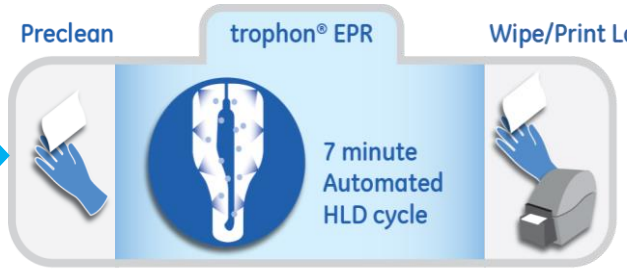

trophon is the safe, versatile and simple way to high level disinfect ultrasound probes. Anything else is a compromise.

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