

3 April 2020

Company Announcements Office
Australian Securities Exchange

Nanosonics business update

KEY POINTS

- **Unaudited sales for Q3 FY20 were significantly up on PCP, demonstrating continued underlying growth momentum.**
- **Currently, sales of consumables are in line with the Company's pre-COVID-19 expectations.**
- **Understandably, direct access to hospitals is now becoming more limited which may extend the timeline of planned adoption of trophon by some hospital departments. This may result in a lower than anticipated overall growth in the installed base in Q4 and therefore FY20.**
- **Supply chain being managed and currently well positioned for continuity of supply to customers.**
- **Nanosonics has a strong balance sheet with cash reserves of \$82.0 million as at 31 December 2019. The Company has negligible debt.**
- **Continuing to invest in the Company's stated strategy as fundamentals for business are sound.**
- **Prudent measures being taken on operating expenses with likely decrease in Q4 FY20 expenditure.**
- **The net impact on revenue and profit for Q4 / FY20 is uncertain at this stage.**

Nanosonics (ASX: NAN), a leader in infection prevention solutions, provides a business update based on the current COVID-19 situation.

Unaudited sales in Q3 FY20 were up significantly on PCP reflecting continued underlying growth momentum for the business and a growing awareness and understanding of the importance of ultrasound probe decontamination.

Consumables sales up to end of Q3 are in line with the Company's pre-COVID-19 expectations. The potential for COVID-19 to impact consumables sales in Q4 FY20 is uncertain at this stage.

As hospitals are working to manage and control the impact of COVID-19, the ability of the Company's sales force to directly access relevant people in various hospital departments is understandably becoming more limited. However, measures are in place for digital communication and engagement. Our staff continue to provide on-site support for installation of new trophon devices while taking the necessary safety precautions.

It is expected that the timeline for adoption of planned new capital equipment may be extended by some hospital departments and therefore result in a lower growth in the installed base compared with expectations for the remainder of FY20. The extent and timing of a delay is uncertain at this stage. Programs are being implemented where possible by our sales staff to support emergency and ICU departments where ultrasound is used and trophon remains highly relevant.

The supply chain is being closely managed and is currently well positioned to meet customer demand having increased inventory of raw materials and finished goods for capital equipment and consumables.

The ongoing fundamentals for the business are sound and investment continues in the Company's strategy including investments in R&D across a range of active programs associated with numerous vectors of infection transmission. Considered measures are being taken to reduce non-essential operating costs in Q4 FY20 without impacting Nanosonics' underlying strategy.

The Company is currently benefiting from a relatively stronger US dollar. The impact of COVID-19 on revenue and profit for Q4 / FY20 is uncertain at this stage.

Nanosonics has a strong balance sheet with cash reserves of \$82.0 million as at 31 December 2019. The Company has negligible debt.

"Now more than ever the importance of infection prevention has gained prominence not only within the healthcare community but across the broader community. Our focus is on the safety of our employees as well as the support for our healthcare customers and their patients. During this challenging time, we acknowledge the efforts of the Nanosonics team, our suppliers as well as the important work of the healthcare community. We are committed to doing everything we can as an infection prevention company to help all stakeholders during these unprecedented circumstances", said Michael Kavanagh, Nanosonics' CEO & President.

Michael Kavanagh
CEO / President

This announcement has been authorised by the Board of Directors of Nanosonics.

For more information, please contact:

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