NEXT SCIENCE®

**Next Science Limited**
**2019 Annual General Meeting**
**Wednesday, 25 September 2019**
**Chairman and Managing Director's Address**

## Chairman's Address

In this Chairman's address, I wanted to focus on three items. First, to briefly comment on our pre-commercial journey, then second, to cover our governance report card and finally, to share my observations of the Purpose that informs our Next Science strategy as an organisation.

The Company started in 2012 when Lang Walker, who continues to be our largest shareholder, started to fund the research of Dr Matt Myntti under the stewardship of Bruce Hancox and Jim Mozley. The laboratory in Jacksonville Florida was set up with a focus on the research and development of solutions for the problems suffered by humans that are caused by biofilms.

From 2012, the team has worked on developing answers to the opportunity of eliminating biofilms – and providing relief to patients for certain medical conditions which are exacerbated by biofilms. With our first patents in 2015 and first FDA 510(k) cleared products in 2017, the R & D group has matured into a world class healthcare product development team, having delivered solutions to reduce the impact of:
• Chronic wounds;
• Prosthetic Joint Infection;
• Chronic sinusitis; and
• Chronic Middle Ear Infection and Acne.

As the Company has evolved, key future developments were added to the pipeline, including solutions designed to target:
• Infection prevention; and
• Physical surface disinfection.

Our products are also developed to eliminate the cause of the problem, as well as deal with the compounded complex issues caused by the formation of a biofilm.

While expanding our product offerings into new settings, we began to see opportunities beyond biofilms. Although we can't disclose details at this time, we are investigating in pre-clinical work compositions that seem to inhibit the growth and/or spread of cancer cells. If that impact is proven in topical treatments, this would permit treatment of Actinic Keratosis and Basal Cell Carcinomas – i.e. early skin cancers.

Given other evidence, this route is expected to have fewer negative patient side effects than topical treatments available today – and so the Board has made the decision that this application of the technology will be our first drug development program. The regulatory approval process for this drug in the USA is through the 505(b)(2) pathway and is expected to progress through to Phase 2 completion during 2021. Subject to positive results from the Phase 2 trials, the Company will then determine the most effective commercialisation pathway.

Now, let me address our Governance. As you can appreciate, the pre-IPO preparation followed by the establishment of good governance practices for a newly listed public company imposes a busy workload for board and management.

At the time of my appointment as Chairman in July last year, a full slate of work was quickly emerging. To address the Company's working capital needs and provide a satisfactory runway to the IPO, the Board agreed to immediately proceed with a pre-IPO capital raise via the issue of Converting Notes. Work began immediately to be ready for the November issue date which successfully raised US$7.7million. At the same time, the Board resolved to commit to the preparatory work required to support an IPO in early 2019. In August and September 2018, the Board established a Due Diligence Committee chaired by Grant Hummel, a partner of HWL Ebsworth Lawyers. The Board established two Board committees - Audit & Risk, and Remuneration & Nomination. We finalised our Board Skills Matrix and upgraded our Board Meeting Calendar to address the time requirements of supporting a successful IPO.

In September, after identifying the Board skill gaps we began interviewing for two more new Board members. In October 2018, we appointed Mark Compton and Aileen Stockburger to the Board. Aileen brought her extensive commercial background from Johnson & Johnson and Mark, his depth of experience as a former Hospital CEO and more recently his Chairmanship of global ASX healthcare company Sonic Healthcare. These appointments complimented the background of our other directors – Dan Spira being the CEO of iNova Pharmaceuticals, Bruce with his involvement in the Company's development from its inception in 2012, Judith's experience across GE Medical Systems, Cochlear Limited and Johnson & Johnson and my own experience as CEO of Medibank and Sigma Healthcare.

We then started to put into place our ASX capability and compliance program. Notably:

- A Disclosure Committee was established comprising the MD, CFO and Company Secretary;
- Trading blackout periods were established for the executive team – operating from 31 May and 30 November until the day after the release of financial results for the full year and half year respectively;
- The MD was delegated responsibility for monitoring clinical and patient risks;
- Key advisors were appointed, including our lead manager Patersons, HWL Ebsworth and KPMG;
- The Board undertook the preparatory work to comply with the ASX Listing Conditions and to establish a corporate governance framework appropriate to an ASX listed entity including establishing a charter for the Board and Board Committees along with key policies recommended by the ASX Corporate Governance Council;
- All Directors underwent good fame and character background checks and searches; and
- A risk register was developed to inform policy and strategic decisions.

In December, a special shareholder meeting was convened and gained approval to:

- Change the company name to Next Science Limited;
- Next Science becoming a public company;
- Adopt a new ASX compliant Constitution; and
- Implement a 6500 for 1 share split to meet ASX spread requirements.

We then established new short term and long term incentive plans for the executive team and adopted Minimum Shareholding Rules for the Non-Executive Directors and executive team. These Rules were explained in the Prospectus.

In March, the new Governance page went live on the Next Science website as well as a new investor centre.

Finally, the IPO Prospectus was lodged with ASIC.

In April, the IPO roadshow was in full swing for our Managing Director and the lead manager team from Patersons. Their hard work resulted in an oversubscribed IPO followed by official quotation/trading of Next Science shares on the ASX on 18 April 2019.

In July, Next Science released its first Quarterly Report and in August, its first Half Year Report.

That summarises our Board governance work over the past 12 months.

Now, in the final part of my address, I want to say a few things about our Purpose and Mission as an organisation.

The major unfinished business of healthcare is infection. Despite 100 years of amazing healthcare innovation, the very best interventions can be readily undone by a bacterial infection that buries itself under a seemingly impenetrable biofilm resistant to what was once the treatment domain of antibiotics.

When I first met the team at Next Science just over a year ago, I was impressed with the enthusiasm of their patented XBIO technology which they knew was capable of dismantling bacterial biofilms previously resistant to antibiotics. As I began to understand that Next Science could also displace the highly resistant biofilms that form through increased antibiotic use or via new antibiotics applications that have produced bacterial resistance sometimes described as superbugs, I too adopted the enthusiasm of the Next Science team. The commercial potential of the XBIO technology was obvious and the wide array of medical treatments it could power presented an attractive business runway. But aside from their enthusiasm for our high potential commerciality, it was their deep sense of purpose for how Next Science could be an answer for the unfinished business of infection in healthcare that I found personally inspiring. At Next Science we believe we have the potential to dramatically lift the quality of healthcare and relieve the significant burden and misery that deep resistant infection imposes on human beings world-wide.

The Board and executive team completed a Strategy review of the various pathways for commercialising our XBIO Intellectual Property last month. We refreshed our understanding of the need to optimise capital, people resources and time and have recalibrated the development schedule to secure both short and medium term opportunities including a limited funding allocation to position our longer term opportunity in the pharmaceutical development I mentioned earlier.
Consistent with our forward strategy, the two key goals embedded in the prospectus remain our priority. These are to commence the growth of our revenue from the commercialisation of our IP this year and to use the funds raised at IPO to accelerate the patented IP potential of XBIO across a broad suite of products and treatments to set up the Company's long-term growth trajectory.

To share more of this strategy, I now would like to handover to our Managing Director, Judith Mitchell, and I will return later to deal with the business of the meeting.

**Managing Director's Address**

As your CEO, I am pleased to report we will move into 2020 with confidence and momentum. We continue to make good progress in promoting and educating the market to increase the understanding of biofilms, expanding our market footprint and increasing our customer base. As George mentioned our commercial efforts did not really start until 2017 – a little over 2 years ago. While there is much more to do, our progress is encouraging.

In the next 12 months we have a number of important new product launches which I will talk about later. These products should expand our opportunities into new markets and contribute to sales growth over time. These additional revenue streams will generate cash flow and strengthen our company.

In summary, 2020 should be a busy and productive year as we design and execute long-term growth strategies.

SLIDE 7
Looking at the primary issues in health we aim to address with our technologies:
The first product to market - Bactisure was designed to resolve prosthetic joint infections. The product is distributed globally by Zimmer Biomet, a world leader in Orthopaedic implants. Bactisure is now available in the US, Canada, South Africa and New Zealand, with plans for Europe and Australia in 2020.

Bactisure is currently being used to treat Prosthetic Joint Infections and other open surgery situations where there are positive indicators of infection being present. The first published clinical trial of Bactisure showed that 7 out of every 8 patients treated, needed no further treatment. That is around a 400% improvement over the current standard of care. Users of Bactisure continue to grow with about 100 hospital accounts being added every quarter in the United States and first surgeries have also been done in Canada, following the recent clearance from Canada Health.

SLIDE 8
Our second product, BlastX, is targeted to assist with healing of chronic wounds.
BlastX is an antimicrobial wound gel that is cleared by the FDA as a 510(k) medical device, with a drug action.

BlastX, is a hydrogel format topical treatment that removes biofilm, eradicates bacteria, spores or fungi, and provides a moist environment to optimise wound healing. As the only product in the market that can non toxically eliminate the biofilm, BlastX is a total paradigm shift in the wound care space.

This product is quite a disruption in a market that is used to managing wounds – and now through a global distribution partnership with the 3M company we are offering a solution that heals wounds. As many of you are aware, 3M is acquiring KCI-Acelity, the leader in Negative pressure wound therapy – a treatment commonly referred to as Wound Vacs. The BlastX product will move into the combined 3M/ KCI post-acute sales team, after the finalisation of the transaction, expected in Q4 of this year.

To get ready to support the wider 3M/KCI team as part of that preparationwe are currently performing a clinical study showing the efficacy of BlastX when it is used under a wound vac. The results of the trial will be shown at the Desert Foot Congress in December. Then we will have a poster publication of the research, made available to the new wider sales force after the Desert Foot meeting.

SLIDE 9
Next Science has also made two additional products to assist in the fight against infection. The first, TorrentX, is a wound wash for use outside of the sterile environment, suitable for any cut or graze. This product outperforms washes available in the market today.

To facilitate wider use of the product we have submitted for a 510 (k) clearance, and have asked for additional indications for chronic wounds, venous leg ulcers, diabetic foot ulcers and pressure ulcers. We are also currently negotiating licenses for the product as a preparatory treatment for a tissue graft.

SLIDE 10
The SurgX product is the first of our preventative suite of products. Designed to reduce surgical site infection, the product is currently being trialled in C-sections and Colorectal surgical closes. This product is one of two that will be distributed through the third party surgery distributor network we are currently building. (which I will refer to later)

SLIDE 11
As I mentioned, as we move into 2020, we have additional products that will be launched into the market.

The first is a disinfectant that eliminates biofilms from hard surfaces. The advantages of the product – not only can it eliminate all bacteria including Golden Staph and a fungus called Candida Auris, it can be applied without the operator having to wear layers of protective clothing. Our product is non-toxic and so only protective eyewear is required.

SLIDE 12
In our medical devices portfolio, our next offering will be the XBIO Surgical Rinse, which will first launch in the US. This product is suitable as the last rinse in any surgery and efficiently eliminates Golden Staph (or MRSA) as well as other gram positive and gram negative bacteria. The in vitro performance of the product is better than anything that has been made available to surgeons to date. The product will be packaged in a 500ml blow seal bottle. Most surgeries would only require one bottle as a last rinse, though some larger area surgeries may require 2 or 3.

The product leaves tracings behind in the patient that continue to provide antimicrobial coverage for up to 5 hours post-surgical close. This is the first time that a product has been offered to surgeons that can address the Post-Operative Surgical infection issues that are a key source of post-operative complications, patient morbidity and health care cost escalations.

To ensure the widest distribution of XBIO rinse, we have taken a change in distribution strategy, and the product will be promoted through 3rd party distributors networked across the US. This allows us to get past the “brand” barriers that can happen in markets like Orthopaedics where surgeons have very strong brand loyalties. In this business model Next Science will be billing the hospitals and paying a commission to the distributors, allowing the maintenance of full gross margins. The distribution network will be managed by a team of Key Account Managers, reporting to the VP of Surgical Sales. As I mentioned, build out of this network has already commenced, and the SurgX product will also be promoted through that network, commencing from this October.

With the aim to be the last rinse prior to close in any surgery or surgical procedure, in the US alone we believe we can positively impact the post-surgery management for millions of patients. This enables us to fulfil our corporate vision of helping to save lives and reducing costs in healthcare – while allowing us to accelerate corporate growth.

SLIDE 13
Our two other medical devices launches in 2020 are in the ENT surgery specialty. As we announced earlier this year we have a partnership in place with Grace Medical to distribute our Sinus wash product, and we expect to finalise the details for the Middle Ear Wash post regulatory approval. ENT surgeons, particularly the Rhinologists, and the otolaryngologists are well aware of the biofilm issues and are actively looking for better answers for their patients. We have plans in place for early trials post regulatory clearance so that we will have the evidence in vivo as well as invitro to support our efficacy claims.

SLIDE 15
Outside of our medical device business – where Next Science holds the regulatory licenses and manufactures the products, the Company has a range of licensing agreements in various stages of development.

Our first partnership for Australia is with AST and the products are now on sale. AST's focus is to bring cosmeceutical products to market through their 3000 clinic network. On the slide, we have the example of part of AST's Instagram marketing campaign, which kicked off two weeks ago.

As previously announced we will be soft launching direct to consumer online site for a skin repair cream – direct from Next Science. This is the first of our over-the-counter products, providing us a platform to confirm our proof of concept and our consumer value propositions.

We are also actively researching and developing in:

- Animal health;
- Food preparation;
- Medical Device coatings; and
- Agriculture.

SLIDE 16

As mentioned previously, we are a very young company in many respects. In the process of building our commercial experience and expertise, we often educate customers and decision-makers to better understand our existing technology. Sometimes, that process takes us down pathways not previously considered.

One such pathway is a topical treatment for Actinic Keratoses and Superficial Basal Cell Carcinomas – what are considered to be early skin cancers. If growing pre-clinical indications of efficacy against early skin cancers are confirmed by rigorous testing underway, Next Science will prioritize this as our first pharma development.

The program from Phase I through to the end of Phase 2 will take 2 years and the product will be submitted through the 505(b) 2 pathway in the US. Our early test data suggests that we can match the efficacy of the products in the market without the negative side effects, to provide a treatment that we believe will increase patient compliance and a more effective overall outcome. At the completion of Phase 2 trials, as mentioned by the Chairman, we will determine the best commercial pathway to execute Phase 3.

SLIDE 17
As we noted in our half year report, we trebled sales to US$2.3M in the first half of 2019 and continue to promote and educate in the market to increase the understanding of biofilms as we expand our market footprint and our customer base. Our expenses are under control and our 2020 development plan is funded.

SLIDE19
Moving forward our revenue trajectory will be lumpy, as we work with our partners through a cadence of market expansions and new product launches. We want to be very clear to investors, while our market opportunities are sizable, growth may not be linear as we do not control the exact timing of revenues with our partners.

Our execution priorities are:

- Commencing the direct marketing of the first of our consumer Skin Care products in Q4; and
- Starting our Phase 1 trial for early stage skin cancers.

And as we move into 2020, our momentum will continue with the:

- Commercialisation of our disinfectant in H1 2020;
- The Surgical Rinse to launch in mid-2020 via 3rd party distribution networks in the US;
- The Middle Ear Wash to launch in launch in H2 2020; and
- The Sinus Wash Out for chronic sinusitis to launch in H2 2020 under a global distribution agreement with Grace Medical.

The opportunities our products provide physicians and surgeons to help their patients are novel and unique – it takes education to help health care professionals understand the benefits and take steps to change their practice. As we move through our third year of commercial activity, we are grateful not only to the efforts of our own staff, and the staff of our partners but also to the support from clinicians and surgeons across the US who are joining us on this journey of change.