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Company Announcements Office  
Australian Securities Exchange

## Nanosonics 2025 half-year financial results

### HIGHLIGHTS

- Half year total revenue of \$93.6 million, an increase of 18% on prior corresponding period (18% in CC<sup>1</sup>).
- Half year capital revenue of \$24.4 million up 11% on prior corresponding period (pcp) with consumables/service revenue up 20% to \$69.2 million.
- Total capital units installed of 1,730 for the half with installed base increasing by 1,050 units to 35,840, and 680 upgrade units installed.
- Operating profit before tax of \$10.9 million for the half compared with \$4.9 million in pcp. Trophon only business delivered \$25.6 million in profit before tax, up 41% compared to pcp.<sup>2</sup>
- Cash flow of \$13.8 million for the half, with cash and cash equivalents of \$144.5 million at 31 December 2024 with no debt.
- CORIS, the new endoscope cleaning technology, continues to proceed through the FDA's de novo review process. The target for first commercial launch remains Q1 FY26.

Nanosonics Limited (ASX: NAN), a leader in infection prevention solutions, today announced its Appendix 4D Half Year Report for the half year ended 31 December 2024.

As indicated in the Company's trading update on 23 January 2025, the first half revenue result of \$93.6 million represents a good start to the year up 18% compared to pcp and 4% compared to H2 FY24. This half year result represents a solid foundation to build on for the remainder of the financial year. Consequently, the range for revenue outlook for the full year has been increased from 8-12% to 11-14%<sup>3</sup>, said Michael Kavanagh, Nanosonics' Chief Executive Officer and President.

"In **North America**, the Company continues to consolidate its leadership position with over 31,000 installed base now in operation. Total revenue grew 17% to \$84.7 million with capital revenue up 11% to \$22.7 million and consumables / service revenue up 19% to \$62.0 million. 940 new installed base units were placed in the half as well as 610 upgrade units.

<sup>1</sup> CC or constant currency removes the impact of foreign exchange rate movements to facilitate comparability of operational performance. This is done by converting the current year sales of entities that use currencies other than Australian dollars at the average rates that were applicable in the prior year. The average exchange rate used for the Company's major foreign currency (USD) for the half year was 0.66 (FY24 H1: 0.66).

<sup>2</sup> The pro forma profit before tax for the trophon business is unaudited and has been prepared by management to reflect total Company results less operating costs associated with new product development and commercialisation. Operating costs reflect management allocation estimates where resources are shared between trophon and new products development and commercialisation. The pro forma profit and loss statement also includes income received from the Jobs Plus Program.

<sup>3</sup> The FY25 outlook assumes an AUD/USD rate of 0.67.

“In addition to continuing to grow the installed base, a core component of the North America growth strategy is to expand customer value for the existing 31,000 installed base.

“This expanded value is delivered to customers through a number of areas including:

- dedicated educational services to support customers in ensuring all relevant ultrasound procedures receive high level disinfection;
- the provision of ecosystem consumable products used in the reprocessing workflow such as wipes and covers; and
- delivery of technical service.

“In the first half, North America delivered strong growth in both consumables and service, an increase of 19% over pcp, demonstrating the positive impact of these customer value-adding strategies to overall revenue growth.

“Another core element of the North American strategy is the significant upgrade opportunity. Upgrade volumes grew 27% over pcp with 610 units placed. Based on the current pipeline, the Company is targeting further growth in this area in H2. These upgrades not only provide a range of benefits for customers through the feature set of trophon2, they also provide Nanosonics with an opportunity for further growth in consumables and service revenue.

“In **Europe**, revenue of \$5.9 million in the half increased 37% compared to pcp. The number of installations was slower than anticipated at 70 units installed in the first half, and an expectation for growth in new installed base in H2 over H1. Our immediate focus is to prioritise the markets with the strongest fundamentals for adoption (UK, Ireland and select distribution markets) for investment in new installed base growth, while continuing to nurture the strengthening of the fundamentals more broadly.

“Similar to North America, we also aim to expand customer value for the existing approximately 2,300 installed base in Europe where consumables and service grew 34% to \$4.7 million in the first half over pcp.

“In addition, we are now leveraging our existing infrastructure in the UK and Ireland with the exclusive distribution rights to Ecolab’s Soluscope TEE disinfection system, which is highly complementary to trophon as it is specific to the disinfection of cardiac ultrasound probes.

“**APAC** revenue for the half of \$3.0 million was broadly in line with pcp. This result was primarily due to reduced capital sales with the ANZ market being approximately 70% penetrated, and the high degree of upgrade conversion that has occurred in recent years. The business continued to grow consumables and service with revenue of \$2.5 million, up 14% compared to pcp.

“Investment continues in Japan where the focus remains on market development to establish local guidelines. Our clinical program has generated further data on the degree of contamination on ultrasound probes and the effectiveness of trophon. This data is being presented and socialised with the various societies. Early adopter sales in Japan increased in H1 as awareness of this data continues to grow.”

## Financial Results

\$ millions	FY25 H1	FY24 H1	Change % (vs H1 FY24)	
Capital revenue	24.4	21.9	▲	11%
Consumable/service revenue	69.2	57.7	▲	20%
<b>Total revenue</b>	<b>93.6</b>	<b>79.6</b>	▲	18%
<b>Gross profit</b>	<b>73.4</b>	<b>63.4</b>	▲	16%
%	78.5%	79.7%		
<b>Operating expenses</b>				
Selling and general	(34.3)	(32.3)	▲	6%
Admin	(16.0)	(12.3)	▲	30%
Research and development	(16.4)	(16.2)	▲	1%
<b>Total Operating expenses</b>	<b>(66.7)</b>	<b>(60.8)</b>	▲	10%
Other income	0.6	0.8	▼	-22%
Other gains/(losses)-net	1.3	(0.4)	▲	nm
<b>Earnings before interest and tax</b>	<b>8.7</b>	<b>3.0</b>	▲	187%
Finance income-net	2.2	1.8	▲	20%
<b>Operating income before income tax</b>	<b>10.9</b>	<b>4.9</b>	▲	124%
<b>Income tax benefit/(expense)</b>	<b>(1.1)</b>	<b>1.3</b>		nm
<b>Profit after income tax</b>	<b>9.8</b>	<b>6.2</b>	▲	58%

\*nm – not meaningful.

Total revenue for the half was \$93.6 million up 18% over pcp. This growth in revenue was driven by an 11% increase in capital revenue and a 20% increase in consumables and service revenue over pcp.

Gross profit margin for the half was 78.5% compared with 79.7% in pcp. The return to gross profit margin of greater than 78% (76.3% in H2 FY24) reflects a successful inventory management program, a return to normal production volumes in H1, and the product sales mix.

Operating expenses for the half totalled \$66.7 million, up 10% on pcp. Approximately 40% of these expenses are directed towards investments in our established markets, the primary contributors of current revenue, and 6% in developing markets as part of our geographical expansion. R&D makes up 24% of the expenses with \$16.4 million invested in the first half. While continuing to invest in R&D, these investments are reducing over time as a percentage of sales as the Company grows. Lastly, approximately 30% of the operating expenses are invested in infrastructure and capability building to support our growth. These include investments in manufacturing in particular a new facility in North America, as well as transforming our digital capability with investments in enterprise-wide digital tools and platforms (notably a new ERP system which is due for completion in H2).

Operating profit before income tax was \$10.9 million, up 124% compared with \$4.9 million in the pcp. This includes foreign exchange related gains of approximately \$1.3 million (compared to a loss of \$0.4 million in H1 FY24) due to the AUD exchange rate moving from 0.66 on 30 June 2024 to 0.62 on 31 December 2024.

The Company's total cash flow for the half was \$13.8 million with cash and cash equivalents totalling \$144.5 million as at 31 December 2024. The Company has no debt.

## Trophon only business

The trophon only business continues to generate strong profitability with profit before tax of \$25.6 million for H1 FY25, a 41% increase over pcp.<sup>4</sup> Improvements in operating leverage were achieved with PBT as a percentage of revenue growing to 27% compared with 23% in pcp. It is worth noting that operating expenses in the trophon only business include all one-off costs associated with the new ERP system of approximately \$1.8 million in the first half.

\$ millions	FY25 H1	FY24 H1	Change %	
Capital revenue	24.4	21.9	▲	11%
Consumable/service revenue	69.2	57.7	▲	20%
<b>Total revenue</b>	<b>93.6</b>	<b>79.6</b>	▲	<b>18%</b>
<b>Gross profit</b>	<b>73.4</b>	<b>63.4</b>	▲	<b>16%</b>
%	78.5%	79.7%		
<b>Operating expenses</b>				
Selling, general and administration	46.2	41.3	▲	12%
Research and development	5.8	6.2	▼	-6%
<b>Total Operating expenses</b>	<b>52.0</b>	<b>47.5</b>	▲	<b>9%</b>
Other income	0.6	0.8	▼	-22%
Other gains/(losses)-net	1.3	(0.4)		*nm
<b>Earnings before interest and tax</b>	<b>23.4</b>	<b>16.4</b>	▲	<b>43%</b>
Finance income-net	2.2	1.8	▲	20%
<b>Operating income before income tax</b>	<b>25.6</b>	<b>18.2</b>	▲	<b>41%</b>

## North America Consumables Manufacturing

The Company invested in expanding its existing Indianapolis facility to establish a manufacturing site for both trophon and CORIS consumables. It is expected this facility will be completed and registered in H2.

This will deliver benefits including margin improvements over time, sustainability benefits from reduced transportation, as well as reduce the Company's exposure to the introduction of any potential tariffs on goods imported into the US.

## Research and Development

During the half, the Company continued to invest in and progress a number of important projects in its product expansion strategy across ultrasound reprocessing, endoscopy reprocessing and digital product roadmaps. R&D investment was \$16.4 million, up 1% compared to pcp, with approximately two thirds of the investment focussed on the Company's new endoscope reprocessing platform, CORIS. These CORIS investments include all costs associated with clinical and bioscience activities,

<sup>4</sup> The pro forma profit before tax for the trophon business is unaudited and has been prepared by management to reflect total Company results less operating costs associated with new product development and commercialisation. Operating costs reflect management allocation estimates where resources are shared between trophon and new products development and commercialisation. The pro forma profit and loss statement also includes income received from the Jobs Plus Program.

new product introduction (NPI) into manufacturing, and preparations for the first 510K submission for expanded scope indications following the planned de novo clearance.

The CORIS technology continues to proceed through the FDA's de novo review process with answers to the FDA questions received to date having been submitted.

The Company continues its preparations for supply chain and manufacturing readiness and is targeting the commencement of the first stage of commercialisation in Q1 FY26, subject to the requisite regulatory approvals. Assuming a successful FDA de novo clearance of the CORIS system, marketing of the device will commence in the US. In parallel, it is expected that the first 510K for expanded scope indications will be submitted shortly thereafter.

Outside of the US, the first commercial launch will likely take place in Europe in Q1 FY26 which is not contingent on the FDA de novo clearance.<sup>5</sup>

### Business Outlook – FY25

In view of the H1 FY25 results, the Company updates its FY25 outlook ranges as follows:

	Previous outlook	Revised outlook
Revenue growth	8%-12%	11%-14%
Gross margin rate	77%-79%	78%-79%
Operating expenses growth	6%-10%	8%-10%

The above revised outlook maintains the original AUD/USD exchange rate of 0.67. Assuming an average exchange rate of 0.64<sup>6</sup> for H2 FY25, the revised outlook ranges translate to revenue growth of 13-16%, gross margin rate of 78-80% and operating expenses growth of 9-11%.

All guidance is subject to uncertainty in relation to potential impacts associated with macroeconomic and political uncertainty, as well as potential impacts from increased competitive activity in the USA.

**Michael Kavanagh**  
CEO / President

Authorised by the Board of Directors of Nanosonics Limited.

### Investor conference call

Investors are invited to join a conference call on Thursday 20 February 2025 at 11:00am (AEDT) hosted by Nanosonics CEO & President, Michael Kavanagh, and Jason Burriss, CFO.

To join the conference, simply dial the number and passcode followed by your PIN, and you will join the conference instantly.

You can obtain your dial-in number, passcode, and PIN by registering through this link:

<sup>5</sup> All research and new product development programs involve inherent risks and uncertainties which can impact commercialisation timelines.

<sup>6</sup> 0.64 was chosen taking into consideration the current foreign exchange forecasts for H2 FY25, as well as the Company's hedging position.

<https://s1.c-conf.com/diamondpass/10045050-8w6dq3.html>

**For more information, please contact:**

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