

Nanosonics Limited

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18 October 2021

Dear Shareholder,

2021 Annual General Meeting

On behalf of the Board of Directors of Nanosonics Limited (**Nanosonics** or the **Company**), I have pleasure in providing notice of the Company's Annual General Meeting (**AGM** or the **Meeting**) to be held on Friday, 19 November 2021, commencing at 11am (AEDT).

Nanosonics has been monitoring the advice of government health authorities regarding the risks from the ongoing management of COVID-19. Considering the current lockdown and social distancing requirements of the Australian and New South Wales governments, and the temporary changes in legislation allowing the convening of online, rather than face-to-face meetings, the Board has decided, in the interests of the health and safety of shareholders, staff and other stakeholders to hold this year's meeting virtually. Unfortunately, shareholders will not be able to physically attend the meeting.

Accordingly, we have adopted measures to allow shareholders to participate in the AGM online this year. Specifically, the AGM will be made accessible to shareholders via a live webcast as well as an online platform which will include the facility for shareholders to ask questions in relation to the business of the meeting and to vote in real time at the meeting. These processes are set out below.

The Directors of Nanosonics encourage shareholders to participate in the meeting via the online platform. Whilst shareholders will be able to vote online during the meeting, shareholders are encouraged to lodge a proxy ahead of the meeting, even if they are participating online. If you are unable to attend the meeting, I invite you to appoint a proxy to attend and vote on your behalf, online using the Share Registry's website at www.investorvote.com.au.

We recommend logging in to our online platform at least 15 minutes prior to the scheduled start time for the Meeting using the instructions below:

- Visit <https://web.lumiagm.com/394301091>;
- Shareholders will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) which is printed on the Notice and Access Letter;
- Your password is your postcode registered on your holding if you are an Australian shareholder. Overseas shareholders should refer to the Lumi virtual user guide provided with this Notice of Meeting; and

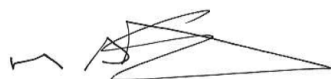
- Proxyholders will need to obtain a username and password by contacting Computershare Investor Services on +61 3 9415 4024 during the online registration period which will open 1 hour before the start of the meeting.

The Explanatory Memorandum accompanying this Notice of Meeting is part of this Notice of Meeting and provides additional information on matters to be considered at the AGM.

You are welcome to submit questions you may have for the Company and its Auditor in advance of the Meeting. A form for this purpose is available on www.investorvote.com.au and should be made available to the Company on or before Friday, 12 November 2021 at the address provided at the end of the form.

The Nanosonics 2021 Annual Report and subsequent Company announcements are available from the Investor Centre on the Nanosonics website at www.nanosonics.com.au or may be requested from the Company Secretary. Shareholders who have elected to receive a printed copy of the Annual Report should have received it in the post. Shareholders who have elected to receive Share Registry communications electronically should have already received an emailed link to the Annual Report.

Yours sincerely,
Nanosonics Limited



Maurie Stang
Non-Executive Chairman

NOTICE OF THE 2021 ANNUAL GENERAL MEETING

The 2021 Annual General Meeting (**AGM** or the **Meeting**) of shareholders of Nanosonics Limited (**Nanosonics** or the **Company**) will be held on Friday, 19 November 2021 commencing at 11:00am (AEDT) via online webcast, the details for which are set out below.

The business to be considered at the Meeting is set out below. This Notice of Meeting should be read in conjunction with the accompanying Explanatory Notes. A Proxy Form also accompanies this Notice of Meeting.

ATTENDING THE MEETING ONLINE

We recommend logging in to our online platform at least 15 minutes prior to the scheduled start time for the Meeting using the instructions below:

Enter <https://web.lumiagm.com/394301091> into a web browser on your computer, or Meeting ID 394-301-091 into your online device, or download the Lumi AGM app:

- Shareholders will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) which is printed at the top of the Proxy Form;
- Your password is your postcode registered on your holding if you are an Australian shareholder. Overseas shareholders should refer to the Lumi virtual user guide provided with this Notice of Meeting; and
- Proxyholders will need to obtain a username and password by contacting Computershare Investor Services on +61 3 9415 4024 during the online registration period which will open 1 hour before the start of the meeting.

ORDINARY BUSINESS

2021 Reports

To receive and consider the Company's Reports of the Directors and Auditor, and the Financial Report for the year ended 30 June 2021.

Resolution 1 – Re-election of a Director – Dr David Fisher

To consider and, if thought fit, to pass the following ordinary Resolution:

That Dr David Fisher, who retires by rotation as a Director pursuant to the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.

Resolution 2 – Re-election of a Director – Mr Geoff Wilson

To consider and, if thought fit, to pass the following ordinary Resolution:

That Mr Geoff Wilson, who retires by rotation as a Director pursuant to the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.

Resolution 3 – Remuneration Report

To consider and, if thought fit, to pass the following non-binding Resolution:

That the Remuneration Report for the financial year ended 30 June 2021 be adopted.

SPECIAL BUSINESS

Resolution 4 – Issue of 30,010 Service Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, under the 2021 Short Term Incentive (2021 STI)

To consider and, if thought fit, to pass the following ordinary Resolution:

That approval be given for all purposes under the Corporations Act 2001 (Cth) and the ASX Listing Rule 10.14 for the issue of 30,010 Service Rights to Mr Michael Kavanagh under the Nanosonics Omnibus Equity Plan (Omnibus Plan) in respect of the 2021 STI, on the terms set out in the Explanatory Notes accompanying this Notice of Meeting and in accordance with the Rules of the Omnibus Plan (as amended from time-to-time).

Resolution 5 – Issue of 190,114 Share Appreciation Rights and 132,760 Performance Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, under the 2021 Long-Term Incentive (2021 LTI)

To consider and, if thought fit, to pass the following ordinary Resolution:

That approval be given for all purposes under the Corporations Act 2001 (Cth) and the ASX Listing Rule 10.14 for the issue of 190,114 Share Appreciation Rights and 132,760 Performance Rights to Mr Michael Kavanagh under the Omnibus Plan in respect of the 2021 LTI, on the terms set out in the Explanatory Notes accompanying this Notice of Meeting and in accordance with the Rules of the Omnibus Plan (as amended from time-to-time).

Resolution 6 – Adoption of new Constitution

To consider and, if thought fit, pass the following resolution as a special Resolution:

For the purposes of section 136(2) of the Corporations Act and for all other purposes, the Company's constitution be amended by adopting in substitution for it, effective from the close of this meeting, the constitution tabled at the meeting and signed by the Chair for the purposes of identification.

Resolution 7 – Proportional Takeover Provisions in Constitution

To consider and, if thought fit, to pass the following resolution as a special Resolution:

That the proportional takeover provisions in clause 14 of the proposed new Constitution referred to in Resolution 6, take effect for a period of three years commencing on the day this special Resolution is passed.

VOTING EXCLUSION STATEMENTS

In respect of **Resolution 3**, no vote may be cast (in any capacity) by or on behalf of a person who is a member of key management personnel (**KMP**) whose remuneration details are included in the Remuneration Report, or a closely related party of such a person, unless the vote is cast as proxy on behalf of a person entitled to vote and is cast either:

- in accordance with a direction on the proxy form; or
- by the person chairing the Meeting as proxy for a person who is entitled to vote and the proxy appointment expressly authorises the chair to exercise the proxy, even if the resolution is connected directly or indirectly with the remuneration of KMP.

KMP of the Company are the Directors of the Company, and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The KMP during the financial year to 30 June 2021 are identified in the Remuneration Report contained in the Directors' Report for the year ended 30 June 2021.

Closely-related parties are defined in the *Corporations Act 2001* (Cth), and include certain family members, dependents and companies the KMP control.

In respect of **Resolutions 4 and 5**, the Company will disregard any votes cast on those resolutions by a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question, in this case being Mr Kavanagh and his associates.

However, the Company need not disregard a vote if it is cast by:

- A person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- The person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

QUORUM

The Company's Constitution provides that two Company shareholders present personally, or by representative, attorney or proxy, shall be a quorum for a general meeting of the Company.

GENERAL BUSINESS

Any other business brought forward in accordance with the Company's Constitution will be considered, as appropriate.

Further information in relation to each of these Resolutions is set out in the Explanatory Notes.

VOTING ENTITLEMENTS

For the purpose of the *Corporations Act 2001* (Cth), the Company has determined that the holders of the Company's ordinary shares for the purpose of the 2021 AGM will be the holders registered as at 11:00 am (AEDT) on Wednesday, 17 November 2021. Shareholders so registered are entitled to attend and vote at the AGM (and at any adjournment of the Meeting that takes place within 28 days).

PROXIES

Proxies must be deposited, transmitted or lodged electronically at least 48 hours prior to the Meeting (or adjourned meeting).

Electronic proxies must be registered by 11:00am (AEDT) on Wednesday, 17 November 2021 using the website maintained by the Company's Share Registry at www.investorvote.com.au or, by Intermediary Online subscribers only, at www.intermediaryonline.com.

A completed Proxy Form, or a copy or facsimile that appears on its face to be an authentic copy of the Proxy Form (and the Power of Attorney or other authority under which the Proxy Form is signed), must be deposited at, or sent by facsimile transmission to, the Company's Share Registry:

| | |
|----------------------|--|
| By mail: | Computershare Investor Services Pty Limited GPO Box 242, Melbourne VIC 3001 Australia |
| By facsimile: | 1800 783 447 (within Australia) +61 (3) 9473 2555 (outside Australia) |

To lodge a proxy online, the holder identification number (HIN) or security holder reference number (SRN) is required. The HIN or SRN appears at the top of the Proxy Form attached.

A shareholder entitled to attend and vote at the Company's AGM is entitled to appoint not more than two persons as his / her proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights that each proxy is entitled to exercise. If the proxy appoints two proxies and does not specify each proxy's voting rights, the rights are deemed to be 50% each. Fractions of votes are to be disregarded. Unless executed under a Power of Attorney, a Proxy Form by a corporation should be executed in accordance with section 127(1) of the *Corporations Act 2001* (Cth).

RESOLUTIONS

In accordance with the *Corporations Act 2001* (Cth) and the Company's Constitution, in order for each of Resolutions 1-5 to be effective, it must be passed as an ordinary Resolution (albeit Resolution 3 is non-binding). This means that each ordinary Resolution must be passed by more than 50% of the votes cast by shareholders who are entitled to vote on the Resolution.

In accordance with the *Corporations Act 2001* (Cth) and the Company's Constitution, in order for Resolutions 6 and 7 to be effective, it must be passed as a special Resolution. A special Resolution must be passed by at least 75% of the votes cast by shareholders who are entitled to vote on the Resolution.

Dated in Sydney this 18th day of October 2021

BY ORDER OF THE BOARD



McGregor Grant
Company Secretary

EXPLANATORY NOTES

These Explanatory Notes are an explanation of, and contain information about, the Resolutions to be considered at the Nanosonics Limited (**Nanosonics** or the **Company**) Annual General Meeting (**AGM** or the **Meeting**) to be held on Friday, 19 November 2021 and are to assist shareholders to determine how they wish to vote on the Resolutions. It forms part of the accompanying Notice of AGM and should be read in conjunction with it.

Item of Business – 2021 Reports

This item of business relates to the consideration of the Company's Financial Report, including the Directors' and Auditor's Reports, for the year ended 30 June 2021, and gives the shareholders the opportunity to ask questions or make comments concerning these Reports during the Meeting. A copy of the 2021 Annual Report is available on the Company's website at www.nanosonics.com.au in the Investor Centre section or may be requested from the Company Secretary. There is no requirement for a formal resolution on this item.

Resolution 1 – Re-election of a Director – Dr David Fisher

Dr David Fisher is a Non-Executive Director of Nanosonics and was appointed as a Director on 30 July 2001. Dr Fisher is the Chair of the Company's R&D and Innovation Committee. He is considered to be an Independent Director. Dr Fisher is a founding partner of Brandon Capital Partners, a leading Australian venture capital provider. He has more than 35 years' extensive operating experience in the biotechnology and healthcare industry in Australia and overseas. He held senior positions with Pharmacia AB (now part of Pfizer, Inc) and was CEO of Peptech Limited (now part of Cephalon, Inc. Nasdaq: CEPH). He served as interim Executive Director of Nanosonics for the period 14 December 2007 to 16 June 2008. For the period 9 May 2011 to 29 March 2013, Dr Fisher served as Managing Director of Aeris Environmental Ltd where Mr Maurie Stang is the Non-Executive Chairman and a substantial shareholder. However, the Board is of the opinion that neither this, nor the fact that Dr David Fisher has been a Director of the Company for 20 years, compromises his ability to bring an independent judgement to bear on issues before the Board. In forming this opinion, the Board has considered the factors relevant to assessing the independence of a director provided in Box 2.3 of ASX's Corporate Governance Principles and Recommendations and Dr Fisher's valuable contribution to the Board due to his broad healthcare industry experience and knowledge. Under the Company's Constitution, Dr Fisher retires by rotation and, being eligible, offers himself for re-election.

Directors' Recommendation:

The Board, excluding Dr Fisher, recommends that shareholders vote in favour of the Resolution.

Resolution 2 – Re-election of a Director – Mr Geoff Wilson

Mr Geoff Wilson was appointed as a Non-Executive Director of Nanosonics in July 2019. He is considered to be an Independent Director. Mr Wilson brings to Nanosonics a strong background in local and international executive leadership and director experience together spanning more than 37 years, including many years with KPMG in Australia, Hong Kong and the USA. He has a strong background in finance, audit and risk management, as well as in international markets including Asia Pacific. Mr Wilson is currently a director of TOLL Holdings Limited, HSBC Bank Australia Limited, Future Generation Global Investment Company Limited, iSCAPE Pty Limited and Sydney Symphony Limited. He is also an Ambassador for the Australian Indigenous Education Foundation. Under the

Company's Constitution and Australian Securities Exchange (ASX) Listing Rule 14.4, Mr Wilson will retire as a Director and, being eligible, offers himself for election.

Directors' Recommendation:

The Board, excluding Mr Wilson, recommends that shareholders vote in favour of the Resolution.

Resolution 3 – Remuneration Report

The Company's Remuneration Report is required to be considered for adoption in accordance with the *Corporations Act 2001* (Cth). The Remuneration Report is contained in the Directors' Report of the Annual Report. The vote on this Resolution is advisory only and non-binding. The Resolution gives the shareholders the opportunity to ask questions or make comments concerning the Remuneration Report during the AGM. Under the *Corporations Act 2001* (Cth), if 25% or more of votes cast are against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a spill resolution) that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) will have ceased to hold office immediately beforehand but may submit themselves for re-election.

Directors' Recommendation:

The Board recommends that shareholders vote in favour of this Resolution. Voting exclusions apply.

Resolution 4 – Issue of 30,010 Service Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, under the 2021 Short Term Incentive (2021 STI)

Shareholder approval is sought for 30,010 Service Rights to be issued to Mr Michael Kavanagh under the terms of the Nanosonics Omnibus Equity Plan (Omnibus Plan) and the terms set out below. As explained below, the 2021 STI has already been earned by Mr Kavanagh and fifty percent of his 2021 STI has already been paid in cash. The balance of Mr Kavanagh's 2021 STI will, subject to this resolution being passed, be awarded as Service Rights, which will vest on 31 August 2022. A Service Condition will apply until the Vesting Date. Once vested, these Service Rights will be subject to an exercise restriction for a further 12 months to 31 August 2023.

Under ASX Listing Rule 10.14, an issue of securities to a director under an employee incentive scheme is required to be approved by shareholders. ASX Listing Rule 7.2 exception 14 further provides that if approval under ASX Listing Rule 10.14 is obtained, approval is not required under ASX Listing Rule 7.1. This means that the issue of securities to Mr Kavanagh will not be included in the Company's annual 15% limit under ASX Listing Rule 7.1.

In respect of the 2021 STI, the Board, in consideration of prior performance, market conditions and approved budgets, set two Group financial metrics with a total 60% weighting, being Profit Before Tax (PBT) and Global Installed Base. Each of the Group financial metrics included a measure for threshold, target and stretch performance outcomes. The remaining 40% weighted metrics were operational in nature and aligned with the business priorities. The Board determined that Mr Kavanagh achieved an overall STI outcome of 94.6% (against a potential maximum outcome of 130%), based on the Board approved calculation of the Group PBT metric result at 100% achievement with a 20% weighting, the Group Global Installed Base metric result at 92.7% achievement with a 40% weighting and Mr Kavanagh achieving 93.75% of the operational metrics with a 40% weighted outcome. Additional detail in respect of the 2021 STI outcomes is set out in section 4.2 of the 2021 Remuneration Report.

The Company uses Service Rights because they are commonly used and well supported instruments that create long-term alignment between the interests of the Company's executives and ordinary shareholders but do not provide the executives with the full benefits of share ownership unless and until the Service Rights vest. Service Rights are also used to incentivise the Company's executives towards the long-term sustainable growth of the business. The Company has obtained an independent valuation of the Service Rights using the Black-Scholes-Merton model as at 24 August 2021. The value of each Service Rights was determined to be \$6.825 with the 30,010 Service Rights having a total value of \$204,818.25.

Mr Kavanagh is the only Director entitled to participate in the Omnibus Plan.

Since the Omnibus Plan was established and approved at the 2019 AGM held on 18 November 2019 the following Rights have been issued to Mr Kavanagh:

- 19,547 Performance Rights for nil cash consideration and with a nil exercise price which vested on 31 August 2020 (2019 STI);
- 19,112 Performance Rights for nil cash consideration with a nil exercise price which vested on 31 August 2021 (2020 STI);
- 12,910 Performance Rights for nil cash consideration and with a nil exercise price, and 178,914 Options for nil cash consideration and an exercise price of \$6.5067 (2019 LTI). These Options and Performance Rights are subject to performance and service vesting conditions and have a vesting date of 30 September 2022.
- 143,298 Performance Rights for nil cash consideration and with a nil exercise price, and 208,884 Share Appreciation Rights for nil cash consideration and an exercise price of \$6.0436 (2020 LTI). These Share Appreciation Rights and Performance Rights are subject to performance and service vesting conditions, and have a vesting date of 30 September 2023. These Rights are subject to an exercise restriction period of one year after the vesting date and they may only be exercised after that date.

If shareholder approval is not obtained, then, subject to the achievement of the vesting condition described below, Mr Kavanagh may receive a cash payment at the Vesting Date (defined below) equivalent in value to the 2021 STI he would have received had shareholder approval been obtained.

No further securities were issued to Mr Kavanagh since the date of the last approval.

Details of Mr Kavanagh's other remuneration entitlements and his interests in the Company's securities can be found in the explanatory notes to Resolution 5 and on pages 49 and 52 to 55 of the 2021 Remuneration Report.

The Service Rights will be granted under, and subject to, the Omnibus Plan, the key terms of which are summarised in relation to Resolution 5 below. The specific terms of the 2021 STI grant to Mr Kavanagh are also set out below.

2021 STI terms

| | |
|-------------------------------------|--|
| Maximum number of securities | Each vested Service Right, if any, will convert into one ordinary share on exercise. Accordingly, the maximum number of shares that may be acquired by Mr Kavanagh is 30,010 shares. |
| Issue price | As Mr Kavanagh's grant forms part of his STI remuneration, the Service Rights will be granted to Mr Kavanagh for nil consideration. |
| Exercise price | The Service Rights have a nil exercise price. |
| Vesting condition – Service | The Service Rights will only vest if Mr Kavanagh remains in continuous employment with Nanosonics in his current or equivalent position from the date of grant to 31 August 2022 (Vesting Date) and is not working out a period of notice as at the Vesting Date. |
| Exercise Restriction | The Service Rights that vest on the Vesting Date will be subject to a one-year exercise restriction to 31 August 2023 (Exercise Restriction End Date). |
| Lapse | Service Rights will automatically lapse if they do not vest by the Vesting Date or are not exercised before the Last Exercise Date. |
| Term | Service Rights will have a term ending 31 August 2026 (Last Exercise Date). |
| Loan terms | There is no loan scheme in relation to the Service Rights or the Omnibus Plan. |
| Issue date | If approved, the Service Rights will be issued no later than 6 months after the date of this Meeting. If the resolution is not approved, an alternative benefit may be considered. |

Details of any securities issued under the Omnibus Plan will be published in the subsequent Annual Report of Nanosonics relating to the period in which the securities were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.4 who become entitled to participate in an issue of shares under the Omnibus Plan after this resolution is approved and who are not named in this notice of meeting will not participate until approval is obtained under that rule.

Directors' recommendation

The Board, excluding Mr Kavanagh, recommends that shareholders vote in favour of the Resolution. Voting exclusions apply.

Resolution 5 – Issue of 190,114 Share Appreciation Rights and 132,760 Performance Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, under the 2021 Long-Term Incentive (2021 LTI)

Shareholder approval is sought for the issue of 190,114 Share Appreciation Rights and 132,760 Performance Rights under the Omnibus Plan to Mr Michael Kavanagh under the terms of the 2021 LTI.

As noted above, under ASX Listing Rule 10.14, an issue of securities to a director under an employee incentive scheme is required to be approved by shareholders. ASX Listing Rule 7.2 exception 14 further provides that if approval under ASX Listing Rule 10.14 is obtained, approval is not required under ASX Listing Rule 7.1. This means that the issue of securities to Mr Kavanagh will not be included in the Company's annual 15% limit under ASX Listing Rule 7.1.

Background

Following a review by the Board, the structure of the 2021 LTI is proposed to be as follows:

- One third (at Target) of the remuneration value of the grant will be based on Nanosonics' Total Shareholder Return compared with the TSR of the ASX 300 Industrials Index (excludes the energy and metal & mining industries) after taking into account a premium determined by the Board associated with the Company's risk profile (iTSR) over the Measurement Period. An industry-based comparator group was considered but not adopted as it was determined that identifying a group of companies within the Health Care industry that were similar enough to Nanosonics and could be considered as a suitable 'relative comparator' was not possible. In considering a Healthcare comparator group in 2020, there was a total of 38 companies classified as Health Care Equipment & Supplies Industry, with only five being larger than Nanosonics (four significantly larger). This remained the same in 2021, with only eight companies larger than Nanosonics (seven significantly larger). Of the companies analysed in 2020 that had a lower market capitalisation, the closest had a market capitalisation of \$313 million, representing approximately one-sixth of Nanosonics' market capitalisation, and this dropped rapidly to a \$10 million market capitalisation for other companies in this industry. The Board and its advisors were therefore unable to identify an appropriate bespoke list of suitable health care companies to form an effective comparator group at the time, and this remains the case in 2021 due to there not being enough relative health care comparators available; and
- Two thirds (at Target) of the remuneration value will be based on the average Underlying Return On Equity (UROE) over the Measurement Period. The rationale for assigning two-thirds of the award to the UROE metric is to encourage management to work towards driving long-term sustainable value for shareholders in the 'core business', noting the correlation between long-term ROE in excess of the cost of equity has a strong correlation with strong TSR outcomes for shareholders.

Details of the Vesting Conditions are described below.

If Resolution 5 is approved, Mr Kavanagh will be invited to apply for 190,114 Share Appreciation Rights and 132,760 Performance Rights, collectively referred to as Rights. These Rights may vest when performance-based Vesting Conditions are satisfied. The Rights are an entitlement to the value of a share (less any Exercise Price) which may be settled either in cash and/or in shares (at the Board's discretion). Share Appreciation Rights have a notional Exercise Price which does not have to be paid but which is accounted for as part of the Exercised Rights Value determined at the time the Rights are exercised. Generally, it is expected that vested Rights will be settled in shares, including Restricted Shares, which are shares subject to a disposal restriction.

If shareholder approval is not obtained, then, subject to the achievement of the Vesting Conditions described below, Mr Kavanagh may receive a cash payment at the Vesting Date (defined below) equivalent in value to the 2021 LTI he would have received had shareholder approval been obtained.

The Company uses Share Appreciation Rights and Performance Rights because they are commonly used and well supported instruments that create long-term alignment between the interests of the Company's executives and ordinary shareholders but do not provide the executives with the full benefits of share ownership unless and until the Share Appreciation Rights and Performance Rights vest. Share Appreciation Rights and Performance Rights are also used to incentivise the Company's executives towards the long-term sustainable growth of the business. The Company has obtained an independent valuation of the Share Appreciation Rights and Performance Rights using the Black-

Scholes-Merton model as at 24 August 2021. The value of each Share Appreciation Rights was determined to be \$2.383, with all Share Appreciation Rights having a total value of \$453,041.66, and the value of each Performance Right was determined to be \$6.825, with all Performance Rights having a total value of \$906,087.

The Share Appreciation Rights and Performance Rights will be granted under, and subject to, the Omnibus Plan, the key terms of which are summarised below.

The specific terms of the 2021 LTI grant to Mr Kavanagh are set out below.

2021 LTI terms

Maximum value and number of securities

For the 2021 LTI, Mr Kavanagh will be invited to apply for:

- 190,114 Share Appreciation Rights with an Exercise Price equal to \$6.825; and
- 132,760 Performance Rights with a nil Exercise Price.

If this Resolution is approved, the value and number of the Rights that will be awarded to Mr Kavanagh are as follows:

| Instrument | Weighting | Maximum number | Value (Threshold) \$ | Value (Target) \$ | Value (Stretch) \$ |
|---------------------------|---------------------|----------------|-------------------------|----------------------|-----------------------|
| Performance Rights | 2/3 rd s | 132,760 | \$226,522 | \$453,041 | \$906,082 |
| Share Appreciation Rights | 1/3 rd | 190,114 | \$113,260 | \$226,520 | \$453,041 |
| Total | | 322,874 | \$339,782 | \$679,561 | \$1,359,123 |

If the Vesting Conditions at Target are achieved the level of vesting will be 50% of the maximum number for each of the Share Appreciation Rights and the Performance Rights.

If the Vesting Conditions at Stretch are achieved the level of vesting will be 100% of the maximum number for each of the Share Appreciation Rights and the Performance Rights.

Each vested Right will be converted to ordinary shares on exercise as indicated below:

- In respect of Performance Rights, the maximum number of shares that may be acquired by Mr Kavanagh resulting from an exercise of the Performance Rights is 132,760 shares.
- In respect of the Share Appreciation Rights, if the Company elects to settle the Share Appreciation Rights in shares then the maximum number of shares that may be acquired by Mr Kavanagh will be determined by the following formula on the Vesting Date:
The number of vested Share Appreciation Rights x (Market price of Nanosonics shares – Exercise Price) / Market price of Nanosonics shares

| | |
|--|--|
| | <p>As 100% of Rights to be granted will only vest when Stretch Vesting Conditions are achieved, it is expected that a lesser percentage will actually vest unless exceptional performance outcomes occur.</p> <p>When added to the other remuneration elements, it is considered that the 2021 LTI will produce a total remuneration package that is market competitive and appropriate given the Company's circumstances for FY22, based on market benchmarking and the current Nanosonics executive remuneration policy.</p> |
| Issue price | The Share Appreciation Rights and Performance will be granted to Mr Kavanagh for nil consideration. |
| Exercise price | <p>The Share Appreciation Rights will have an exercise price of \$6.825.</p> <p>The Performance Rights have a nil exercise price.</p> |
| Term | Rights will have a term ending on the 30 September 2028 (Last Exercise Date). |
| Measurement Period | <p>The Measurement Period is the period over which Vesting Conditions are assessed. The Measurement Periods for the Share Appreciation Rights and Performance Rights are set out below:</p> <ul style="list-style-type: none"> Share Appreciation Rights: from the announcement of the Company's FY21 financial results to the announcement of the Company's FY23 financial results based on the 20-day VWAP of the Company's shares following those dates. Performance Rights: from 1 July 2021 to 30 June 2024. |
| Vesting Conditions: Gate and Performance Conditions | <p>Gate</p> <p>A Gate is a condition that, if not fulfilled, will result in nil vesting of certain Rights, irrespective of performance in relation to the Performance Conditions. The Gate for the 2021 LTI will be as follows:</p> <ul style="list-style-type: none"> For the Share Appreciation Rights (iTSR), the Gate is that the Company's TSR must be positive over the Measurement Period. For UROE Performance Rights, no Gate applies. <p>Performance Conditions</p> <p>The Performance Conditions for the 2021 LTI will be as follows:</p> <ul style="list-style-type: none"> For the Share Appreciation Rights (iTSR), the Performance Condition will be based on the Total Shareholder Return (TSR) of the Company over the Measurement Period (equivalent to the change in Share Price, plus dividends declared assumed to be reinvested), compared to the TSR of the ASX 300 Industrials Total Return Index (excludes the energy and metal & mining industries) after taking into account a premium determined by the Board associated with the Company's risk profile. Vesting will be determined based on delivery of expectations which are inherently challenging according to the following scale: |

| | | | | |
|------------------------------------|---|----------------------------|---------------------------|-------------------------|
| | Outcome | NAN TSR Performance | % vesting of grant | % of opportunity |
| | Stretch | Index TSR% + 7.0% TSR CAGR | 100% | 200% |
| | Target | Index TSR% + 3.5% TSR CAGR | 50% | 100% |
| | Threshold | Index TSR% | 25% | 50% |
| | Below | <Index TSR% | 0% | 0% |
| | <ul style="list-style-type: none"> For the Performance Rights (UROE), the Performance Condition will be based on the 3-year average Underlying Return On Equity of the Company over the Measurement Period associated with the Performance Rights (calculated as the average PBT in each year of the Measurement Period excluding the impact of reported R&D expenses, divided by the average shareholders' equity over the Measurement Period). Vesting will be determined according to the following scale: | | | |
| | Outcome | 3-year average UROE | % vesting of grant | % of opportunity |
| | Stretch | 29% (+3%) | 100% | 200% |
| | Target | 26% | 50% | 100% |
| | Threshold | 23% (-3%) | 25% | 50% |
| | Below | <23% | 0% | 0% |
| Service Condition | In addition to the above Vesting Conditions, the Rights will only vest if Mr Kavanagh remains in continuous employment with Nanosonics in his current or equivalent position from the date of grant to the respective Vesting Date and is not working out a notice period as at the Vesting Date. | | | |
| Vesting Date | 30 September 2024 | | | |
| Exercise Restriction Period | <p>The Rights will be subject to an Exercise Restriction Period of one year after the Vesting Date and they may only be exercised after that date.</p> <p>In the event that a taxing point arises during employment with the Company in relation to vested Rights, and the Exercise Restrictions or disposal restrictions have not elapsed, then these restrictions will cease to apply to 50% of the taxable Rights.</p> | | | |
| Exercise of Rights | <p>Upon exercise of vested Rights, the Exercised Rights Value will be calculated as follows:</p> $\text{Exercised Rights Value} = \text{Number of Rights Exercised} \times (\text{Share Price at Exercise} - \text{Exercise Price})$ <p>The Exercised Rights Values will be either be paid in cash or converted into or settled in shares based on the then Nanosonics share price, or a combination of cash and shares, as determined by the Board. Generally, it is expected that the Exercised Rights Value will be settled in shares.</p> | | | |

| | |
|-------------------|--|
| Lapse | The Share Appreciation Rights and Performance Rights will automatically lapse if they do not vest by the Vesting Date or are not exercised before the Last Exercise Date. |
| Loan Terms | There is no loan scheme in relation to the Share Appreciation Rights, Performance Rights or the Omnibus Plan. |
| Issue date | If approved, the Share Appreciation Rights and Performance Rights will be issued no later than 6 months after the date of this Meeting. If the resolution is not approved, an alternative benefit may be considered. |

Other key terms of the Omnibus Plan

These conditions apply to both Performance Rights and Share Appreciation Rights proposed to be issued under Resolutions 4 and 5 (collectively Rights).

Dividends and voting

Rights do not carry any dividend or voting rights prior to exercise.

Rights not quoted

The Company will not apply to the ASX for official quotation of the Rights granted under the Omnibus Plan. Shares issued pursuant to the vesting of Rights will rank equally with shares then on issue.

Restriction on Rights

Rights may not be sold, disposed of, transferred or encumbered.

Board vesting discretion

Any Right that has not vested may not be exercised, unless (subject to Applicable Laws) the Board exercises its absolute discretion, in circumstances where the Board considers it to be in the best interests of the Company and the Group, to:

- (a) vary or waive the relevant Performance Hurdles, Service Conditions or other Vesting Conditions and/or Exercise Conditions, and declare the Rights to have vested; or
- (b) bring forward the date on which Rights may be exercised.

Change of control

Where:

- (a) a takeover bid is made for the Company and the Board recommends acceptance of that bid by the Company's shareholders;
- (b) a Court orders that a meeting of shareholders of the Company be held to consider a scheme of arrangement between the Company and its shareholders; or
- (c) the Board determines that some other transaction has occurred, or is likely to occur, which involves a change of control of the Company,

the Board may, in its absolute discretion, determine that any Rights that have not vested will vest on the date determined by the Board. Rights that vest following a change of control will not generally be subject to restrictions on dealing.

Termination of employment

If Mr Kavanagh ceases employment, for any reason other than as a result of a change of control, before the Rights vest, or is working out a period of notice as at the Vesting Date, then unless stated in the Invitation for such Rights or the Board determines otherwise, the Rights will automatically lapse.

Qualifying Event

The Board may waive any Vesting Conditions where Mr Kavanagh ceases to be employed by any Group Company as the result of a Qualifying Event. A Qualifying Event means:

- (a) death;
- (b) serious injury or illness that prohibits continued employment;
- (c) retirement;
- (d) retrenchment; or
- (e) such other circumstances that result in Mr Kavanagh leaving the employment of the relevant Group Company and that the Board determines (in its absolute discretion) is a Qualifying Event.

Forfeiture

Rights will be forfeited where:

- (a) the Board determines in its absolute discretion that Mr Kavanagh has acted fraudulently or dishonestly, or is in material breach of his or her obligations to any Group Company whether or not those Rights have vested; or
- (b) Mr Kavanagh ceases to be employed by any Group Company other than as a result of a Qualifying Event,

No hedging

Mr Kavanagh is prohibited from hedging the share price exposure in respect of the Rights during the vesting period applicable to those Rights.

Mr Kavanagh's remuneration and shareholdings

The 2021 LTI grant of Share Appreciation Rights and Performance Rights represents 90% of Mr Kavanagh's Total Fixed Remuneration for the 2021-22 financial year (at Target).

Mr Kavanagh's other remuneration entitlements for the 2021-22 financial year are as follows:

- Total Fixed Remuneration: \$755,068 (base remuneration \$731,500 and superannuation \$23,568); and
- Short-Term Incentive: Up to \$453,041 at Target (100% of STI opportunity) and \$588,953 at Maximum (130% of STI opportunity).

Mr Kavanagh currently owns, or has a beneficial interest in, the following securities of the Company at the date of this Notice of AGM:

| Security | How held | Number |
|---------------------------|------------------------|-----------|
| Restricted shares | Indirect | 19,547 |
| Unrestricted shares | Indirect | 362,282 |
| Unrestricted shares | Direct | 1,018,363 |
| Performance Rights | Under the Omnibus Plan | 177,108 |
| Options | Under the Omnibus Plan | 964,703 |
| Share Appreciation Rights | Under the Omnibus Plan | 206,884 |

Mr Kavanagh is the only Director entitled to participate in the Omnibus Plan.

The Rights issued to Mr Kavanagh under the Omnibus Plan since it was established and approved at the 2019 AGM held on 18 November 2019 are set out in resolution 4 above.

Details of any securities issued under the Omnibus Plan will be published in the subsequent Annual Report of Nanosonics relating to the period in which the securities were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.4 who become entitled to participate in an issue of shares under the Omnibus Plan after this resolution is approved and who are not named in this notice of meeting will not participate until approval is obtained under that rule.

Directors' recommendation

The Board, excluding Mr Kavanagh, recommends that shareholders vote in favour of the Resolution. Voting exclusions apply.

Resolution 6 – Adoption of new constitution

Background

Under section 136(2) of the Corporations Act, the Company may amend its current constitution (the "**Current Constitution**") by special resolution. The Current Constitution has been in place since around 2005. The Company accordingly seeks the approval of shareholders to amend its Current Constitution by adopting the proposed new constitution in substitution as described below (the "**Proposed Constitution**").

The Proposed Constitution incorporates amendments to the Corporations Act and ASX Listing Rules that have come into force in the time since the Current Constitution was adopted. It also incorporates amendments to reflect the changes and developments in corporate governance that have arisen in that time, as well as to generally make amendments in keeping with the developments in law and practice. The Proposed Constitution retains the paramountcy of the Listing Rules so that they prevail in the event of an inconsistency while the Company remains listed on the ASX.

The Proposed Constitution is broadly consistent with the Current Constitution. Having regard to the number and the nature of the amendments proposed, it is preferable that the Company amend the Current Constitution by simply adopting the Proposed Constitution in its place. In adopting this course

it would not be practicable to list all of the changes that are proposed, and so a summary of the material changes in the Proposed Constitution is set out in the table below.

Shareholders who may wish to read the Proposed Constitution in its entirety may do so by visiting the Company's website at <https://www.nanosonics.com/investor-centre/corporate-governance/>. A copy of the Current Constitution can also be viewed there.

Summary of material changes

| No. | Subject Matter | Comments |
|-----|--|--|
| 1 | Restricted Securities Current Constitution: Clause 1.5 Proposed Constitution: Clause 13 | <p>Amendments to ASX Listing Rules 9.1(a) and 15.12 came into effect in December 2019. These amendments require listed entities to include specific and more explicit wording in their constitutions regarding the treatment of restricted securities in order for that listed entity to issue restricted securities.</p> <p>Restricted securities are securities that are subject to escrow restrictions as determined by ASX, so they are restricted from being traded for a period of time. Restricted securities mainly apply to newly listed entities, but can sometimes apply to existing listed entities which issue securities that ASX determines should be restricted (e.g. shares issued as consideration for acquiring certain assets). The Company does not currently have any restricted securities on issue, however the Proposed Constitution includes the requisite wording for the treatment of listed securities if the Company issues any restricted securities in the future.</p> |
| 2 | Electronic delivery of notices of meeting and proxy forms Current Constitution: Clause 6.2 Proposed Constitution: Clauses 16.3 — 16.11 and 36.1 | <p>The Proposed Constitution reflects recent legislative changes permitting a notice of meeting and any other information that is required or permitted to be provided in connection with that notice to be communicated using technology. For example, an entity may send its shareholders an email setting out or attaching a notice of meeting and other material relating to that notice of meeting (for example, a proxy form) or a link to where the notice and other materials can be viewed or downloaded. Shareholders, however, can elect to still receive paper-based notices and other materials.</p> |
| 3 | Virtual meetings of shareholders Current Constitution: Clause 6 Proposed Constitution: Clauses 16.3 and | <p>During the ongoing COVID-19 pandemic the Company has taken advantage of various legislative measures permitting virtual general meetings using technology. It is expected that legislative changes will eventually make virtual meetings and communicating notices of such meetings electronically a permanent feature of the Corporations Act. The legislation envisages that for a company to have wholly virtual meetings, provisions permitting this need to be included in the Company's constitution.</p> <p>The Current Constitution does not contemplate the holding of a</p> |

| No. | Subject Matter | Comments |
|-----|--|---|
| | 16.5 | wholly virtual general meeting that is hosted partially or wholly by using technology. In contrast, the Proposed Constitution will allow the Company to have wholly or partially virtual general meetings by using technology provided that the notice of meeting sets out the main regulations, rules and procedures governing how the meeting is to be conducted, and shareholders as a whole are given a reasonable opportunity to participate in the general meeting. To this end, the Proposed Constitution also relevantly introduces definitions of "Virtual Meeting Technology" and "Communication Device" in relation to the provisions. The purpose of these new provisions is to provide flexibility to allow the Company to deal with circumstances such as those experienced during the COVID-19 pandemic. The Company recognises the importance of personal interactions with, and feedback from, its shareholders. For that reason, whilst the new provisions may facilitate greater participation by those shareholders that are unable to attend the Company's annual general meetings in person, it is anticipated that once it is safe and appropriate to do so, shareholders will again be invited to attend the Company's annual general meetings in person. |
| 4 | Direct voting Current Constitution: Clause 6.8 Proposed Constitution: Clauses 18.17 and 18.18 | Direct voting permits shareholders to exercise their voting rights by lodging their vote before or during the meeting online, by post or other means approved by the Directors. Direct voting enables shareholders to lodge a direct vote without having to attend the meeting or appoint a proxy. The Proposed Constitution introduces provisions allowing for votes to be cast in this manner. |
| 5 | Directors' tenure of office Current Constitution: Clauses 7.1(f) — (h) Proposed Constitution: Clause 21 | The Current Constitution requires that at each annual general meeting, one third of the Directors (or the nearest one third where the number of Directors is not three or a multiple of three) retire from office. Over the years, this has meant that the Directors have typically had to seek re-election every two years. The Proposed Constitution, instead, follows the language of ASX Listing Rule 14, requiring one Director to be elected or re-elected at each annual general meeting subject to a maximum three-year term. Generally, this will result in all Directors having a term of three years. |
| 6 | Indemnity of Directors and Officers Current Constitution: Clause: 9.2 Proposed Constitution: | The Proposed Constitution updates the full indemnity for Directors and officers in respect of losses and liabilities incurred in such position with respect to the Company or a related body corporate, to reflect current provisions of the Corporations Act, including that it only covers liabilities incurred by Directors and officers when acting in "good faith". |

| No. | Subject Matter | Comments |
|-----|---|--|
| | Clause 28.1 | |
| 7 | Electronic execution of documents Current Constitution: Clause 13.6 Proposed Constitution: Clause 36.2 | The Company has taken advantage of various legislative measures permitting the electronic execution of documents under section 127 of the Corporations Act. The Proposed Constitution expressly allows the Company to execute documents electronically to the extent permitted by the Corporations Act and as permitted by any State or Commonwealth law relating to electronic transmissions (including electronic signature). |
| 8 | Preference shares Current Constitution: Clause 2.2 and Appendix A Proposed Constitution: Clauses 3.3 to 3.13 | The Corporations Act requires that various aspects of the rights attaching to preference shares (such as voting, dividend rights and the priority of payments, amongst other things) either be set out in the Company's constitution or be otherwise approved by shareholders at general meeting. The Current Constitution took the first approach, but it has been some time since the provisions were updated. The Proposed Constitution, therefore, seeks to simplify and align the provisions with the current requirements of the Corporations Act and market practice. |

Directors' Recommendation:

The Board recommends that shareholders vote in favour of the special resolution to adopt the Proposed Constitution. A special Resolution must be passed by at least 75% of the votes cast by shareholders who are entitled to vote on the matter.

Resolution 7 – Proportional Takeover Provisions in Constitution

Background

The re-insertion of proportional takeover provisions in the Company's constitution was approved by shareholders at the Company's 2020 annual general meeting. As those provisions formed part of the Current Constitution, shareholder approval is being sought in respect of the proportional takeover provisions included in the Proposed Constitution.

A proportional takeover bid is an off-market bid under which an offer is made for only a proportion of each shareholder's securities. The Corporations Act 2001 (Cth) permits a company to include in its constitution provisions prohibiting the registration of a transfer of securities resulting from a proportional takeover bid, unless the relevant holders of the securities in a meeting approve the bid. The Proposed Constitution contains such provisions in clause 14 (**Provisions**). Accordingly, a special resolution is being put to shareholders under section 648G of the Corporations Act 2001 to adopt such Provisions. The Provisions will operate for three years from the date of the meeting (i.e. until 19 November 2024), subject to further renewal.

Effect of the Provisions

The effect of the Provisions will be that where a proportional takeover bid is made for securities in the Company (i.e. a bid is made for a specified proportion, but not all, of each holder's bid class securities), the Directors must convene a meeting of holders of the relevant securities to vote on a resolution to approve that bid. The meeting must be held, and the resolution voted on (other than by the bidder and their associates), at least 14 days before the last day of the bid period. To be passed, the resolution must be approved by a majority of votes at the meeting. However, the Corporations Act 2001 (Cth) also provides that, if the meeting is not held within the time required, then a resolution to approve the proportional takeover bid will be deemed to have been passed. If the resolution to approve the proportional takeover bid is passed or deemed to have been passed, the transfer of securities resulting from acceptance of an offer under that bid will be permitted, and the transfers registered, subject to the Corporations Act 2001 (Cth) and the Constitution of the Company. If the resolution is rejected, the registration of any transfer of shares resulting from an offer under the proportional takeover bid will be prohibited, and the bid deemed to be withdrawn. The Provisions, as renewed, will not apply to full takeover bids.

Reasons for proposing the resolution

The Board considers that shareholders should continue to have the opportunity to vote on a proposed proportional takeover bid. In the absence of the Provisions a proportional takeover bid for the Company may enable effective control of the Company to be acquired by a person who has not offered to acquire 100% of the Company's shares (and, therefore, has not offered to pay a 'control premium' that reflects 100% ownership).

As a result, if a proportional takeover bid for the Company is made:

- shareholders may not have the opportunity to dispose of all their shares; and
- shareholders risk becoming part of a minority interest in the Company or suffering loss following such a change of control if the market price of the Company's shares decreases or the Company's shares become less attractive and, accordingly, more difficult to sell.

If the Provisions are adopted, the Board considers that this risk will be minimised by enabling shareholders to decide whether a proportional takeover bid should be permitted to proceed.

Acquisition proposals

At the date of this notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages

The Corporations Act 2001 (Cth) requires these explanatory notes to discuss the potential future advantages and disadvantages of the Provisions for both directors and shareholders.

The Provisions will enable the Directors to formally ascertain the views of the shareholders in respect of a proportional takeover bid. Without such Provisions, the Directors are dependent upon their perception of the interests and views of shareholders. Other than this advantage, the Directors consider that there are no advantages or disadvantages for them as they remain free to make a recommendation on whether a proportional takeover bid should be accepted.

For shareholders, the potential advantages of the Provisions are that they will provide all relevant holders with the opportunity to consider, discuss in a meeting called specifically for the purpose, and vote on whether a proportional takeover bid should be approved. This affords the relevant shareholders an opportunity to have a say in the future ownership and control of the Company and help the shareholders to avoid being locked into a minority. Your Directors believe this will encourage any proportional takeover bid to be structured so as to be attractive to at least a majority of the relevant shareholders. It may also discourage the making of a proportional takeover bid that might be considered opportunistic. Finally, knowing the view of a majority of the relevant shareholders may help each individual holder to assess the likely outcome of the proportional takeover bid and decide whether or not to accept an offer under the bid.

A potential disadvantage for shareholders arising from the Provisions is that proportional takeover bids may be discouraged by the further procedural steps that the Provisions entail and, accordingly, this may reduce any takeover speculation element in the price of the Company's securities. Shareholders may be denied an opportunity to sell a portion of their securities at an attractive price where the majority rejects an offer from persons seeking control of the Company.

On balance, the Directors do not perceive those or any other possible disadvantages as justification for not adopting the Provisions.

Directors' Recommendation:

The Board recommends that shareholders vote in favour of the special Resolution. A special Resolution must be passed by at least 75% of the votes cast by shareholders who are entitled to vote on the matter.

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact

NAN

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Nanosonics Limited Annual General Meeting

The Nanosonics Limited Annual General Meeting will be held on Friday, 19 November 2021 at 11:00am (AEDT). You are encouraged to participate in the meeting using the following options:



MAKE YOUR VOTE COUNT

To lodge a proxy, access the Notice of Meeting and other meeting documentation visit www.investorvote.com.au and use the below information:



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

For your proxy appointment to be effective it must be received by 11:00am (AEDT) Wednesday 17 November 2021.



ATTENDING THE MEETING VIRTUALLY

To watch the webcast, ask questions and vote on the day of the meeting, please visit: web.lumiagm.com/394301091.

For instructions refer to the online user guide www.computershare.com.au/virtualmeetingguide.

NAN

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
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SAMPLEVILLE VIC 3030

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (AEDT)** **Wednesday 17 November 2021**.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1

Appoint a Proxy to Vote on Your Behalf

XX

I/we being a member/s of Nanosonics Limited hereby appoint

☐

the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Nanosonics Limited to be held as a virtual meeting on Friday, 19 November 2021 at 11:00am and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 3, 4 and 5 (except where I/we have indicated a different voting intention in step 2) even though Items 3, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 3, 4 and 5 by marking the appropriate box in step 2.

Step 2

Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

| | For | Against | Abstain |
|--|--------------------------|--------------------------|--------------------------|
| 1 Re-election of a Director - Dr David Fisher | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Re-election of a Director - Mr Geoff Wilson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Issue of 30,010 Service Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, under the 2021 Short Term Incentive (2021 STI) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 Issue of 190,114 Share Appreciation Rights and 132,760 Performance Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, under the 2021 Long-Term Incentive (2021 LTI) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 Adoption of new Constitution | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 Proportional Takeover Provisions in Constitution | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

NAN

2 7 9 4 1 6 A



Computershare



ABN 11 095 076 896

Your questions are important to us. You can submit a question or comment prior to the Meeting at www.investorvote.com.au or you can use this form to submit any questions concerning the Company that you would like us to respond to at the meeting.

Please return this form to our Share Registry via either of the below methods.

Mail: Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001

Fax: 1800 783 447 (within Australia)
61 3 9473 2555 (outside Australia)