

Half Year Report 1H 2021

30 August 2021

Approved by the Board of Next Science

NEXT SCIENCE[®]

Next Science – Applications across the whole body

CHRONIC BACTERIAL INFECTIONS: MEDICAL BIOFILMS

Device-related Infections:

- Ventricular derivations
- Contact lenses
- Mouthwash
- Endotracheal tubes
- Vascular central catheters
- Tissue fillers, breast implants
- Peripheral vascular catheters
- Prosthetic cardiac valves, pacemakers and vascular grafts
- Urinary catheters
- Orthopedic implants and prosthetic joints**

Tissue Infections:

- Acne**
- Chronic otitis media, chronic sinusitis
- Chronic tonsillitis dental plaque, chronic laryngitis
- Endocarditis
- Lung infection in cystic fibrosis
- Kidney stones
- Biliary tract infections
- Urinary tract infections
- Vaginosis
- Osteomyelitis
- Surgical site infections**
- Chronic wounds**



Next Science researches, develops and commercialises products which are based on its proprietary Xbio™ technology to resolve the issues caused by biofilms and their incumbent bacteria, fungi and viruses and the infections they cause in relation to human health

The company currently has products in markets to address:

- Surgical Site infection
- Chronic Wounds
- Prosthetic Joint Infection
- Acne

- BlastX™ transitioned to direct sales in the US in Q2, with Cardinal and Owens and Minor channel partnerships in place by 1 July 2021 for distribution logistics
- XPerience™ US 510(k) Pre Market Clearance 23 April
- BlastX™ Antimicrobial Wound Gel TGA Clearance 27 May
- Patent library – 36 Patents (August)

Products in the market in 1H 2021 – 5 products in market with expanded approvals

Product	Commercial Pathway	Application	Total addressable market
BlastX™ Antimicrobial Wound Gel 	Distributed by NXS from April 2021	Treatment of chronic wounds: Foot & Leg Ulcers, Bedsores and Pressure Ulcers	12 Million patients globally pa 8 Million patients (US only) pa ⁷
SurgX™ Sterile Antimicrobial Wound Gel 	NXS distribution network in the US	Prevention of infection in surgical closure. Used in the Operating room	48 Million surgeries in the US pa ⁵
Acne Gel and Cream 	Distribution through AST & tbh Skincare	Topical treatment of acne	Online & Clinic market

Product	Commercial Pathway	Application	Total addressable market
Bactisure™ Surgical Wound Lavage 	Global Distribution through Zimmer Biomet	Treatment of infected surgical cavities & implants	500,000 – 1 Million patients pa
XPerience™ No Rinse Antimicrobial Solution 	Direct sales from Next Science	Prevention of surgical site infection	>110 Million patients pa globally

Bactisure™ - an answer for prosthetic joint infection

- ✓ Wash-in rinse-out product
- ✓ Compatible with commonly used pulsed lavage systems
- ✓ Fast acting (20 seconds)
- ✓ Extremely effective against active infections

Now available through Zimmer Biomet in

- ✓ United States (2017)
- ✓ Europe & UK (2021)
- ✓ Canada (2019)
- ✓ Chile (2019)
- ✓ New Zealand (2019)
- ✓ South Africa (2019)
- ✓ Australia (2020)



Bactisure Wound Lavage

Bactisure Wound Lavage is used to remove debris, including microorganisms, from wounds using pulsed (jet) lavage. The clear, colorless, low-odor solution is a FDA 510(K) cleared device. Active ingredients include ethanol (solvent), acetic acid (pH modifier), sodium acetate (buffer), benzalkonium chloride (surfactant), and water. Product is available in sterile 1000 mL polypropylene plastic bags with an integrated single spike port.

A New Approach to Biofilm Removal

Bacteria can produce Extracellular Polymeric Substance (EPS) to shield themselves from both mechanical and chemical attack. Bactisure Wound Lavage was specifically designed to remove these structurally resistant forms of bacteria. Our solution physically deconstructs the protective EPS matrix, making bacteria more susceptible to traditional antibiotics and the body's normal defense mechanisms.

Indicated for Use on All Wound Types

- Apply just prior to wound closure using Zimmer Biomet Pulsavac® Plus or similar pulsed lavage system.
- Immediately rinse with an equal amount of normal saline using pulsed lavage.
- Not intended for repeated use.
- Not indicated for use during dressing changes or for use by soaking the product into dressings.
- Do not use if there is a history of allergy to any of the ingredients.

Does Not Harm Human Tissue*

- **Safe for use** – NAMSA Toxicology Report¹
- **Non-irritant** – ISO Intramuscular Implantation Test with Histopathology²
- **Normal wound healing** – Porcine Dermal Testing³

* When used as labeled.

Clinical Trial Conclusion¹:

The use of Bactisure™ Wound Lavage prior to closure significantly reduces the bioburden and bacterial count within the surgical site. There is a wide range of bio-diversity present within the cultured bacteria within the wound. There was a profound reduction in the recoverable bacterial after the application of the Bactisure Wound Lavage, with 79% of individuals showing no culturable bacteria after treatment, and only 10% of individuals bore a new or continuing infection at the end of the 90-day observation period.

BlastX™ Antimicrobial Wound Gel- wider market access with market leading outcomes

- ✓ BlastX™ advances healing in all wound types:
 - ✓ Diabetic Foot Ulcers
 - ✓ Venous Leg Ulcers
- ✓ Direct sales from Next Science
 - ✓ Outpatients clinics
 - ✓ VA Hospital Network
 - ✓ Kaiser Hospital Network

Next steps 2H 2021:

- ✓ Home Health
- ✓ Long Term Acute Care



23 April 2019



21 May 2019



Healed: 23 May 2019

Results:²

86% wound area reduction within 28 days of starting BlastX™ Antimicrobial Wound Gel

"I am again amazed how quickly BlastX™ healed this 2 year-old chronic wound."

Karlene Wood, RN, WCC, CWS

- ✓ US Chronic Wound population 8.2M growing at 5.6% pa

Clinical evidence now available to expand into

- ✓ Pressure Ulcers
- ✓ Non healing Surgical wounds

BlastX™ is approved and can be offered for all wounds in all sites of treatment. Expanding BlastX distribution into new markets has more than doubled the potential market

BlastX™ commercial update – Next Science Direct, means more customers and market opportunities

- BlastX™ now returned to NXS with full market access in the US
- Supply chain agreements executed with Cardinal Health and Owens and Minor
- Direct sales commenced with key VA customers and Kaiser ordering commenced
- Home health pilots in Q3 2021 with new product format (4 x 7.5ml box)

SurgX™ Sterile Antimicrobial Wound Gel – strong sales growth in 1H

- ✓ Sustained efficacy up to 5 days
- ✓ Broad spectrum coverage up to 7 log in 2 min
- ✓ Non-Toxic
- ✓ Non antibiotic

- ✓ Distribution; direct sales from Next Science in US market



- ✓ Suitable for all skin closures – US ~ 48 million surgeries per annum
- ✓ Applied directly to the closed incision site
- ✓ Maybe used with Steri-Strips™, staples, Zip™ or Dermabond®

“The product improved the wound appearance as well as protecting against any bacterial infection.” Dr Jon Minter, Orthopaedic Surgeon, Atlanta

XPerience™ Update – Market leading performance

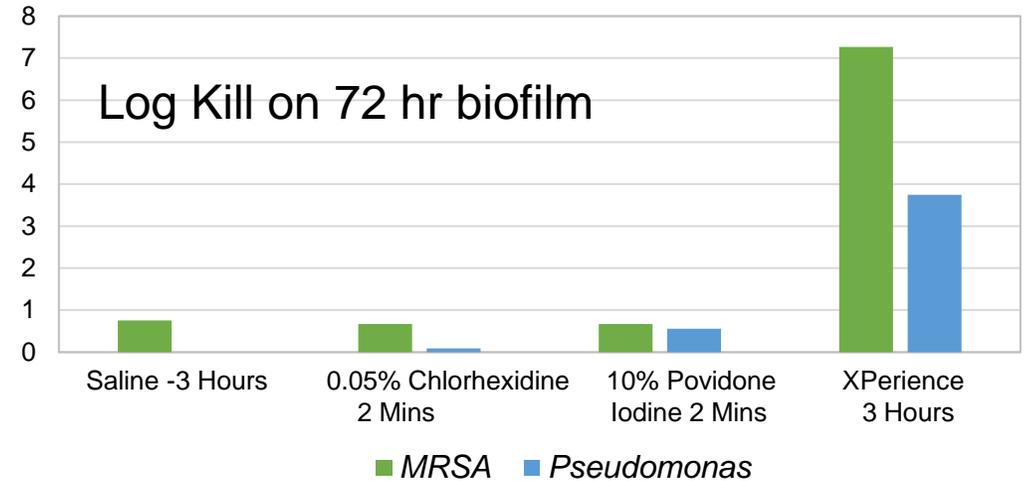
Value Proposition:

- ✓ No rinse out required
- ✓ Non toxic
- ✓ Broad spectrum efficacy against bacteria, viruses and fungi
- ✓ No change to current surgical protocols
- ✓ Easy to use and adopt
- ✓ 5+ hours of protection

Commercial Update:

- ✓ 510(k) Clearance 23 April 2021
- ✓ First surgeries 27 April 2021
- ✓ 241 Value assessment submissions made (for approval to use within the Hospitals)
- ✓ 26 approvals received
- ✓ First clinical study in recruitment

The No Rinse Advantage



XPerience™ Update – Securing VAC approvals to drive commercial sales

320 Surgeon Supporters

Surgeon Engagement
Develop a surgeon Champion who will submit the request for New Product to the hospital



270 submissions—
covering 371
hospitals

Value Assessment Submissions

A packet of information submitted to the hospital to justify the request from the surgeon for the product to be available for them to use. VAC meetings occur monthly, but items can be pushed out to the next meeting



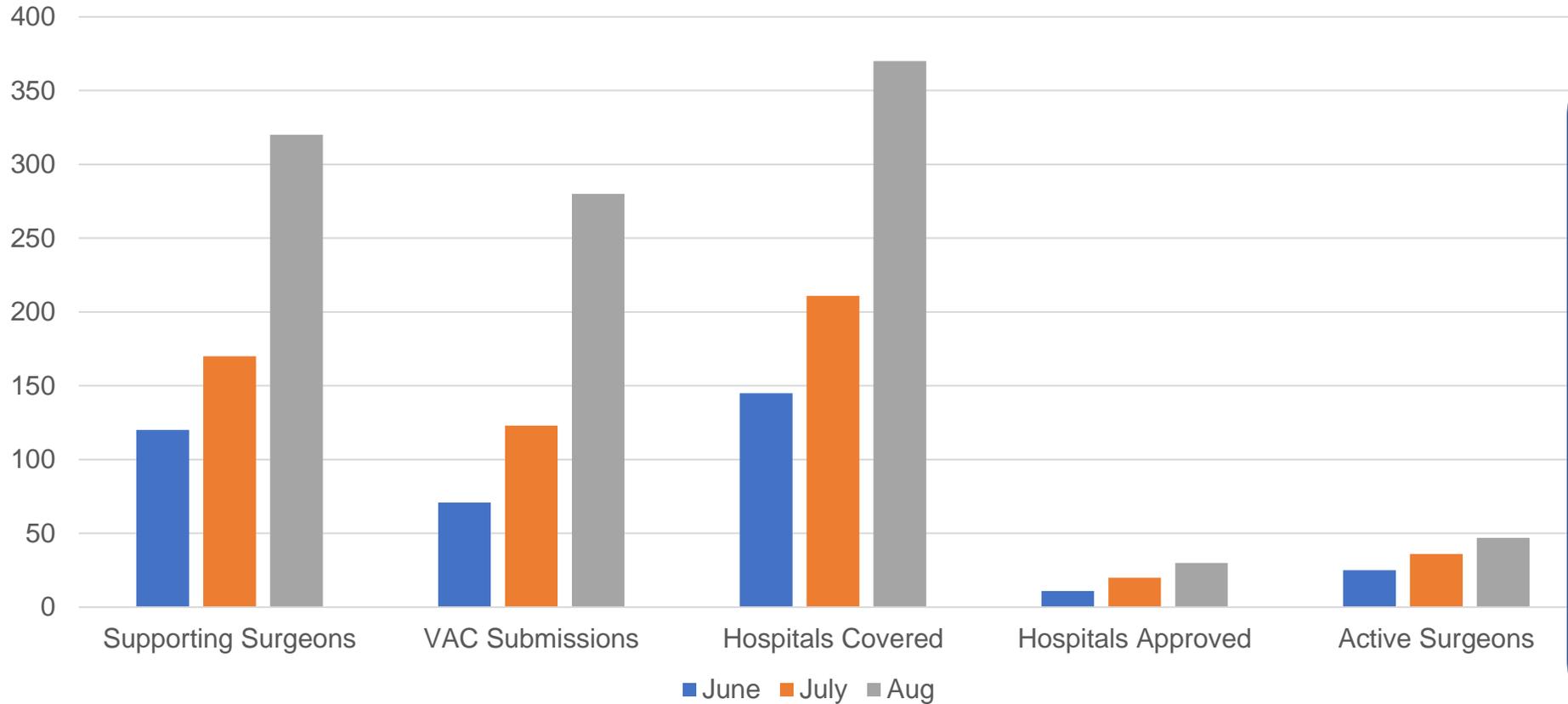
Process can
take 14 – 180
days

Product is approved & set up for ordering across the hospital

The product is then “In Serviced” in the hospital to Nursing and Ancillary staff as well as presentations to other surgeons and revenue begins to grow.

33 hospitals ordering
45 surgeons

XPerience™ Update – traction growing in larger systems



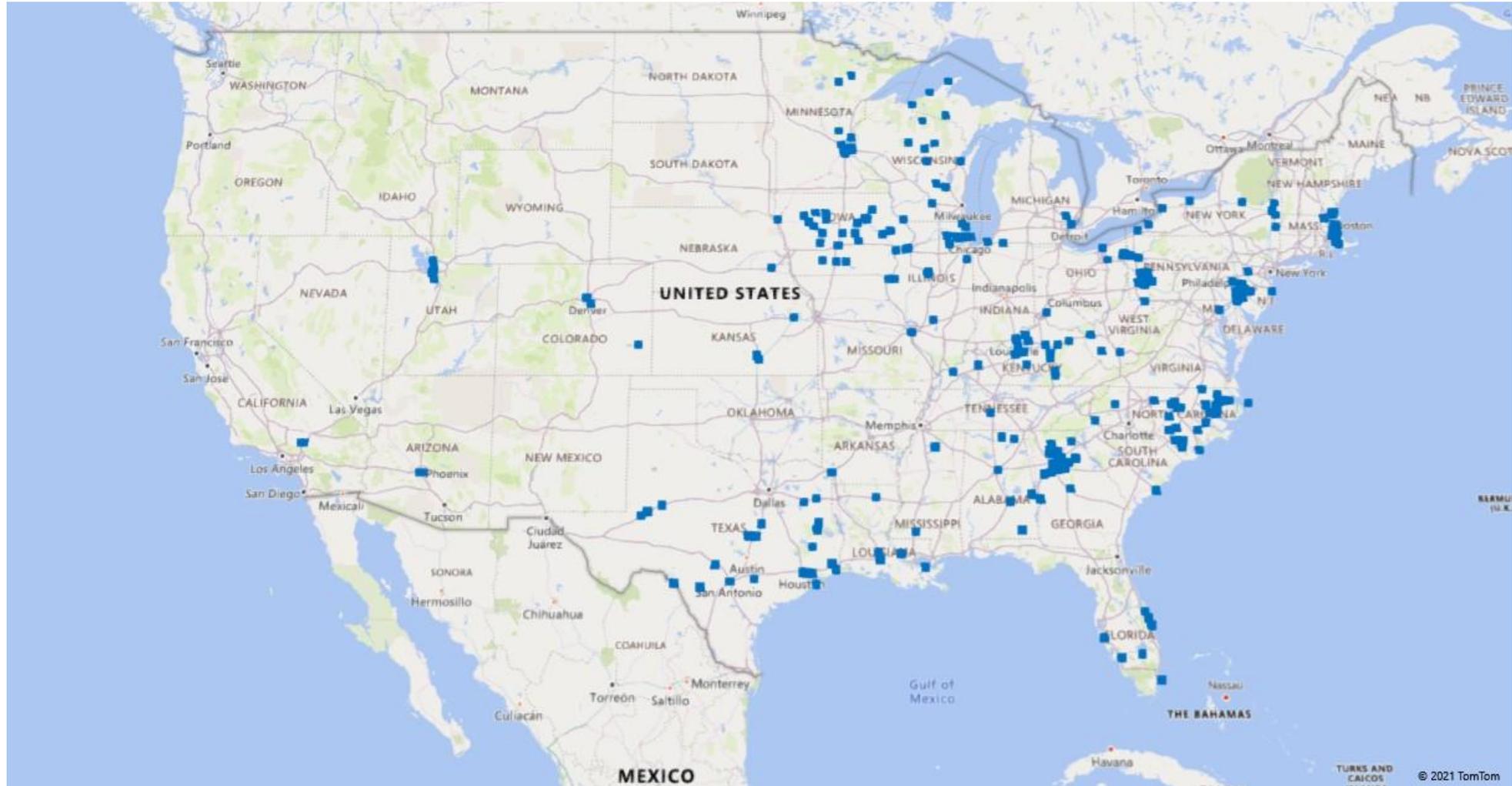
XPerience approved in the following major systems in the last 60 days: Duke University, Northside Atlanta, Steward Health, Atrium Health North Carolina, RWJ Health New Jersey

XPerience™ Clinical Studies to support breakthrough into mainstream adoption

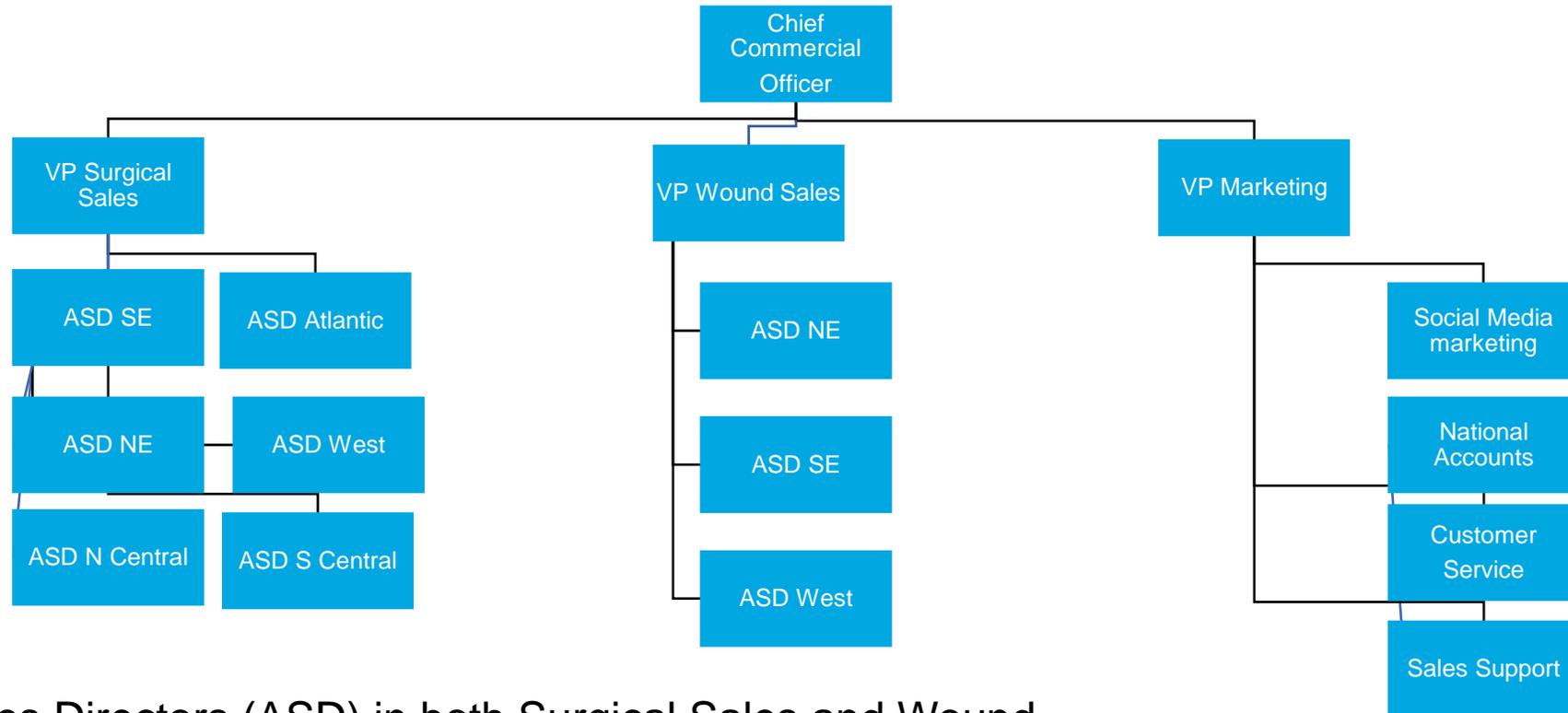
Indication	Product	Size	Status	Comment
Compound Tibial Fracture Infection	XPERIENCE™	30	Patients being recruited	Sites – Dr C Harris Hughston Memorial Clinic Commenced Recruitment
Surgical Site Infection in Primary Joint Replacement in complex patients	XPERIENCE™	1,200	IRB Submission underway	Dr Mont Principle Investigator Northwell Group (NY, Long Island, Baltimore)
Surgical Site Infection in Colorectal surgery	XPERIENCE™	560	IRB Review underway	Randomised Control study 3 sites. Houston VA, Memorial Herman Hospital,
Surgical Site infection in Knees - PCR Study	XPERIENCE™	50	IRB Review Underway	Dr Jon Minter Northside Hospital Atlanta
Surgical Site infection in Primary Joints	XPERIENCE™	7600	Contract executed subject to IRB and product clearance by Canada Health	Randomised Controlled study over 5 sites in Canada PI Dr Beale, Dr Garceau University of Ottawa

These studies are funded by Next Science at an estimated cost over the next 24 months of US\$4M - US\$5M

VAC submissions 6 August 2021 – large addressable opportunity



US Field Organisational Structure– resourcing for growth



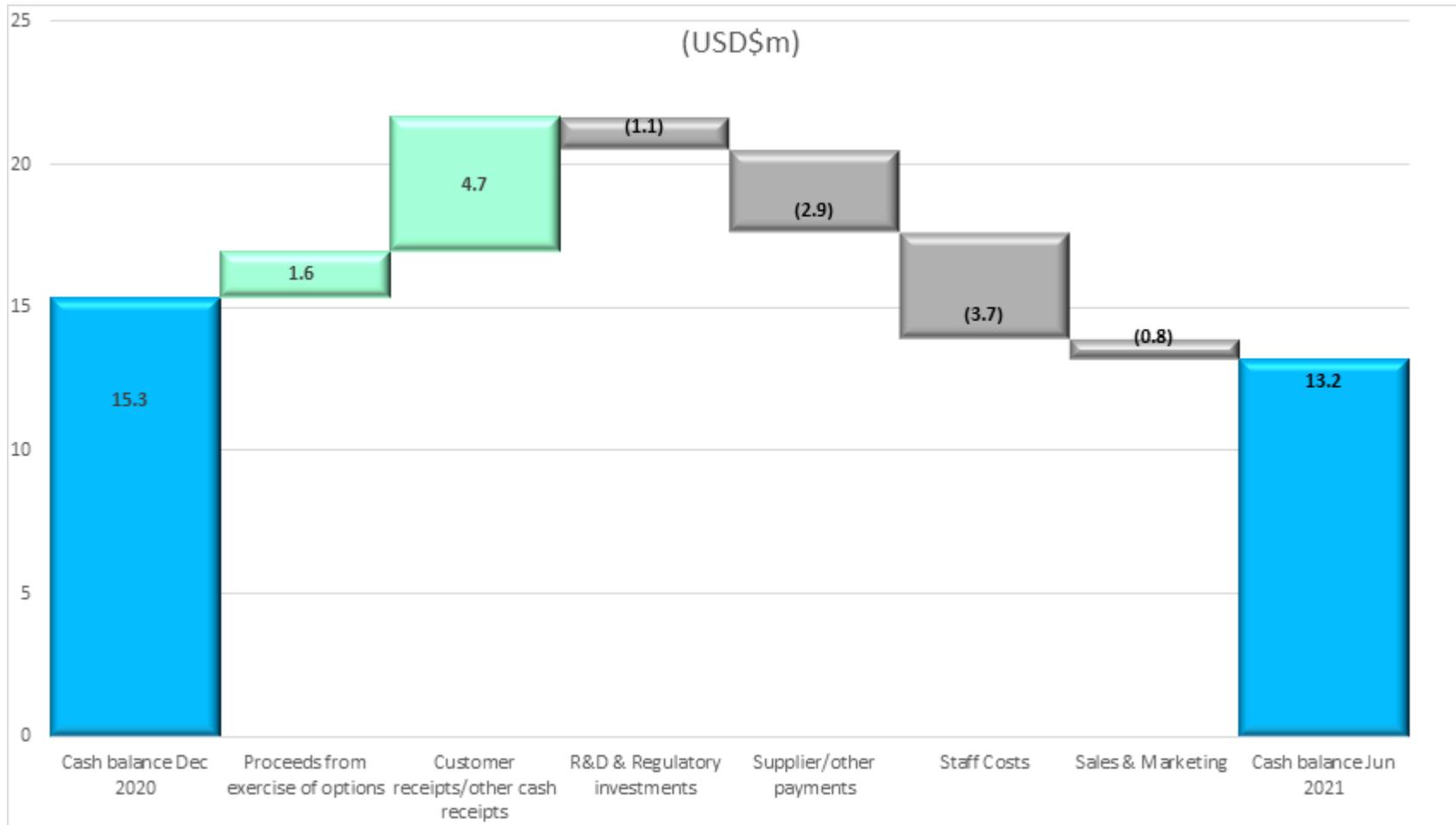
The Area Sales Directors (ASD) in both Surgical Sales and Wound Care sales each manage a range of distributor entities (large and small) that provide the majority of the direct service to the market as part of the hybrid model.

Profit and Loss 1H2021 V 1H2020 Record results with investments for growth

\$USD '000s	30 June 2021	30 June 2020	Variance
Revenue	3,915	1,054	+271%
Cost of Sales	(838)	(132)	
Gross Profit	3,077	921	+234%
Gross Margins	79%	87%	
Other Income	21	43	
Selling and Distribution expenses	(3,053)	(2,802)	
Research and Development expenses	(2,511)	(3,350)	
Administration expenses	(1,794)	(1,683)	
Other expenses	(6)	(2)	
EBIT	(4,266)	(6,873)	38%
Net finance income	67	178	
Loss before income tax	(4,199)	(6,695)	37%

- Revenue increased +271%
- Gross Profit increase +234%
- 1H 2021 EBITDA – US\$3.9M (-US\$6.5m pcp)
- EBIT improved 38%
- Depreciation & Amortisation
1H 2021 - US\$382k
(1H 2020 -US\$343k)
- Loss before income tax reduced 37%

Cashflow waterfall – Strong cash balance to fund growth strategy



- Cash on hand 30 June 2021 US\$13.2M

- Executing on XPerience™ and converting VAC Submissions to active accounts
- Building on BlastX™ momentum with successful pilots in Home Health
- Piloting direct sales representation in certain locations
- Leaning into XPerience™ clinical studies in Orthopaedics

**Our goal is to become standard of care
in prevention of surgical site infection**

NEXT SCIENCE[®]

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