LEADER IN INFECTION CONTROL SOLUTIONS

Improving the safety of patients, clinics, their staff and the environment

2014 Full Year Results

Investor Presentation

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.

Johns Hopkins Photo Credit: American Nurse Project. Does not imply endorsement

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Company Overview

- Proprietary automated system for low temperature, High Level Disinfection (HLD)
- First product, **trophon® EPR,** for High Level Disinfection of ultrasound probes
- Approved for sale in most major markets including: US/Canada, ANZ, Europe, Singapore, HK, South Korea, Japan
- 110 Staff across Australia, US, UK, Germany & France
- GE Healthcare exclusive distributor in North America
- Toshiba and GEHC - UK distributors
- Miele Professional - distributor in Germany
- Active R&D program targeting expansion of product portfolio for Infection Control market

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Company Overview

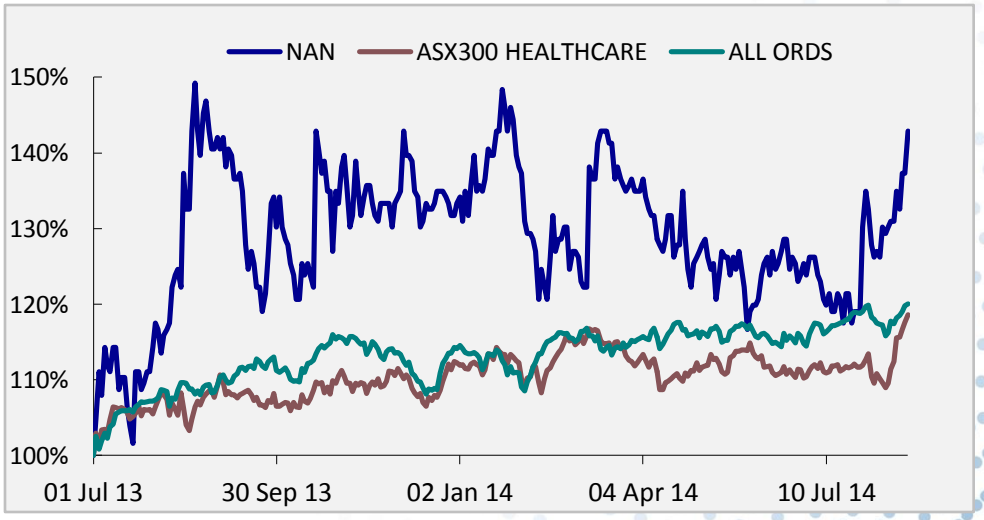
Key Corporate Data	
Share price*	$0.94
Shares on issue	264.2 million
Market capitalisation*	$247 million
Liquidity (30 day avg)	212,000 shares
Cash (30 June 2014)	$21.2 million
Share register breakdown (30 June 2014)	Founders/Related Parties 26% Institutions 33% Private 37% Corporate 4%

* Close of trade: 21 Aug 2014

Top 10 Institutional Investors (31.4%)#

- Allan Gray
- Kinetic Investment Partners
- Fisher Funds Management
- Goldman Sachs Asset Management
- Paradice Investment Management
- Contango Asset Management
- Fidelity Management & Research
- Credit Suisse Private Banking
- DMP Asset Management
- Sigma Funds Management

30 June 2014



2014 Highlights

- ✓ New Agreement with GE Healthcare and GE Ventures in North America
- ✓ 40 of top 50 hospitals in US and over 1600 sites across United States adopting trophon
- ✓ New Regulatory approvals to support territory expansion
  - Korea
  - Japan
- ✓ New strategic partnerships in Europe
  - Toshiba in UK
  - Miele Professional in Germany

- ✓ Clinical Trial Program demonstrating deficiencies of current practice and effectiveness of trophon EPR
- ✓ Number of granted / accepted patents more than doubled from 47 to 95
- ✓ Strengthening of internal operations
- ✓ Awarded Healthcare industry's company of the year at Janssen 2013 Industry excellence awards

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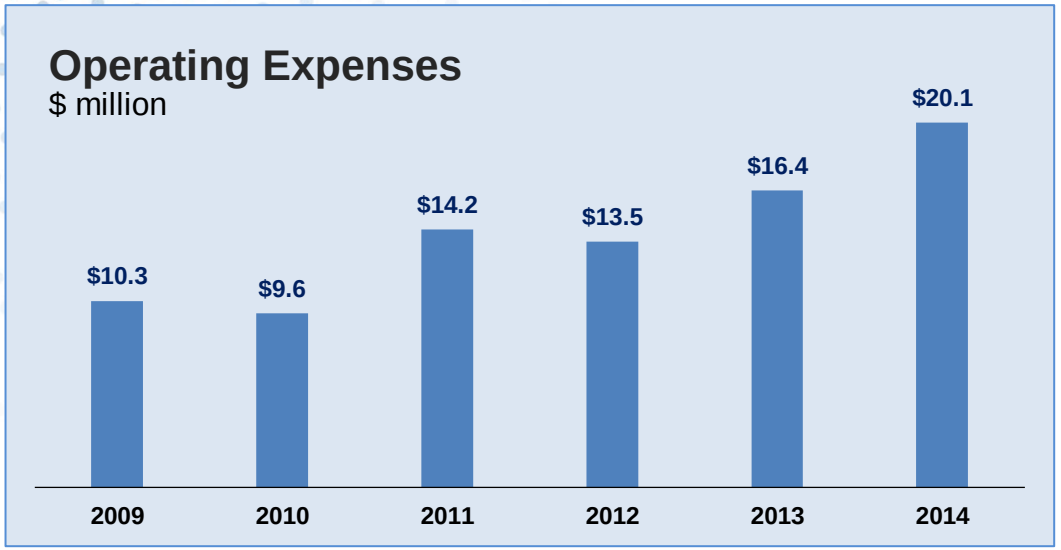
2014 Financial Results

$ million	H1	H2	FY14	FY13
Operating revenue	**9.7**	**11.8**	**21.5**	**14.9**
Gross Profit	**6.0**	**7.9**	**13.9**	**8.5**
%	62%	67%	65%	57%
Other Income	0.8	2.6	3.4	1.5
Operating expenses	(10.3)	(9.8)	(20.1)	(16.4)
EBIT	**(3.5)**	**0.7**	**(2.8)**	**(6.4)**
Interest (net)	0.1	0.1	0.2	0.7
Pre-tax loss / profit	**(3.4)**	**0.8**	**(2.6)**	**(5.7)**
Net loss / profit	**(3.5)**	**0.9**	**(2.6)**	**(5.8)**
Cash Balance			**21.2**	**24.1**

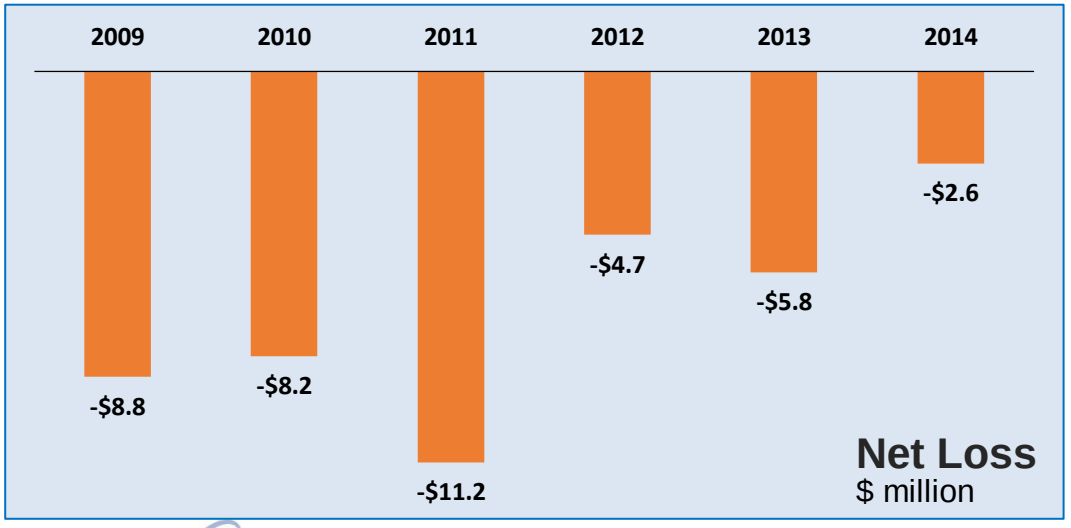
Highlights

- Operating revenue up 44.3%
- Gross margin 65% vs 57% driven by positive exchange impact, increased EU/direct sales and higher proportion of high margin consumables
- Other income includes:
  - $1.7 million cost reimbursement from distributor
  - $1.5 R&D tax incentive
- Net loss down 55%
- Strong cash position ($3.3 million relating to Q4 sales received in July)

2014 Financial Results



- ✓ Operating expenses of $20.1 million grew 22.6% compared to sales growth of 44.3%



- ✓ 2014 net loss down 55% to -$2.6 million
- ✓ Includes $1.5 million R&D tax incentive (related to 2013)
- ✓ Not eligible for R&D incentive in 2015

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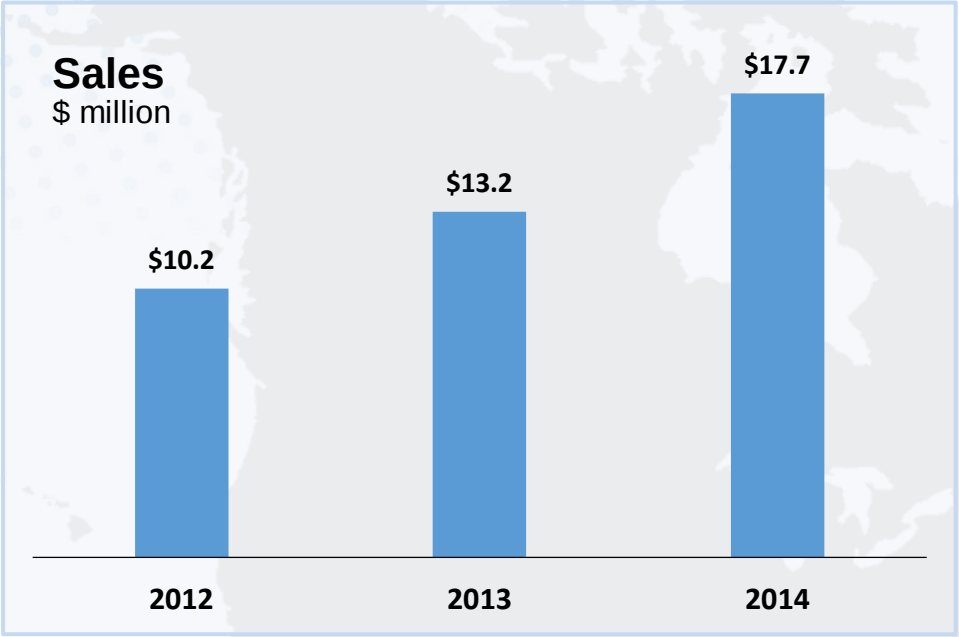
North America Highlights



- FY14 sales of $17.7 million up 34% on FY13
- New GEHC and GEV agreement in place driving growth
- Trophon now represented in 40 of the top 50 hospitals in and in over 1600 sites
- New guidelines from American Institute of Ultrasound in Medicine includes reinforces importance of high level disinfection and includes trophon technology
- Market fundamentals strengthening with Joint Commission identifying issues with current infection control practice as one of top 5 areas of non compliance

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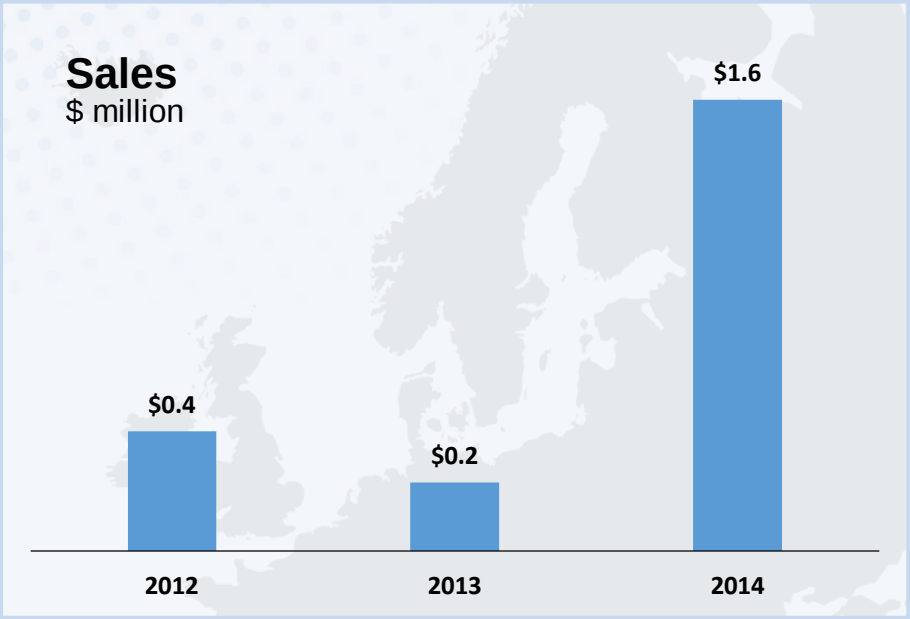
European Highlights



- FY14 sales of $1.7 million, greater than five fold increase vs. FY13
- UK primary driver of sales in the period with adoption of trophon in a number of key hospitals
- Validation trials conducted in UK demonstrating efficacy of trophon.
- Miele Professional appointed as German distributor in March and market development activities underway
- Clinical trials commenced in Germany with results due for announcement in Q1 FY15
- New guidelines from Health Boards in UK for HLD of Ultrasound transducers expected in H1 FY15.

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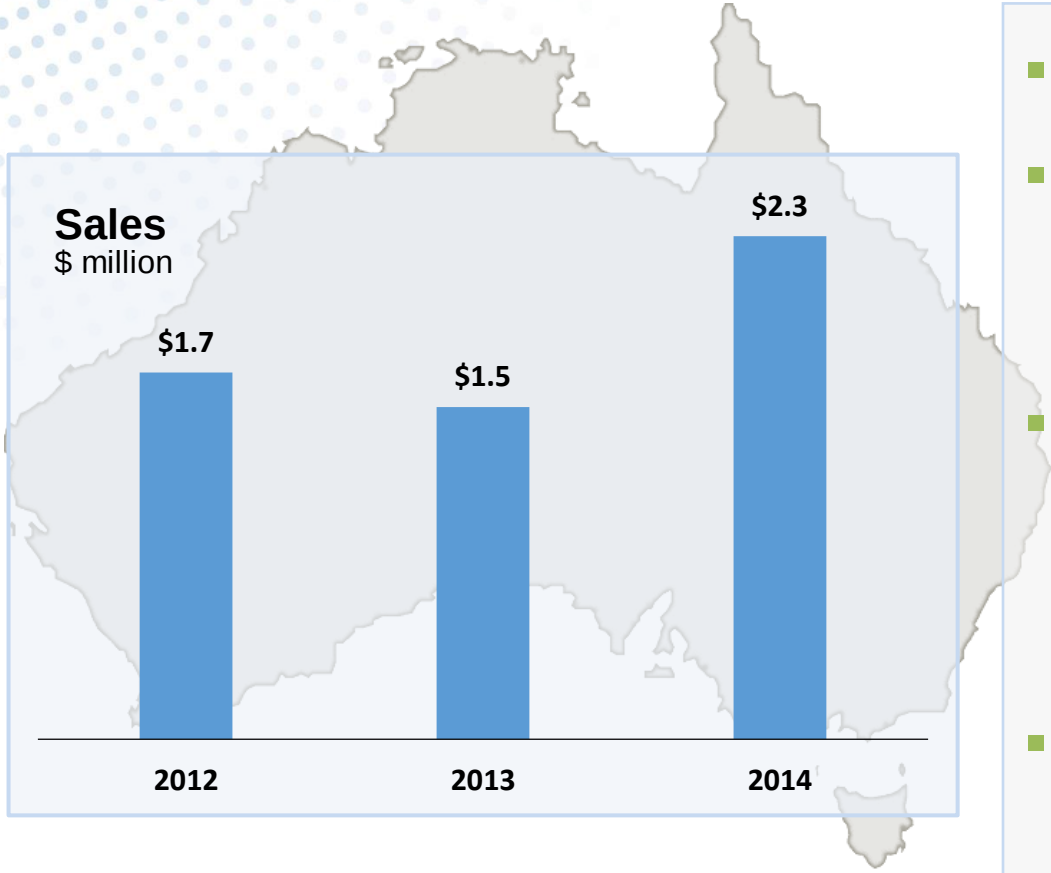
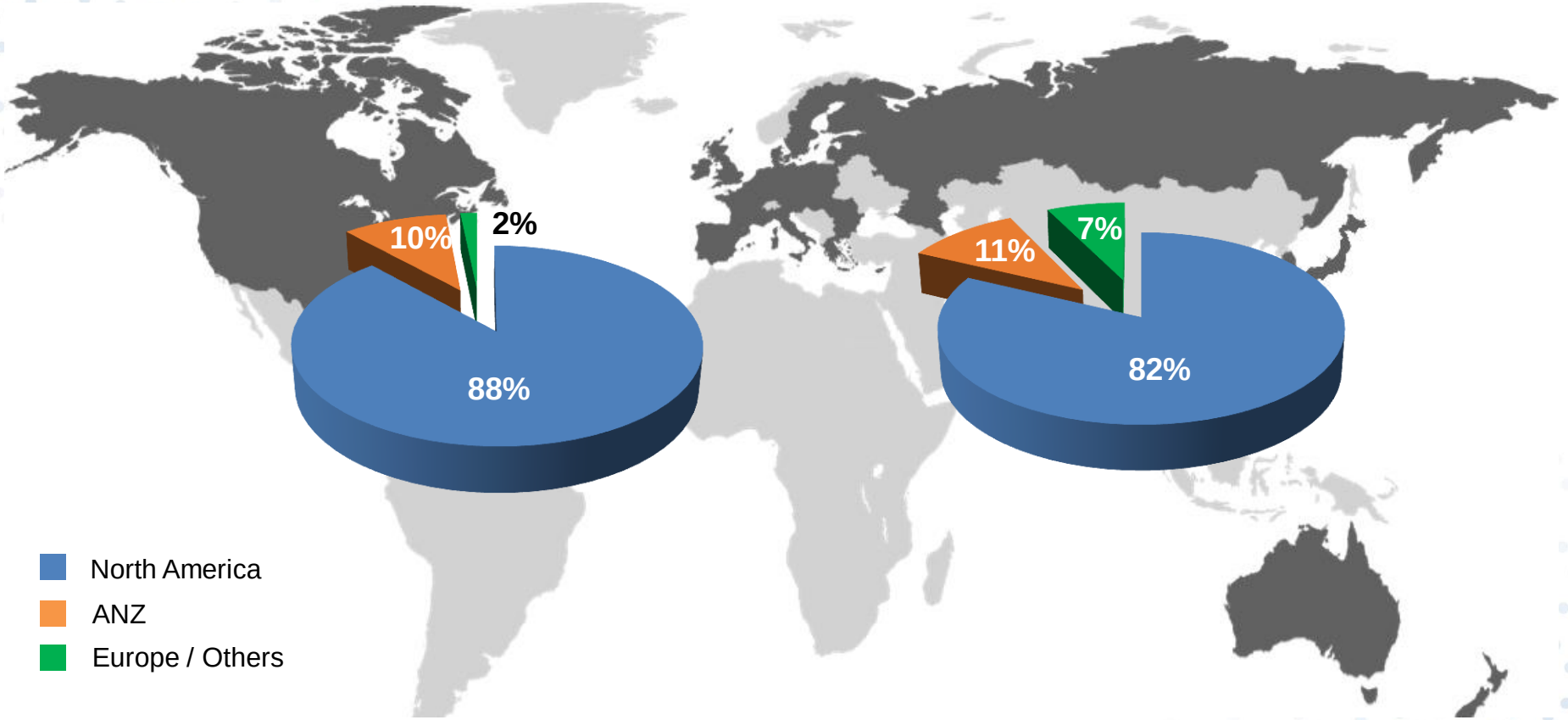
Australia / New Zealand Highlights



- Sales in ANZ grew 57% to $2.3 million
- Australia's largest medical imaging clinic network, I-MED, expanded adoption nationally
- Regulatory approvals for Korea & Japan received and commercialisation strategies in advanced stages of development
- Australian clinical trial demonstrates risks of cross infection using conventional disinfection

2014 Sales – All Regions Contributing



Market fundamentals continue to strengthen

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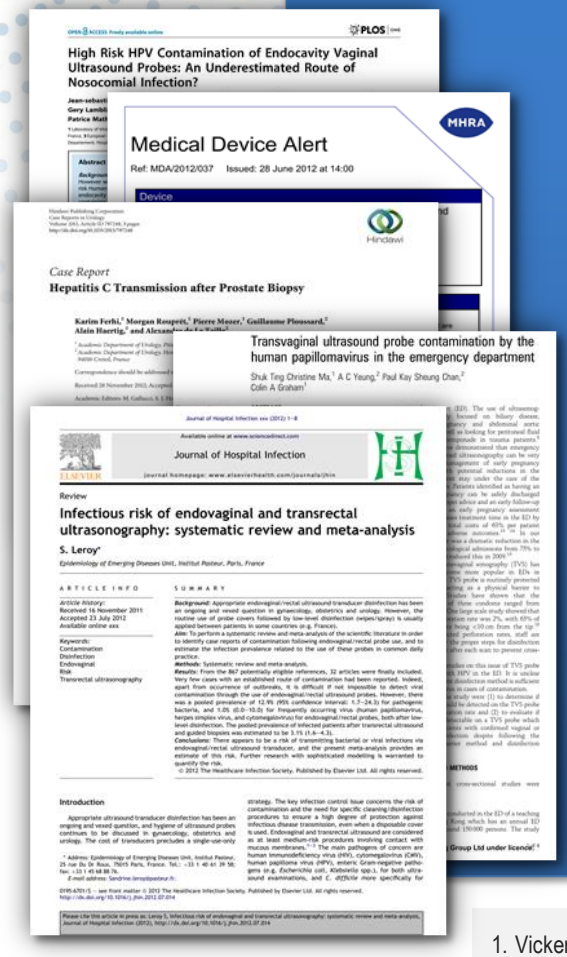
Growing Awareness of Imaging Procedure HAIs



Imaging procedure HAIs – a critical subset of HAIs that are not often discussed.

- ✓0.9 - 9% of barrier sheaths and condoms leak.[1,]
- ✓A meta-analysis has shown that 12.9% of transducers are contaminated with pathogenic bacteria following routine disinfection.[2]
- ✓HPV, a known cause of cervical cancer, has been found on up to 7.5% of transvaginal ultrasound transducers following routine disinfection.[3]
- ✓A fatal case of hepatitis B and non-fatal case of hepatitis C have been attributed to improper ultrasound transducer disinfection.[4,5]
- ✓Ultrasound transducer handles are not routinely disinfected and can harbour pathogens including MRSA.[6]

1. Vickery et al, J Inf Pub Health 2013; in press
2. Leroy, S. J Hosp Infect 2013 83(2): 99-106.
3. Ma S et al. Emerg Med J. 2013 30(6):472-5
4. Ferhi K, 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, Ngu A, ISUOG world congress, Sydney, 2013

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trophon EPR Positioned to Meet Trends towards Automation and Stricter Reprocessing Controls

Guidelines for Cleaning and Preparing External- and Internal-Use Ultrasound Probes Between Patients

Approved 4/2/2014

The purpose of this document is to provide guidance regarding the cleaning and preparation of external and internal ultrasound probes. Some manufacturers use the term "transducers" or "imaging arrays."

Medical instruments fall into different categories with respect to their potential for pathogen transmission. The most critical instruments are those that are intended to penetrate skin or mucous membranes. These require sterilization. Less critical instruments (often called "semicritical" instruments) that simply come into contact with mucous membranes, such as fiber-optic endoscopes, require high-level disinfection rather than sterilization. "Noncritical" devices come into contact with intact skin but not mucous membranes.

External probes that only come into contact with clean, intact skin are considered noncritical devices and require cleaning after every use as described below.

All **internal probes** should be covered with a single-use barrier. If condoms are used as barriers, they should be nonlubricated

The CDC recommends environmental infection control in the case of *Clostridium difficile*, consisting of "meticulous cleaning followed by disinfection using hypochlorite-based germicides as appropriate" (CDC, 2008). The current introduction and initial marketing of a hydrogen peroxide nanodroplet emulsion might provide an effective high-level disinfectant without toxicity.

New American Institute of Ultrasound in Medicine (AIUM) guidelines released in May reinforce importance of high level disinfection and include a reference to trophon technology

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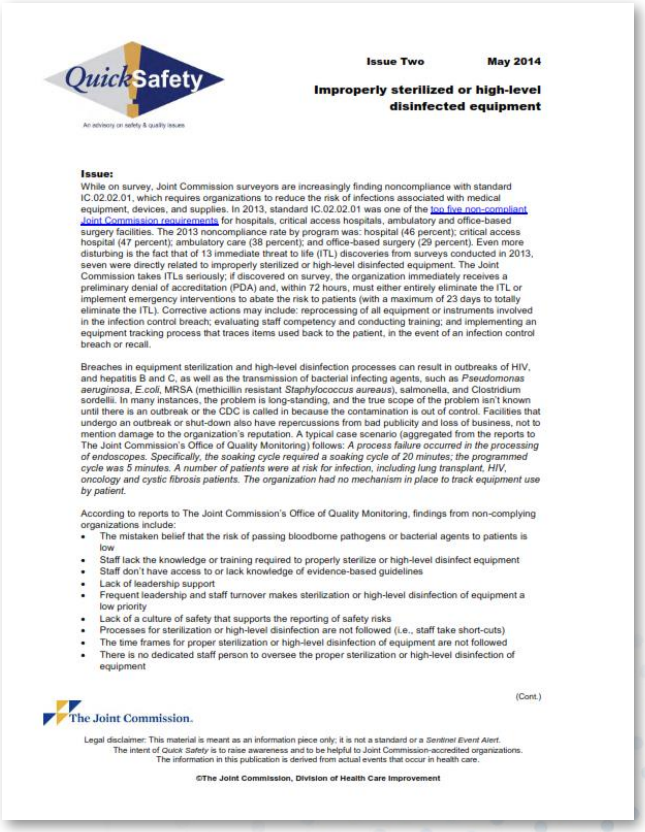
trophon EPR Assists Compliance with Guidelines

- **TJC Quick Safety 2014** identified Infection Control as one of the top five non-compliant TJC requirements[1]
- In addition[1]
  - Of 13 immediate threat to life (ITL) discoveries from surveys conducted in 2013, seven were directly related to improperly sterilized or high level disinfected equipment
  - Breaches in equipment sterilization and high level disinfection processes can result in outbreaks of HIV, and hepatitis B and C, as well as the transmission of bacterial infecting agents
- Customers in the US have achieved uniform high compliance and no known rejections from TJC to date



Quick Safety

An advisory on safety & quality issues

Issue Two May 2014

Improperly sterilized or high-level disinfected equipment

Issue:

While on survey, Joint Commission surveyors are increasingly finding noncompliance with standard IC.02.02.01, which requires organizations to reduce the risk of infections associated with medical equipment, devices, and supplies. In 2013, standard IC.02.02.01 was one of the top five non-compliant Joint Commission requirements for hospitals, critical access hospitals, ambulatory and office-based surgery facilities. The 2013 noncompliance rate by program was: hospital (46 percent); critical access hospital (47 percent); ambulatory care (38 percent); and office-based surgery (29 percent). Even more disturbing is the fact that of 13 immediate threat to life (ITL) discoveries from surveys conducted in 2013, seven were directly related to improperly sterilized or high-level disinfected equipment. The Joint Commission takes ITLs seriously; if discovered on survey, the organization immediately receives a preliminary denial of accreditation (PDA) and, within 72 hours, must either entirely eliminate the ITL or implement emergency interventions to abate the risk to patients (with a maximum of 23 days to totally eliminate the ITL). Corrective actions may include: reprocessing of all equipment or instruments involved in the infection control breach; evaluating staff competency and conducting training; and implementing an equipment tracking process that traces items used back to the patient, in the event of an infection control breach or recall.

Breaches in equipment sterilization and high-level disinfection processes can result in outbreaks of HIV, and hepatitis B and C, as well as the transmission of bacterial infecting agents, such as *Pseudomonas aeruginosa*, *E.coli*, MRSA (methicillin resistant *Staphylococcus aureaus*), salmonella, and Clostridium sordellii. In many instances, the problem is long-standing, and the true scope of the problem isn't known until there is an outbreak or the CDC is called in because the contamination is out of control. Facilities that undergo an outbreak or shut-down also have repercussions from bad publicity and loss of business, not to mention damage to the organization's reputation. A typical case scenario (aggregated from the reports to The Joint Commission's Office of Quality Monitoring) follows: *A process failure occurred in the processing of endoscopes. Specifically, the soaking cycle required a soaking cycle of 20 minutes; the programmed cycle was 5 minutes. A number of patients were at risk for infection, including lung transplant, HIV, oncology and cystic fibrosis patients. The organization had no mechanism in place to track equipment use by patient.*

According to reports to The Joint Commission's Office of Quality Monitoring, findings from non-complying organizations include:

- The mistaken belief that the risk of passing bloodborne pathogens or bacterial agents to patients is low
- Staff lack the knowledge or training required to properly sterilize or high-level disinfect equipment
- Staff don't have access to or lack knowledge of evidence-based guidelines
- Lack of leadership support
- Frequent leadership and staff turnover makes sterilization or high-level disinfection of equipment a low priority
- Lack of a culture of safety that supports the reporting of safety risks
- Processes for sterilization or high-level disinfection are not followed (i.e., staff take short-cuts)
- The time frames for proper sterilization or high-level disinfection of equipment are not followed
- There is no dedicated staff person to oversee the proper sterilization or high-level disinfection of equipment

(Cont.)

The Joint Commission.

1. The Joint Commission Quick Safety May 2014

The Joint Commission (TJC) accredits more than 20,000 health care organizations and programs in the US

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Proven Superior Efficacy of trophon EPR

- ✓ A peer-reviewed publication reported on 59 different efficacy experiments at four different testing locations in Europe and Australia. Successful tests against 21 species of bacteria, fungi and viruses demonstrated the HLD efficacy of trophon EPR using multiple international standards.[1]
- ✓ Clinical data has also demonstrated trophon EPR efficacy in disinfecting transducer handles.[2]
- ✓ trophon EPR efficacy has been independently validated
  by German testing company SMP GmbH.

1. Vickery et al., Evaluation of an automated high-level disinfection technology for ultrasound transducers. J Infect Public Health. 2013 Dec.
2. McNally, G., et al., Reducing infection risk from ultrasound transducer handles, in ISUOG Wold Congress. 2013: Sydney, Australia.

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trophon® EPR

Simply Smarter

Infection control

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trophon® EPR

Fast

Fast automated high level disinfection

Helps protect

Fully enclosed system limits exposure to harmful chemicals

Consistent

Quality assured consistency

Probe friendly

Probe friendly process. Compatible with more than 600 probe models

Environmentally Friendly

Harmless oxygen and water by-products. More than 70% recyclable components

Cost Efficient

Integrates into HLD process at point of care and improves workflows

Effective

Clinically validated trophon EPR disinfects both probe shaft AND handle

Traceability

Best practice documentation solution

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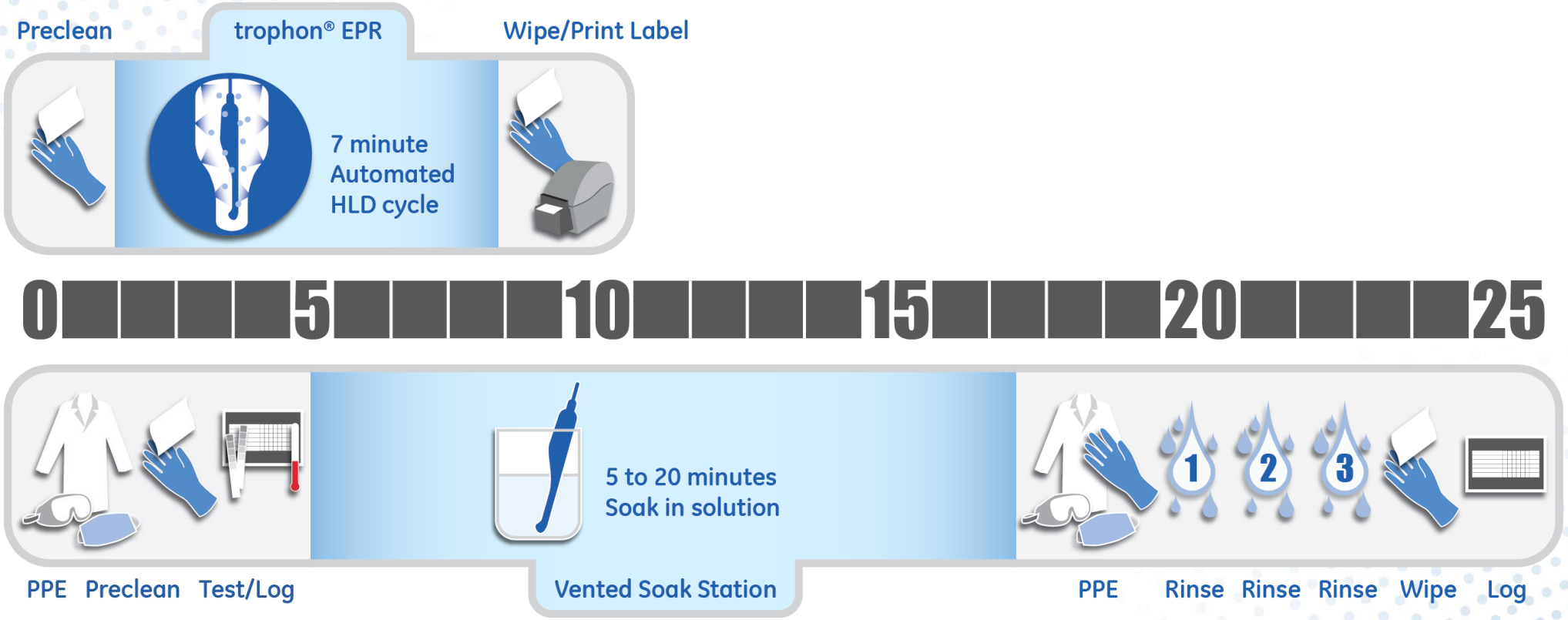
Fast 7 Minute Cycle



Compatible With More Than 600 Probe Models

- ✓ More than 600 probes approved to date
- ✓ Covers all major manufacturers
- ✓ Includes both intracavitary and surface probes


SAMSUNG MEDISON

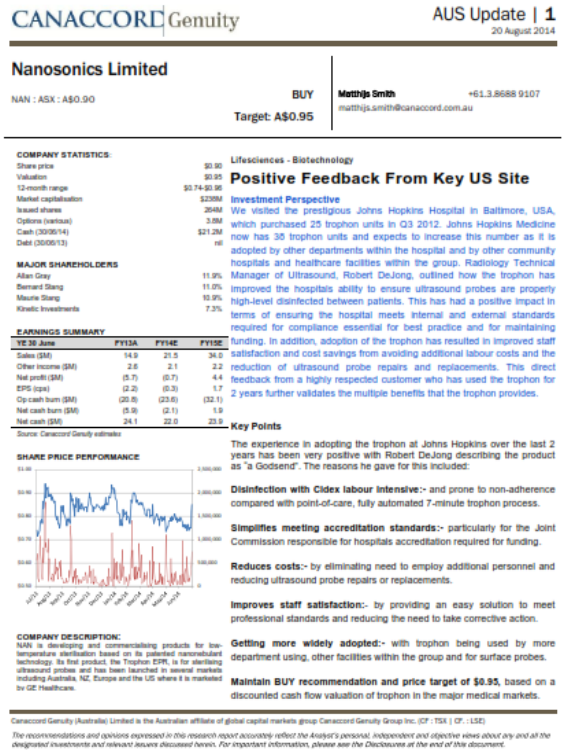
SIEMENS

“...complete and safer protection for our patients and staff ”

“The trophon EPR has been the biggest thing to hit ultrasound since colour Doppler.

“trophon was an answered prayer! It has solved so many high level disinfection (HLD) issues while offering more complete and safer protection for our patients and staff – in half the time.

Robert De Jong Jr., RDMS, RDCS, RVT, Radiology Technical Manager, Ultrasound, The Johns Hopkins Hospital, Baltimore, US



CANACCORD Genuity

AUS Update | 1
20 August 2014

Nanosonics Limited

NAN : ASX : A$0.90

BUY
Target: A$0.95

Matthijs Smith +61.3.8688 9107
matthijs.smith@canaccord.com.au

COMPANY STATISTICS:
Share price $0.90
Valuation $0.95
12-month range $0.74-$0.96
Market capitalisation $239M
Issued shares 264M
Options (various) 3.8M
Cash (30/06/14) $21.2M
Debt (30/06/13) nil

MAJOR SHAREHOLDERS
Allan Gray 11.9%
Bernard Slang 11.0%
Maurie Slang 10.9%
Kinetic Investments 7.3%

EARNINGS SUMMARY

YE 30 June	FY13A	FY14E	FY15E
Sales ($M)	14.9	21.5	34.0
Other income ($M)	2.6	2.1	2.2
Net profit ($M)	(5.7)	(0.7)	4.4
EPS (cps)	(2.2)	(0.3)	1.7
Op cash burn ($M)	(20.8)	(23.6)	(32.1)
Net cash burn ($M)	(5.9)	(2.1)	1.9
Net cash ($M)	24.1	22.0	23.9

Source: Canaccord Genuity estimates

SHARE PRICE PERFORMANCE

COMPANY DESCRIPTION:
NAN is developing and commercialising products for low-temperature sterilisation based on its patented nanonebulant technology. Its first product, the Trophon EPR, is for sterilising ultrasound probes and has been launched in several markets including Australia, NZ, Europe and the US where it is marketed by GE Healthcare.

Lifesciences - Biotechnology

Positive Feedback From Key US Site

Investment Perspective
We visited the prestigious Johns Hopkins Hospital in Baltimore, USA, which purchased 25 trophon units in Q3 2012. Johns Hopkins Medicine now has 36 trophon units and expects to increase this number as it is adopted by other departments within the hospital and by other community hospitals and healthcare facilities within the group. Radiology Technical Manager of Ultrasound, Robert DeJong, outlined how the trophon has improved the hospitals ability to ensure ultrasound probes are properly high-level disinfected between patients. This has had a positive impact in terms of ensuring the hospital meets internal and external standards required for compliance essential for best practice and for maintaining funding. In addition, adoption of the trophon has resulted in improved staff satisfaction and cost savings from avoiding additional labour costs and the reduction of ultrasound probe repairs and replacements. This direct feedback from a highly respected customer who has used the trophon for 2 years further validates the multiple benefits that the trophon provides.

Key Points
The experience in adopting the trophon at Johns Hopkins over the last 2 years has been very positive with Robert DeJong describing the product as “a Godsend”. The reasons he gave for this included:

Disinfection with Cidex labour intensive:- and prone to non-adherence compared with point-of-care, fully automated 7-minute trophon process.

Simplifies meeting accreditation standards:- particularly for the Joint Commission responsible for hospitals accreditation required for funding.

Reduces costs:- by eliminating need to employ additional personnel and reducing ultrasound probe repairs or replacements.

Improves staff satisfaction:- by providing an easy solution to meet professional standards and reducing the need to take corrective action.

Getting more widely adopted:- with trophon being used by more department using, other facilities within the group and for surface probes.

Maintain BUY recommendation and price target of $0.95, based on a discounted cash flow valuation of trophon in the major medical markets.

Canaccord Genuity (Australia) Limited is the Australian affiliate of global capital markets group Canaccord Genuity Group Inc. (CF : TSX | CF. : LSE)

The recommendations and opinions expressed in this research report accurately reflect the Analyst's personal, independent and objective views about any and all the designated investments and relevant issuers discussed herein. For important information, please see the Disclosures at the end of this document.

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trophon EPR Adoption Growing

Penrose Hospital Colorado Springs, CO: 8 units across 3 departments purchased over 12 months

Palo Alto Medical Foundation Palo Alto, CA: 9 units across 2 departments purchased over 3 months

Hurley Medical Center, Michigan: 5 units across 2 departments purchased over 3 months

Northside Hospital, Atlanta, GA: 11 units across 4 departments purchased over 9 months

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Delivers “significant cost savings”

“It has also had a positive impact on patient confidence as they know the probe has been automatically reprocessed rather than manually cleaned.

“While there is an additional cost required to implement the trophon EPR, versus the alternative HLD wipe system we looked at, there are very significant cost savings year on year.”

Ann Allen, Clinical Lead Sonographer, King’s Mill Hospital, UK

Potential to Leverage Platform Technology

- Nanosonics has strong intellectual property with number of granted/accepted patents has double since April 2013 – from 47 to 95
- Currently investigating a range of opportunities
- Company has capabilities to develop both technology and chemistry

Focussing on 5 Core 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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Summary

- FY14 delivered strong growth with sales up 44%
- NLAT trending positively towards profitability with Net loss down 55% to 2.6 million
- Market fundamentals continue to strengthen with awareness and drivers for adoption increasing
- Europe now gaining traction after commencement of full operations in FY14
- US adoption growing strongly with trophon EPR now in 40 of top 50 hospitals and in more than 1600 sites
- New market approvals granted, supporting expansion into Asia Pacific
- Opportunities for expansion of portfolio under investigation & development

Appendix

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The Need 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

HLD – "the complete elimination of all microorganisms in or on an instrument, except for small numbers of bacterial spores".[1]

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

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Traditional HLD Methods

Disinfection processes unchanged in **20+ years**

Existing methods have many shortfalls

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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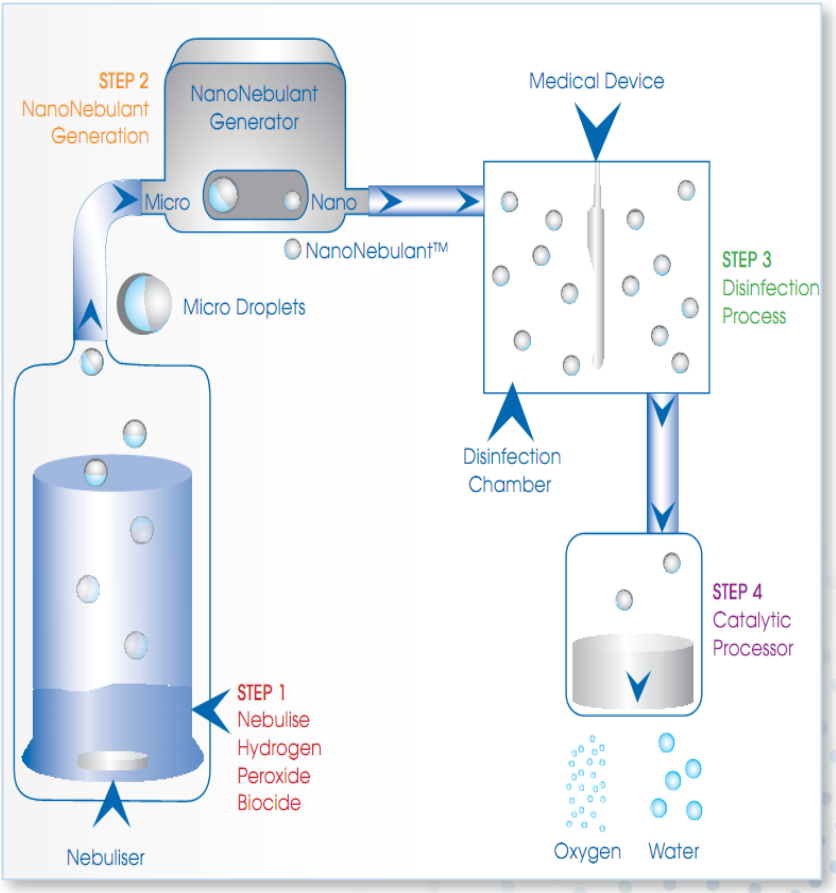
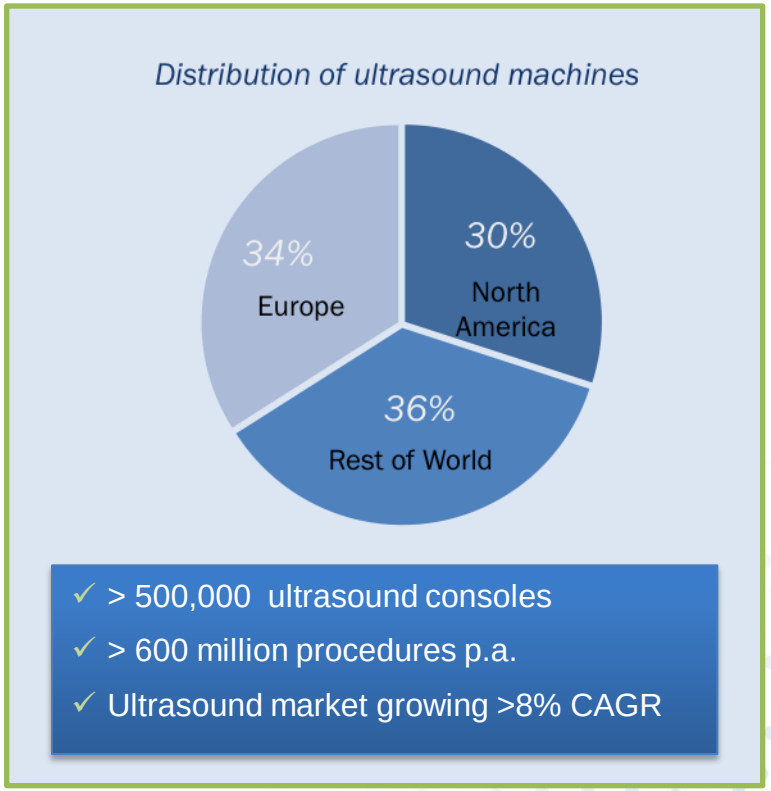
Our Technology – Nano-Nebulisation for Low Temperature Disinfection

- ✓ High frequency sonic vibration turns disinfecting liquid into nano-sized droplets
- ✓ "Nano" droplets disperse like a gas
  - Covers entire surface of object being disinfected
- ✓ NanoNebulant is a strong oxidising agent
  - Lethal to bacteria, viruses and fungi
- ✓ NanoNebulant evaporates
  - Surface of disinfected object left dry and ready to use
- ✓ Non-toxic by-products
  - Water and oxygen
- ✓ 14 Patents families most to 2025



Large and Accessible Market

- ✓ **Addressable install base: ~120,000 trophon EPR units**
  - ~40,000 units in North America
  - Equivalent sized markets in Europe and RoW
- ✓ **NAN revenue potential >$300 million p.a.***
  - Installed Base 120,000 units
  - 5 year replacement cycle
  - 4 disinfections cycles / trophon EPR / day
- ✓ **Main targeted uses:**
  - Obstetrics and gynaecology
  - Other HLD mandated procedures including:
    - Urology
    - Surgical / anesthesia
    - Emergency



* Revenue from sales of trophon EPR only including consumables and accessories

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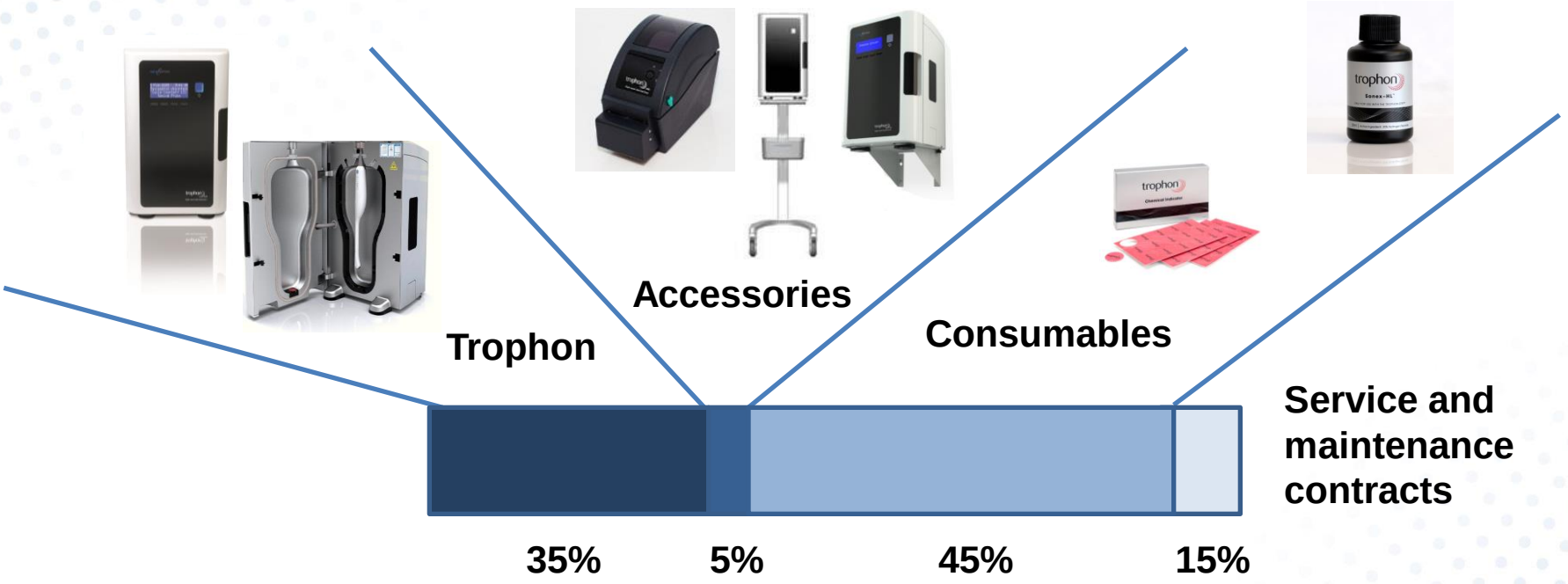
Attractive Revenue Model

Multiple revenue streams:
Up-front sales plus consumables, accessories and service contracts



Figures refer to % of revenue

Each unit sale results in robust annuity type revenue stream