

1H FY24 Result

30 August 2024

NEXT SCIENCE®

About Next Science



XBIO™ Platform

deconstructs, destroys, & defends against biofilm growth and recolonisation



6 Product Families

Across wound and surgical applications



TAM >US\$12.5bn

Across existing products¹



Surgical

Clinical data, shift to prophylactic use, GPO footprint drives XP sales



Wound Care

DME and BLASTX® drives penetration into advanced wound care



Distribution

Leverage 1099² model to drive scale



Intellectual Property

56 patents and 23 publications



Regulatory Approvals

Multiple FDA cleared and commercialised products



Sales team

Increased focus on 1099s

1. Total Addressable Market (TAM) based on National Health Statistics Report, February 2017, SmartTRAK, NXS
2. 1099s are independent agency reps.

1H FY24 Financial Highlights



Revenue

US\$11.2m

+ US\$1.1m or 11% on pcp¹



Gross Profit

US\$9.0m

+US\$2.1m or 31% on pcp



Gross Margin

80%

1H FY23: 68%



Adjusted EBITDA Loss²

(US\$4.9m)

1H FY23: (US\$7.7m)



Direct Product Sales

US\$8.7m (77% of product sales)

+US\$1.5m or 21% on pcp



Product Sales

US\$11.2m

+US\$1.1m or 11% on pcp



Cash receipts

US\$11.4m

+US\$2.3m or 25% on pcp



Closing Cash

US\$3.6m

1H FY23: US\$3.5m

1H FY24 Operational Achievements

- 1 Transformed sales force and go-to-market strategy delivering annualised net savings of approx. US\$6m and increasing variability of cost base
- 2 Lower cash outflow achieved in 2Q FY24 reflecting higher receipts due to improved revenue quality and lower staff costs post sales restructure
- 3 Strong growth in direct sales of XPERIENCE® due to increased clinical evidence, broader access to healthcare sites due to GPO contract
- 4 Data analytics and metric-based performance enhanced sales execution driving efficiencies and productivity in individual sales force territories
- 5 Canadian Periprosthetic Joint Infection Study of 7,600 patients continues with 864 patients enrolled at three sites



Agenda

- >> Business Overview**
- >> 1H FY24 Financial Result**
- >> Strategy & Outlook**
- >> Appendix**

I.V. Hall, CEO and Managing Director

Marc Zimmerman, CFO

Business Overview



Our Purpose

Vision

Healing People and Saving Lives

Mission

Next Science strives to significantly improve patient outcomes, elevate physician efficacy, and create value within the overall healthcare system through relentless innovation and commitment to education and research on biofilm elimination, infection prevention, and treatments for inflammatory diseases.

XBIO™ - Destroys Biofilm Based Pathogens



Deconstructs the biofilm

Removes metal ions of the EPS¹, exposing pathogens within the biofilm



Destroys pathogens enveloped within the XBIO™ Technology

High osmolarity environment + cell membrane disaggregation induces lysis of bacteria within the product



Defends against recolonisation

Biofilm matrix cannot reform within the presence of XBIO™

Unique mechanism of action, with no known resistance from bacteria to XBIO™ technology

1. Extracellular polymeric substances

Next Science's Products Serve a US\$12.5bn Market

Surgical Products

XPERENCE®

Key Target: Prevention of surgical site infection

SURGX®

Key Target: Prevention of infection on a surgical closure

Bactisure® Surgical Lavage

Key Target: Elimination of surgical site infection.

XBIO™ Platform

Deconstructs biofilm,
destroys pathogens,
& defends against
recolonisation

Wound Care Products

BLASTX®

Key Target: Treatment of chronic wounds, foot & leg ulcers, pressure ulcers.

Collagen with BLASTX®

Key Target: Treatment of chronic wounds, complementary to BLASTX.

Acne Treatments

Key Target: Treatment of acne and breakouts. Online and retail in ANZ

XBIO™ - Surgical Site Infection Prevention

XPERIENCE® positioned to challenge surgical Standard of Care

Advanced surgical irrigation solution for surgical procedures

Key features

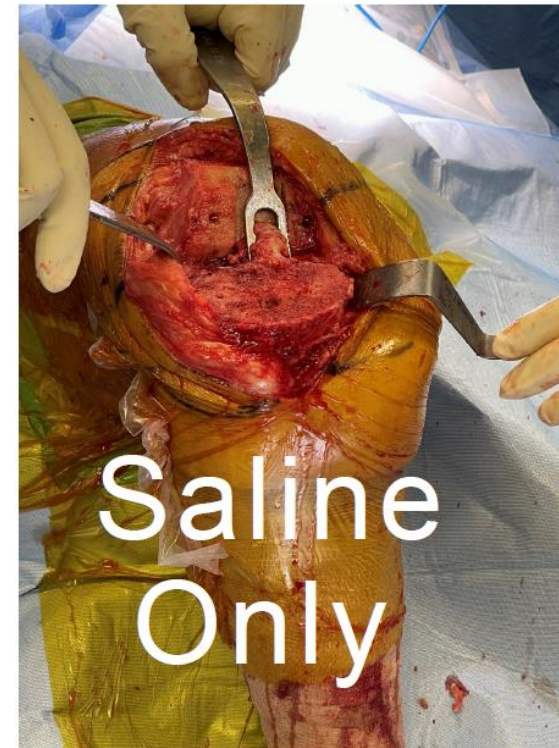
- 5+ hours of broad-spectrum efficacy bacteria and other microorganisms
- No rinse out required
- Biocompatible
- No change to surgical protocol
- Compatible with all implants

Forthcoming study results expected to confirm benefits for Patients, Surgeons and Hospitals

- **Patients:** Lower risk of surgical site infection and reduced inflammation leads to less pain and reduced opioid use ¹
- **Surgeons:** Better patient experience, reduce re-admissions
- **Hospitals:** Cost savings through lower re-admission rates

Market opportunity via 48m annual surgeries in the US²

Growing clinical data base on XPERIENCE® may have cross fertilisation benefits into the wound care market



A knee washed out with Saline prior to implant placement



A knee at the same time in surgery washed out with XPERIENCE®

1. ASX – 9/8/23 - Prospective randomised study with 30 patients in each arm of the knee study trial, demonstrating potential anti-inflammatory benefits of XPERIENCE
 2. National Health Statistics Report February 2017

XBIO™ Improves Treatment of Chronic Wounds

BLASTX® Antimicrobial Wound Gel improves wound management

Key characteristics include:

- Broad spectrum of efficacy
- Biocompatible and prevents bacterial growth within gel
- Provides a moist wound environment conducive to healing

Indications

- Stage I – IV pressure ulcers
- Partial and full-thickness wounds
- Diabetic foot and leg ulcers
- Post-surgical wounds
- First and second-degree burns
- Grafted and donor sites

Spontaneous rupture of traumatic hematoma in lower leg. Wound 8 weeks old when treatment commenced. High risk of severe infection



Differentiation: treatment regimen is flexible across all wound types and bacteria. Provides an answer to chronic wounds. Improves outcomes under NPWT. Some wounds may not proceed to tissue

Sales Restructure: DME

Delivered net savings of approx. US\$6m on an annualised basis and increase variability of sales cost base¹

- 1 Maximising access for patients to receive X BIO™ technology
- 2 Focus on productivity and penetration / market share of our sales territories
- 3 Lower cost base of field sales force until productivity rate reaches profitable growth
- 4 Position X BIO™ chronic wound care products in customers with different call patterns
- 5 Surround X BIO™ chronic wound care products with suitable complementary portfolio
- 6 Chronic wound care is a high touch sales call making selection of independent agents a critical exercise
- 7 Sales restructure implemented with lower cost base in place from June 2024

1. The benefit of these savings was largely realised in 2Q FY24 with a small proportion in 1Q FY24.



1H FY24 Financial Result



- **Revenue of US\$11.2m, up 11% on pcp** with significant growth in the Wound Care and Surgical businesses due to focus on direct sales
- **Gross Profit of US\$9.0m, up 31% on pcp** reflecting better DME revenue quality and incremental improvements in COGS across all products
- **Gross Margin of 80%** up from 68% in 1H FY23 due to focus on DME revenue quality and shift in product mix
- **Operating expenses down -4% on pcp** reflecting a 6% decline in Selling & Distribution expenses as NXS restructured its salesforce
- **Research & Development expenses down 19% on pcp** due to a focus on specific initiatives and general cost out programs
- **Adjusted EBITDA loss¹ of (US\$4.9m)** reduced by 36% on pcp (1H FY23: US\$7.7m)
- **Net loss² of (US\$5.8m)** compared to (US\$8.6m) in 1H FY23 due to higher revenue and cost reductions

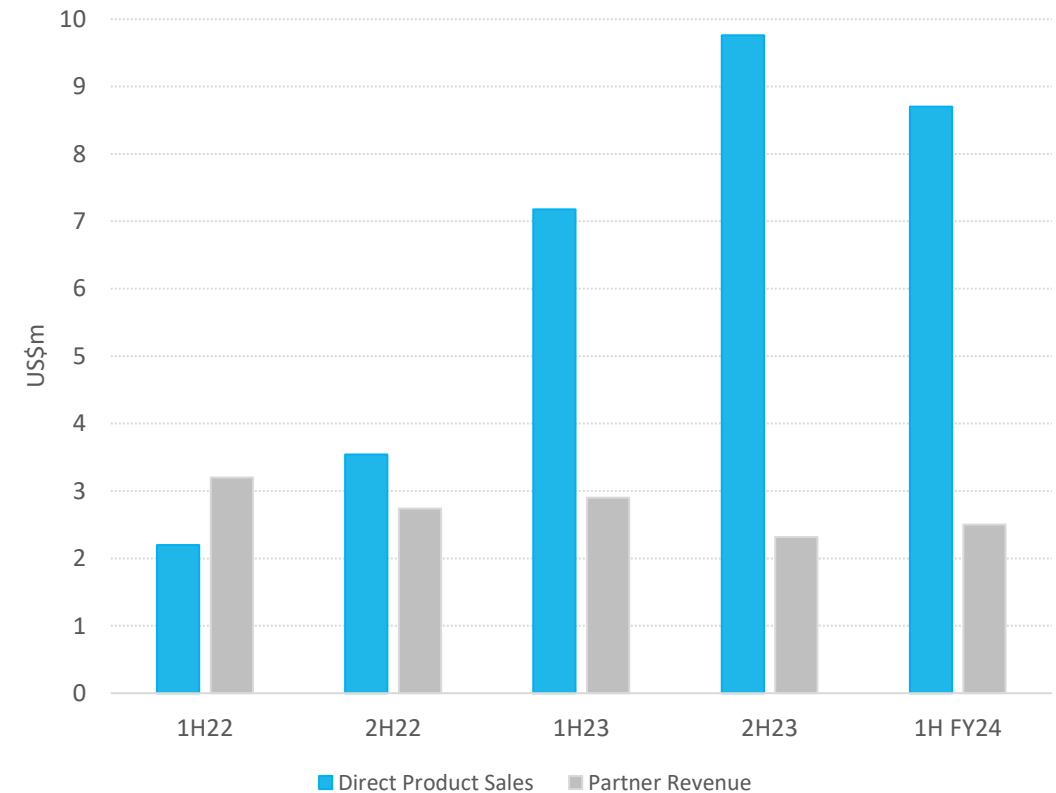
Financial Summary (US\$m)	1H FY23	1H FY24	Change \$	Change %
Revenue	10.1	11.2	1.1	11%
Cost of Sales	-3.3	-2.3	1.0	-31%
Gross Profit	6.8	9.0	2.1	31%
<i>GP Margin</i>	<i>68%</i>	<i>80%</i>	<i>12pp</i>	
Other Income	0.0	0.1	0.1	nm
<i>Expenses</i>				
Selling & Distribution	-9.1	-8.5	0.5	-6%
Research & Development	-3.0	-2.4	0.6	-19%
Administration	-2.5	-3.0	-0.5	19%
Other	0.0	0.0	0.0	-100%
Total Operating Expenses	-14.6	-13.9	0.6	-4%
Adjusted EBITDA Loss	-7.7	-4.9	2.8	-36%
Depreciation & Amortisation	-0.5	-0.6	-0.1	16%
Net Interest Income	-0.4	0.0	0.4	-107%
Share based payments	0.0	-0.3	-0.3	nm
Net loss	-8.6	-5.8	2.8	-32%

1. Adjusted EBITDA excludes share-based payments which is a non-cash expense.
 2. Net loss excluding foreign currency translation

*Note there may be some minor differences due to rounding

- **Direct product sales of US\$8.7m, up 21% on pcp**; 77% of product sales (1H FY23: 71%) largely driven by 61% increase in direct sales of XPERIENCE® and 12% increase in DME sales on pcp
- **Product sales of US\$11.2m, up 11% on pcp** as higher direct sales more than offset a decline in partner sales (1H FY24: US\$2.5m vs 1H FY23: US\$2.9m) reflecting strategic focus on the direct channel
- **Direct wound care sales were up 8% on pcp** as higher DME sales offset a decline in BLASTX® sales. This was largely due to the disruption caused by the sales restructure which affected DME sales and extended to commercial BLASTX® sales which are also handled by this team
- **Direct surgical sales were up 49% on pcp** driven by a strong performance by XPERIENCE®. This reflected the growing body of clinical evidence available, broader access to healthcare sites provided by the GPO contract and extension of the use case from high risk to prophylactic use

Strong growth in XPERIENCE® drives direct sales



- As of 30 June 2024, Next Science had cash of US\$3.6m and no debt
- On 17 July 2024, Next Science announced that it has entered into an agreement with TIGA Trading Pty Ltd (a company associated with Thorney Investment Group) to provide a US\$5m unsecured loan facility with a maturity date of 17 July 2026¹
- Next Science may draw on the facility to assist with general working capital requirements and any other corporate purpose that Thorney approves. The Facility provides a buffer against unexpected financial challenges and the flexibility to respond should investment opportunities arise

Balance Sheet (US\$m)	30-Jun-23	30-Jun-24
Assets		
Cash and cash equivalents	3.5	3.6
Trade and other receivables	2.6	3.2
Inventories	1.0	0.8
Other current assets	0.6	0.6
Total current assets	7.7	8.2
Trade and other receivables	0.0	0.0
Property, plant and equipment	0.8	0.6
Right-of-use assets	0.9	0.7
Intangible assets	2.4	2.3
Total non-current assets	4.1	3.6
Total assets	11.9	11.8
Liabilities		
Trade and other payables	3.3	3.1
Other current liabilities	0.6	0.7
Total current liabilities	4.0	3.8
Contract liabilities	0.7	0.4
Loans and borrowings	6.4	-
Other non-current liabilities	0.8	0.6
Total non-current liabilities	7.9	1.0
Total liabilities	11.9	4.8
Net assets / (liabilities)	0.0	7.1

1. For further information, please refer to ASX announcement on 17 July 2024

Strong growth in cash receipts

- **Cash receipts of US\$11.4m, up 25% on pcp**
- **Payments to suppliers of US\$15.9m, down 7% on pcp** reflecting lower staff costs post the sales restructure, other cost out initiatives and supply chain efficiencies. In 2Q FY24, cash payments were US\$1.8m lower on pcp and 1Q FY24 due to the sales restructure
- **Net Operating Cash Outflow of US\$5.0m in 1H FY24** compared to US\$7.8m in 1H FY23. This improved through the first half with 2Q FY24 cash outflow of US\$1.3m reflecting higher receipts and lower fixed cost base
- **Closing cash balance of US\$3.6m** at 30 June 2024

Cash Flow (US\$m)	1H FY23	1H FY24
Operating activities		
Receipts from customers	9.1	11.4
Payments to suppliers and employees	-17.0	-15.9
Payments for research and development	-	-0.6
Interest received	0.0	0.0
Other income	0.1	0.0
Net Cash Used in Operating Activities	-7.8	-5.0
Investing activities		
Payments for property, plant and equipment	-0.3	0.0
Payments for intangible assets	-0.3	-0.3
Net Cash Used in Investing Activities	-0.5	-0.3
Financing activities		
Proceeds from issue of convertible notes	7.0	-
Capital raising costs	-0.1	-
Payment of lease liabilities	-0.2	-0.1
Net Cash from Financing Activities	6.8	-0.1
Net Increase / (decrease) in Cash	-1.6	-5.5
Cash at the Beginning of the Financial Year	5.1	9.2
Exchange rate effects	0.0	-0.2
Cash at the end of the period	3.5	3.6

Strategy & Outlook



Strategic Priorities

FY2024 – FY2026

Succeed in Full Orthopaedic Market

Accelerate Penetration in Chronic Wound in
Long Term Care Centres

Launch Solution for Wounds due to
Hidradenitis Suppurativa (HS)

Crack the code for Military and First
Responder Channels



Outlook

- 1 Leverage variable sales force to drive market penetration and improve productivity in the DME segment
- 2 Direct sales of XPERIENCE® expected to benefit from expanded GPO footprint and extension of use case from high risk to prophylactic use
- 3 Drive higher direct sales of BLASTX® to Long Term Care Centres and Veterans Affairs clinics
- 4 Unsecured \$5m loan facility provides access to capital as required and a buffer against any unexpected financial challenges
- 5 Publication of additional clinical research for BLASTX® and XPERIENCE® expected in next 12 months

FY24 Guidance

- > Expect to be cashflow positive in 4Q FY24/1Q FY25
- > Expect to be Adjusted EBITDA¹ positive in 4Q FY24/1Q FY25

1. Adjusted EBITDA excludes non-cash share-based payments.

Appendix



Clinical Studies

Indication	Product	Study Size	Structure	Sites	Status
Post-op Infection of Primary Joint Replacement	XPERIENCE®	7600	Investigator Research Study. (product donated) XP v 0.3% Betadine	Dr Beale and Dr Garceau Ottawa Hospital Research Institute, Canada Randomised Controlled study over several sites in Canada	Three sites commenced recruitment with 864 patients enrolled. All other sites pending recruitment. Interim analysis will be done after 3,800 patients.
Impact of XPERIENCE on Bone Cement Adhesion	XPERIENCE®	In-vitro & Animal study	Clinical and Laboratory collaboration (product donated)	University of New South Wales And Dr R Bashyal, Chicago	Study completed Paper in progress 1H FY25
Retrospective Post Operative Infection Rates	XPERIENCE®	1,295	Investigator Research Study XPERIENCE v standard of care	Dr. Ravi Bashyal	Paper to be submitted for publication in 1H FY25 Preliminary results released on VuMedi https://www.youtube.com/watch?v=EIDtJnobZlw
Post-op Infection of Primary Joint Replacement in High-Risk Patients	XPERIENCE®	936	Investigator Research Study (product donated) XP v saline	Dr Mont, Sinai Hospital of Baltimore, MD Dr Scuderi, Northwell Health /Lennox Hill Hospital NY	95/936 patients enrolled
Infection in Long Bone Fracture Fixation	XPERIENCE®	3	Investigator Research Study (product donated) XP v saline	Dr. Zsolt Balogh John Hunter Hospital, NSW, Australia	Case study Publication expected in 1H FY25
Hidradenitis Suppurativa	BLASTX®	15	Investigator Research Study (product donated)	Dr. Hadar Lev-Tov, University of Miami Health, FL	Case study completed, pending publication
Total Shoulder Arthroplasties	SURGX®	60	Investigator Research Study (product donated)	Dr. Otto, St. Louis University, MO	Research paper submitted for publication

Recent Publications

Date	Area	Authors	Hyperlink
April 2024	XPERIENCE® and infection	Robert Harris MD, Marshall Williams MD	https://onlinelibrary.wiley.com/doi/10.1111/os.14052
April 2024	XPERIENCE® and infection	Ronald Singer MD	https://www.liebertpub.com/doi/10.1089/sur.2023.304
April 2024	Negative Pressure Wound Therapy and BLASTX®	Thomas Serena MD et al.	https://www.mdpi.com/2075-4418/14/7/774
December 2023	XPERIENCE® and inflammation	Louis Battista MD, Andrew Wickline, MD	https://journaloei.scholasticahq.com/article/89994
December 2023	Biofilm disrupting technology (gel, wash, disinfectant)	Cox, Manavathu, Wakade, Myntti, Vazquez (Medical College of Georgia, Next Science)	https://onlinelibrary.wiley.com/doi/10.1111/myc.13684
May 2023	SurgX® effectiveness	Kelly, Bae, et al. (The Hughston Foundation, The Hughston Clinic, Jack Hughston Memorial Hospital)	https://www.cureus.com/articles/140545-superficial-surgical-site-infections-in-primary-total-joint-arthroplasty-a-retrospective-analysis-of-topical-anti-biofilm-therapy?score_article=true#!/authors
Apr 2023	Acne treatment	Marshall-Hudson, Tuley, Damstra, Dosik, Myntti, Porral, Palomo (TXL Research Inc., Next Science)	https://pubpress.mydigitalpublication.com/publication/?m=54680&i=787927&p=42&ver=html5
March 2023	Irrigation, Biofilms, Infection	Cheng, Owen , Swink, Myntti (Allegheny Health Network poster presentation at Orthopaedic Research Society meeting.	https://lnkd.in/eN3CnXv2
March 2023	BLASTX® effectiveness	Regulski, Myntti, Garth et al. (Wound Care Institute, Next Science, Montana State University)	https://www.mdpi.com/2079-6382/12/3/536
January 2023	Discovery: Spine Disease	Fresquez, Chung, Pereira, et al. (USC)	https://doi.org/10.1016/j.spinee.2023.01.011

Recent Publications

Date	Area	Authors	Hyperlink
December 2022	Irrigation, Biofilms, Infection	Sosnoski, Dietz, Bou-Akl, et al. (Michigan State University)	https://pubmed.ncbi.nlm.nih.gov/36643380
December 2022	BLASTX effectiveness	Myntti, Stevenson, Porral, et al. (Next Science)	https://pubmed.ncbi.nlm.nih.gov/36645660/
November 2022	Discovery: Oral Rinse	Newman, Rosebrough, Tamashiro et al. (UF Gainesville)	https://pubmed.ncbi.nlm.nih.gov/36324127/
October 2022	Discovery: Catheter treatment	Nvarro, Sherman, Colmer-Hamood et al. (Texas Tech)	https://pubmed.ncbi.nlm.nih.gov/36358169/
July 2022	Irrigation, Biofilms, Infection	Whiteley, Helms, Muire, et al. (US Army Surgical Research)	https://pubmed.ncbi.nlm.nih.gov/35840981/
Feb 2022	Irrigation, Biofilms, Infection	Wu, O'Donnell, Cochrane, et al. (Duke University)	https://pubmed.ncbi.nlm.nih.gov/35158106/
Feb 2022	Irrigation, Biofilms, Infection	Christopher, Tran, Vernon, et al. (Mayo Clinic AZ)	https://pubmed.ncbi.nlm.nih.gov/34740788/
Feb 2022	Irrigation, Biofilms, Infection	Bashyal, Mathew, Bowen, et al.	https://www.arthroplastyjournal.org/article/S0883-5403(22)00062-6/fulltext
Jan 2022	Irrigation, Biofilms, Infection	O'Donnell, Jams, Seyler et al. (Duke University)	https://journals.healio.com/doi/full/10.3928/01477447-20211227-05
Dec 2021	Irrigation, Biofilms, Infection	Plate, Zuskov, Seyler (Duke University)	https://pubmed.ncbi.nlm.nih.gov/35629656/
Oct 2021	Irrigation, Biofilms, Infection	Knapp, Chen, Scuderi, et al. (Northwell Health & Rubin Inst)	https://pubmed.ncbi.nlm.nih.gov/35840981/
Sep 2021	Irrigation, Biofilms, Infection	O'Donnell, Jams, Seyler et al. (Duke University)	https://pubmed.ncbi.nlm.nih.gov/33934664/
May 2021	Irrigation, Biofilms, Infection	Kia, Cusano, Messina, et al. (University of Connecticut)	https://pubmed.ncbi.nlm.nih.gov/33529773/

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Approved by the Board

Next Science Limited ABN 47 622 382 549
Level 14, Australia Square,
264-278 George Street , Sydney NSW 2000

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