Nanosonics Limited
2021 Annual General Meeting
Chairman's and CEO & President's Address

Introduction

Good morning ladies and gentlemen. My name is Maurie Stang, and it's my pleasure to welcome you to the Nanosonics 2021 Annual General Meeting. While this meeting is being conducted in a virtual manner, we have made arrangements to ensure shareholder engagement and interaction is strong and do look forward to returning to our normal in person and hybrid formats in the future.

The FY21 year, whilst within a challenging environment, was one of both momentum and innovation across our broad growth agenda. Your company proactively met the needs of its customers, adapting to new and innovative ways of conducting business, whilst expanding its sales, marketing and service offerings across multiple geographies.

The Nanosonics team has delivered a truly impressive series of milestones across all facets of the business. This has resulted in a strategy and capability to continue to grow in a global market that is showing encouraging signs of increased activity and access. In parallel, the fundamentals of both regulation and customer demand for automated reprocessing continue to strengthen and we see a more optimistic landscape going forward.

People & Culture / Values

Nanosonics' growth and success continue to be driven by our people, our culture, our leadership team and the support and guidance from our Board. This unity and collaboration has ensured the health and safety of our team through the challenges of the global pandemic, whilst delivering a work environment which is capable of continuing to lead in our commitment to "infection prevention for life".

This is illustrative of our people living our Values. "Collaboration, Innovation, Discipline, Agility and the Will to Win" represent core values that define everything we do at Nanosonics.

We recognise the tremendous value that our people provide to the Company. Throughout the year we continued to expand our capacity and capability with the total number of employees increasing 9% to 339.

Our people focus was recognised with exceptional results in the Company's Employee Engagement survey which showed that almost the entire workforce is strongly aligned with the Company's purpose and importantly, understand how their work directly contributes to the goals of the Company.

Opportunity

As an infection prevention company, the opportunities for Nanosonics are in greater focus than ever. North America has experienced a significant growth in the usage of ultrasound in recent years. This has contributed to an increase in the opportunity for the trophon technology in North America where the addressable market has been estimated to be 50% greater, growing to 60,000 units. We are now witnessing an improvement in the fundamentals for adoption of trophon in the European region with the number of guidelines increasing and Nanosonics is increasing its investment in this region to take advantage of those opportunities. Similarly, we are expanding our business throughout the Asia Pacific including the important markets of Japan and China.

It is very pleasing to see that Nanosonics continues to deliver on the growth of its installed base of trophon® and the associated ecosystem, particularly in the second half of the year, whilst proactively responding to the significant impact of COVID-19 in creating unprecedented headwinds. This clearly demonstrates the strength and resilience of Nanosonics' business model, its solid relationship with GE Healthcare and other global OEMs and distributors, together with the inherent value proposition of its proprietary infection prevention ecosystems and services.

On 28 June 2021 our release of Nanosonics AuditPro™ extended our activities into digital health. AuditPro represents Nanosonics' entry into the important area of data and compliance in infection prevention which in turn has the capacity to increase adoption of automated HLD across more procedures.

Consistent with our significant investment in R&D and innovation is our new CORIS platform in endoscopy which is based on the principles of automation, patient safety

and enhanced work flow. This development program addresses important unmet needs and has been driven by a deep engagement with customers and industry. Michael will do a deeper dive on this new innovation.

R&D

Beyond these opportunities, we remain firmly of the belief that leveraging our skills into the broader infection prevention market will be our growth engine and significant investment is being made in our R&D program as well as new initiatives under a dedicated group to identify and assess strategic acquisition opportunities across key vectors of infection.

The expanded technology group is now focussed in four areas: core R&D, sustaining engineering, external technology evaluation and Nanosonics Investments. These important capabilities allow us to engage with a combination of organic and collaborative opportunities which support our position of growth and customer focus.

Property

With the ongoing growth opportunities and momentum of the business, we are pleased to announce that in the first half of calendar 2022 we will move to a new global headquarters in the Macquarie Park precinct in NSW. The move will see a significant expansion in the Company's R&D and a doubling in manufacturing capacity and capability as well as increased capacity for operational support for the growing global business.

The significant investment in the relocation to the new global headquarters is supported by the NSW Government over 3 years through its Investment NSW Jobs Plus Program and positions the Company well for its ongoing global growth by increasing capacity of all functions of the organisation.

I am particularly excited about the construction of new state-of-the-art laboratories with an almost trebling of laboratory space that will increase our R&D capability and capacity.

We thank the NSW Government and in particular the Premier, Dominic Perrottet, the Honourable Stuart Ayres MP, Minister for Jobs, Investment, Tourism & Western Sydney and the CEO of Investment NSW, Amy Brown for their recognition of the Nanosonics' growth story. We look forward to continuing our growth trajectory with a strong commitment to NSW and the scale up of our facilities will directly support growing international business and exports.

ESG and Diversity

Nanosonics' Sustainability Report contains an extensive amount of information on the environmental, social and governance practises that are core to the Company's mission, future success and represents the Company's DNA. I trust shareholders will see that the Report showcases our approach to caring for our employees, customers, suppliers, and critically, our investment in social responsibility and the environment.

In our Sustainability Report, I was very proud to see the scale of recycled "end-of-life" products and service parts that were responsibly recycled, as well as the increasing

scope of our reporting in the important areas of climate change and water consumption.

Throughout the year we continued to focus on continually improving the environmental impact of products. A good example is that by our customers using our trophon technology, they often replace a method that relies on the use of toxic chemicals, whereas the by-product from using trophon is oxygen and water.

I am always particularly proud to see the strong diversity results across the Company and recognise the value and creativity that support our innovative and forward-looking business. Diversity and inclusion are recognised as important drivers of our growth and a core aspect of the Nanosonics culture. The Nanosonics workforce now represents around 29 different nationalities with 41% of employees being women. 38% of senior management positions in the organisation are also held by women.

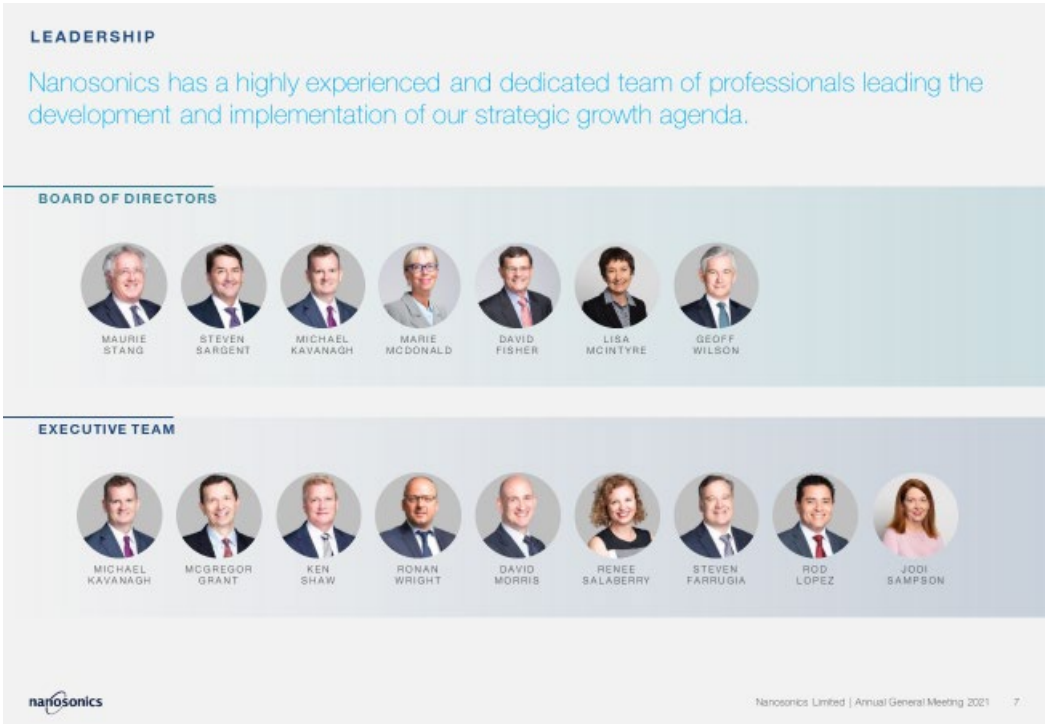
The business has an active program of community contributions and initiatives which were adopted by the Board during the past year to formalise and expand the Company's commitment to society.

Capital Management

Despite our record investments in an expanded team, accelerated R&D and resources for future growth, the Company continues to increase its cash reserves. These cash reserves serve the Company in a number of ways.

They provide a significant degree of stability and allow the Company to continue to pursue its strategic growth agenda in uncertain times. Our Board and management are actively engaged in reviewing our priorities, identifying opportunities for investment and ensuring that Nanosonics is on track to deliver improved social and healthcare outcomes. This remains entirely consistent with building shareholder value through the best use of the Company's free cash flow and capital reserves.

Board



I would again like to recognise the outstanding stewardship and commitment of our Board. Over a number of years the Company has gone through a process of Board renewal. With each new director joining, the business has benefited from an injection of valuable expertise and industry insight. The Board reflects diversity in a number of important and complementary ways. Our experienced Directors bring a mix of skills and perspectives that strongly support our growth and governance objectives, and through the Board Committees add real value to every dimension of our business.

I believe that we currently have an appropriate mix of skills and experience on the Board, but as we consider ongoing renewal, we will continue to review the skills needed to best serve Nanosonics now and into the future.

Conclusion

We have all now seen, in the most demonstrable way, the negative impact that unchecked pathogens can have in virtually every field of human endeavour. We at Nanosonics believe that we have a significant contribution to make in partnership with our customers, regulators and our industry to deliver a safer and more efficient health care system to the benefit of all. We believe our expanded investments in the future such as CORIS, together with our strong financial position and outstanding team, provide the opportunity for continuing growth and innovation, now and into the future.

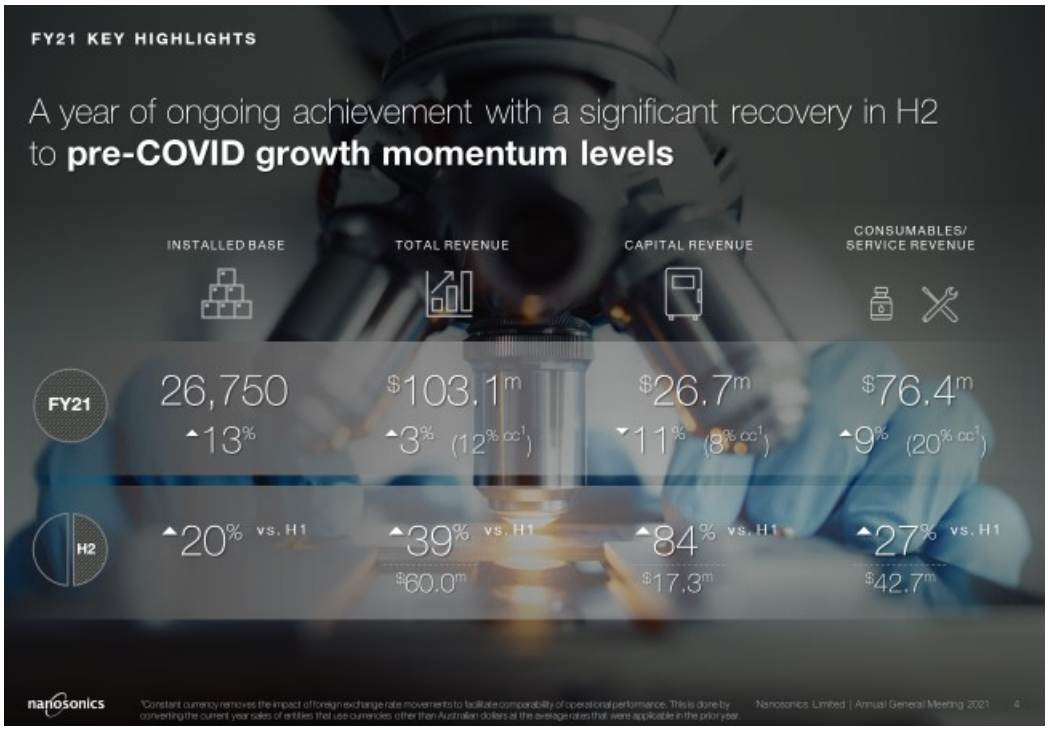
I would now like to invite the Company's CEO and President, Mr Michael Kavanagh to deliver his presentation. Michael had been a non-Executive Board member and has now overseen a period of outstanding expansion for eight years …

END

Michael Kavanagh – CEO & President

Thank you Maurie, and a very good morning ladies and gentlemen.

Despite the challenges of the COVID-19 pandemic, FY21 was a year of significant ongoing achievement for the business as we continued to execute across all aspects of our long-term strategic growth agenda. As market conditions improved the business saw a significant recovery in the second half of the year where a return to pre-COVID-19 growth momentum levels was experienced.



For the total year, the global installed base of trophon® units grew 13% to 26,750. Importantly, what we saw was a significant recovery in the second half as market conditions improved with H2 installed base up 20% compared with H1, with an overall increase of 3,030 units for the year, with all regions performing well.

Total revenue grew 3% to $103.1 million. In constant currency terms total revenue was up 12% for the year. Similar to the installed base, as market conditions improved in the second half, in particular in North America, where access to hospitals improved and ultrasound procedure volumes trended back to pre-COVID-19 levels, we saw revenue grow 39% compared with the first half to $60.0 million.

Breaking revenue down between capital and consumables & service, despite a 13% increase in new installed base, capital revenue for the year was down 11% to $26.7 million. This reduction was primarily associated with a reduction in the number of units sold to our distributor partner GE Healthcare in North America in the first half of FY21as a result of the COVID-19 related decrease in installed base growth particularly in Q4 of FY20 and Q1 of FY21 and the corresponding impact on GE's inventory levels.

Importantly, capital revenue increased 84% in H2 compared with H1 as market conditions improved, installed base growth recovered and GE resumed normal capital purchasing patterns. The impact of GE purchases was only felt in the North America region.

In the Europe and Middle East region, total capital revenue for the year was up 91% to $2.7 million. What is important to note here is as the majority of units placed in the UK (the largest market in the region) are under the managed equipment service model where no capital revenue is recognised, this increase in capital revenue gives

a good indication of the growth being experienced in markets outside of the UK, as the fundamentals for adoption improve.

In Asia Pacific, total capital revenue for the year was up 143% to $2.7 million. Excluding upgrades from this overall capital revenue increase, , capital revenue was up 36% for the year. Of course, upgrades are an important part of our capital revenue growth moving forward and it was good to see some come through in FY21 in ANZ.

For consumables and service, revenue increased 9% to $76.4 million. It is important to look at this on a constant currency basis as it better reflects volume growth and in constant currency that revenue would have been $84.1 million or up 20%. As you all know, first half consumables sales were impacted due to the effect of COVID-19 on ultrasound procedure volumes. However, H2 saw a positive trend towards pre-COVID-19 procedure levels with revenue from consumables and service up 27% (up 39% in constant currency) in H2 compared with H1. Importantly, towards the end of FY21 all indications were that ultrasound procedure volumes were approaching pre-COVID-19 levels across most markets.

You will find a lot of detail on the FY21 financial performance in the FY21 Annual Report and full year investor presentation which can be found on our website.

Our Strategic Priorities

Moving onto the strategic priorities for the business. Despite the impacts of COVID-19 throughout FY21, our growth strategy has not changed.

There are four key strategic priorities the organisation is focussed on.

The first is associated with all the work we do to establish our trophon technology as standard of care for ultrasound reprocessing. This involves working with societies and regulators on the establishment of guidelines, all the clinical educational work we do in the healthcare community and importantly ensuring our customers have a very positive experience with all aspects of the product and Nanosonics brand.

The second aspect of the strategy is associated with geographical expansion where currently the focus is on Europe & the Middle East where we are now represented in 22 countries and of course our work to expand further in the Asia Pacific region in particular our work in Japan and now China.

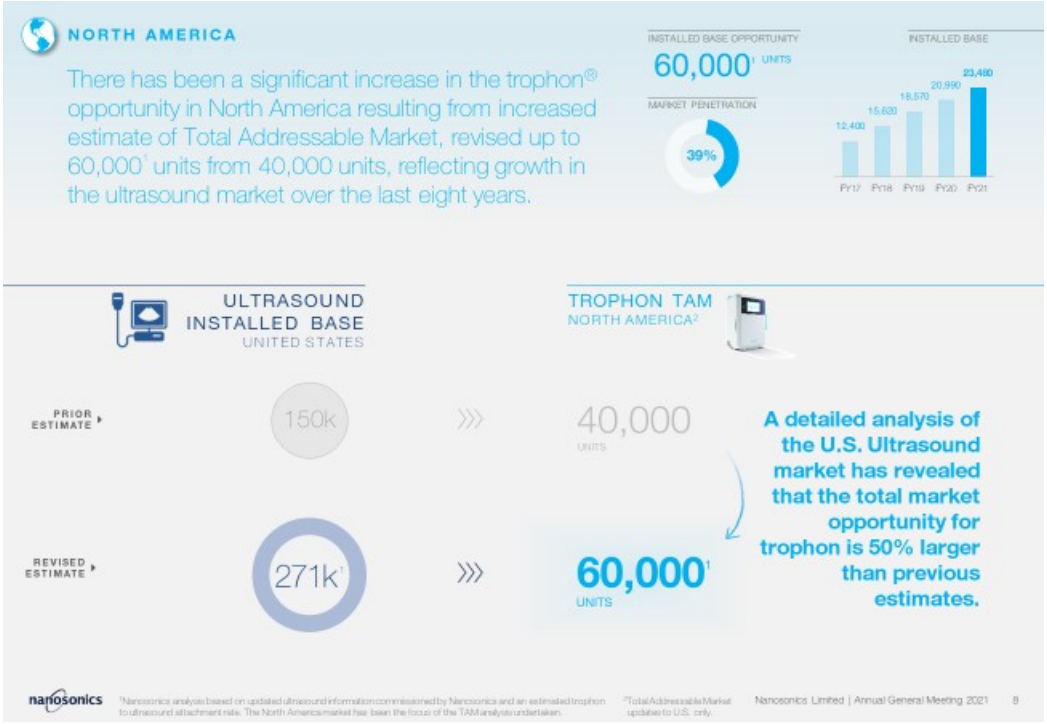
The third component of the strategy is associated with Product Expansion where we continue to invest significantly in R&D to deliver new products like the recently launched AuditPro™ platform plus future products like our CORIS® new technology platform for Endoscope cleaning which I'll talk to shortly.

Finally, to enable the first three priorities, our fourth focus is to invest for growth. There is significant opportunity not only for trophon, AuditPro and CORIS but in the broader infection prevention market and your Company is in a good position to continue to invest in these growth opportunities.

The trophon Opportunity

I'd like to spend a few moments to provide a bit more detail on the growth opportunity for trophon.

First of all, it's important to understand that the requirement for High Level Disinfection of ultrasound probes is large. The opportunity involves many different types of probes associated with over 150 different types of ultrasound procedures. These procedures include endocavitary procedures, ultrasound guided biopsies, ultrasound used Intraoperatively, ultrasound used to scan wounds … just to name a few. What dictates the requirements for High Level Disinfection is a classification called the Spaulding classification. According to this classification, any probe that can comes into contact with bodily fluids, mucous membranes, broken skin, blood etc must be disinfected prior to re-use. As a result, there is a significant global market opportunity for trophon devices as ultrasound is used on many procedures across many departments within the hospital system, as well as private practice.



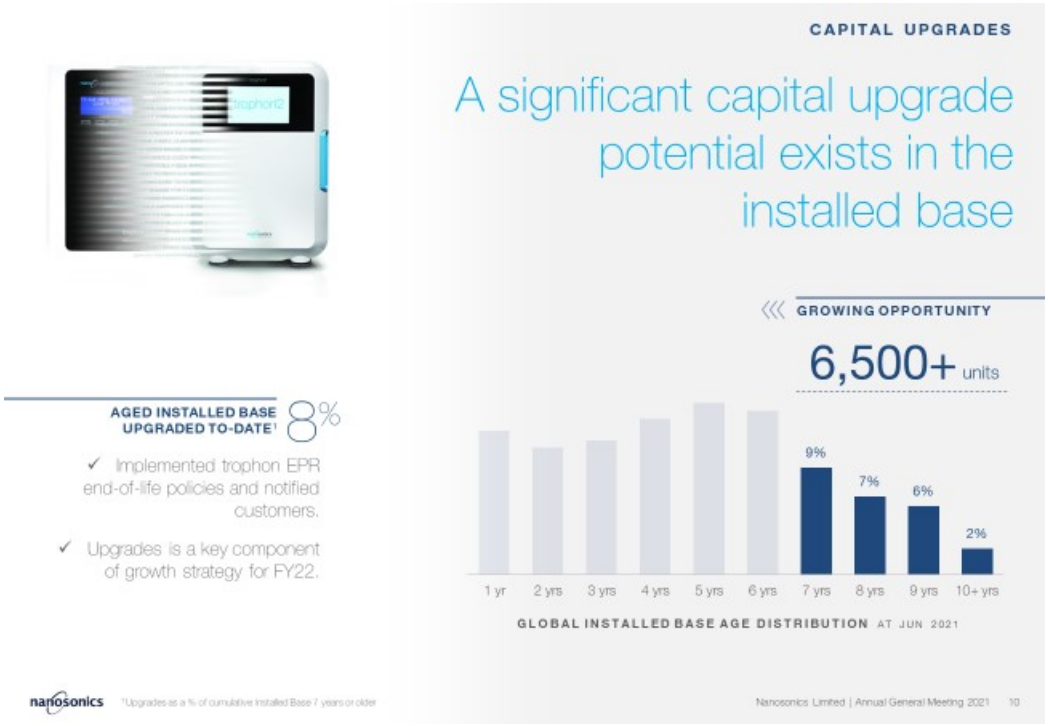
Looking at the Total Addressable Market (or TAM) for trophon, for many years we have quoted a 40,000 unit TAM in North America. However, over that time the use of ultrasound has grown significantly.

We conducted some research on the North America market to get a better understanding of the TAM today and as a result, the estimated Total Addressable Market for trophon units in North America has been revised up from 40,000 units to 60,000 units.

This takes into account the growth in the ultrasound market over the last eight years in the USA. What this means is that there is still a significant opportunity for strong ongoing growth of our trophon franchise in North America.

At this stage, we have not needed to undertake a similar exercise for EMEA and Asia Pacific. We acknowledge, however, that the estimated 40,000 unit opportunity in each of these regions is somewhat out of date and is therefore likely higher as ultrasound has grown in those markets as well.

It is worth reminding ourselves of the value opportunity of trophon. With the current global installed base, up to 22 million patients per year are protected from the risk of ultrasound probe cross contamination by our customers using the trophon technology.

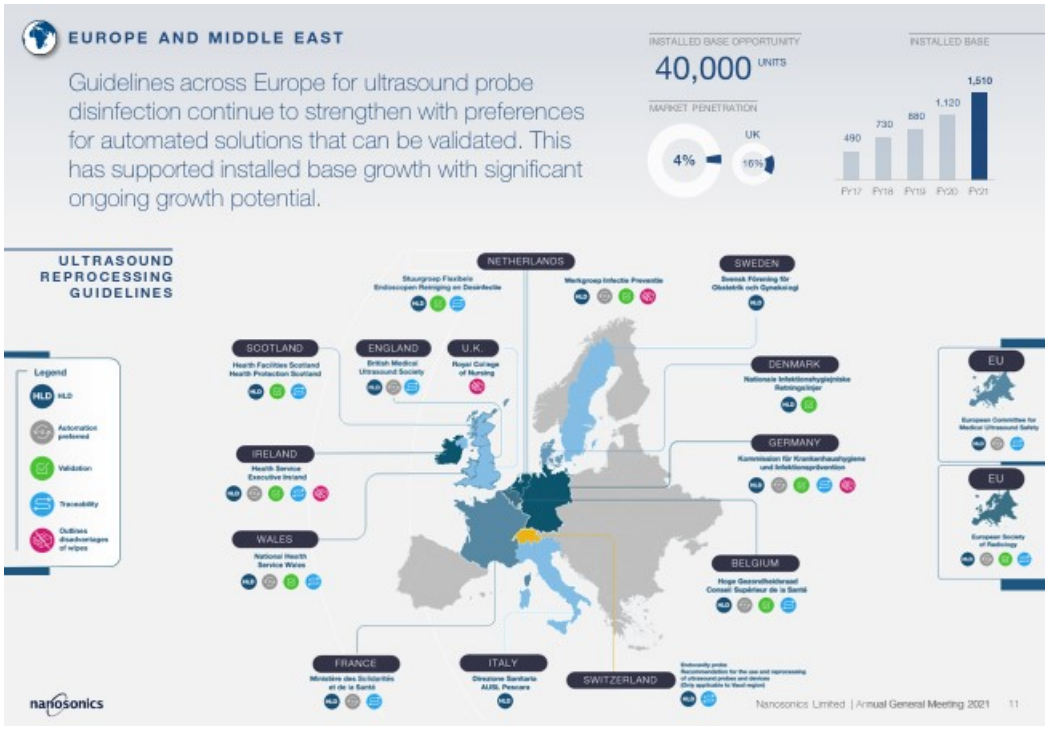


Another important aspect related to the significant growth opportunity for trophon is the opportunity to upgrade our customers' trophon fleets from trophon EPR to trophon2 which offers a range of significant benefits to customers. For the obvious reasons, upgrades were not a big focus in FY21. However, as we move into FY22 we are placing a greater focus on this opportunity. There are over 6,500 trophon EPR units 7 years and older in the market and customers have been notified about the end of life for the original trophon EPR as part of the normal product lifecycle.

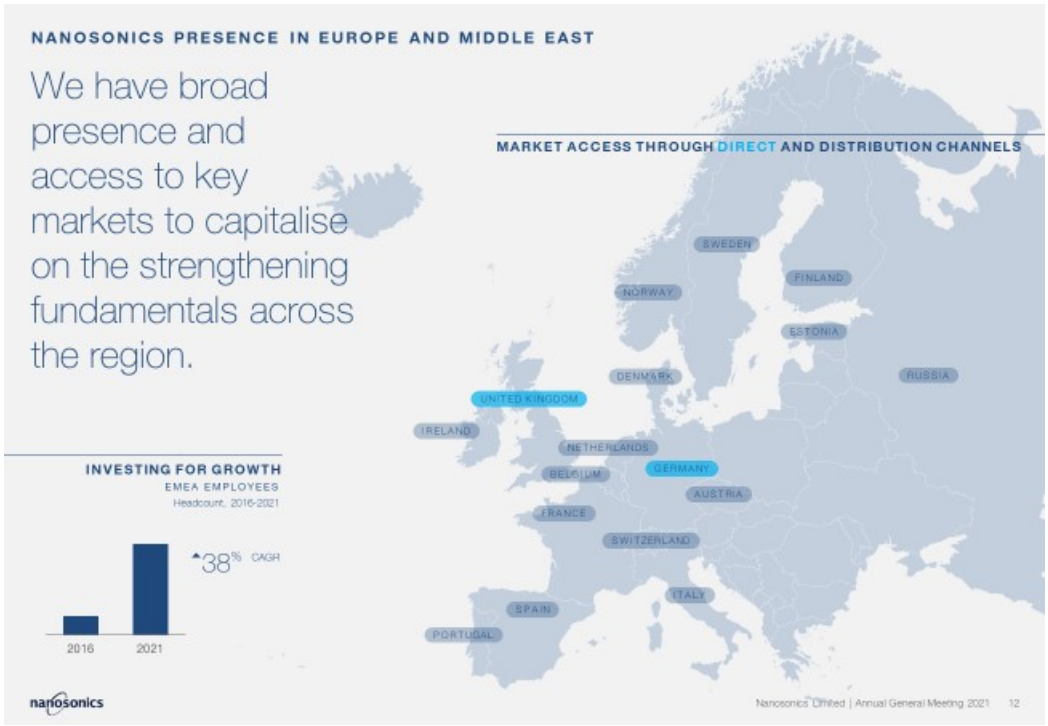
In summary, when you consider the increased Total Addressable Market for trophon units in North America, EMEA growth being experienced as fundamentals for adoption have improved, opportunities presented through our geographic expansion in Asia Pacific, the potential for increased usage of each trophon due to the wide range of ultrasound procedures and of course upgrades to our trophon EPR fleet, there is definitely a significant opportunity for the trophon business moving forward.

Geographical Expansion

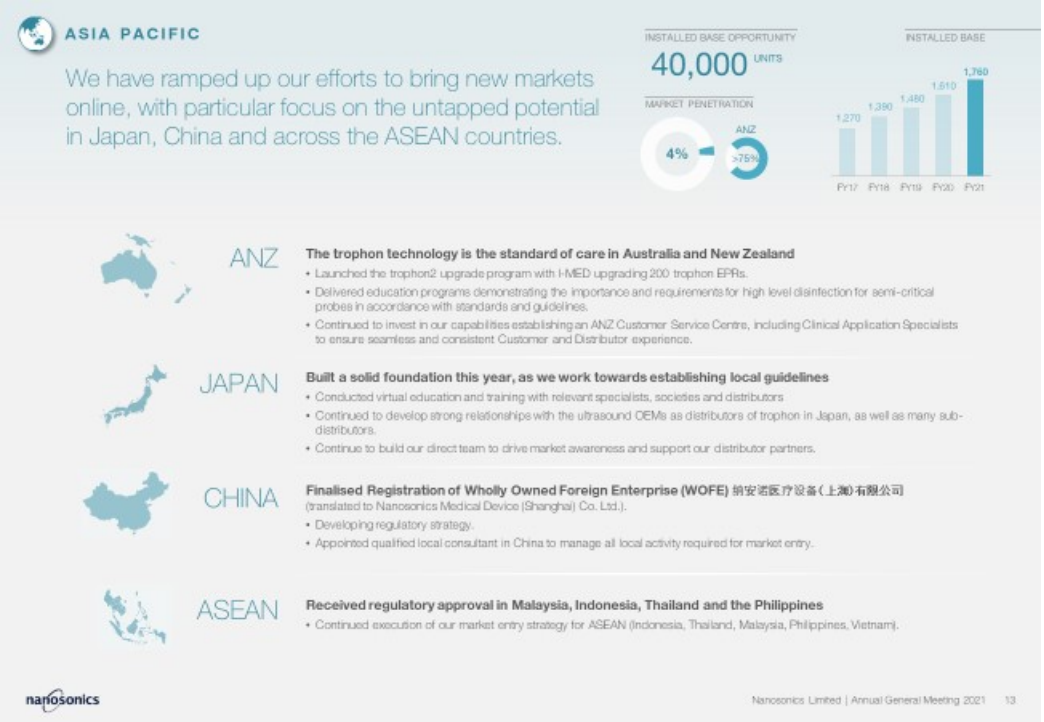
A few words on our geographical expansion activities.



It is very pleasing to see the expansion of guidelines across the Europe and Middle East region where numerous markets now recommend the High Level Disinfection of ultrasound probes with many of them advocating for this to be done using automated and validated mechanisms, of which trophon of course leads the way.



We continue to invest in and grow our footprint in Europe where we are now represented in 22 countries either direct or through distribution partners and in FY21 we saw the installed base in the region grow 35% over FY20.



We have also increased our efforts in the Asia Pacific region to bring new markets online with particular focus on the untapped potential in Japan, China and across the ASEAN countries.

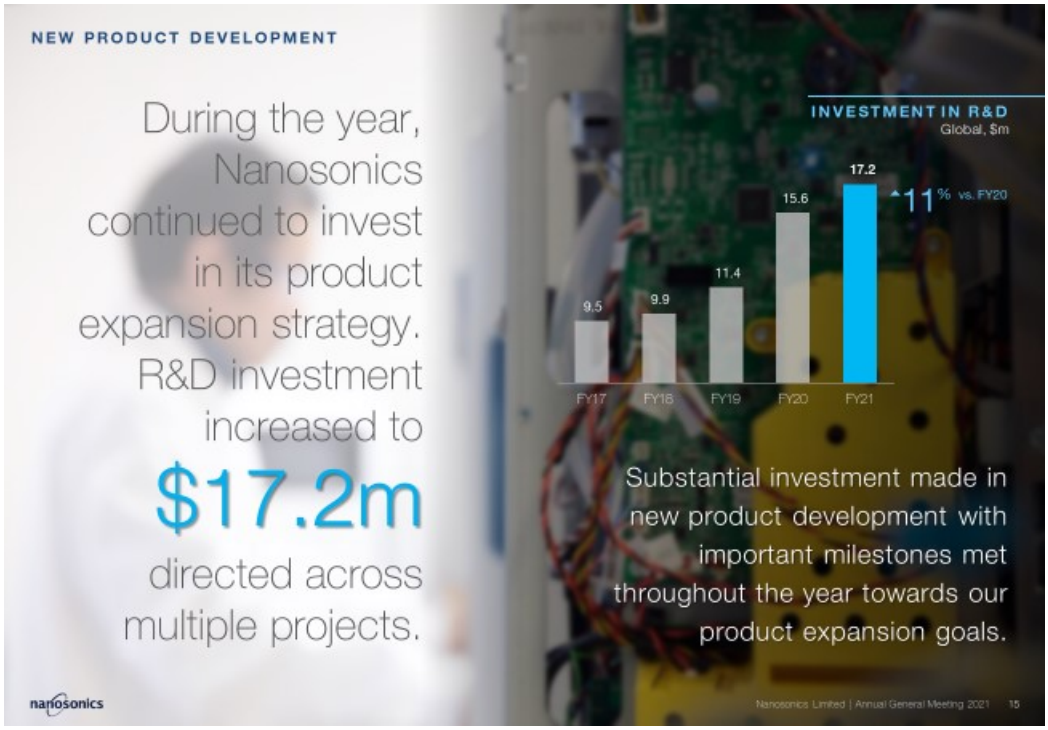
Despite the challenges associated with Japan being in a state of emergency for the majority of the year, we continued our market development work with virtual education and training with relevant specialists, societies and our distributors. In addition, we expanded our local infrastructure to support ongoing market development activities in partnership with our distributors, including GE Healthcare.

We have registered a Wholly Owned Foreign Enterprise in China and are now preparing for regulatory submission to approve trophon2 for commercialisation in that market.

We have also received regulatory approval in Malaysia, Indonesia, Thailand and the Philippines and are currently working on establishing a distribution network for those countries.

Product Expansion

Moving onto the third pillar of our growth strategy, product expansion.



During FY21, we continued to invest in our product expansion strategy. R&D investment increased 11% to $17.2 million directed across multiple projects.

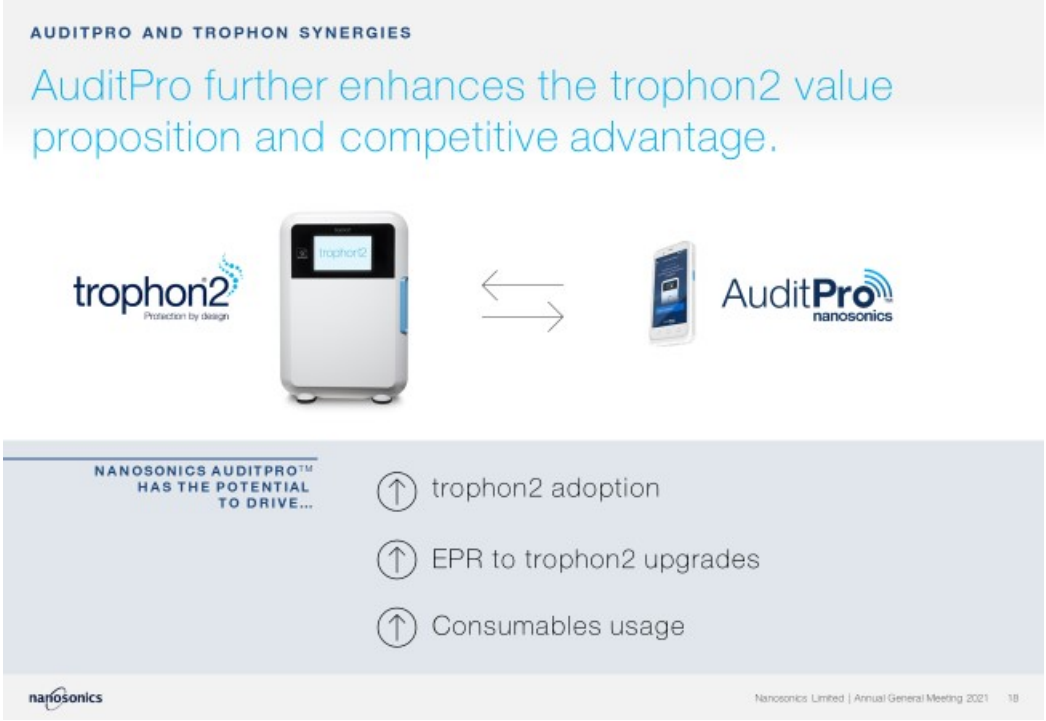
AuditPro

In June 2021, we announced the launch of Nanosonics AuditPro™, which is an infection control workflow compliance management system.

AuditPro™ is the result of a number of years of research and development and opens up a significant opportunity to market a unique solution that integrates infection prevention decision making, track and trace and compliance into a single digital solution.

The new AuditPro digital solution comprises of a mobile scanning device coupled with a subscription to a browser-based application for users. The first application focuses on ultrasound procedures, with the new handheld scanning device designed to be coupled with every ultrasound console at point of care.

With over 270,000 ultrasound units in the USA alone, AuditPro represents a significant new opportunity for Nanosonics. The product has been recently launched in North America with positive customer feedback and the pipeline growing strongly. Plans are in place to launch in a number of the European markets as well as ANZ early in the new calendar year.



It's worth mentioning that while AuditPro is a discrete new product platform, its application for ultrasound and connectivity with trophon2 further enhances the trophon2 value proposition. This further supports the leading position and ongoing adoption of trophon2, as well as the potential to support upgrades from trophon EPR to trophon2. In addition, through its education platform to guide clinicians on which ultrasound procedures require high level disinfection of the probe, there is the potential that AuditPro could also be a driver of compliance across all required ultrasound procedures and consequently increased usage of trophon devices.

New Technology Platform

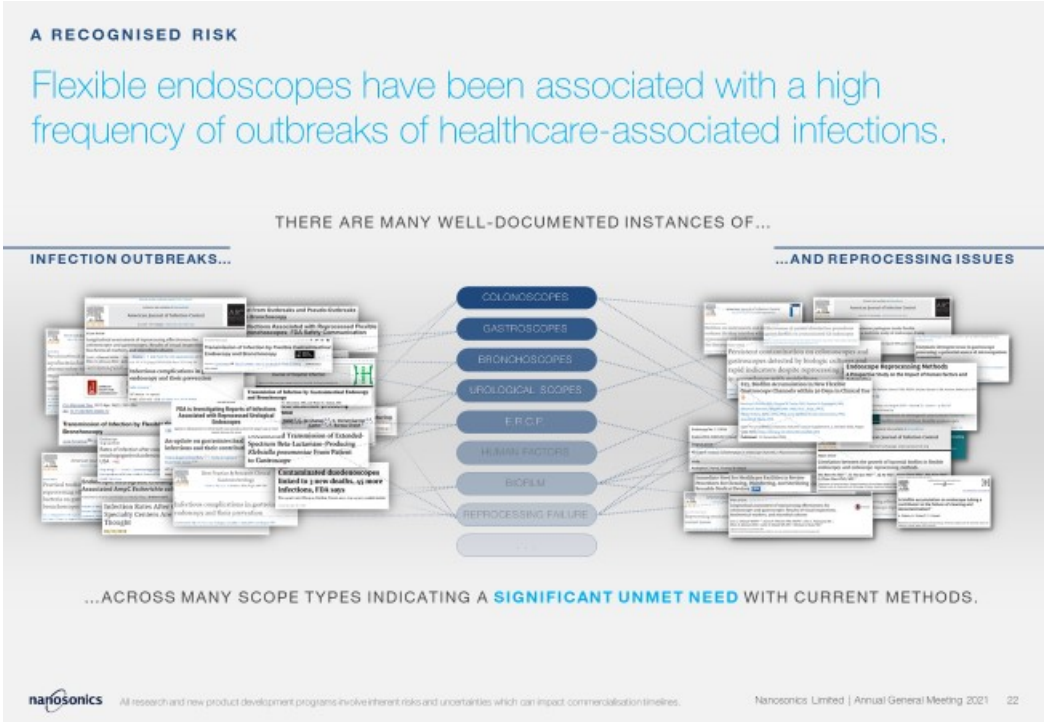
In addition to AuditPro, there is our next new technology platform, Nanosonics CORIS®. This new technology platform is directed at solving what is probably the most important and significant problem in instrument reprocessing today, the cleaning of flexible endoscopes.

Indeed, more healthcare-associated outbreaks have been linked to contaminated endoscopes than any other medical device and it's a highly complex problem to solve that has existed for many years.

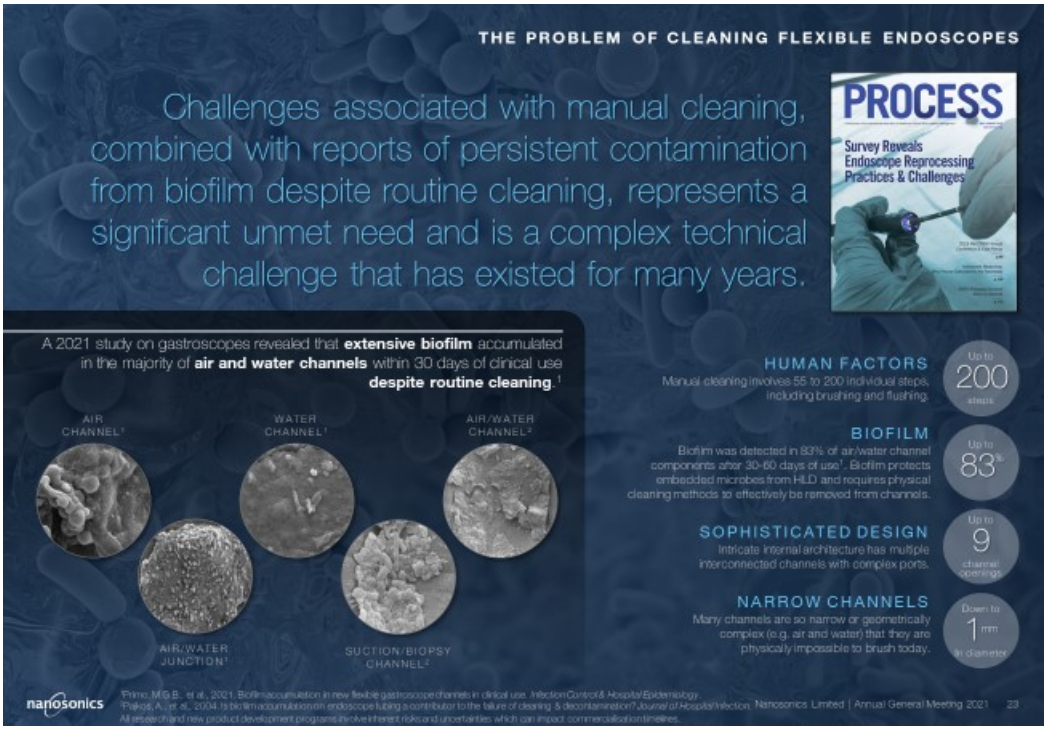
A bit of detail around this if I may.

First of all, reusable flexible endoscopes are highly sophisticated medical devices that enable advanced diagnostic and therapeutic interventions across a range of conditions. Reusable endoscopes incorporate advanced technology that give physicians a sophisticated level of control in carrying out complex, minimally invasive procedures while navigating challenging anatomical situations to deliver the highest level of patient care.

There are many different types of flexible endoscopes including colonoscopes, gastroscopes, duodenoscopes, bronchoscopes, urological scopes and ENT scopes, in addition to other specialty scopes.



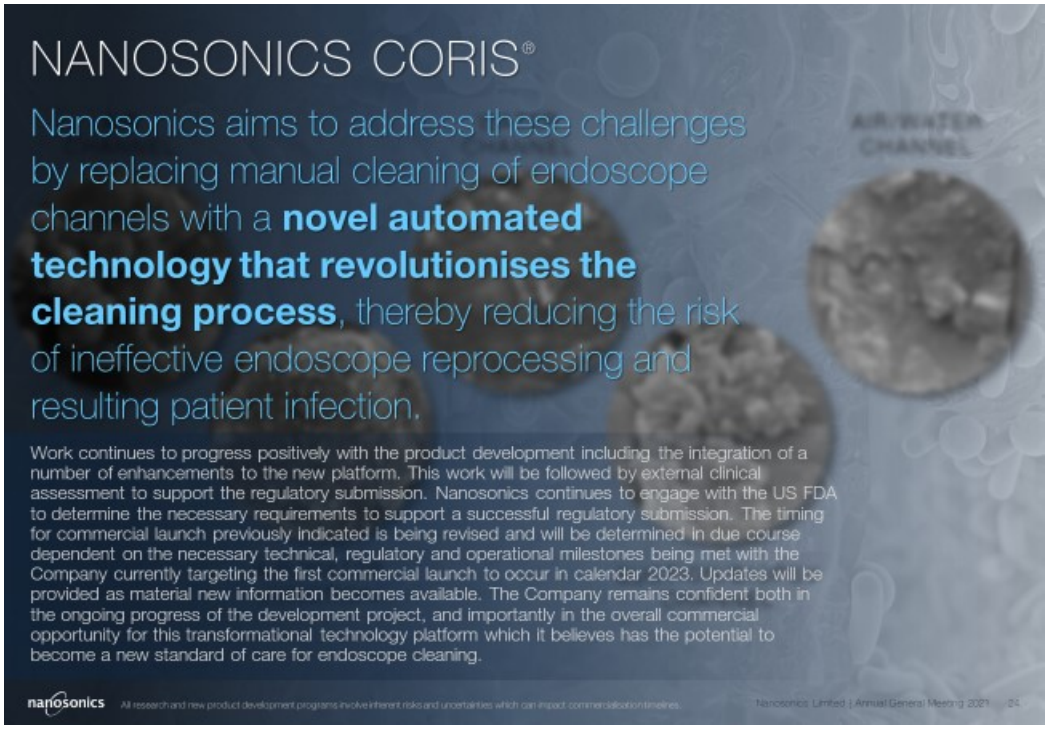
There are many well documented instances of infection outbreaks and reprocessing issues across the range of scope types indicating a significant unmet need and opportunity to address.



The cleaning stage of the reprocessing or decontamination process is a critical step and has significant implications for the outcomes of the subsequent high level disinfection stage of the process.

Challenges associated with manual cleaning, combined with reports of persistent contamination from biofilm is well recognised by regulators and customers.

Addressing this problem is a very complex issue and has existed for many years. There are many challenges to be overcome including: trying to automate what today has anywhere between 50 and 200 manual cleaning steps; dealing with sophisticated endoscope design and internal architecture with multiple interconnected channels and complex ports; challenges with effectively cleaning channels with diameters that can be less than 1mm and challenges with removing complex difficult soils such as biofilm. So, as you can imagine it is a very complex technology development program.



The Nanosonics R&D team have focussed on these significant technical challenges for a number of years with the aim of developing a novel automated technology designed to revolutionise the cleaning process of flexible endoscopes.

Our new Nanosonics CORIS platform technology, like trophon, will comprise both capital equipment and consumables.

In testing to date, this new automated technology has demonstrated the ability to deliver significant superiority in cleaning efficacy over the requirements of the current standards including the most recent standards that are even stricter. In addition, testing demonstrates superior efficacy over manual cleaning against difficult biofilm contamination, including in the smallest channels of an endoscope.

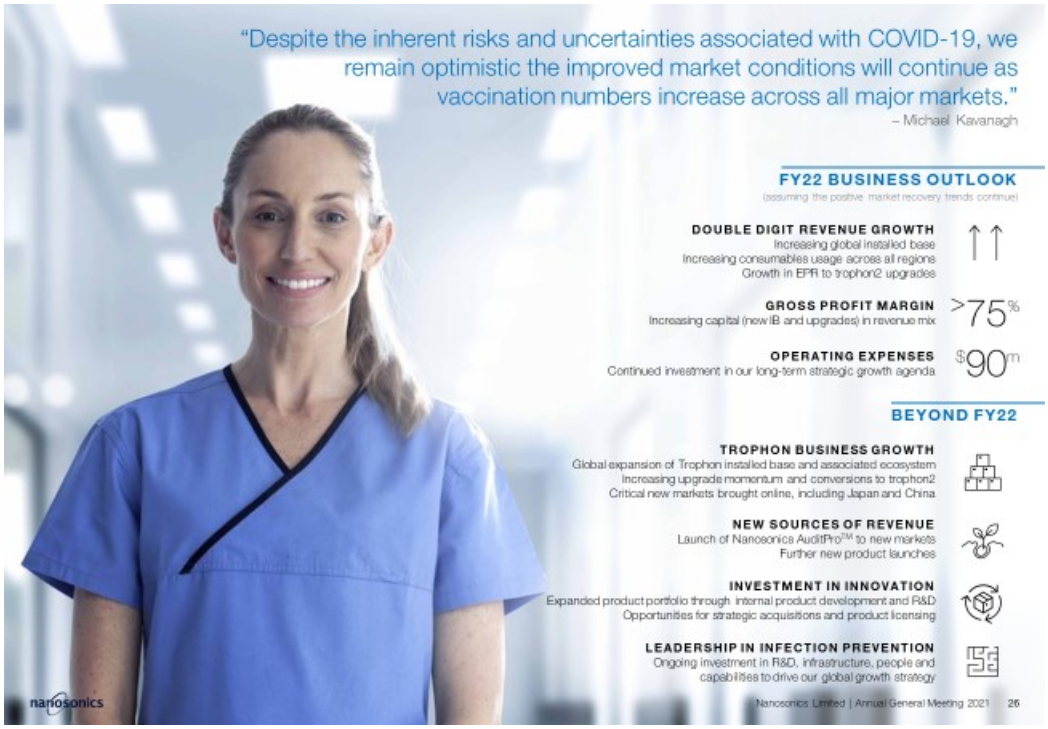
The potential to address the challenges of contaminated endoscopes represents a significant opportunity for Nanosonics. There are over 60 million flexible endoscopy procedures being conducted across the United States and the largest five markets in Europe alone every year and this number is growing at 6% per annum.

We are very pleased with our progress in the product's development. There is some more development work to do which will be followed by external clinical assessment to support the regulatory submissions and we are currently targeting the first commercial launch in calendar 2023.

Needless to say, it's a very exciting development, and we remain confident in bringing a transformational product to market that addresses a significant unmet need and indeed like trophon can become a new standard of care.

So, all round some very exciting things ahead for the business.

FY22 Outlook



Moving now to this FY22 financial year which is a continued growth outlook position. The outlook presented in August with our FY21 full year results has not changed. While acknowledging the ongoing uncertainties associated with COVID-19, assuming positive market recovery trends continue, the Company anticipates a return to double digit growth in total revenue in FY22. This growth is anticipated to be driven by an ongoing increase in installed base globally and increased usage of consumables across all regions resulting from the installed base growth as well as ultrasound procedures returning to pre-COVID-19 levels.

For FY22, our expectation is that overall gross margin will be in the order of 75%. In FY21 it was 78%. This reduction is primarily due to the anticipated change in mix between capital and consumable & service revenue as the installed base increases at a faster rate than last year. We also expect further increased capital revenue from upgrades in FY22 over FY21.

While there is a reduction in gross margin in the short term, this is actually a positive indicator for growth in the longer term as it is primarily being driven by a faster growth in the installed base which consequently results in a faster growth in annuity consumables & service revenue.

It is also worth noting that all organisations are currently faced with complexities in the global supply chain in particular the supply of electronics. Our operations team are effectively managing these current complexities and while we do not currently foresee any problems it is something that has to be managed closely. In addition, global freight has also become very complex that also has to be carefully managed. There are impacts of freight cost on COGS however we expect our gross profit margin to still be in the 75% range for the year.

With the exciting growth opportunities outlined for the trophon, AuditPro and CORIS franchises, as well as further opportunities in the broader infection prevention market, the Company maintains its commitment to continue to invest in its long-term strategic growth agenda with an emphasis on continuing investment growth in our regional operations and R&D.

Our Opex guidance of $90 million for the year remains and we are currently tracking to that guidance after the first four months of operations.

Trading Update

A couple of comments on trading in the first quarter of FY22.

Market conditions have certainly improved in particular in North America. Globally, revenue for the first quarter of FY22 was in line with our internal budget and marginally ahead of the third quarter of FY21 where we saw the significant market recovery.

New installed base in the first quarter was up 8% on the third quarter of FY21 which is a positive trend and again in line with our expectations. Upgrades are also beginning to gain traction with approximately 170 units upgraded in North America in the first quarter compared with 60 in the third quarter of FY21.

Sales of consumables to end user customers are also in line with our budget. First quarter sales are marginally ahead of the third quarter of FY21 indicating positive return to pre COVID-19 ultrasound procedure volumes. There were a number of states in North America, in particular in the South East, impacted more than others by the Delta variant of COVID-19, putting pressure on hospitals and sales of consumables in those states were marginally down. Overall, however, first quarter sales of consumables in North America were marginally up versus Q3 of FY21 and as the half progresses, we are seeing an improving trend in those states most impacted.

I would like to end by acknowledging all the infection preventionists and frontline workers globally for their tireless efforts in managing the COVID-19 pandemic. I would also like to acknowledge each Nanosonics employee around the world for their resilience, flexibility, dedication and customer focus as we continue to work on the mission of the organisation. Finally, I'd like to thank you, all our shareholders, for your

commitment to and belief in the organisation. Nanosonics is a great organisation delivering on an important mission and I appreciate the trust and confidence you all place in the Board, management and every employee to deliver on our long-term growth agenda.

I will now hand back to our Chairman, Maurie Stang.