

2024 AGM – Addresses by the Chair and Managing Director and CEO

Next Science Limited (ASX:NXS) (“Next Science” or “the Company”) confirms that its 2024 Annual General Meeting (**AGM**) will be held today Friday, 3 May 2024 commencing at 10:30am (Sydney time).

Attached are copies of the addresses to be delivered at the AGM by the Chair, Aileen Stockburger, and the Managing Director and Chief Executive Officer, I.V. Hall. These should be read in conjunction with the presentation slides which are being lodged separately.

The addresses are provided in accordance with ASX Listing Rule 3.13.3.

Approved and authorised for release by CEO & Managing Director

Media & Investor Enquiries

Françoise Dixon

Phone: +61 412 292 977

Email: fdixon@nextscience.com

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 continued 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. For further information visit: www.nextscience.com

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Next Science Limited 2024 Annual General Meeting Chair & CEO Addresses

Chair's Address

Before moving to the formal part of the meeting, I would like to provide an overview of the 2023 financial year. I will then hand over to our CEO and Managing Director I.V. Hall who will provide an update on strategy and the key priorities for the business.

2023 has been a year of renewal for the Company with significant changes made to our Board and leadership team as well as across the business.

Our FY23 results summarised on Slide 4 show that Next Science delivered record revenue of US\$22.2m which was 89% higher on the prior corresponding period. 2H FY23 revenue of US\$12.1m was in line with the 2H FY23 guidance of US\$12m-14m provided in October 2023.

As we moved through the year, we saw an improved performance as we implemented key learnings and refined our strategy. Wound Care sales recorded solid growth as the DME¹ structure, which was in its infancy at the start of FY23, benefited from an increased focus on wound care centres and shift in our payor mix. Higher direct sales of BLASTX™ reflected a new distributor arrangement for Veterans Affairs clinics and orders from Long Term Care Centres.

Within the Surgical segment, direct sales of XPERIENCE™ recorded good growth due to an increase in the clinical evidence available and broader access to healthcare sites provided by our contract with a leading GPO.²

FY23 Gross Profit increased by 77% to US\$16.2m and our gross margin of 73% improved throughout the year reflecting our focus on driving revenue quality within the DME.

Our EBITDA loss expanded to US\$14.8m as we continued to invest across the business. We had closing cash of US\$9.2m following the successful completion of an institutional placement and share purchase plan in August and September 2023.

Turning to other matters, we finished FY23 with a new-look Board following the departure of our Chair, Mark Compton for personal reasons and Bruce Hancox due to his increased responsibilities at Walker Group. Last month, we also announced that Dan Spira will be stepping down from the Board following today's meeting due to his professional commitments.

We are extremely grateful to the three of them for their important contribution and longstanding support of the Company.

¹ In October 2022, Next Science established itself as a Durable Medical Equipment (DME) provider to sell BLASTX™ in combination with topical collagen products. Refer to ASX announcement on 19 October 2022.

² On 1 August 2023, Next Science entered into an agreement with leading Group Purchasing Organisation (GPO) HealthTrust to provide its members with access to XPERIENCE™. The US-based organisation serves 1,600 hospitals and 43,000 alternate sites of care including ambulatory surgery centres, physician practices and long-term care centres.

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Next Science Limited 2024 Annual General Meeting Chair & CEO Addresses

During FY23, we appointed two Australian-based Non-Executive Directors, Grant Hummel and Kathy Ostin, who bring fresh perspectives and deep experience in the healthcare sector to the Company. In addition, we are searching for a US-based independent non-executive director with relevant industry experience.

We also made significant changes to our leadership team. Our former CEO and Managing Director Judith Mitchell retired in July 2023, and we thank Judith for her pioneering work in establishing Next Science's position as a listed medical device company and building its business especially in the United States.

As part of the process of appointing a US-based CEO and Managing Director, we made the strategic decision to move the Chief Financial Officer role to our Florida office and appointed Marc Zimmerman in May 2023. I would like to acknowledge the contribution of our former CFO Jacqueline Butler who was pivotal in the ASX-listing and in the successful formation of the DME. The relocation of the CFO role to the US is designed to support and provide even greater focus on the ongoing growth of the commercial business.

In July 2023, we were delighted to welcome I.V. Hall to Next Science as CEO and Managing Director. I.V. is a respected leader in the US healthcare industry with a rare combination of scientific, clinical and commercial skill and experience.

He has a proven track record in building successful businesses and a positive organisational culture. I.V. was most recently a member of the Global Leadership Team and R&D Leadership Team for De Puy Synthes, a subsidiary of Johnson & Johnson.

Since joining, I.V. has made a huge difference to the Company creating a more inclusive and supportive culture based on accountability from the Board down. He has conducted detailed reviews of our operating processes, sales strategy and the DME segment.

I would also like to take a moment today to remember Lang Walker, a longstanding supporter of Next Science who will be greatly missed by all who knew him. Walker Group remains a valued shareholder and we continue to engage with them on a regular basis.

The patient video we have just seen provides some insight into what life is like for those living with chronic infections. They are incredibly debilitating and place an enormous burden on our healthcare systems. I joined the Next Science Board in 2018 because I was excited by the possibilities provided by our XBIO™ technology platform. As Chair, I look forward to working closely with the Board, I.V. and his team as we seek to eradicate these biofilms.

On behalf of the Board, I would like to thank all our team for their continued dedication and commitment to our business. Our people are critical to Next Science's success.

I would also like to thank our board of directors who have provided counsel and guidance during an extraordinary year.

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Next Science Limited 2024 Annual General Meeting Chair & CEO Addresses

Finally, I would like to acknowledge the ongoing support provided by you, our Shareholders and thank you for your belief in our mission to heal people and save lives.

CEO's Address

Good morning everyone and I would like to add my welcome to today's AGM which is my first as your CEO and Managing Director.

The two videos we have seen today highlight the difference our unique XBIO™ technology is making to patients like John and clinicians like Dr Bashyal.

At Next Science, our vision is to heal people and save lives by reducing the devastating impact of biofilm-based infections. We strive to improve patient outcomes, elevate physician efficiency and create value within the overall health system.

Like Aileen, it was a primary factor in my decision to take on the CEO role. I have spent my 30-year career in medical devices, 28 years of which were in orthopaedics. For the first half of my career, I worked as an engineer in R&D, developing and launching hundreds of products. The second half has been focused on sales, commercialisation, and strategy.

What I learned through my time in orthopaedic trauma was that the healthcare marketplace has developed excellent solutions for repairing biomechanics. We have optimised implant and instrument design for restoration of structure, developed robotics for perfection of surgical techniques and biologics for regeneration and remodelling of tissues.

However, the one clinical challenge that remains and does not have a gold standard of care is the prevention or treatment of infection, whether it is as a result of orthopaedic or soft tissue-based surgery. Moreover, for wounds in general, we do not have effective and efficient gold standard of care treatment solutions for the prevention or treatment of infection.

Slide 7 shows that our XBIO™ technology acts to deconstruct biofilm, destroy the pathogens within it and defend against recolonisation. Due to XBIO's unique mechanism of action, there is no known resistance from bacteria to this technology.

The XBIO™ technology is actually a very simple solution that does not change the way the procedures are done. It does not change the way a clinician has to work and forms part of the standard workflow of the surgery or patient treatment. The mode of action is so unique and the XBIO™ technology so straightforward in its approach and simplicity that it provides an elegant solution to a very difficult problem.

Turning to Slide 8, our products serve a US\$12.5bn market across two main segments – Surgical Site Infection and Wound Care products.

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Next Science Limited 2024 Annual General Meeting Chair & CEO Addresses

We have approached serving these markets through direct sales and with strategic partnerships, with a specific example being our exclusive partnership with Zimmer Biomet on Bactisure.

Other markets, such as Beauty Care, also benefit from our technology. This is the case with our partnership with TBH and York Street Brands in the development and marketing of their acne treatment line.

Since joining the Company in July 2023, I have focused on several key priorities. This began with a refinement of our strategy and the establishment of key goals and objectives. We consolidated our sales leadership team and launched a new sales training program, Next Science University, as first steps in this transformation. These changes and new focus on training are expected to deliver significant improvements in the productivity and efficiency of the sales team.

We have also been successful in driving improvements in revenue quality within the DME as shown by the expansion of our gross margin in the second half of FY23, which has continued into the first quarter of FY24. However, productivity remained an issue and we made the decision to restructure the DME sales force converting some of the team from full-time employees to independent agency representatives, known as 1099s. This will lead to a more flexible and expandable sales force and ensure deeper penetration of key territories. It is expected to deliver net annual cost savings of US\$6m and enhance our ability to successfully scale.

In addition, we are preparing to launch eCommerce channels to support our newly restructured sales force and attract new clinical specialists.

As flagged in January, the sales restructure resulted in an expected slowing in our sales cadence in first quarter of FY24. However, we anticipate sales growth returning in the second quarter and to realise our new cost base.

Over the past month, we have had some very good results from clinical studies. Within the wound care segment, a study found that BLASTX™ was an efficacious treatment for pressure ulcers when used in combination with negative pressure wound therapy. The study appeared in Diagnostics journal, an international peer reviewed publication and we continue to expand the utilisation of BLASTX™ beyond its current indications.

With regards to XPERIENCE™, three studies were published in April that showed reduced infection when used with knee or hip arthroplasty. The studies by Dr Singer, Dr Bashyal and Dr Harris involved over 2,000 patients combined and retrospectively showed significant reduction in infection. Two of these studies were published in peer reviewed journals with the preliminary results from Dr Bashyal appearing on VuMedi, a video education platform for doctors.

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Next Science Limited 2024 Annual General Meeting Chair & CEO Addresses

These results will lead to broader recognition in the medical community and add to the growing body of clinical evidence. We will continue to work closely with surgeons to conduct clinical research that demonstrates the effectiveness of Next Science's products.

In 2023, we commenced a 7,600 participant Canadian randomised control study that will be one of the largest orthopaedic clinical studies conducted. The scale of the study has been designed to support our objective of XPERIENCE™ being adopted as the standard of care in surgery. At the end of April 2024, more than 500 patients had been enrolled across three sites. A fourth site is expected to start recruiting in the June quarter with another five sites pending completion of contracts.

Staying true to our mission and in addition to our clinical evidence, we have studied the health economic impact of our products. Our value analysis shows that the use of XPERIENCE™ could save an average sized hospital US\$1.8m for every 1,000 knee arthroplasty patients. We have also found that BLASTX™ can prevent up to 8.5 amputations per 100 patients, an objective which was at the core of the development of our XBIO™ technology.

Turning to Slide 10, I wanted to conclude by talking briefly about our strategy, aspirations and near-term priorities which provide a window on where we see the Company heading. These define goals for our products and our employees and are the foundation of the culture we are building.

Our Strategic Priorities are outlined on Slide 11 and cover a three-year time horizon. We will focus on succeeding in the full orthopaedic market, not just the total joint market, but all orthopaedic procedures.

We will expand our commitment in the chronic wound space to grow beyond DME and seek larger scale solutions for Long Term Care Centres. We will launch a solution targeted at a very difficult and painful disease state with tunnelling wounds known as Hidradenitis Suppurativa.

Lastly, as a company focused on biofilm and infection prevention, we believe we can better eradicate these complications if we get to the patient as soon as possible. That means making our product available to First Responders and in the battlefields to treat injuries as soon as they happen.

Our immediate priorities for FY24 are to deliver significant topline growth across three key areas of the business.

Firstly, by increasing the penetration and productivity of the DME structure to achieve further improvement in revenue quality.

Secondly, by driving higher direct sales of BLASTX™ to Long Term Care Centres and Veterans Affairs clinics.

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Next Science Limited 2024 Annual General Meeting Chair & CEO Addresses

Thirdly, direct sales of XPERIENCE[™] are expected to benefit from the expansion within our GPO footprint and extension of the use case from high-risk patients to prophylactic use for every procedure. The publication of additional clinical research for both BLASTX[™] and XPERIENCE[™] will also be very important.

Turning to FY24 guidance, we remain focused on achieving revenue of US\$36m-\$40m and an EBITDA and cashflow positive position in the second half of this year.

Finally, I would like to thank our Board, team, and shareholders for their invaluable contribution to the continued growth of our Company.