

3 October 2018

Dear Shareholder,

2018 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 at the Thomas Keneally Room, Sydney Harbour Marriott, 30 Pitt Street, Sydney, NSW, Australia on Friday, 9 November 2018, commencing at 11:00am (AEDT).

I encourage you to attend the Meeting. If you are able to attend, please bring with you the attached Proxy Form, as this will facilitate easy registration of shareholders. Registration commences at 10:45am (AEDT) on 9 November 2018. A person intending to vote on behalf of shares held in the name of a company must bring an authority from that company, signed by it in favour of the person attending.

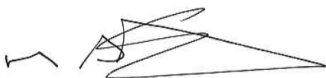
If you are unable to attend the meeting, I invite you to appoint a proxy to attend and vote on your behalf, either online using the Share Registry's website at www.investorvote.com.au or using the enclosed proxy form (which may be returned in the envelope provided).

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 enclosed and should be made available to the Company on or before Friday, 2 November 2018 at the address provided at the end of the form.

I look forward to seeing you at the Meeting and I invite you to join the Directors and Company Executives for refreshments at the conclusion of the Meeting.

The Nanosonics 2018 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 2018 ANNUAL GENERAL MEETING

The 2018 Annual General Meeting (**AGM** or the **Meeting**) of shareholders of Nanosonics Limited (**Nanosonics** or the **Company**) will be held:

- on Friday, 9 November 2018 commencing at 11:00am (AEDT)
- at the Thomas Keneally Room, Sydney Harbour Marriott, 30 Pitt Street, Sydney, NSW, Australia.

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.

ORDINARY BUSINESS

2018 Reports

To receive and consider the Company's Reports of the Directors and Auditor, and the Financial Report for the year ended 30 June 2018.

Resolution 1 – Re-election of a Director – Mr Steven Sargent

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

That Mr Steven Sargent, 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 – Ms Marie McDonald

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

That Ms Marie McDonald, who retires by rotation as a Director pursuant to the Company's Constitution and, being eligible, offers herself 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 2018 be adopted.

SPECIAL BUSINESS

Resolution 4 – Issue of 33,003 Performance Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, under the 2018 Short Term Incentive Scheme (2018 STIS)

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 33,003 Performance Rights to Mr Michael Kavanagh under the Nanosonics Omnibus Equity Plan (**Omnibus Plan**) in respect of the 2018 STIS, 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 20,900 Performance Rights and 286,885 Options to the Chief Executive Officer and President, Mr Michael Kavanagh, under the 2018 Long-Term Incentive Scheme Invitation (2018 LTIS)

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 20,900 Performance Rights and 286,885 Options to Mr Michael Kavanagh under the Omnibus Plan in respect of the 2018 LTIS, 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).

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 either cast in accordance with a direction on the Proxy Form or is cast 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 2018 are identified in the Remuneration Report contained in the Directors' Report for the year ended 30 June 2018. Closely-related parties are defined in the Corporations Act 2001 (Cth), and include certain family members, dependants and companies the KMP control.

The Company will disregard any votes cast on Resolutions 4 and 5:

- in favour of the resolutions by or on behalf of Mr Michael Kavanagh, or any of his associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Resolutions 4 and 5:

- in accordance with a direction in the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation on the proxy form to vote as the proxy decides, even though the resolutions are connected with the remuneration of a member of the KMP.

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 2018 AGM will be the holders registered as at 7:00pm (AEDT) on Wednesday, 7 November 2018. 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, 7 November 2018 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.

Dated in Sydney this 3rd day of October 2018

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, 9 November 2018 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 – 2018 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 2018, and gives the shareholders the opportunity to ask questions or make comments concerning these Reports during the Meeting. A copy of the 2018 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 – Mr Steven Sargent

Mr Sargent was appointed as a Non-Executive Director of the Company in July 2016, and was appointed Deputy Chairman on 5 October 2017. He is considered an Independent Director. Mr Sargent had a 22-year career with General Electric and has extensive global experience across a range of industries including financial services and healthcare. He was Vice President and Officer of GE, a member of GE's Corporate Executive Council and CEO of GE Australia NZ. Mr Sargent is currently a director of Origin Energy, Chairman of OFX Group, a Director of the Great Barrier Reef Foundation and Chairman of The Origin Foundation. Previously, Mr Sargent was a Director of Veda Group, a Director of Bond University and a Director of the Business Council of Australia. Under the Company's Constitution, Mr Sargent retires by rotation and, being eligible, offers himself for re-election.

Directors' Recommendation:

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

Resolution 2 – Re-election of a Director – Ms Marie McDonald

Ms Marie McDonald was appointed as a Non-Executive Director of Nanosonics in October 2016. She is considered to be an Independent Director. Ms McDonald brought to Nanosonics a strong background in corporate and commercial law, having practised for many years as a partner at Ashurst. Ms McDonald was Chair of the Corporations Committee of the Business Law Section of the Law Council of Australia (2012 to 2013) and was a member of the Australian Takeovers Panel from 2001 to 2010. Ms McDonald is a current Non-Executive Director of CSL Limited, Nufarm Limited and the Walter and Eliza Hall Institute of Medical Research. Under the Company's Constitution, Ms McDonald retires by rotation and, being eligible, offers herself for re-election.

Directors' Recommendation:

The Board, excluding Ms McDonald, 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. The Board encourages all shareholders to cast their votes in favour of this Resolution.

Directors' Recommendation:

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

Resolution 4 – Issue of 33,003 Performance Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, under the 2018 Short Term Incentive Scheme (2018 STIS)

Shareholder approval is sought for 33,003 Performance Rights to be issued to Mr Michael Kavanagh under the Nanosonics Omnibus Equity Plan (**Omnibus Plan**) under the terms of the 2018 STIS. As identified below, the 2018 STIS has already been earned by Mr Kavanagh. Fifty percent of his 2018 STIS has already been paid in cash, and the balance is to be deferred into Performance Rights which will vest in 2 equal tranches on 31 August 2019 and 31 August 2020, subject to a Service Condition.

Under Australian Securities Exchange (**ASX**) Listing Rule 10.14, an issue of securities to a director under an employee incentive scheme is required to be approved by shareholders. If approval under ASX Listing Rule 10.14 is obtained, approval is not required under listing rule 7.1. The issue of securities to Mr Kavanagh will not be included in the Company's annual 15% limit under ASX Listing Rule 7.1.

The Board has previously determined that the Company has achieved certain financial targets related to Group profit before tax and Group sales, and Mr Kavanagh has achieved certain individual key performance indicators set by the Board of Nanosonics for the financial year ending 30 June 2018 (together, the **Targets**). Achievement of these Targets has led the Board to further determine that the Company has achieved the threshold for offers to be made under the Short Term Incentive Scheme to employees, including Mr Kavanagh.

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

The last approval from shareholders under the STIS was obtained at the 2017 AGM held on 3 November 2017 for the proposed issue of Performance Rights for nil cash consideration and with a nil exercise price to Mr Kavanagh. Since that last approval, 45,513 Performance Rights were issued to Mr Kavanagh. All of these Performance Rights have vested and been exercised and 45,513 new shares were issued to Mr Kavanagh.

Details of Mr Kavanagh's other remuneration entitlements and his interests in the Company's securities can be found below in the explanatory notes for Resolution 4 and on pages 31 to 47 of the 2018 Annual Report.

The Performance Rights will be granted under, and subject to, the Omnibus Plan, the key terms of which are provided below. The specific terms of the 2018 STIS grant to Mr Kavanagh are also set out below.

2018 STIS terms

Maximum number of securities	Each vested Performance 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 33,003 shares.											
Issue price	As Mr Kavanagh’s grant forms part of his STIS remuneration, the Performance Rights will be granted to Mr Kavanagh for nil consideration.											
Exercise price	The Performance Rights have a nil exercise price.											
Vesting condition – Service	The Performance Rights will only vest as set out below if Mr Kavanagh, remains in continuous employment with Nanosonics in the position of CEO and President, or equivalent: <table><tr><th>Proportion</th><th>Number</th><th>Vesting Date</th></tr><tr><td>50%</td><td>16,502</td><td>31 August 2019 (Vesting Date 1)</td></tr><tr><td>50%</td><td>16,501</td><td>31 August 2020 (Vesting Date 2)</td></tr></table> Any Performance Rights which fail to meet the Service Condition for each of Vesting Date 1 and Vesting Date 2 above will lapse immediately. There will be no retesting.			Proportion	Number	Vesting Date	50%	16,502	31 August 2019 (Vesting Date 1)	50%	16,501	31 August 2020 (Vesting Date 2)
Proportion	Number	Vesting Date										
50%	16,502	31 August 2019 (Vesting Date 1)										
50%	16,501	31 August 2020 (Vesting Date 2)										
Expiry date	Vested Performance Rights will automatically lapse, if not exercised before, three years after each of Vesting Date 1 and Vesting Date 2 respectively.											
Loan terms	There is no loan scheme in relation to the Performance Rights or the Omnibus Plan.											
Issue date	If approved, the Performance Rights will be issued to Mr Kavanagh within 60 days of this Meeting and in any event, no later than 12 months after the date of this Meeting.											

Other key terms of the Omnibus Plan

Dividends and voting

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

Performance Rights not quoted

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

Change of control

Where:

- a takeover bid is made for the Company and the Board recommends acceptance of that bid by the Company's shareholders;
- 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
- 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 Performance Rights that have not vested will vest on the date determined by the Board.

Performance 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 Performance Rights vest, unless the Board determines otherwise, the Performance Rights will automatically lapse.

No hedging

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

Directors' recommendation

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

Resolution 5 – Issue of 20,900 Performance Rights and 286,885 Options to the Chief Executive Officer and President, Mr Michael Kavanagh, under the 2018 Long-Term Incentive Scheme (2018 LTIS)

Shareholder approval is sought for the issue of 20,900 Performance Rights and 286,885 Options in the Nanosonics Omnibus Equity Plan (**Omnibus Plan**) to Mr Michael Kavanagh under the terms of the 2018 LTIS.

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. If approval under ASX Listing Rule 10.14 is obtained, approval is not required under listing rule 7.1. 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

The Company foreshadowed changes to its remuneration framework for the Financial Year commencing 1 July 2018 in its 2018 Remuneration Report (see pages 39 and 40 of the 2018 Annual Report). These changes included adopting an Absolute Compound Annual Growth Rate Total Shareholder Return (**Absolute CAGR TSR**) performance hurdle (where in the past a Relative TSR had been used) for the 2018 LTIS.

TSR is the Board's measurement of the full return a shareholder would obtain from holding one Nanosonics share over the Measurement Period (defined below), taking into account the changes in the share's market value, any dividends paid and any capital adjustments.

By adopting an Absolute CAGR TSR performance hurdle for the 2018 LTIS, the Company aims to deliver positive shareholder returns regardless of market dynamics, consistent with shareholder experience.

In considering the performance hurdles previously adopted under the LTI plan, the Board has formed the view that over the next period of the Company's development, Relative TSR will not be the most appropriate measure of share price growth and should therefore not be used as a performance measure for management. Nanosonics does not have many similar companies with which it can directly compare its performance.

Over the next period, the Board believes that share price growth will be primarily influenced by the continued expansion in the Company's installed base, successful geographical expansion into new markets and its ability to develop and launch new products in the infection prevention market. For the 2018 LTIS it is proposed that an Absolute CAGR TSR hurdle is used with targets set by the Board, with an appropriate profit before tax gate (**PBT Gate**).

The performance measures used under the Company's LTI plan will be reviewed annually by the Board.

Mr Kavanagh's remuneration and shareholdings

The 2018 LTIS grant of Performance Rights and Options represents 60% of Mr Kavanagh's base remuneration for the 2018-19 financial year.

Mr Kavanagh's other remuneration entitlements for the 2018-19 financial year are as follows:

- Total Fixed Remuneration: \$620,000 (base remuneration \$599,469 and superannuation \$20,531); and
- Short-Term Incentive: Up to \$299,735 at Target (100% of base STI opportunity) and \$449,603 at Maximum (150% of base 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
Shares	Direct	1,328,363
Performance Rights	Under the Nanosonics Employee Share Option Plan	206,882
Performance Rights	Under the Omnibus Plan	113,384
Options	Under the Omnibus Plan	551,730

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

The last approval from shareholders was sought and obtained at the 2017 AGM held on 3 November 2017 for the proposed issue of 25,733 Performance Rights and 340,424 Options to Mr Michael Kavanagh. These Performance Rights and Options were issued after approval at the 2017 AGM pursuant to the current Omnibus Plan for no cash consideration, are subject to performance and service vesting conditions, and have a vesting date of 31 August 2020. The Performance Rights have no exercise price and the Options have an exercise price of \$2.38. All remain on issue at the date of this Notice of AGM. No further securities were issued to Mr Kavanagh since the date of the last approval.

The Performance Rights and Options will be granted under, and subject to, the Omnibus Plan, some of the terms of which are set out above in relation to Resolution 4. The specific terms of the 2018 LTIS grant to Mr Kavanagh are set out below.

2018 LTIS terms

Maximum number of securities	For the 2018 LTIS, Mr Kavanagh can elect to receive a combination of Performance Rights and Options, provided a minimum of 20% of the value of the award is received as Performance Rights and a minimum of 20% of the value of the award is received as Options. The value and number of Performance Rights and Options Mr Kavanagh has elected will form part of the 2018 LTIS are summarised below:		
		Value	Proportion
		\$	%
	Performance Rights	71,936	20%
	Options	287,745	80%
	Total	359,681	100%
	Each vested Performance Right and Option, if any, will be converted to one ordinary share on exercise. Accordingly, the maximum number of shares that may be acquired by Mr Kavanagh is 307,785 shares.		

Issue price	The Performance Rights and Options will be granted to Mr Kavanagh for nil consideration.								
Exercise price	The Performance Rights have a nil exercise price. The Options will have an exercise price of \$3.442.								
Measurement Period	From the date of release of the 2018 financial results to the date of release of the 2021 financial results (i.e. the three financial years ending 30 June 2019, 30 June 2020 and 30 June 2021). The Absolute CAGR TSR will be calculated based on the volume weighted average price ("VWAP") of the shares in the Company during a defined period after the release of the Company's 30 June 2018 results to the VWAP of the shares in the Company during a defined period after the release of the Company's 30 June 2021 results.								
Performance Conditions – PBT Gate and Absolute CAGR TSR target	The 2018 LTIS is subject to a PBT Gate and an Absolute CAGR TSR Performance Condition as detailed below: PBT Gate The Board has set an accretive PBT Gate for the 2018 LTIS. An assessment will be made at the end of the Measurement Period and if the average PBT of the Company in each of the three financial years of the Measurement Period is greater than the PBT of the Company in the financial year ending 30 June 2018, the gate will open. If the PBT Gate does not open, the Performance Condition will be deemed to have not been met, regardless of the Company's performance against the Absolute CAGR TSR set out below. Absolute CAGR TSR The Board has determined that the 2018 LTIS grant will be subject to an Absolute CAGR TSR hurdle with targets set by the Board. The proportion of the Performance Rights and Options that will become exercisable will depend upon the Company's Absolute CAGR TSR at the end of the Measurement Period compared to the Board targets. The level of performance required for each level of vesting, and the percentage of Performance Rights and Options that vest at each level of performance, is set out in the table below. In setting the Absolute CAGR TSR threshold and target, the Board has taken into consideration the Company's share price and price/earnings ratio, as well as the historical volatility in the Company's share price. The Board considers that an Absolute CAGR TSR target of 20% is appropriately challenging and notes that it reflects historical top quartile market performance. <table border="1"> <thead> <tr> <th>If the Absolute CAGR TSR of the Company</th><th>Proportion of Performance Rights and Options to Vest</th></tr> </thead> <tbody> <tr> <td>Does not reach 10%</td><td>0%</td></tr> <tr> <td>Reaches 10% but does not reach 20%</td><td>50% to 100% (on a straight line basis)</td></tr> <tr> <td>Reaches or exceeds 20%</td><td>100%</td></tr> </tbody> </table> The Performance Rights and Options lapse if the Performance Condition is not met. There is no re-testing. The Board retains discretion to adjust the PBT Gate and/or the Absolute CAGR TSR hurdle in exceptional circumstances to ensure that Mr Kavanagh is neither advantaged nor disadvantaged by matters outside management's reasonable control that materially affect the achievement of the Absolute CAGR TSR Performance Condition. The Board also retains the discretion to vary the period during which the VWAP of shares is calculated or to disregard any trading which it regards as abnormal.	If the Absolute CAGR TSR of the Company	Proportion of Performance Rights and Options to Vest	Does not reach 10%	0%	Reaches 10% but does not reach 20%	50% to 100% (on a straight line basis)	Reaches or exceeds 20%	100%
If the Absolute CAGR TSR of the Company	Proportion of Performance Rights and Options to Vest								
Does not reach 10%	0%								
Reaches 10% but does not reach 20%	50% to 100% (on a straight line basis)								
Reaches or exceeds 20%	100%								

Service Condition	In addition to the Performance Conditions above, the Performance Rights and Options 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.
Vesting date	30 September 2021
Expiry date	The Performance Rights and Options will automatically lapse, if not exercised before, three years after the Vesting Date.
Loan terms	There is no loan scheme in relation to the Performance Rights or the Omnibus Plan.
Issue date	It is intended that the Performance Rights and Options will be issued within 90 days, and in any event within 12 months, from 9 November 2018.

Directors' recommendation

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

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

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

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

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

NAN

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

Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 9999999

SRN/HIN: I9999999999

PIN: 99999

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



For your vote to be effective it must be received by 11:00am on Wednesday, 7 November 2018.

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.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**



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

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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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 at the Thomas Keneally Room, Sydney Harbour Marriott, 30 Pitt Street, Sydney NSW, Australia on Friday, 9 November 2018 at 11:00am (AEDT) 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 below) 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 below.

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.

ORDINARY BUSINESS

	For	Against	Abstain
1 Re-election of a Director - Mr Steven Sargent	☐	☐	☐
2 Re-election of a Director - Ms Marie McDonald	☐	☐	☐
3 Remuneration Report	☐	☐	☐

SPECIAL BUSINESS

4 Issue of 33,003 Performance Rights to the Chief Executive Officer and President, Mr Michael Kavanagh, under the 2018 Short Term Incentive Scheme (2018 STIS)	☐	☐	☐
5 Issue of 20,900 Performance Rights and 286,885 Options to the Chief Executive Officer and President, Mr Michael Kavanagh, under the 2018 Long-Term Incentive Scheme Invitation (2018 LTIS)	☐	☐	☐

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.

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____

QUESTIONS FROM SHAREHOLDERS

Your questions are important to the Company.

Please click on the Contact tab on the Nanosonics Limited website (www.nanosonics.com.au) to submit any general questions you may have.

If you have specific questions about Nanosonics Limited that you would like the Company's Directors or Auditor (Ernst & Young) to respond to at the Annual General Meeting (AGM), please send them to the Company in one of the following ways:

- fill out this page and send it to the mail, facsimile or email address provided below; or
- click on the Contact tab on the Company's website and fill out the Enquiry Form provided; or
- send an email to info@nanosonics.com.au.

Questions received by the Company will be collated and as many questions as possible will be responded to at the AGM, to be held at the Thomas Keneally Room, Sydney Harbour Marriott, 30 Pitt Street, Sydney, NSW, Australia on Friday, 9 November 2018, commencing at 11:00am (AEDT). Please note that we will not be able to reply to these questions individually.

Shareholder's name: _____

Shareholder's address: _____

(SRN) or (HIN): _____

Questions:

To enable the Company and / or Auditor to prepare considered responses to your questions at the AGM, they should be received by the Company via one of the following methods by Friday, 2 November 2018:

By email: info@nanosonics.com.au

By facsimile: +61 2 9418 3743

By mail: 14 Mars Road, Lane Cove, NSW 2066