

Half Year Report 1H 2021

30 August 2021

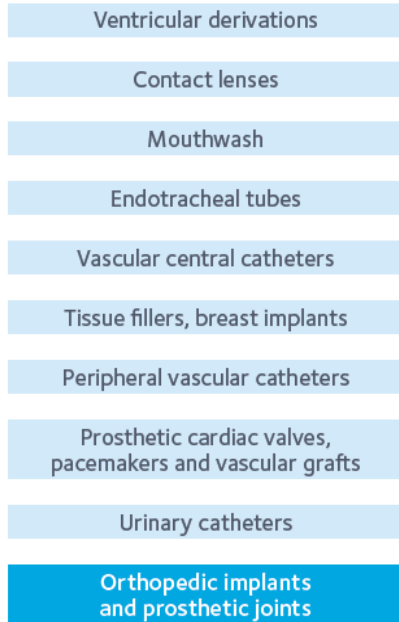
Approved by the Board of Next Science

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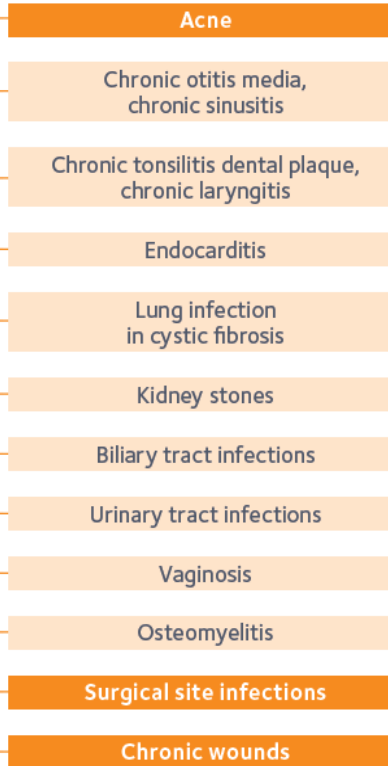
Next Science – Applications across the whole body

CHRONIC BACTERIAL INFECTIONS: MEDICAL BIOFILMS

Device-related Infections:



Tissue Infections:



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

1H 2021 – Record growth and delivery on key milestones

- 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)



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

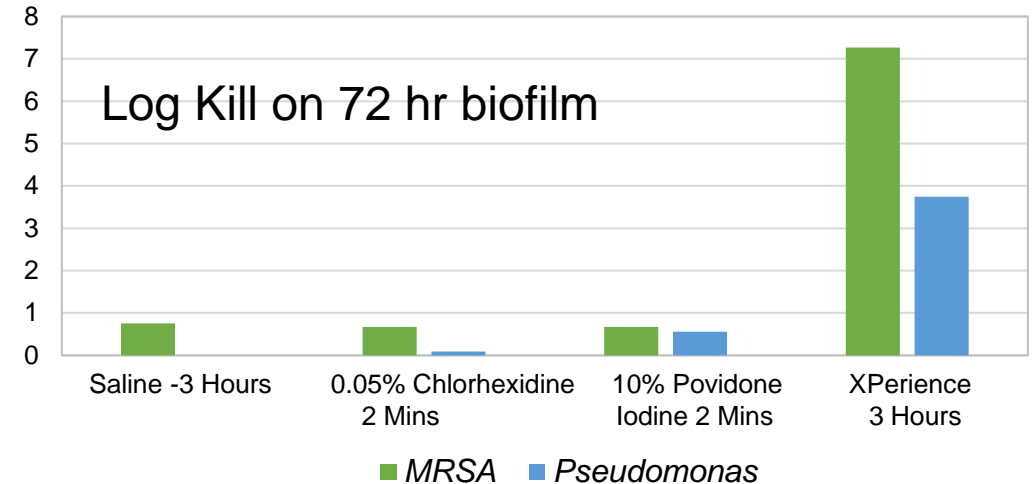
Value Proposition:

- ✓ 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

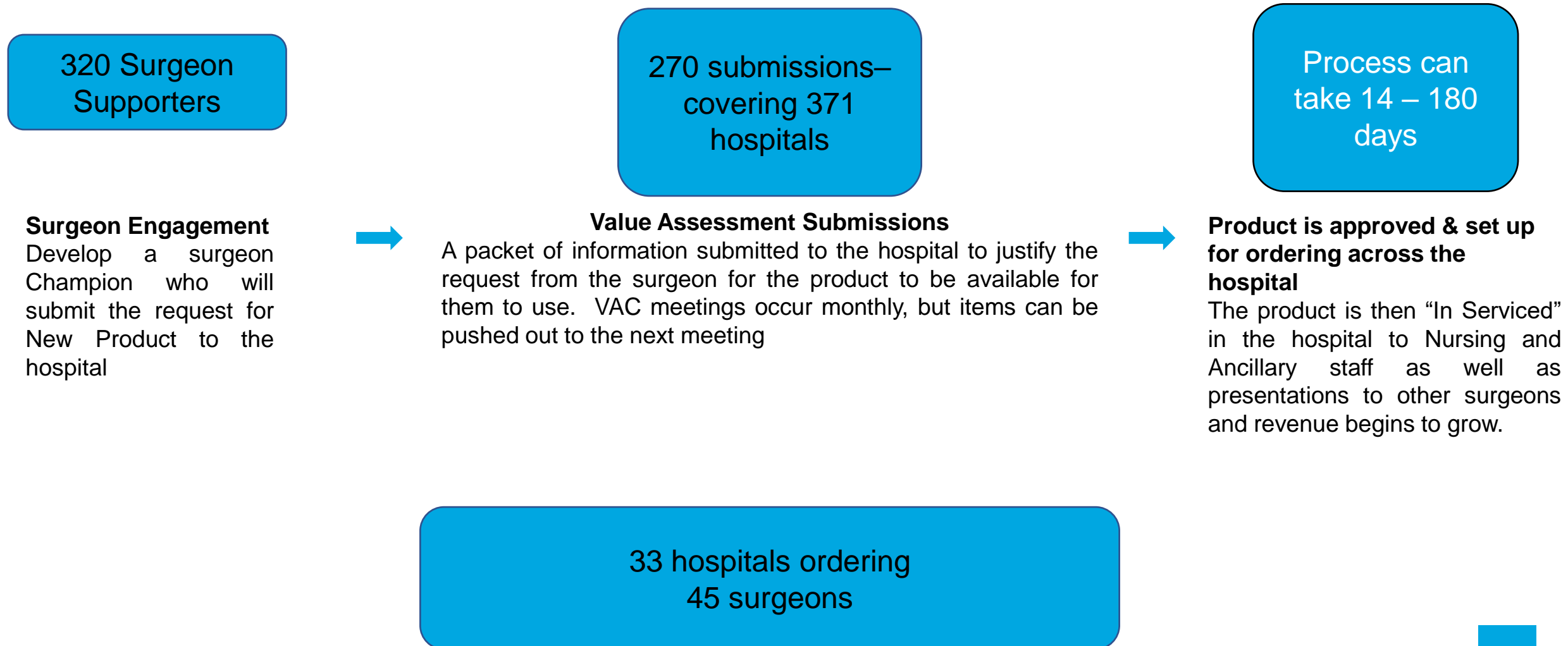
Commercial Update:

- ✓ 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

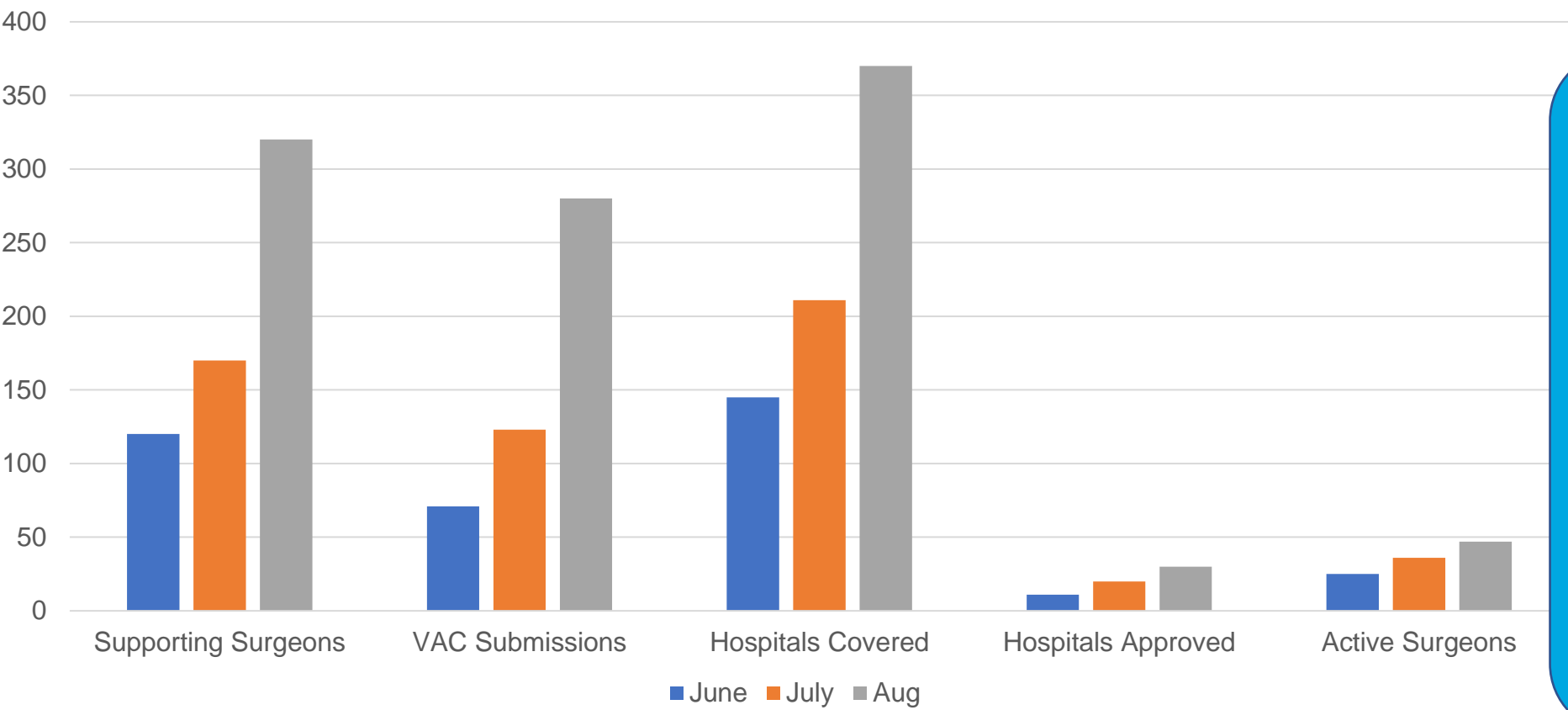
The No Rinse Advantage



XPerience™ Update – Securing VAC approvals to drive commercial sales



XPerience™ Update – traction growing in larger systems



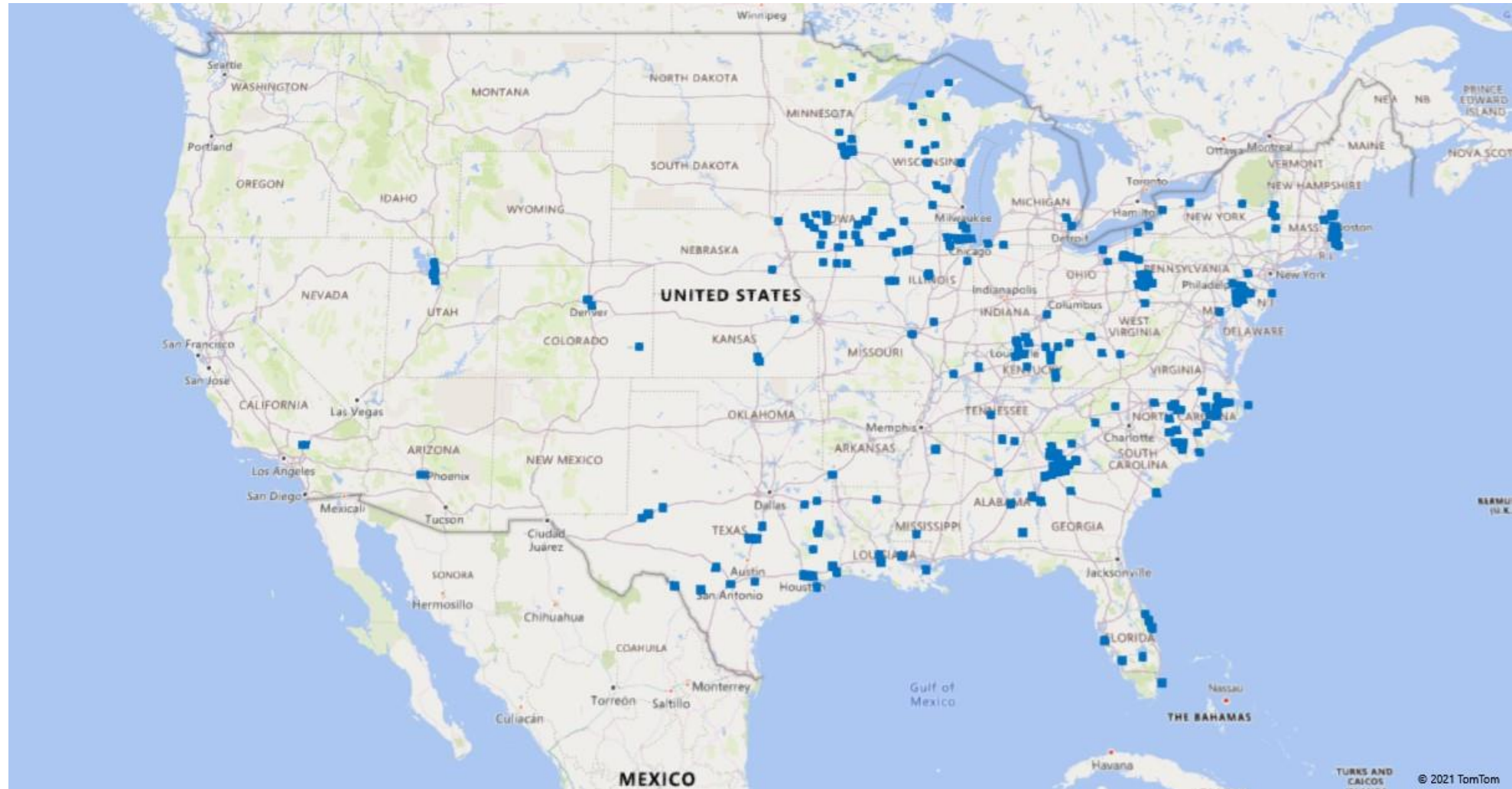
XPerience approved in the following major systems in the last 60 days: Duke University, Northside Atlanta, Steward Health, Atrium Health North Carolina, RWJ Health New Jersey

XPerience™ Clinical Studies to support breakthrough into mainstream adoption

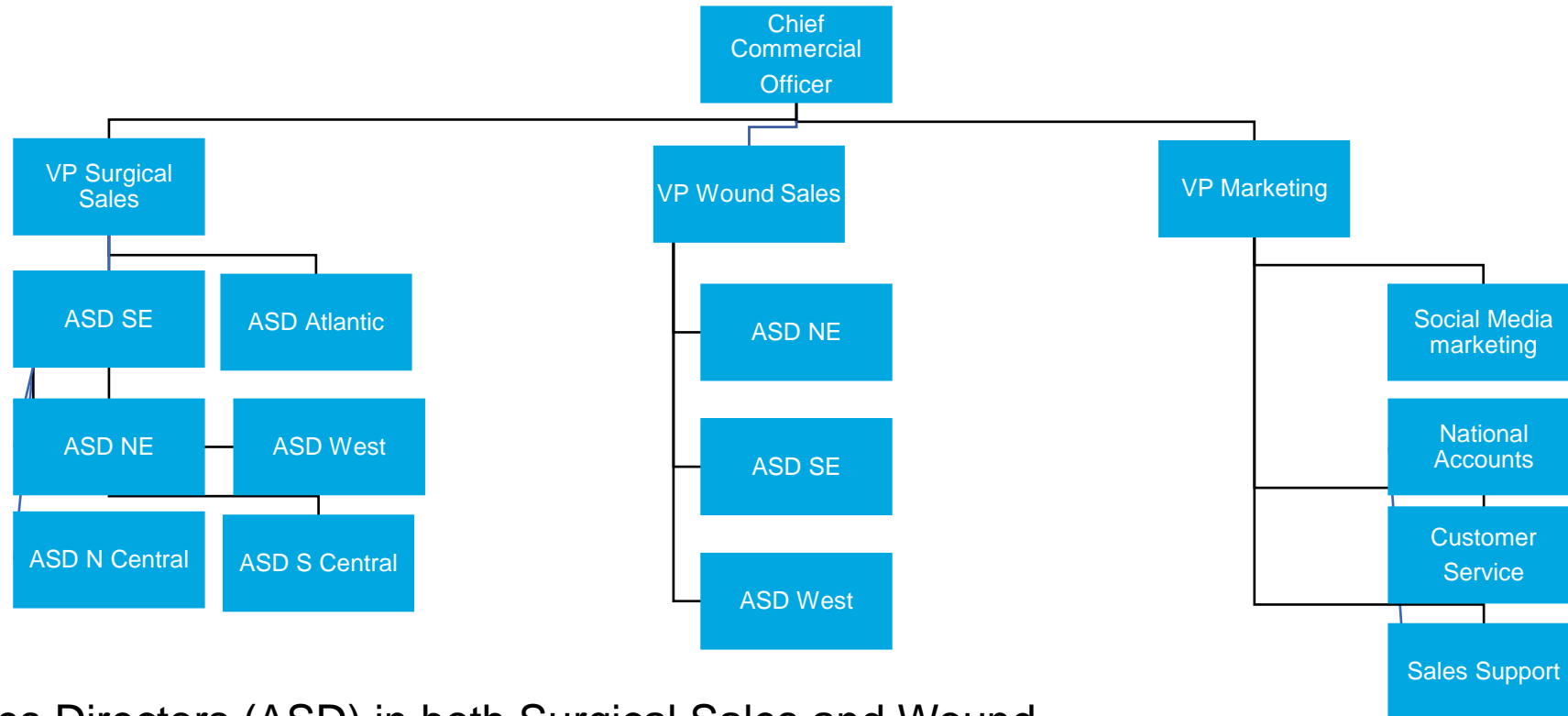
| Indication | Product | Size | Status | Comment |
|--|------------|-------|---|---|
| Compound Tibial Fracture Infection | XPERIENCE™ | 30 | Patients being recruited | Sites – Dr C Harris Hughston Memorial Clinic Commenced Recruitment |
| Surgical Site Infection in Primary Joint Replacement in complex 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



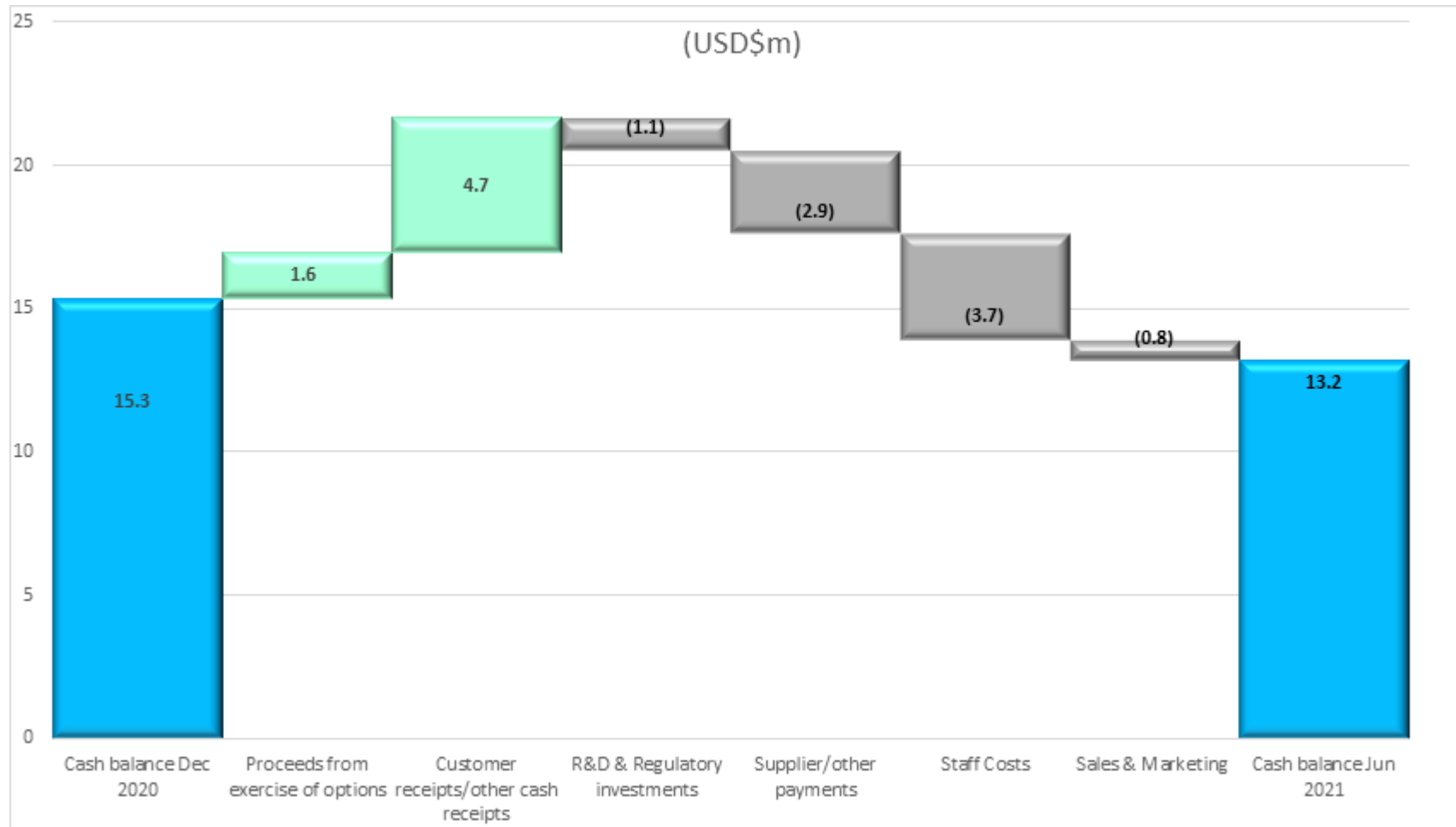
The Area Sales Directors (ASD) in both Surgical Sales and Wound Care sales each manage a range of distributor entities (large and small) that provide the majority of the direct service to the market as part of the hybrid model.

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 pcg)
- 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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