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## Summary Information

### KEY FINANCIAL INFORMATION – 31 DECEMBER 2018*

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$41.6 million</td>
</tr>
<tr>
<td>EBITDA</td>
<td>($0.9 million)</td>
</tr>
<tr>
<td>NPAT</td>
<td>($2.7 million)</td>
</tr>
<tr>
<td>Cash at Bank</td>
<td>$19.2 million</td>
</tr>
<tr>
<td>Borrowings</td>
<td>$15.3 million</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>($1.8 million)</td>
</tr>
</tbody>
</table>

* Six months ended

### KEY MARKET INFORMATION

<table>
<thead>
<tr>
<th>Category</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ticker ASX / OTCQX</td>
<td>ELX / ELXMY, ELXMF</td>
</tr>
<tr>
<td>Shares on issue</td>
<td>143.6 million</td>
</tr>
<tr>
<td>Market Capitalisation (as at 23 May)</td>
<td>$84.7 million</td>
</tr>
<tr>
<td>Top 20 shareholders</td>
<td>53%</td>
</tr>
<tr>
<td>Directors and Management</td>
<td>14%</td>
</tr>
</tbody>
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**INVESTOR PRESENTATION MAY 2019**
Our Business

- Comprehensive range of ophthalmic lasers, evolving consumable device business and diagnostic equipment, targeting:
  - Glaucoma
  - Age-related macular degeneration (AMD)
  - Diabetic eye disease
  - Secondary cataracts
  - Vitreous opacities

- Installed base of over 35,000 Ellex ophthalmic laser and ultrasound systems globally
- To date more than 100,000 Ellex iTrack™ consumable devices sold to treat glaucoma
- A direct sales network in the major markets of USA, Japan, France, Germany and Australia
- Product distribution in over 100 countries

- Major growth opportunities the Company is investing financial resources into:
  - **Glaucoma** – shift to minimally invasive glaucoma surgery (MIGS) devices vs surgery; shift to laser-based intervention as first-line therapy
  - **AMD** – Ellex has the only clinically validated laser shown to significantly decrease the rate of progression in intermediate AMD patients
Restructured Management

• Appointment of Ged Wallace as CEO in April 2019
  • Former President of Europe, Middle East and Africa at Boston Scientific (NYSE:BSX), which generated US$1.7 billion in revenue and comprised 1,650 staff
  • Former President of Asia/China at Baxter International (NYSE:BAX), which generated US$270 million in annual revenue and responsible for approximately 2,000 staff

• Former CEO appointed as a consultant to focus on securing regulatory pathway for 2RT in the United States in CY19

• Appointment of Keith Byrne as VP Operations to drive efficiencies across global manufacturing base (Adelaide, Australia and Fremont, California)
  • Former Head of Operations (APAC), Cochlear
Our Strategies

• At the 1HFY19 results, Ellex presented three corporate strategies relating to:
  
  • **Ellex Laser & Ultrasound**: Leverage dominant market position through a combination of technological innovation, new product releases, marketing and cost management to drive growth in both sales and earnings.
  
  • **Ellex iTrack®**: Leverage Laser & Ultrasound base to deliver rapid sales growth and ultimately earnings in the very fast-growing Minimally-Invasive Glaucoma Surgery (MIGS) market.
  
  • **Ellex 2RT®**: Aim to make Ellex 2RT nanopulse laser therapy the standard of care for millions of people worldwide with intermediate AMD (iAMD).

• Ellex continues to execute on these plans during the 2HFY19.

• Ellex will provide further details on any revisions to the overall group strategy at the FY19 result.
Second Half Milestones to Date

- LiGHT Study\(^1\) showed Selective Laser Trabeculoplasty (SLT) more effective than eye drops in newly diagnosed (first line) glaucoma patients
  - Ellex Tango™ and Tango Reflex™ SLT lasers have dominant market position
  - Three year CAGR of 20%
  - Over time, data expected to shift utilisation to SLT from traditional eye drops (e.g. UK)

- Major presence at 8\(^{th}\) World Glaucoma Congress (WGC) in Melbourne
  - Featured Ellex iTrack presentations and symposium

- Launch of new Ellex Eye Prime™ at the American Society of Cataract and Refractive Surgery (ASCRS) meeting
  - Next generation ultrasound solution with proprietary Agile Focus™ technology

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Recap of 1HFY19

- Sales revenue of $41.6 million, up 9% on the prior corresponding period (pcp) and up 3% on a constant currency (cc)\(^1\) basis
  - Four year CAGR of 8%, ahead of typical overall industry growth rates
- Operating expenditures were up 21% (up 14% in cc terms) to $27 million versus pcp reflecting continued investment into high growth glaucoma and iAMD segments to drive future growth
- Gross margin (ex-labour) was up 678 bps to 62.4% versus pcp
- EBITDA loss of $0.85 million, improved 12% versus pcp
- Operating cash flow of -$1.8 million reflected an increase in working cap associated with higher inventory build on sales expectations, particularly for Ellex iTrack in 2019

\(^1\) Constant Currency (cc) derived by converting 1HFY19 at 1HFY18 average A$ exchange rates for USD, EUR, YEN
1HFY19 Revenue by Eye Disease (Capital Equipment)

- Glaucoma lasers, notably the world-leading Ellex SLT lasers grew 21% on pcp (up 18% in cc terms) and has now delivered a three year CAGR of 20%. The market remains underpenetrated, and SLT is now a standard of care first-line therapy
- Cataracts and Vitreous Opacity lasers declined 11% over the pcp (13% in cc terms) - focus on higher margin Reflex™ range for floater treatment
- Retina disease lasers grew 5% over the pcp (4% in cc terms), which was pleasing given competition and a shift to drug therapy
- 2RT® recorded a 532% increase in sales over pcp with strong initial sales post LEAD trial data recorded
- Diagnostic ultrasound revenue was down 32% on pcp (down 39% in cc terms), users awaiting product launch
Lasers and ultrasound revenue up 4% to $33.9m (up 2% in constant currency terms), gross margin up 620 bps to 58.9%
  - Sales focus on higher margin products, particularly in the US and Japan

Segment EBITDA surged 53% to $5.9m
  - Combination of cost base leverage, product mix effects and favourable FX effects
  - Flat OPEX ($1m in OPEX reduction in cc terms)

Glucoma SLT laser sales were up 21% to $16.8m (up 18% in cc)
  - Concerted marketing effort, growth in combined SLT/vitreous opacity laser (Tango Reflex™)
  - Shift away from pharmaceutical (eyedrop) interventions to SLT as a first-line standard of care

Retina disease lasers were up 5% to $7.8m
  - Doctor acceptance of Ellex retina lasers as best in class devices
  - Partially offset by shift to pharmaceutical interventions

Cataract and vitreous opacities lasers down 11% to $7.0m
  - Pricing pressures from conventional photodisruptors
  - Purchasing decision delays in Europe

Diagnostic ultrasound down 32% to $2.4m
  - Delayed customer orders as awaiting for new product launch
  - Two product introductions planned 2HFY19

3 Year Revenue CAGR of 3%
1H19 Financial Results – 2RT

- 532% increase in revenue to $1.2m
- Gross margin declined 300 bps to 57% versus pcp as unit sales mix initially skewed to distributor markets
- Segment EBITDA loss decreased $0.2m, despite significant sales & marketing post LEAD results
- >80% 1H19 sales in 2Q19, post LEAD results
- EU sales driven by iAMD\textsuperscript{1} indication post LEAD
- First sale recorded in the USA\textsuperscript{2}
- Purchase price & per procedure fee stable
- Procedural fee revenue +100% to $0.2m versus pcp

1 intermediate Age-Related Macular Degeneration; 2 2RT has a 510(k) clearance by the FDA for clinically significant macular edema (CSME)
Ellex iTrack Units by Region

- US unit sales were up 27% versus the pcp reflecting continued expansion of accounts and users and higher re-order rates
  - Approximately 75% of Ellex iTrack procedures are undertaken in the Ambulatory Surgical Setting (ASC), the balance within hospitals
- OUS unit sales were down 12% reflecting a slowdown in ordering from our German distributor, Fritz Ruck into a takeover bid by Hoya Corporation in October (TYO:7741) and increased competition from MIGS competitors
- Chinese unit sales were up 43% versus the pcp, a strong result as Ellex iTrack continues to be the only MIGS device approved in the Chinese market
1HFY19 Financial Results – Ellex iTrack

- Unit volumes increased 14% on pcp and revenues were up 24% (up 16% on a cc basis) to $6.5m
- Pricing remained stable in USD terms, reimbursement remains very strong in key US market
- Higher Average AUD price attributable to FX benefits and mix effects from higher US volumes
- Gross margin (ex-labour) was 82% (up significantly from 73% in pcp), reflecting higher volumes and positive mix effects
- Increase in EBITDA loss reflects increased sales and marketing investment, coupled with negative impact of USD denominated cost base (cc EBITDA loss was $3.7m)
Operating Expenditure

- Total operating expenditure was up 21% (14% in cc) to $26.9m (65% sales versus 59% in pcp), which is consistent with Ellex group strategy to provide an enhanced capability to generate solid growth in the glaucoma and iAMD markets, globally.

- Employee expenses were up 22% on pcp principally due to headcount expansion across field sales and management capability, commissions paid on sales growth and FX effects.

- Our sales and marketing spend of $3.7m (up 49% on pcp) was a result of increased efforts for Ellex iTrack in the key US market, SLT and the marketing of 2RT post LEAD, along with currency impacts (highly USD denominated).
Outlook

- Ellex group sales growth and improved EBITDA result in FY19, subject to global economic conditions and foreign exchange rates
- Ellex iTrack EBITDA expected to be similar to FY18
- Ellex Laser & Ultrasound segment FY19 EBITDA growth versus prior corresponding period (pcp)
- Momentum in Ellex 2RT sales observed in 1HFY19 expected to continue into FY19, albeit off a low base
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