NEXT SCIENCE®

Next Science Limited
Monday, 30 August 2021
Managing Director's Address to Investors
Half-Year Results FY21

As you know, Next Science is a company whose purpose is to improve people's health by eliminating or preventing infections. Through our unique technologies we have helped tens of thousands of people resume normal life and as we increase our focus on infection prevention, we look forward to the opportunity of quietly protecting millions of people from the complications of post operative infection.

Moving to slide 3. In this report, I'll focus on our platform technology and products, the execution milestones we have achieved in the last half and the progress we are making in attaining VAC approvals to commercialise XPerience™ – our market leading No Rinse Antimicrobial Solution that has been launched in the United States. I will explain the VAC process later in the presentation.

We are pleased to report that the first half of FY21 delivered the largest half of revenue in Next Science's history. I'll talk you through the numbers shortly.

We secured several significant milestones in the first half of 2021:

- At the beginning of April 2021, we finalised the dissolution of our distribution agreement with 3M for BlastX™ Antimicrobial Wound Gel. This product is now being sold directly from Next Science and sales are building every month.

- Then at the end of April, we received our 510(k) clearance for XPerience™ – the No Rinse Antimicrobial Solution to be used as a prophylactic against surgical site infection.

- At the end of May, we received the Australian TGA clearance for BlastX™, so that we now have two products in the Australian market – the other being Bactisure™ which is sold by Zimmer Biomet.

- Through the half, we continued to build on our science foundations, and as we talk today we hold 36 unique patents for our technologies and their applications.

Over the next two slides, 4 & 5, are the details of the products we currently have in the market and their commercial pathways. All of these products have significant runways for growth as we continue to build market awareness around our technology and increase the education of physicians, surgeons and hospital management to the opportunities these technologies can provide when treating their patients.

Moving to slide 6, we will just spend a few minutes on each of the key products. The first product into the market was Bactisure™, sold globally through our partner Zimmer Biomet. The product is currently marketed to address known infections, predominantly in prosthetic joint infection. The product is sold in the US, Canada, Australia, New Zealand South Africa, Europe and the UK.

Moving to slide 7, the next product into the market was BlastX™ our Antimicrobial Wound gel, used to treat patients with chronic wounds. This product is now available in the US, Canada and Australia and has been approved in Europe, but not yet launched. As you would remember, we brought the distribution of this product back from 3M to Next Science in

April of this year and are building a hybrid distribution network to provide the greatest market access across what is a very diverse set of treatment sites from formal wound care clinics, to home health and long-term acute care centres.

On slide 9, we have the product details for SurgX™, the sterile version of BlastX™. This product is used to protect the surgical close at skin level. The product is sold through the Next Science surgical team and has shown excellent clinical results. Some of this work was presented at the recent 40th Annual Meeting of the Surgical Infection Society in Denver and will also be presented at a workshop at the upcoming American Academy of Orthopaedic Surgeons Annual Meeting in San Diego this week.

Moving to slide 10, you will find the technical details behind our XPerience™ No Rinse Antimicrobial Solution. This product was cleared by the FDA in late April and is currently being launched in the US market, with dossiers under review in both Canada and Australia for additional approvals. The product provides a unique value proposition. It can be used in any open surgery. It provides market leading antimicrobial coverage (or bug killing ability) that is 10 Million times more effective than the competitor products (based on in invitro testing). It is not required to be rinsed away so it is also faster to use than the competitor products as they often require their solutions to dwell to kills the bugs and then must be rinsed away before the surgical cavity is closed.

On slide 11, we show that the next step for XPerience™, following the FDA clearance, is the approval at the various hospitals and medical institutions. This individual approval generally requires a Value Assessment Committee or 'VAC' approval. Our experience is that approval can take anything from 14 days to 6 months.

Moving to slide 12, you can see we continue to progress monthly and over the last 60 days we have received VAC approvals in several major health systems including Robert Wood Johnson in New Jersey, Steward Health, who are in Florida as well as the North-East of the US, Northside Hospital group in Atlanta, Atrium Health in the Carolinas and Duke University in North Carolina. We are currently leaning into building additional surgeon users in these sites. The growth of the business is bi-dimensional. - It requires getting approval in hospitals through VAC approvals and then growing support through the hospital by increasing the number of surgeons using the product in the approved sites.

Our very active digital marketing program is driving brand awareness. We are achieving market leading rates for hits and click throughs on our posts and web based advertising, giving us strong feedback that our value proposition is resonating with a real market need.

Moving to slide 13, we know that to get mainstream acceptance so that XPerience™ becomes standard of care, we need what is considered Level 1 clinical evidence. We have an extensive plan for studies, both for current indications and future indications. Across the next couple of years, we will invest between 4 to 5 million US dollars to create the evidence that will support the product becoming standard of care.

Looking at slide 14, you can see from the map of submissions, that the South-East of the US has been a focus, with our US office located in Jacksonville, Florida. Over the next 6 months that focus will extend and we will light up the North-East, the Central areas and then the West Coast as we build out the team and increase the awareness.

On slide 15, you can see sales and marketing management teams, remembering that this is a hybrid model, and beneath these teams are more than 70 unique distributor entities.

Moving to slide 16, we have the Profit and Loss statement for the Company for the first half. As I mentioned, the first half was our best result on record. It was a large improvement on

2020.This slide shows the metrics: sales of US$3.9M for the half an increase of 271% on the prior half year, gross profit increased by 234% and losses were reduced by 37%.

On slide 17, you can see the cashflow waterfall. At the end of the first half, we had US$13.2M cash in the bank. We have not yet deployed the proceeds of our last capital raise. We have modelled the working capital cost of XPerience™ sales growth carefully and we have the funding needed for our current business plan.

As we look forward, I would like to call out how the mix of our cost base will change as we continue to directly commercialise our technology platform. We do expect sales & marketing expenses (including headcount increases and the accompanying travel expense) to grow. Additionally, as you are aware our commissions for our distributors will come through as an SG&A expense so while gross margins will improve as our direct sales grow as part of our product mix, we will also see an increase in our SG&A expenses reflecting a more typical direct medical device business.

So what are our priorities in the second half? Turning to slide 18.

We are seeing some resurgence with a 3rd wave of COVID19 in the US. The market had rebounded back towards 2019 levels in the first half. Hopefully we will not see expansive lockdowns again, and the vaccination rates will lift and business will stay close to the normal historic levels of 2019.

The Bactisure™ business continues to grow with the product launching in Europe earlier this year.

BlastX™ continues to grow, and we will continue to organically grow the sales team to support the business opportunities. In Q3, we are trialling a 4 pack of 7.5ml tubes, designed to match the demand and price point for Home Health Services. This will give us the opportunity to properly service this large and growing market segment. We are spearheading our West Coast commercial activity by further sales investment in our system wide approval from Kaiser.

As we have come back to being the face that serves this market, we have found the customers are very happy to see Next Science return. The flexibility in order sizes that small companies can easily manage becomes a strong advantage, across this variable and large marketplace. Servicing the chronic wound market is definitely not a one size fits all situation. We have contracted with Owens and Minor and Cardinal Health for intermediary 3rd party logistics as part of the development of our service offering in the wound care space.

We will continue the charge with SurgX™ and also push through the XPerience™ VAC submission process in hundreds of sites in the next six months. Although, with over 15,000 hospitals and ambulatory surgery centres in the US alone, VAC submissions and the timelines they take will be a way of life for us for quite some time.

As I mentioned earlier, the VAC process involves a formal submission by a surgeon or physician at the institution, and a dossier of information. Ours is a novel product, so it requires education at all levels of the hospital decision process. With VAC submissions for over 371 hospitals in process, this demonstrates the very strong support for the technology and we are humbled by the number of surgeons who have the faith and trust in our technology and are prepared to support it becoming part of their everyday practice. Our ambition for these products is to become the standard of care in the majority of open surgeries.

Every day we are driven by the knowledge that our products are needed in every hospital and surgery centre. Our responsibilities are to ensure the staff in these facilities know that our solutions are available and provide support as they increasingly use our products. It is well documented that infection is expensive to treat and can be fatal. We believe we can demonstrate how our products can decrease the overall cost of treatment by reducing infection rates and complications, improving patient outcomes and in turn, saving lives.

In closing, I would like take this opportunity to thank our shareholders and our Board of Directors for their support, our staff for all of their extraordinary efforts to bring our novel technologies to market and our customers for their continued trust and support.

Thank you.