

# ASX CEO CONNECT

October 2020

**Mr. Michael Kavanagh**  
CEO & President



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# 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.

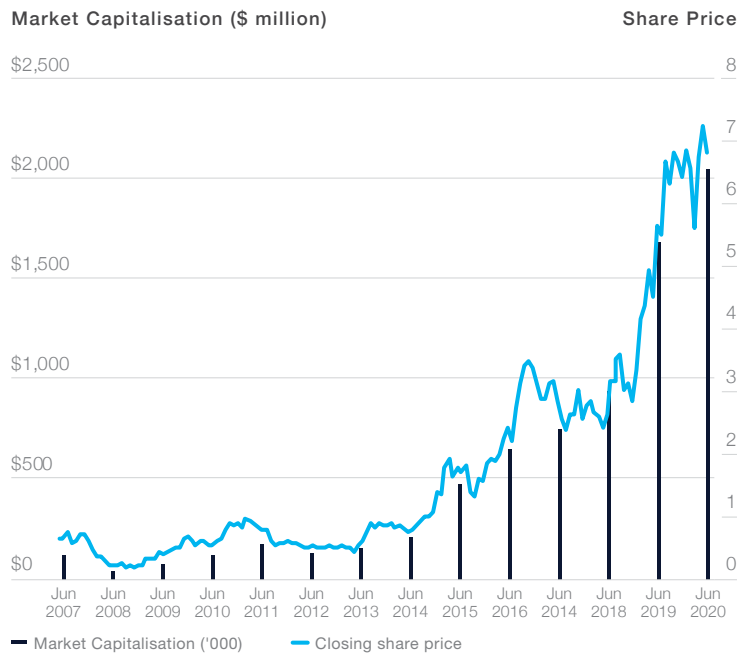


## COMPANY OVERVIEW

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 <sup>1</sup>

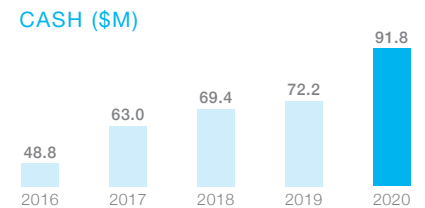
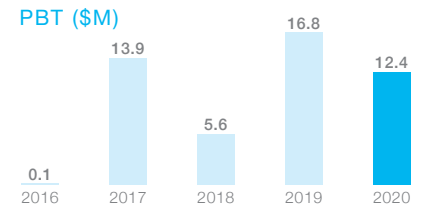
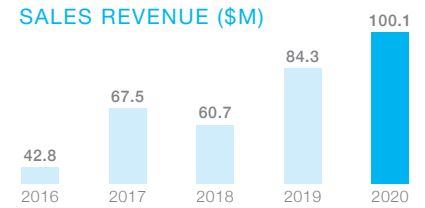


1. As at 22 August 2020.

## KEY CORPORATE DATA <sup>1</sup>

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



## A REAL MARKET NEED

### Risk of cross contamination with ultrasound probes well established



- 0.9-9% of barrier sheaths and condoms leak.<sup>1</sup>
- A meta-analysis has shown that 12.9% of transducers are contaminated with pathogenic bacteria following routine disinfection.<sup>2</sup>
- HPV, a known cause of cervical cancer, has been found on up to 7.5% of transvaginal ultrasound transducers following routine disinfection.<sup>3</sup>
- A fatal case of hepatitis B and non-fatal case of hepatitis C have been attributed to improper ultrasound transducer disinfection.<sup>4,5</sup>
- Ultrasound transducer handles are not routinely disinfected and can harbour pathogens including MRSA.<sup>6</sup>
- Six year population-level study demonstrates increased risk of infection and antibiotic prescriptions following semi-critical ultrasound procedures.<sup>7</sup>

1. Vickery et al, J InfPub Health 2013; in press.

2. Leroy, S. J Hosp Infect 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.

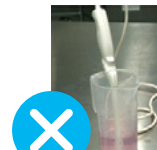
7. Scott D et al. Ultrasound. 2018 26(3):168-177.

## 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.

# TROPHON®

The latest innovation in ultrasound probe high level disinfection.



The 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.

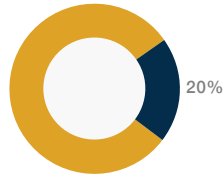
trophon® is covered by 14 patent families. Most are active through to 2025 and in many cases beyond including patents relating to the consumables which go out to 2029.

# SIGNIFICANT GLOBAL MARKET OPPORTUNITY

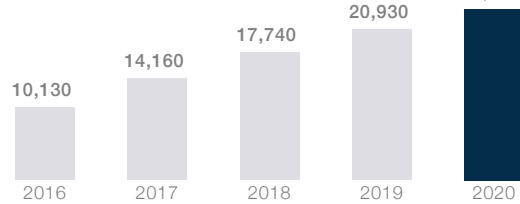
## Installed base opportunity

**GLOBAL**  
120,000  
units

## Market Penetration



## Cumulative Installed Base

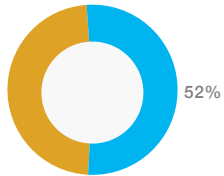


- Increasing number of international guidelines requiring high level disinfection (HLD) supporting growing international demand.
- Nanosonics expanding its footprint geographically both direct and through distribution.

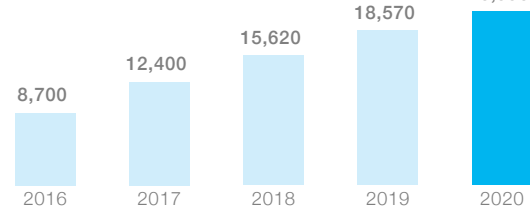
## Installed base opportunity

**NORTH AMERICA**  
40,000  
units

## Market Penetration



## Cumulative Installed Base

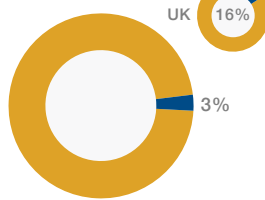


- Fundamentals for adoption strong with requirements for HLD in place.
- trophon installed base over 20,990 and already in over 5,000 hospitals and clinics, including majority of luminary hospitals.
- Nanosonics has a direct sales operation of 74 people as well as partnerships with all leading ultrasound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

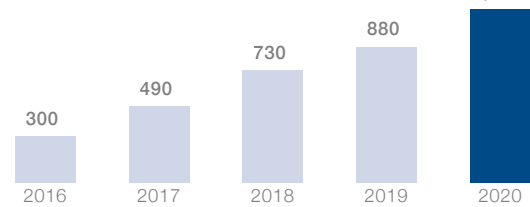
## Installed base opportunity

**EUROPE AND MIDDLE EAST**  
40,000  
units

## Market Penetration



## Cumulative Installed Base

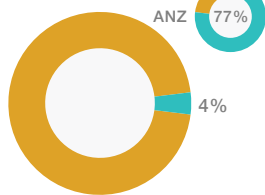


- Expanded geographical reach, stronger fundamentals for adoption and growing awareness.
- Expanded infrastructure with sales teams increasing in the UK and Germany, appointment of local clinical and regulatory leadership and appointment of dedicated resource to support distributor partners.
- A range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

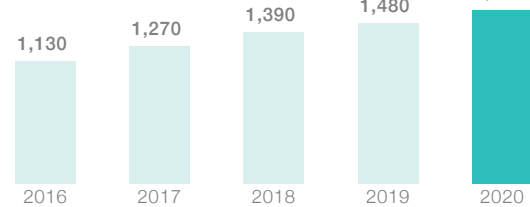
## Installed base opportunity

**ASIA PACIFIC**  
40,000  
units

## Market Penetration



## Cumulative Installed Base



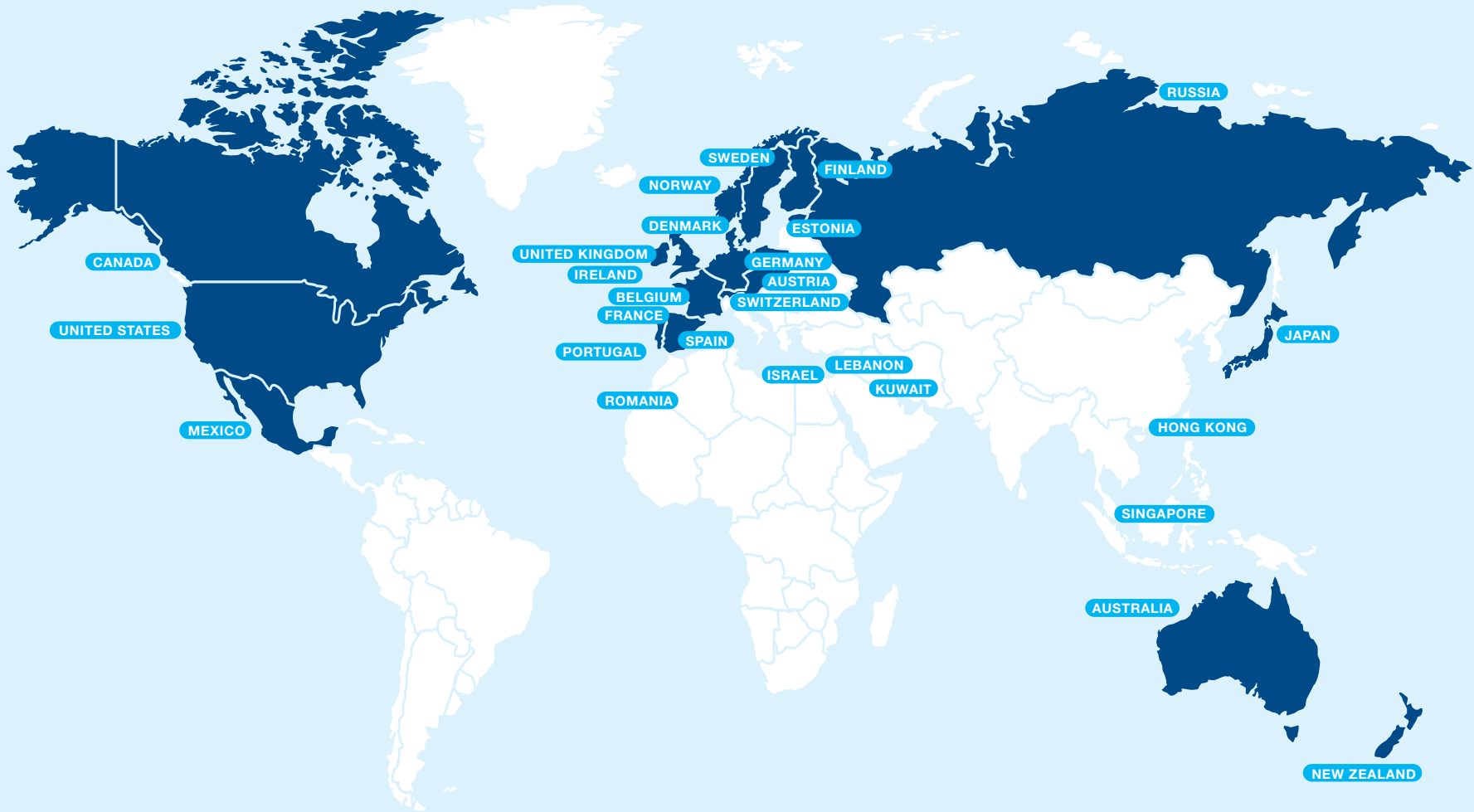
- Sales mainly in ANZ where market penetration is >75%.
- Japan market development strategy continues with distribution agreements in place with five key distributors.
- Continued development of China market entry strategy.
- Assessment for further expansion across Asia Pacific underway.

1. ●●●●● Current installed base. ● Remaining 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.



## PROFIT AND LOSS SUMMARY

\$ Million	FY20	FY19	CHANGE	%
Revenue	100.1	84.3	▲	19%
<b>Gross profit</b>	<b>75.5</b>	<b>62.8</b>	▲	<b>20%</b>
%	75.4%	74.5%		
<b>Operating expenses</b>				
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		
<b>Earnings before interest and tax</b>	<b>11.6</b>	<b>15.5</b>	▼	<b>(25%)</b>
Finance income (net)	0.8	1.3	▼	(38%)
<b>Profit before income tax</b>	<b>12.4</b>	<b>16.8</b>	▼	<b>(26%)</b>
Income tax expense	(2.3)	(3.2)		
<b>Profit after income tax</b>	<b>10.1</b>	<b>13.6</b>	▼	<b>(26%)</b>

## HIGHLIGHTS

- Revenue of \$100.1 million (\$93.7 million in constant currency<sup>1</sup>), 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.

# OUR STRATEGIC PRIORITIES



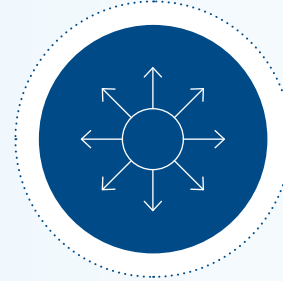
## TROPHON AS STANDARD OF CARE

- 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.

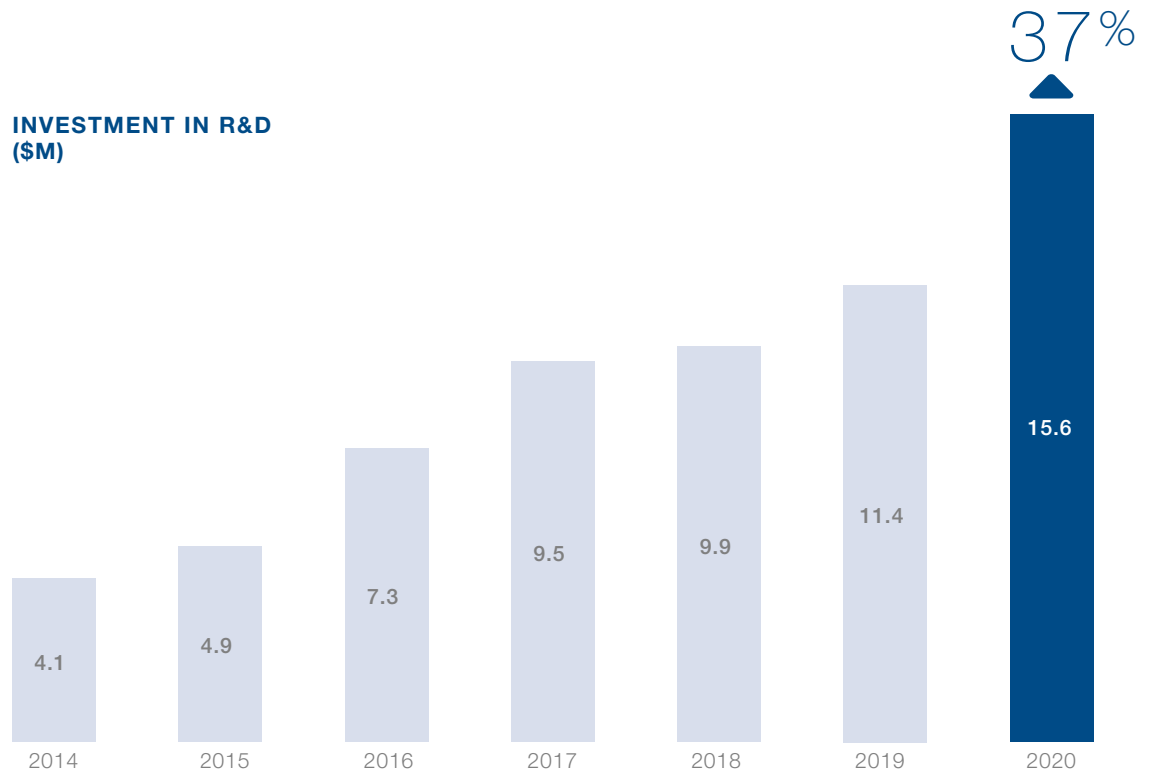
## NEW PRODUCT DEVELOPMENT

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.



### 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 as outlined above.

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

## 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:

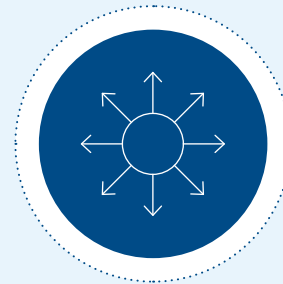
- Continued growth in the trophon installed base across all regions.
- Growth in upgrades of trophon EPR to trophon2.
- Japan to become an important contributor to global installed base growth as well as further expansion into Asia Pacific including China.
- Broadening of our product portfolio through 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.



**TROPHON AS  
STANDARD OF CARE**



**EXPAND GEOGRAPHIC  
FOOTPRINT**



**PRODUCT EXPANSION**



**INVEST TO GROW**

# Thank you

