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Company	Polynovo Limited
Code	PNV
Meeting	AGM
Date	15 November 2019
Venue	Ernst & Young Office, 8 Exhibition Street, Melbourne VIC
Monitor	Proxy collection by Paul Fanning

Number attendees at meeting	120
Number of holdings represented by ASA	10
Value of proxies	$0.412 million
Number of shares represented by ASA	186,612
Market capitalisation	$1.316 billion
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	NA

Polynovo's first AGM as member of S&P/ASX200 Index

Summary observations

Chair's Address - Mr David Williams:

- amazing growth over the past year with share price rising from $0.59 to $2.40, market capitalisation of $1.45 billion, ASX 200 listed company and institutional shareholder base increasing

- product produces superb cosmetic results for patients, while for others is life changing and even life saving

- FY18 BTM sales were $1.7 m and for half year ended 31 December 2018, they were $3.7 m, but by year end FY19 had risen to $9.3m

- In four months till October 2019, company is 100% ahead of corresponding period to October 2018, if $1 m in sales per month maintained, then company could break even by year end

- direct selling into hospitals in Australia with three sales staff and twelve sales staff in the US, representative sales office in Europe

- BTM is being used in burns, trauma, surgical reconstruction and disease states like necrotising faciitus and diabetic ulcers; applications of technology to hernia and breast are in development phase

- product will sell itself as more doctors and hospitals become familiar with BTM and the many positive benefits

- capital - with good profit margins and growling sales, good cash flows and declining cash burn, close to breakeven point, no more equity required in short term as they are confident that new sales and marketing staff can pay for themselves and earn profits

- board fees - Company request increase in in director remuneration from $400,000 to $600,000. Director fees at present are $56,776 against the average of $130,305 for S&P/ASX200 companies. There is no intention to increase Director fees to the average. A new board member will need to be funded.

- remuneration - Company has agreed to new LTI with the CEO along with modest base salary and STI. The LTI is allocation of shares over three years end 1st October 2022. Shares don't vest till 1st October 20222, half area escrowed for 12 months and other half for 25 months. In each of the 3 years, Shares only allocated if market capitalisation of the business is above $2 billion for a continuous period of 3 months.

- summary - Past year have been very successful, but FY20 will see a significant uplift in sales and will be a transformational year by : a) large increase in BTM sales in the US, Australia and New Zealand market; b) entire EU, UK/Ireland with significant initial sales prover there is strong demand for BTM in Western Europe; c) complete Hermia production facility in Port Melbourne and advance product to being launch ready.

CEO's Address - Mr Paul Brennan:

- sales revenue from Novosorb BTM continue ti excel with $9.3M in FY19, on track to more than double in FY20

- Rapid journey over past 5 years with significant need fo constant change and improvement. Teams have grown, death of talent expand and capacity to move forward improving.

- Commercialisation of NovoSorb BTM - US - US business has rapid growth in revenue and staff. Appointed a senior VP of Sales and Marketing, and two regional managers. Sales team expanded from 7 to 12 and will recruit other 5 for growth. Marketing increased with introductions of a CRM system. They have developed digital marketing strategy, imported a detailed reimbursement database. At major conferences they have multiple speakers sharing clinical results at conferences. Surgeons calling there colleagues about Novosorb BTM and sharing their successes. Have achieved first sales success on NovoSorb to the US DoD.

- Commercialisation of NovoSorb BTM - Australia - NovoSorb BTM has an indication for use as a dermal scaffold for any decimation of dermis. This broad indication covers a loss of dermis through burns, trauma, surgery or infection. Surgeons have used NovoSorb BTM on a wide variety of

indications. Surgeons at conference presentations sharing how BTM has changed clinical outcomes for children and adults who have suffered extensive dermal losses. Scar revisions that have severely restricted patients' quality of life, posture and movement have been transformed by the use of BTM and delivered an improved range of motion and cosmetic outcomes. Sales team of 3 have achieved a great deal in the past year with sales across all states and territories. Momentum is building and will continue to review the need for resources in response to customer demand. Having NovoSorb BTM on the PBS reimbursement has also enabled private hospital access to NovoSorb BTM.

- Commercialisation of NovoSorb BTM - Asia - excited to have obtained regulatory approval in both Malaysia and Singapore. They are in the final stages of establishing a Singapore entity and recruiting to enter these markets with a direct sales approach. This will provide us direct control of our messaging, customer interface and retention of margins. Whilst these are comparatively small markets, they are important for our growth throughout Asia. In H1 CY 2020 we anticipate regulatory approvals for South Korea and Taiwan.

- Commercialisation of NovoSorb BTM - Africa & Middle East - Surgical Innovations, continue to support NovoSorb BTM with several cases completed in both public and private hospitals. Surgeons are reporting excellent outcomes however reimbursement is a limiting factor at this point. The publication of the CE Mark trial and the Feasibility trial results in early 2020 will be used to advance reimbursement in South Africa.

- Manufacturing Facilities - The refurbishment of the offices at Port Melbourne completed this week. The combination of the building next door provides capacity to grow teams and manufacturing plant. US office near San Diego is also being expanded in response to our increased marketing, sales support and clinical infrastructure needs. The Factory build process in Port Melbourne for Hernia and Breast is well advanced. The custom-built machinery for NovoSorb film extrusion and the various other conversion machines required to manufacture these products will be delivered through to the end of February 2020. Cleanroom will be completed by the end of May 2020. Various validation processes need to be completed before these machines and facility can produce commercially acceptable product to GMP standards. Current project planning shows Hernia product market entry within H1 of CY 2021.

- BARDA US based clinical trials - US Feasibility clinical trial results for full thickness burns will be published by end of March 2020. Will have filed the required documents with the US FDA for Breakthrough Technology classification for the PMA trial process. Further to this we will finalise our protocol and other materials with the US FDA in the next few months. The aim is to commence the Pivotal trial around June 2020. Twelve potential study sites have been identified, pre-qualified and will be ready to commence site start-up activities and IRB submissions.

- Research & Development - New Product Pipeline - Hernia - We have two Hernia product prototype designs that have benefitted from an extensive engagement with US surgeons. These products will be commercially manufactured in-house, at Port Melbourne at our new plant as outlined previously. Both products will be used for abdominal wall hernia repair.

- Research & Development - New Product Pipeline - Breast - The development path with Establishment Labs (EL) is progressing. EL have had some team changes and business expansion that have impacted timetable however we have the capacity to recover some of this time due to our advanced manufacturing processes in the hernia program.

- Research & Development - New Product Pipeline - CCS - Skin Technologies - Reported successful use of Cultured Composite Skin (CCS) in treating a man with 95% TBSA burns. This is a remarkable achievement and look forward to the Skin Technologies team advancing this treatment. NovoSorb BTM provides an excellent dermal layer for CCS take and NovoSorb foam acts as an excellent substrate for growing these cultured cells within the Lab/Reactor.

- Research & Development - New Product Pipeline - BetaCell – Diabetes program - This is a program that utilises NovoSorb BTM as a dermal implant to support Islet cell implantation that may result in insulin production negating the need for Type 1 diabetics to need regular insulin injections. The Adelaide team have made good advances in this program. They now have a supplier of stem cell derived Islet cells and these cells have been successfully tested in NovoSorb BTM implants. BetaCell anticipate human trials, funded by US JDRF, to commence in Australia in early 2020.

VOTING ON RESOLUTIONS:

Resolution details		Instructions given to validly appointed proxies (as at proxy close)				Number of votes cast on the poll (where applicable)			Resolution Result
Resolution	Resolution Type	For	Against	Proxy's Discretion	Abstain	For	Against	Abstain*	Carried / Not Carried
3A Re-election of Director - David Williams	Ordinary	151,495,279 71.39%	58,193,802 27.42%	2,525,890 1.19%	1,093,494	178,897,678 75.46%	58,193,802 24.54%	1,093,494	Carried
3B Re-election of Director - Leon Hoare	Ordinary	180,325,076 85.38%	28,195,591 13.35%	2,673,414 1.27%	2,114,394	207,174,229 88.02%	28,195,591 11.98%	2,815,164	Carried
4 Remuneration Report	Ordinary	171,456,204 93.77%	8,788,113 4.81%	2,601,634 1.42%	2,536,115	191,156,593 95.27%	9,488,883 4.73%	2,536,115	Carried
5 Non-executive Directors' Fees	Ordinary	175,182,221 93.65%	9,365,996 5.01%	2,505,302 1.34%	3,795,309	195,487,048 95.43%	9,365,996 4.57%	3,795,309	Carried
6 Employee Share Option Plan	Ordinary	171,156,368 93.25%	9,710,545 5.29%	2,687,116 1.46%	3,294,121	191,411,592 95.16%	9,742,545 4.84%	3,294,121	Carried

Summary Views:

This AGM attendance was a real eye opener with about 120 shareholders and visitors in the room and a true example of a high growth company with market capitalisation of $1.45 billion, S&P/ASX200 listed company and institutional shareholder base increasing. The 12-month range of the share price has grown from $0.59 to $2.40.

Some of the governance practices definitely need to catch up with the maturity signified by joining the S&P/ASX200 Index. Particularly the workload of the non-executive chairman, Mr David Williams, which exceeds ASA guidelines. He is also currently chair of ASX listed Medical Developments International, (ASX: MVP), chair of RMA Global Limited and is Managing Director of corporate advisory firm Kidder Williams Ltd. Mr Williams resigned as non-executive director of IDT (ASX: IDT) on 19 May 2015 (refer Annual Report 2019, page 12). It is evident from the voting result that at least some shareholders are not happy with Mr David Williams work-load and so voted against his re-election.

In terms of running the meeting, when Mr Williams' workload was raised as a question to the non-executive director Mr Philip Powell who was chairing the re-election resolution for Mr David

Williams, the ASA representative's question was almost ruled out of order as irrelevant as asked twice to hurry up the question. Having attended dozens of AGMs and asking well well-constructed questions, I considered Mr Philip Powell's behaviour as unprofessional and very shameful in front of a shareholder audience. Speaking to Mr Philip Powell after the AGM, I detected that he was remorseful at having been so abrupt to me in that exchange.