

**Next Science Limited
2021 Annual General Meeting
Wednesday, 5 May 2021
Chairman and Managing Director Addresses**

Chairman's Address

I am delighted to bring you this Chairman's report.

Next Science is a relatively young company, with an exciting future ahead of it. There were many challenges in 2020, with key ones being the health risks to our staff and their families and the sales and marketing constraints of trying to engage a hospital and healthcare system totally focused on dealing with an all-consuming global pandemic that deeply penetrated the US. As we look back to such a challenging year, I am pleased to report that much progress has been made at Next Science.

As health systems ceased commercial activities, Next Science went deeper on the things we could control. Our teams in Jacksonville focused on bringing XPerience, our biggest product opportunity to market. This work involved product R&D, extensive lab testing, production scale and stability testing, specialised packaging and the development of a clinical advisory network of thought leaders to ensure end user perspectives were captured. Having made our initial XPerience FDA submission in January 2020, it was a special moment for our employees when the news arrived from the FDA on April 23rd, 2021 US time, a little over a week ago, that the FDA had approved XPerience for sale in the US. So despite the significant constraints on our business and the livelihoods of our employees last year, it will likely become a milestone year as we now pivot to commercially exploit our Xbio technology within the XPerience application.

The 2020 pandemic impact on our hospital and medical centre revenues for our existing products was primarily a reflection of the pandemic constraints imposed upon our key distribution partners, Zimmer for Bactisure and 3M for BlastX. The Managing Director will update you on the non-renewal of our 3M partnership, but it has been pleasing to see how quickly the US healthcare market has bounced back once the Covid19 vaccination programs got underway. We posted a strong return to pre-Covid trading activity in Q4, 2020 and have seen that continue in Q1 this year. Judith will provide more detail in her report, of what momentum has carried through to the early part of Q2, as our half year approaches, a first half which will now include the first shipments of XPerience to customers.

Through 2020 and into the commencement of 2021, the Board worked with the Managing Director to support important executive appointments that have strengthened our executive bench, to ensure we have the talent to effectively plan and execute a strong commercial strategy for our direct to market products such as XPerience, SurgX and BlastX, as well as support growth in Bactisure through our long-term partner Zimmer Biomet. Dustin Haines was appointed CCO in June 2020, and Dustin along with colleagues Matt Myntti founder of Next Science, and Jon Swanson COO have formed a strong senior leadership team based in Jacksonville. This has provided the Company with the leadership capable of executing our growth plans for the future. The Board are very excited about the talent that has been brought together to lead this next, commercial phase, of our business growth.

A further achievement in 2020 was the successful A\$15m capital raise and shareholder SPP which strengthened the Next Science balance sheet to support the commercialisation of our products, in particular, XPerience. Both investor opportunities were oversubscribed with the new funds fully banked by November 2020. These funds have provided the planning horizon

to make the management appointments necessary to supervise our 300 strong commission sales force, and associated sales fulfilment resources plus the working capital required for raw materials and product inventory to support our planned revenue growth.

I would like to extend my appreciation to the Board members of Next Science who also had a particularly busy time. We convened 20 board meetings over the year, mainly due to the elevated enterprise risks associated with the Covid19 pandemic and the preparation required to support the capital raising in the second half. I wish to thank each Board member for their diligent contribution to the governance of Next Science. It has been a positive and professional working relationship. A special thank you to our US based Board member, Aileen Stockburger, who has made an extraordinary effort to travel on a regular basis to our operations in Jacksonville to represent the Board and retain a personal point of connection with our US team. Thank you to our Committee chairs, Bruce Hancox (Chair of Audit & Risk) and Dan Spira (Chair of People, Culture & Remuneration). The smooth and professional governance workflow was expertly managed by our Company Secretary, Gillian Nairn. As the Board moves into 2021, we look forward to a time not far off where we can replace video conference calls with face to face meetings along with the opportunity to directly engage our teams in the US.

Finally, I wish to congratulate our Managing Director Judith Mitchell for her tireless work and commitment, who despite the constraints on her international travel, diligently led a highly motivated and productive team of employees who have lifted the business momentum coming into 2021, with an expanded executive team, moving us onto a growth platform as we move into the second half of 2021. I also would like to extend on behalf of the board our appreciation for the dedicated work of our US leadership team. They have been able to maintain focus and undertake the preparation work that underpins the commercial launch of XPerience, which is now approved and underway. Also, to our CFO Jacqueline Butler, who provided great support for Judy in our Sydney office and continued to provide a strong financial management system and reporting standard for the Company.

As I stated in the AGM Notice of meeting and Annual Report to shareholders, when I considered my three-year board rotation and re-election cycle scheduled for this AGM, I decided to give notice of my decision to not seek re-election at today's AGM. When I reflected on the future requirements of the Chair at Next Science as it moves to accelerate its commercial business in the US from the second half of this year and balance my growing responsibilities across my full board portfolio served from my Melbourne location, and notwithstanding my deep belief and confidence in the future success of Next Science, I have concluded that I would not be well placed to provide the increased commitment that we as a Board collectively believe is needed to support the Company in the next few years.

That said, I am delighted we have the capability to implement a strong and seamless succession plan for replacing myself as Chair through the appointment of fellow board member Mark Compton. Mark's qualities of good character, reputation and international governance experience has made my decision significantly easier as I know the company and board will be in good hands under his chairmanship.

It has been an honour to serve Next Science as Chair and to preside over the Company's transition from its pre-commercial research foundations to the ASX IPO and now move into the exciting commercial phase and US expansion. I intend to remain an enthusiastic shareholder as the Company pursues its future growth strategy.

In closing, I can report that as you will hear from Judy, the Board and executive team, despite the challenges of last year, remain very positive about the prospects of the Company as we move into the second half of 2021. We remain committed to our purpose of saving lives by raising the standard of care through our patented Xbio technology platform.

Managing Director's Address

Thank you Chair and good morning everyone.

This morning I would like to take a brief look at 2020 and then provide you with a deeper dive on our XPerience product which as you know received clearance in the US on April 23rd and is already selling in the US hospital and surgical market. This is a tremendously exciting milestone for us.

Let me start on page 2 of the presentation we released to ASX this morning. As you know, we are the only company in the world dedicated to the fight against biofilms and the problems caused by their incumbent infections.

We continued our journey with our partners in 2020, expanding the footprint of clinics using Xbio products to over 1600 and an accumulated patient treatment base of over 150,000 patients.

We continued investment in our intellectual property and our patent awards now number 34. We received approvals in Australia for Bactisure and in Europe, for Bactisure and BlastX. In 2021 Bactisure is available in many countries including the US, Europe and Australia.

This page shows some of the high-level highlights of the year. While there was undoubtedly wide disruption from the pandemic, as we moved to Q4 we could see that recovery in the surgery business was certain, and in fact, our order book with Zimmer Biomet continues to improve. At the same time, we did not see signs of recovery for the wound business and so the decision was made to terminate the relationship with 3M. This resulted in BlastX returning to our hands for distribution in the US from April 1, 2021. We expect this new direct strategy will enable us to access new markets and customers and result in increased sales revenue.

In parallel with our partnership commercial activity, the Next Science team was working through the various requests from the FDA to finalise a clearance for the XPerience No Rinse Antimicrobial Solution, which occurred on April 23rd, 2021. We also completed a capital raise in Q4 2020 of A\$15M, to support the working capital for the XPerience product launch.

Financially, we finished the year bringing quarterly revenue back to growth, we maintained our gross margins above 85% and we consistently controlled our cost base.

I am pleased to report that we have continued this momentum into Q1 of this year. As reported a few weeks ago, Q1 Revenue (unaudited) was US\$2.2M, over 300% growth on the prior year, Bactisure was launched in Europe and the UK by Zimmer Biomet and at the end of the quarter BlastX was returned to Next Science as we decided not to renew our agreement with 3M. Then as we moved into April, the FDA cleared the XPerience No Rinse Antimicrobial Solution for sale in the US market.

Let me talk more about XPerience. As some of you will have heard me say, this is a game changing product, both for the company and for the treatment of Surgical Site infection.

We have prepared for the launch of XPerience in anticipation of the FDA clearance we received on April 23rd. The preparation included: contracting the sales force and training them so that we had commercial coverage from coast to coast in the US; expanding our scientific support team with 2 additional PhDs both very familiar with our technology; and

building up the commercial support team and systems in the Jacksonville office to support a US wide commercial launch of the product.

We are currently in week 2 of launch – and yes, it is going well. So, let's talk about XPerience in more detail.

In 2019, at our Annual General Meeting, we told our shareholders that our next development projects would pivot the business to prevention of infection. Whereas Bactisure focuses on embedded infections in revision surgeries, infection prevention is the value proposition for XPerience. It is a product to provide prophylactic protection against infection.

In bringing XPerience to market, we are offering a product that:

- Is very effective against the known bacteria and viruses that cause SSI
- Is simple to use – a single step that requires neither waiting time, nor a second rinse - remembering that surgery time cost is estimated to be about \$36 per minute
- Is not an antibiotic so does not drive antibiotic resistance
- Is non-toxic
- Is cost effective

Our first target market is surgical site infection – why? - Not only is the size of the market greater than US\$15B globally on an annual basis, more importantly, surgical site infection or SSI is a global problem with no really effective clinical answers. SSI drives surgical complications, increases patient mortality and incurs enormous often unreimbursed expenses for hospitals and patients. We are launching the product at <US\$200 per 500ml. This becomes very cost effective when the product can reduce the number of readmissions caused by surgical site infection – where a minimal cost on a readmission is around US\$12,000. So literally, we are interrupting a perfect storm, where all the stakeholders are looking for a better answer to current standard of care, whether you are the patient, the surgeon or the payor.

And, as we have advised in the past, we are bringing XPerience to market directly, as Next Science. We have contracted a sales force of over 300 experienced contract representatives who are paid on commission, managed by a very experienced team of Next Science sales managers and supported by our own specialist scientists led by our founder Dr Matt Myntti. We have also put in place our own order fulfilment group, 24/7 phone lines and physical distribution locations.

In a COVID world, the advantage of our contracted sales force is that they are already present in the hospitals day-in and day-out, supporting other medical device surgeries giving us a direct pathway to the surgeons to start the conversation. As part of the preparation to support the launch, we had 33,000 units in stock and have ordered another 54,000 units (the product is manufactured in Germany).

Our first target group of surgeries is in Orthopaedics, where in the US there are over 5 million orthopaedic surgeries completed annually. Infection is the much-hated enemy of all orthopaedic surgeons and we have received very positive responses from everyone to whom we have introduced the XPerience product concept. The surgeons know that the biofilm is an invisible enemy lurking in the surgical cavity that started to form after about 20 minutes into the surgery and most surgeons are active in their search for better answers to dealing with the problems biofilm causes.

Our aim in the next 5 years is to get the adoption of XPerience as part of the standard of care in orthopaedic surgeries. To support this objective, we have an ever-widening series of clinical studies, the first of which has already started recruitment.

These studies are part of the marketing plan to provide more evidence, drive awareness and increase product adoption.

The speed at which XPerience will be taken up is difficult to predict. The governing factor is the individual hospital approval processes driven in most cases by the Value Assessment Committees or VAC approvals. These approvals can vary from hours to months, but we have a monitoring system in place so we have complete transparency of what is happening and where roadblocks may need to be triaged.

We believe we have brought to market a product that delivers improved patient outcomes, high clinical benefit and improved health economics. We are investing in the studies to document these outcomes and we believe we are changing the paradigm around Surgical Site Infection and the chaos it can bring.

Now, let's talk about BlastX. As mentioned, we have brought the BlastX business in the US back to Next Science's direct representation and are building out the team and the portfolio so that we can deliver the benefits of Xbio technology to chronic wound sufferers across the US.

As many of you recognise, our Xbio technology is a platform that allows us to develop products in treatment and in prevention to resolve the issues caused by biofilms. Our product development focus in the next two years is on additional formats of XPerience and our dedicated wash for middle ear surgery.

Additionally, the technology has application in many other areas outside of direct human health. While we will continue our developments focused on human health, we will take the opportunity to license our technology in areas outside of human health like animal health and surface disinfection.

Let me turn to the outlook for 2021.

We have a positive outlook for 2021. There's a lot going on. As you will have seen from our recent announcement, we delivered US\$2.2M of revenue in Q1. This was in line with our expectations and with XPerience launched in Q2, and BlastX returning to direct sales by Next Science, we expect these additional growing revenue streams to benefit the rest of the year.

In our other product lines, Bactisure wound lavage was launched in Europe in Q1; and we have the planned launch of TorrentX in H2 of 2021.

I would like to take this opportunity to thank our retiring Chair, George Savvides, for his leadership and governance over the last 3 years. George successfully took the company through its IPO and ensured a platform for sustainable ongoing growth and development. In welcoming Mark Compton to the position of Chair we look forward to benefiting from his broad healthcare and business experience as we move much more heavily into commercial activity.

I would like to take this opportunity to thank you, our shareholders for your support, our customers for their continued collaboration and requests for our technologies, our board for their guidance and counsel and our very dedicated and clever employees at Next Science who are all committed to bringing our technologies to market to make a difference by healing people and saving lives.

Approved for release by the Board of Directors