



## Update to Securities Trading Policy

**Sydney, Australia, Friday, 18 December 2020:** Next Science Limited (ASX:NXS) (**Next Science**) advises that in accordance with ASX Listing Rule 12.10, a copy of its revised Securities Trading Policy is attached.

Approved and authorised by Next Science's Managing Director.

Further information:

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### About Next Science

Next Science is a medical technology company headquartered in Sydney, Australia, with a research and development centre in Florida, USA. Established in 2012, the Company's primary focus is on the development and commercialisation of its proprietary Xbio™ technology to reduce the impact of biofilm based infections in human health. Xbio is a unique, non-toxic technology with proven efficacy in eradicating both biofilm based and free-floating bacteria. Next Science owns 100% of the patent protected intellectual property relating to its Xbio technology. Website: [www.nextscience.com](http://www.nextscience.com).

# NEXT SCIENCE®

## NEXT SCIENCE LIMITED

### Securities Trading Policy

#### 1 Introduction

The purpose of this policy is to:

- provide a brief and high level summary of the law on insider trading;
- set out the restrictions on dealing in securities by people who work for or are associated with Next Science Limited (**Next Science** or **Company** and, together with its controlled entities, the **Group**); and
- assist in maintaining market confidence in the integrity of dealings in Next Science securities.

If you do not understand any part of this policy or how it applies to you, you should discuss the matter with the Company Secretary before dealing in securities.

Contravention of this policy will be regarded as a serious matter and will result in disciplinary action which may include termination of employment and may also give rise to criminal or civil actions.

#### 2 Who does this policy apply to?

This policy applies to:

- all Directors of Next Science;
- full-time, part-time and casual employees; and
- contractors, consultants and advisers of the Group.

Certain provisions of this Policy only apply to Restricted Persons as defined below.

#### 3 Definitions

The following definitions apply in this policy:

Term	Definition
Dealing	Refer to Section 6
Inside information	Refer to Section 6
Restricted Persons	<ul style="list-style-type: none"><li>• Directors and the Company Secretary of any entity in the Group; and</li><li>• Employees of any entity in the Group.</li></ul>

## 4 What securities are covered by this policy?

This policy applies to the following securities:

- any securities which may be issued by the Company such as shares and options;
- derivatives (such as exchange-traded options and warrants) and other financial products issued by third parties in relation to the Company's shares, debentures and options; and
- securities of any other company or entity that may be affected by inside information (such as any joint venture participant with the Company, another party involved in a corporate transaction with the Company or a contractor or shareholder of the Company).

This policy extends to all securities owned or controlled by a person covered by this policy, whether those securities are held in the name of that person, in a company, through a trust, by a family member, by a friend or in some other entity or arrangement. Persons covered by this policy must inform their brokers or financial advisers who have discretion to trade on their behalf that they are restricted from trading securities under this policy. Restricted Persons should also note the requirements of section 8 in respect of dealings by family members and other entities.

## 5 Policy statements

Insider trading is a serious offence under the Australian corporations legislation.

This policy:

- prohibits insider trading in Next Science securities and securities of any other company;
- prohibits dealing when the dealing would not satisfy the Front Page Test (see Section 6);
- prohibits short-term or speculative dealing in Next Science securities (see Section 7);
- prohibits Restricted Persons from dealing in Next Science securities within a blackout period or other prohibited periods (Section 8);
- prohibits Directors, and executives participating in an equity-based executive incentive plan, from hedging the value of any unvested entitlement in Next Science securities (Section 12);
- requires Restricted Persons to complete Compliance Certificates and, in the case of Directors to also obtain approval from the Chairman, before dealing in Next Science securities (Section 13);
- excludes certain types of dealings from the operation of this policy (Section 15); and
- requires Directors and certain executives to complete Compliance Certificates and, in the case of Directors, to also obtain approval before pledging Next Science securities (Section 16).

The Company will take a 'substance over form' approach and will have regard to the intent and spirit of this policy when applying and enforcing it.

## 6 Prohibition on insider trading

### Insider trading prohibition

If you are in possession of inside information you must not:

- deal in relevant securities; or
- communicate the inside information to anyone else.

This prohibition is an overriding obligation and applies despite anything else in this policy (including whether the dealing or communication of inside information occurs outside a black-out period) and regardless of how you learned the inside information. It applies not only to Next Science securities, but also to the securities of other companies.

Insider trading is a criminal offence attracting substantial fines and/or significant periods of imprisonment. Alternatively, significant civil penalties may be imposed. In both cases, the offender may also be ordered to pay compensation to anyone who suffered loss as a result of the insider trading.

Definitions of “dealing in securities” and “inside information” are set out below. Communicating inside information means passing it on to another person such as a family member, friend, colleague, broker, financial planner, investment adviser, family company or family trust.

## The ‘Front Page’ Test

It is important that public confidence in Next Science is maintained. It would be damaging to the Company’s reputation if the market or the general public perceived that people covered by this policy might be taking advantage of their position in the Company to make financial gains (by dealing in securities on the basis of inside information).

As a guiding principle, before engaging in any trading, you should ask yourself:

*If the market was aware of all the current circumstances, could I be perceived to be taking advantage of my position in an inappropriate way? How would it look if the transaction was reported on the front page of the newspaper (the **Front Page Test**)?*

You must not deal in the Company’s securities if the transaction would not satisfy the Front Page Test. If you are unsure, you should consult with your direct manager or the Company Secretary.

If any approval or acknowledgment is required for a dealing under this policy, the approval or acknowledgement will not be granted if the dealing would not satisfy the Front Page Test.

## What is dealing?

For the purposes of this policy, dealing in securities includes:

- trading in securities (i.e. subscribing for, buying, selling or entering into an agreement to do any of those things); and
- advising, procuring or encouraging another person (such as a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust) to trade in securities.

## What is inside information?

Inside information is information that:

- is not generally available to people who commonly invest in securities; and
- if it were generally available, would (or would be likely to) influence investors who commonly invest in securities in deciding whether or not to subscribe for, purchase or sell the Company’s securities or securities of another entity.

It does not matter how you come to have the inside information - for example whether you learn it in the course of carrying out your responsibilities, in the lift or at a social occasion.

The financial impact of the information is important, but other implications can be equally important in determining what amounts to inside information. The definition of “information” is broad enough to include rumours, matters of supposition and information which is not definite enough to warrant public disclosure.

## What are some examples of inside information?

Inside information about the Company could include:

- information relating to the Company's products and/or financial results;
- a possible material sale or acquisition of assets by the Company;
- the entry into or termination of a material contract;
- a possible change in the Company's capital structure (for example, a share issue, capital reduction or a buy-back of shares);
- entry into a major borrowing;
- any possible claim against the Company or other unexpected liability; or
- any information required to be disclosed to ASX under its continuous disclosure rules.

The above list is illustrative only.

## Securities of other companies

In the course of your duties as an employee, director, adviser, consultant or contractor of the Group you may obtain inside information in relation to another company. For example, in the course of negotiating a transaction with the Company, another company might provide confidential information about itself, or a third party. Information concerning a proposed transaction or other action by the Company might have a material effect on a third party.

The prohibition on insider trading is not restricted to information affecting the Company's securities. Accordingly, if you possess inside information in relation to securities of another company or entity you must not deal in those securities.

## What about participation in employee share plans?

This policy does not restrict participation in the Company's employee share and equity incentive plans but does apply in respect of any subsequent dealing in the Company's securities to which you become entitled under those plans.

There are additional requirements that apply in respect of the operation of the Company employee share and equity incentive plans during a black-out period (see below).

## Do I have any other obligations to the Company with respect to information?

In addition to the insider trading and other restrictions in this policy, you also owe a duty of confidentiality to the Group. You must not reveal any confidential information concerning the Group, use that information in any way which may injure or cause loss to the Group or use that information to gain an advantage for yourself.

Under the Corporations Act breach of these duties may result in:

- liability for a civil penalty;
- criminal liability if recklessness or dishonesty is involved; and/or
- liability to compensate the Company for any damage it suffers as a result of the disclosure.

## **7 Prohibition against short term or speculative dealing**

Speculating in short-term fluctuations in the Company's securities does not promote shareholder or market confidence in the integrity of the Company.

It is the Company's policy that you must not engage, directly or indirectly, in short-term or speculative dealing in the Company securities. The Company considers "short-term" to be a period of 6 months or less.

The sale of securities acquired under the Company's employee share and equity incentive plans is not considered to be a short term or speculative dealing.

## **8 Prohibition against dealing during black-out periods**

There are certain periods during the year, during which Restricted Persons should not deal in the Company's securities given the heightened risk of actual or perceived insider trading. These periods are called "black-out periods".

Restricted Persons are prohibited from dealing in the Company securities during a black-out period.

The black-out period trading prohibition does not limit any other obligations of Restricted Persons prescribed by this policy.

Black-out periods occur each year during:

- the period from 30 November until the day following the announcement of the Company's full year results to the ASX; and
- the period from 31 May until the day following announcement of the Company's half year results to the ASX.

The Board may declare other black-out periods from time to time.

## **9 Exceptional circumstances**

A Restricted Person, who is not in possession of inside information, may be given clearance to dispose of (but not acquire) the Company's securities where they would otherwise be restricted by this policy if they are in severe financial difficulty; the disposal is required under a court order; or there are other exceptional circumstances. A person may be in severe financial difficulty if they have a pressing financial commitment that cannot be satisfied other than by selling the Company's securities. Severe financial difficulty would not normally include a liability to pay tax unless the person has no other means of satisfying the liability.

An application for clearance should be made in writing to the Company Secretary, who will seek approval from the Chairman of the Board in the case of Directors, or from the Managing Director in the case of the Chairman and other Restricted Persons. If written clearance is provided, it will specify the period for which it is valid.

## **10 Participation in employee share plans**

The black-out periods do not restrict participation in the Company's employee share and equity incentive plans but do apply in respect of any subsequent dealing in the Company's securities to which you become entitled under those plans.

Any elections required to be made or rights to be exercised at the discretion of a Restricted Person under the terms of a Company employee share or equity incentive plan may not be made or exercised during a black-out period without the prior approval of the Managing Director or in the case of the Managing Director, of the Chairman.

Any requirement in this policy to seek prior approval or acknowledgement does not apply to any actions required to accept an invitation to participate in a Company employee share or equity incentive plan during a designated offer acceptance window.

## **11 Dealing under a Non-Executive Directors Share Plan**

Non-Executive Directors who participate in a Company Non-Executive Directors Share Plan (NEDSP) are not prohibited from dealing in the Company's securities in accordance with the terms of the NEDSP (including during a black-out period). However, the Director must comply with the following before dealing in the Company's securities in accordance with the NEDSP:

- The Director must submit a completed NEDSP application form to the Company Secretary together with a completed Compliance Certificate. The Company Secretary will forward the request to the Chairman of the Board, or in the case of the Chairman to the Managing Director, for approval. Any such approval will be valid until all shares have been acquired for the application, the Director ceases to be a non-executive director or the Director lodges a new application which is accepted by the Board in accordance with the NEDSP rules.
- If a Director wishes to revoke their participation in the NEDSP, they must submit an application to revoke their application to the Company Secretary during the revocation period specified in the NEDSP rules together with a completed Compliance Certificate. The Company Secretary will forward the request to the Chairman of the Board, or in the case of the Chairman to the Managing Director, for approval. The application will be revoked upon the Chairman or Managing Director approving the revocation. An application to revoke participation in the NEDSP outside the revocation period may be approved by the Board in exceptional circumstances.

The dealing permission for the NEDSP does not apply in respect of any subsequent dealing in the Company's securities to which the Director becomes entitled under the NEDSP.

## **12 Prohibition against hedging unvested entitlements**

Entitlements under the Company's equity based incentive plans are subject to the satisfaction of various time and/or performance hurdles to ensure alignment of employee rewards with the Company's objectives and performance. Transactions which "hedge" the value of unvested entitlements could distort the proper functioning of these hurdles and reduce the intended alignment with shareholder interests.

Directors, and executives participating in an equity-based executive incentive plan, are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlements.

## **13 Dealing by Directors and Restricted Persons**

If you are a Restricted Person, and you are not otherwise prohibited by this policy from dealing in the Company's securities, you must comply with the following before dealing in the Company's securities:

- Directors must submit a written or emailed request for approval of the proposed dealing to the Company Secretary together with a completed Compliance Certificate. The Company Secretary will seek approval from the Chairman of the Board, or in the case of the Chairman from the Managing Director. A response would normally be expected within 24 hours. Directors must not engage in the proposed dealing until written or emailed approval has been given. Any such approval will be valid for 7 days from the date it is given, meaning the relevant dealing can only occur during that period (subject to the other requirements of this policy). Directors must notify the Company Secretary immediately of sufficient details of any dealing to enable notice to be filed in accordance with the ASX Listing Rules within 5 business days of the dealing.

- Restricted Persons who are not Directors must submit a completed Compliance Certificate in respect of the dealing to the Managing Director for acknowledgment. The relevant dealing can only occur within the 7 days from the date of acknowledgement of the Compliance Certificate by the Managing Director (subject to the other requirements of this policy). Restricted Persons must provide the Company Secretary with confirmation of any dealing that occurs.
- Restricted Persons should follow these requirements if they are aware that their spouse, partner, child or other immediate family member, or trust or other entity controlled by the Restricted Person (or an investment adviser on behalf of the Restricted Person or any of the above persons or entities), intends to deal in the Company's securities. They should take all reasonable steps to prevent the trade occurring until the Compliance Certificate has been provided, and in the case of Directors, approval to deal has been received.

These requirements also apply to dealings in financial products issued by third parties in relation to the Company's securities which operate to limit the economic risk of a vested holding in the Company's securities.

The form of Compliance Certificate is available from the Company Secretary.

Receipt or acknowledgment of the Compliance Certificate by the Company, or approval of a proposed dealing, is intended as a compliance monitoring function only, and is not an endorsement of the proposed dealing. Individuals remain responsible for their own investment decisions and their compliance with the law and this policy.

## **14 Discretion to grant or refuse approval**

If a clearance or approval or acknowledgement is sought under this policy, the person from whom the clearance, approval or acknowledgement is sought has discretion to:

- impose conditions;
- revoke their approval or acknowledgement;
- refuse to grant approval or state that an acknowledgment will not be given,

and the person is not obliged to provide reasons. If approval is refused or acknowledgement is not provided, that fact must be kept confidential.

If you come into possession of inside information after receiving an approval or acknowledgment, you must not deal despite having received the approval.

## **15 Excluded dealings**

The following dealings by a Restricted Person are excluded from the operation of this policy:

- The take up of entitlements under a rights issue, dividend reinvestment plan or other offer.
- Allowing entitlements to lapse under a rights issue, dividend reinvestment plan or other offer.
- The sale of sufficient entitlements to take up the balance of the entitlements under a rights issue.
- Dealing under an offer or invitation made to all or most of the Company's security holders, such as a security purchase plan or equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board.
- Undertakings to accept, or the acceptance of, a takeover offer.
- Dealing where the beneficial interest in the Company's securities does not change.
- Transfer of the Company's securities already held into a superannuation fund or other scheme in which the Restricted Person is a beneficiary, provided the Restricted Person (including an



Associate of the Restricted Person) has no influence or control over the trustee or entity controlling the superannuation fund or scheme.

- an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company's securities) where the assets of the fund or other scheme are invested at the discretion of a third party, provided the Restricted Person (including an associate of the Restricted Person) has no influence or control over the third party.

Notwithstanding that the above dealings are excluded from the operation of this policy, they remain subject to the insider trading prohibitions under the Corporations Act.

## **16 Pledging securities**

Employees can put themselves at risk under the insider trading laws if they enter into borrowing arrangements that may result in securities being sold when they possess inside information.

If you are a Director or Company Secretary of the Company or a direct report to the Managing Director you must comply with the following procedure before entering into any financial arrangement by which, through a pledge, mortgage, lien, charge or other encumbrance, the Company's securities are used as collateral for any purpose, including to fund the purchase of the securities (financial arrangement).

- Directors must submit a written or emailed request for approval to enter into the financial arrangement to the Company Secretary together with a completed Compliance Certificate. The Company Secretary will seek approval from the Chairman of the Board, or in the case of the Chairman from the Managing Director. A response would normally be expected within 24 hours. Directors must not enter into the proposed financial arrangement until written or emailed approval has been given.
- Direct reports to the Managing Director and the Company Secretary of the Company must submit a completed Compliance Certificate in respect of the financial arrangement to the Chairman for acknowledgement.
- Directors, direct reports to the Managing Director and the Company Secretary of the Company should follow these requirements if they are aware that their spouse, partner, child or other immediate family member, or trust or other entity controlled by them (or an investment adviser on behalf of them or any of the above persons or entities), intends to enter into a financial arrangement. They should take all reasonable steps to prevent the entry into the financial arrangement occurring until the Compliance Certificate has been provided, and, in the case of Directors, approval has been received.

## **17 Compliance**

A breach of this policy may damage the Company's reputation in the investment community and undermine confidence in the market for the Company's securities. Accordingly, breaches will be taken very seriously by the Company and will be subject to disciplinary action, including possible termination of a person's employment or appointment.

In addition, if you have breached the Corporations Act, you may be subject to civil and criminal liability.

If in any doubt, a Director or Senior Executive should seek the advice of the Company Secretary when considering trading in securities of the Company.

## **18 Review**

This Policy will be reviewed at least every 2 years and will be updated as necessary. Any amendments to this Policy must be approved by the Board.

**Effective date:** 16 December 2020