

NEXT SCIENCE[®]

HEALING PEOPLE SAVING LIVES

2QFY23 Investor Presentation

27 July 2023

ASX - NXS

Approved by the Board

Next Science Limited ABN 47 622 382 549
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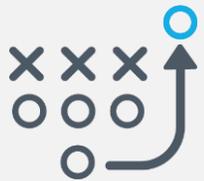
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Next Science Overview

Mission – focus on the development and commercialisation of our proprietary unique non-toxic X BIO™ technology to reduce the impact of biofilm-based infections in human health

 **7 Product Families**
Across wound and surgical applications

 **X BIO™ Platform**
Deconstructs biofilm, destroys pathogens, & defends recolonisation

 **DME est. Oct**
Drives penetration into advanced wound care market

 **TAM >US\$12.5 bn**
Across existing products¹

 **Distribution**
Direct and partner channels with increasing focus on direct channel

 **Employee Headcount**
104 – 59 Sales / 22 R&D (Jun.)

 **IP**
47 patents and 18 publications

1.TAM based on National Health Statistics Report, February 2017, SmartTRAK, NXS

New Leadership Team For A New And Exciting Growth Phase



❑ New CEO – Harry Thomas Hall IV, commonly known as I.V.

- ❑ 28-year career in global medical device industry encompassing diversity of management roles across product development, global strategic marketing, commercial operations and sales leadership.
- ❑ Led global portfolio and execution strategy for a US\$3.2bn platform for the Global Orthopaedic Unit of DePuy Synthes.
- ❑ Created and sustained personal relationships with well over 100 key opinion leaders worldwide.
- ❑ Inspirational leader that marries a rare blend of scientific, clinical and commercial skill and experience to drive NXS through its next phase of growth.



❑ New CFO – Marc Zimmerman

- ❑ 29-year career holding CEO and CFO roles in businesses ranging from Fortune 15 to Not-For-Profit and Start-up operations. Diverse industry experience.
- ❑ Various finance roles at Verizon over 15 years at Vice President and Director level.
- ❑ Excellent pedigree in process improvement, Six Sigma and Lean methodologies.
- ❑ Qualifications include Bachelor of Science in Business Administration and MBA-level certification in Measuring and Improving Business Performance

2QFY23 Highlights

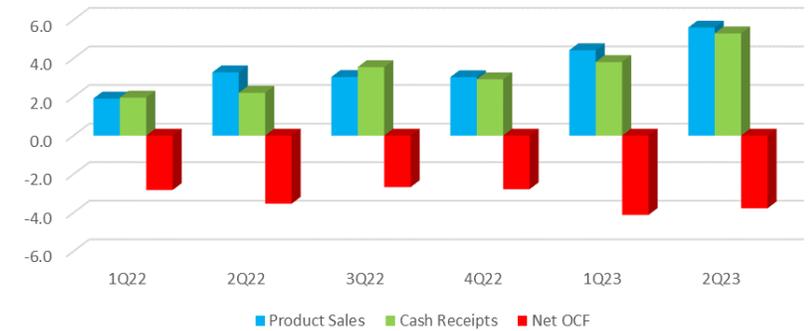
- ❑ 2QFY23 Product Sales (unaudited) US\$5.6m, up 27% qoq and 71% yoy.
- ❑ 1HFY23 Product Sales (unaudited) US\$10.0m, up 92% yoy and 64% hoh.
- ❑ 2QFY23 Direct channel sales comprise 77% of total product sales and increased 258% yoy.
- ❑ Wound Care showing strong growth with Collagen / BLASTX™ prescribers reaching 819 in June.
- ❑ Surgical division continuing to build its customer base with XPERIENCE™ hospital accounts at 203 v 142 pcp.
- ❑ First GPO contract with HealthTrust commences 1/8/23. accessing 1,600 hospitals.
- ❑ Canadian Periprosthetic Joint Infection Study of 7,600 patients has commenced recruitment and enrolled 62 patients from its first site, and another six sites pending.
- ❑ Additional distribution opportunities emerging with Acne, beyond Priceline (>400 stores).

Second successive quarter of strong growth with the Wound Care DME model becoming the leading driver. Channel expansion reflects market acceptance of the unique Collagen / BLASTX™ offering. XPERIENCE™ is delivering stable growth and should be bolstered over the medium-term by securing the first GPO contract.

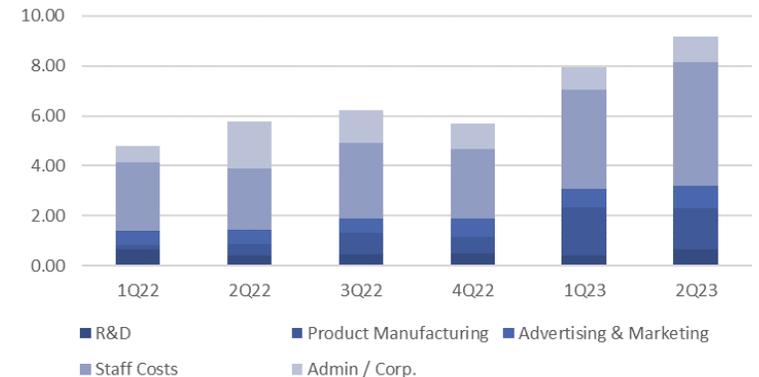
2QFY23 Financial Performance

- ❑ 2QFY23 Product Sales (unaudited) of US\$5.6m, up 27% qoq and 71% yoy.
- ❑ Strong growth in direct sales of 50% qoq and 258% yoy to US\$4.3m.
- ❑ DME sales growth of 99% qoq.
- ❑ Record cash receipts of US\$5.3m, up 40% qoq and 140% yoy reflecting material improvement in the business
 - ❑ Receipts / Revenue ratio improved to 95% v 83% 1QFY23.
 - ❑ Expect further improvement in collection cycle as more private payors move from out of network coverage to in-network coverage of the DME offering.
- ❑ Record 1HFY23 cash receipts of US\$9.1m, up 118% yoy
- ❑ Net Operating Cash flow improved 7% to -US\$3.8m reflects:
 - ❑ Cash receipts growth of 40% qoq v cash cost growth of 15% qoq
 - ❑ Scale efficiencies beginning to come through in the DME
 - ❑ Staff costs increasing 25% qoq to support growth in Wound Care sales and support functions.
- ❑ Growth in cash costs to slow in 2HFY23 through:
 - ❑ Further scale efficiencies in supply chain and DME customer acquisition costs
 - ❑ More moderate growth in sales team expansion.

Quarterly Performance (US\$m)



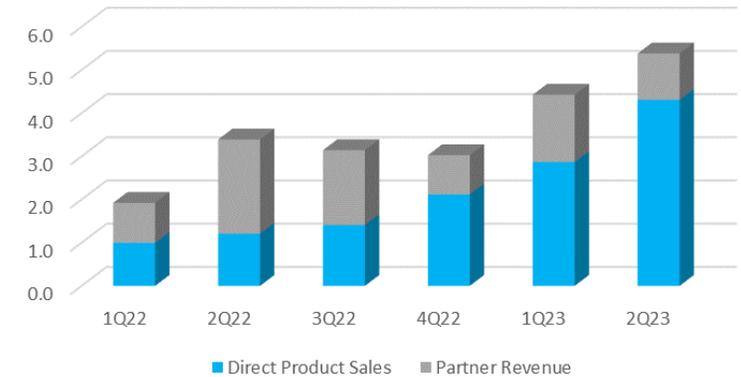
Use of Funds (US\$m)



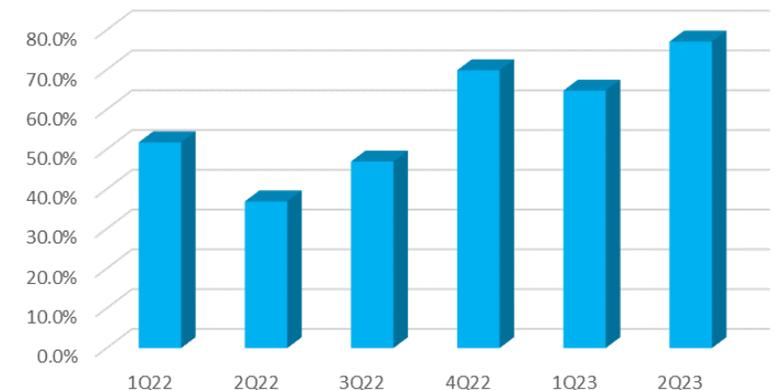
2QFY23 – Direct Sales Channel

- ❑ Direct Product Sales refers to the sale of BLASTX™ and Collagen under the DME, BLASTX™ in Federal sites, XPERIENCE™, SURGX™.
- ❑ Direct Product Sales increased 50% qoq and 258% yoy.
- ❑ Qtrly Wound Product Sales accelerated from 1QFY23, increasing 81% qoq.
- ❑ Direct Product Sales comprises 77% of total revenue v 65% 1QFY23 reflecting increasing contribution from direct sales teams.
- ❑ Direct channel consisted of a sales team of 45 (excl. support roles) in June across Wound and Surgical product lines.
- ❑ 12 new XPERIENCE™ hospital accounts (+6%) and 376 new prescribers (+85%) in the qtr.
- ❑ Increasing number of the sales team are working toward achieving the goal of reaching US\$1m in annual sales.
- ❑ Direct wound team of 37 at 2QFY23 and is expected to grow further during the year driven by demand.
- ❑ Surgical team added 12 new 1099 contract distributors in 2QFY23 and 31 YTD, with more pending signing.

Direct Product Sales v Partner Sales (US\$m)

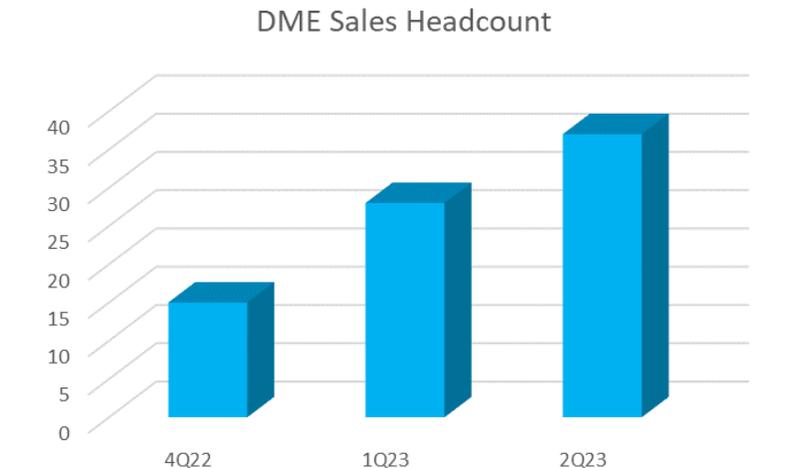
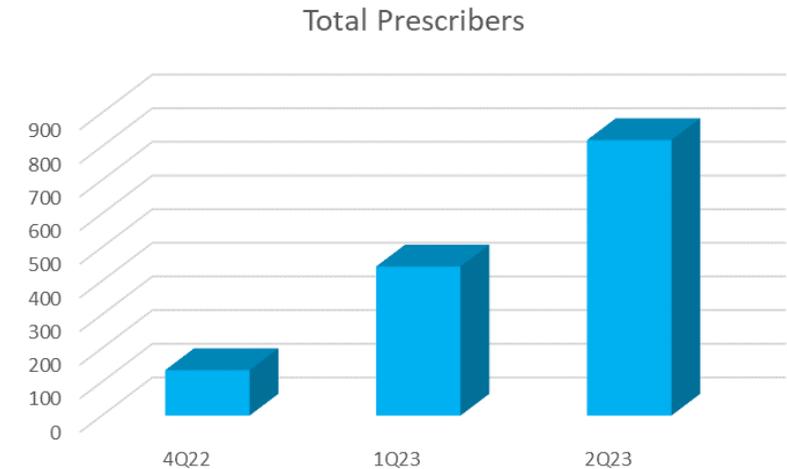


Direct Product Sales %



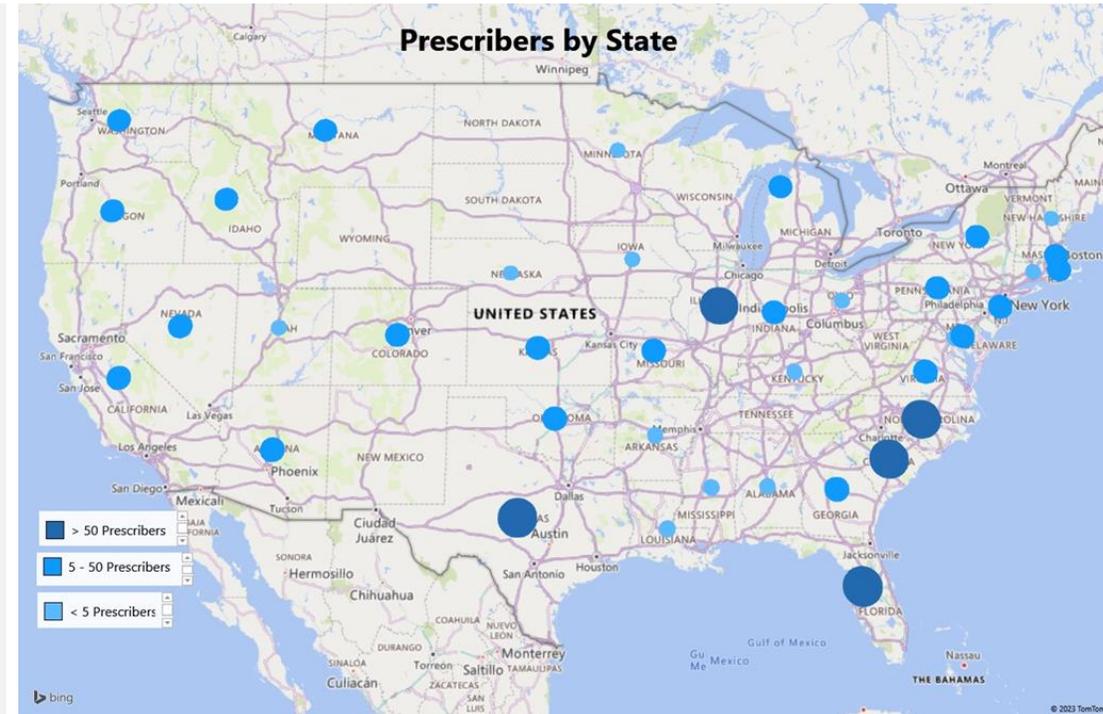
Wound Care – Prescriber Growth Delivering Market Breadth

- ❑ Wound Care offers Collagen with BLASTX™ through a DME (Durable Medical Equipment) structure that delivers reimbursable access to NXS' advanced wound care offering to patients with chronic wounds. It also includes BLASTX™ direct through the Federal VA system.
- ❑ Sales growth of 81% qoq with DME sales growth at 99% qoq.
- ❑ Prescriber growth of 85% qoq to 819, building market breadth to deliver long-term sustainable sales volume.
- ❑ Sales team expanded to 37 (+32% qoq).
- ❑ Positive feedback from Prescriber community about the success of the unique combination of BLASTX™ / Collagen on wound healing.
- ❑ Expansion from Private Office (PO) market to higher volume Wound Care Centres (WCC), Long-Term Acute Care Facilities (LTAC) and Skilled Nursing Facilities (SNFF) to diversify channels and improve productivity.
 - ❑ Sourcing prescribers and sales from 200 WCC out of a market of 1,800 centres.
 - ❑ Total Prescribers from the WCC channel doubled qoq and comprise >40% of all prescribers.
 - ❑ NXS is the only avenue to source access to BLASTX™ in combination with Collagen.



Wound Care – Other Highlights

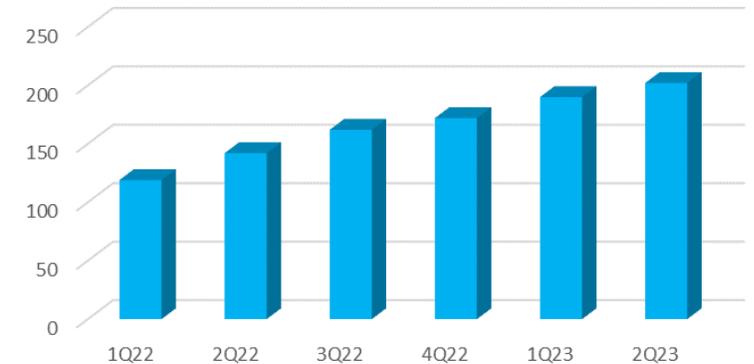
- ❑ Prescriber geographic diversification occurring as demand for the unique combination of BLASTX™ with Collagen spreads across the US.
 - ❑ Selling in 42 States in 2QFY23 v 36 States in 1QFY23
 - ❑ Top 5 States represent 49.3% of prescribers v 51.2% in 1QFY23
- ❑ Commercial coverage across Medicare and Private Payors.
 - ❑ Medicare covers c.45% of the insurance market at c.150m lives
 - ❑ Private payor contract numbers expected to increase through 2HFY23
 - ❑ Insurers continuing to pay on an out of network basis reflecting efficacy of BLASTX™ / Collagen combination.
- ❑ New 3rd party commission only distributor to target BLASTX™ in Federal VA sites, enables DME team to have clear focus on the commercial market.
 - ❑ Sales team of 20 recruiting to 50 over the next year.
- ❑ Employed new resource to target national wound management accounts, which service over 1,000 medical clinics.
- ❑ Change in supplier already delivering reduced COGS of Collagen.
- ❑ Consultative service model via frequent presence in the clinic is a key success factor for the DME.



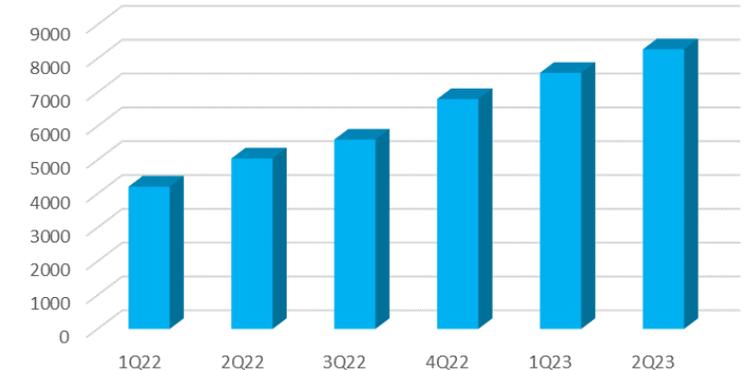
Surgical – First GPO Contract

- ❑ The Direct Surgical sales team offers an advanced irrigation solution (XPERIENCE™), and a sterile antimicrobial wound gel (SURGX™).
- ❑ Direct XPERIENCE™ sales growth in 2QFY23 was 8% qoq and 58% yoy.
 - ❑ Over the past six qtrs, customers and bottle volume have doubled.
- ❑ Direct customer base continues to build with 7% qoq growth to over 200 hospitals and 43% yoy.
- ❑ Contract sales force increased to 85 distributors / 200 reps, including 31 new distributors YTD. New distributors having an impact on penetrating into new and existing customers.
 - ❑ Distributor focus - hip & knee segment to build a beach head before expansion into other surgical disciplines.
- ❑ Expect commencement of first GPO contract to improve growth rates. HealthTrust contract commences 1/8/23, providing access to over 1,600 hospitals.
- ❑ Recruitment of the Canadian 7,600 patient study into Periprosthetic Joint Infection (PJI) commenced in March through the Ottawa Hospital Research Institute and will be one of the largest Orthopaedic studies conducted.
 - ❑ 62 patients enrolled in first site. Another six sites pending completion of contracts.
 - ❑ Primary end point – rate of acute PJI <90 days post surgery.
- ❑ XPERIENCE™ now being used by 17 hospitals in Australia. Unit volume doubled over the past eight months.

XPERIENCE™ Hospital Customers



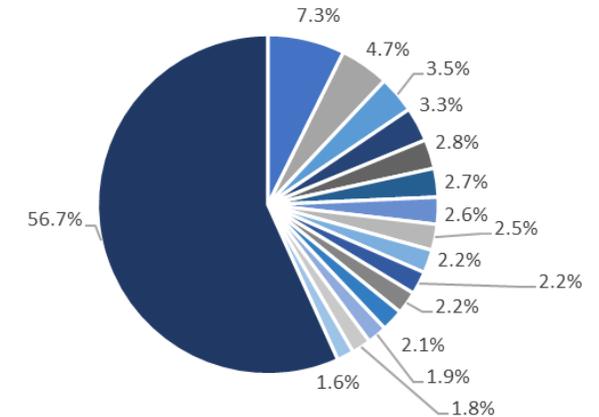
Quarterly XPERIENCE™ Bottle Volume



Surgical – Customer Profile Improving Diversification

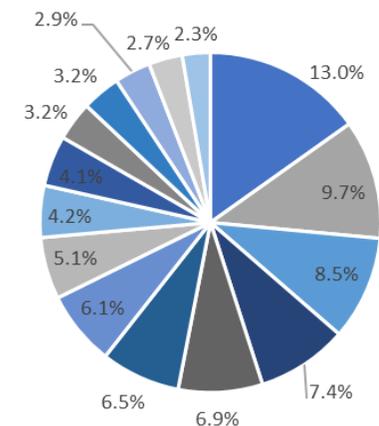
- ❑ Top 15 customers represent <44% of XPERIENCE™ revenue, down from 49% at 1QFY23.
- ❑ 10% of hospital sites are achieving high volume usage.
 - ❑ Second tier customers continue to improve usage and with a number approaching high volume utilisation
- ❑ Customer base is primarily located in the South-East and North-East US.
 - ❑ Top 15 States account for 86% of XPERIENCE™ revenue compared with 88% at 1QFY23
- ❑ Hospital breadth is continuing to build, reducing overall customer concentration.
- ❑ Participated in five trade exhibitions / meetings during 2QFY23, including: HOA, AOA, Limb Preservation, AHN Orthopaedic Update, and HIP Canada, with another 8 scheduled for 2HFY23.
- ❑ Annual growth for TKA reached 16.8% in 1QFY23, and 11.8% for THA (SmartTRAK), evidencing robust growth in key Orthopaedic markets.
 - ❑ THA / TKA projected to increase c.70% / c.80% to c.0.9m / c.1.9m annual procedures by 2030 (SmartTRAK) equating to a revenue opportunity of c.US\$350m pa, from these two procedures alone.

Top XPERIENCE™ Customers



Top US States

- GA
- AL
- IL
- LA
- FL
- PA
- NY
- CA
- NC
- IA
- ID
- HI
- MN
- SC
- MO



2023 Outlook



Second successive strong qtr of growth, leading to 1HFY23 unaudited Product Sales increasing 92% yoy and direct product sales increasing 258% yoy.



Direct sales approach proving successful with 77% of sales emanating from this channel through 2QFY23.



Expanding DME channels into WCC, LTAC and SNFF driving strong qtrly growth in wound care.



XPERIENCE™ continues to build its customer base and is building upon improving distributor alignment.



First GPO contract for XPERIENCE™ with HealthTrust to accelerate access to hospitals and patients.



New CEO – I.V. Hall appointed – commenced 10/7/23.

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Appendix

Clinical Studies XPERIENCE®

Indication	Product	Study Size	Structure	Sites	Status
Breast Augmentation	XPERIENCE	186	Investigator Research Study (product donated). Three arms: XPERIENCE v 10% Betadine v "Triple Antibiotic Solution"	Dr A Deva Integrated Specialist Healthcare Education and Research Foundation, Australia	71 /186 patients enrolled. Interim analysis in progress
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	Waiting on IRB approval
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 7 sites in Canada	One site commenced recruitment with 62 patients enrolled. All other sites pending recruitment
Post Operative Inflammation in joints	XPERIENCE	60	Investigator Research Study. (product donated) Imaging technology provided by Next Science. XPERIENCE v 0.3% Betadine	Dr A Wickline Genesee Orthopaedics, NY	Enrolment closed. Research paper in write-up phase

Upcoming Clinical Publications XPERIENCE®

Indication	Product	Study Size	Structure	Sites	Status
Impact of XPERIENCE on Bone Cement Adhesion	XPERIENCE	In-vitro & Animal study	Clinical and Laboratory collaboration	University of New South Wales Dr R Bashyal, Chicago	Research finished, paper for publication in 2HFY23

- ❑ Post operative infection investigator case studies by The Surgery Centre at Edgewater (500 cohort) and Jack Hughston Memorial Hospital (420 cohort) have been completed and await final review for publication.
- ❑ Bioburden In-vivo investigator sponsored study by Dr Bashyal (Chicago), changed to a 500 cohort post operative infection study that has been completed and is subject to final review for publication.

Recent Publications

Date	Area	Authors	Hyperlink
April 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	BlastX effectiveness	Regulski, Myntti, Garth et al. (Woud 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://pubmed.ncbi.nlm.nih.gov/36358169/
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/

Recent Publications

Date	Area	Authors	Hyperlink
March 2023	Irrigation, Biofilms, Infection	Cheng, Owen , Swink, Myntti (Allegheny Health Network poster presentation at Orthopaedic Research Society meeting.	https://lnkd.in/eN3CnXv2
Dec 2022	Irrigation, Biofilms, Infection	Sosnoski, Dietz, Bou-Akl, et al. (Michigan State University	https://pubmed.ncbi.nlm.nih.gov/36643380
July 2022	Irrigation, Biofilms, Infection	Whiteley, Helms, Muire, et al. (US Army Surgical Research)	https://pubmed.ncbi.nlm.nih.gov/35840981/
May 2022	Irrigation, Biofilms, Infection	Parvin, Vickery, Deva, et al. (Macquarie University)	https://pubmed.ncbi.nlm.nih.gov/35629656/
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/

How Does XBIO™ Work?



Deconstructs the biofilm

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



Destroys pathogens enveloped within the XBIO™ Technology

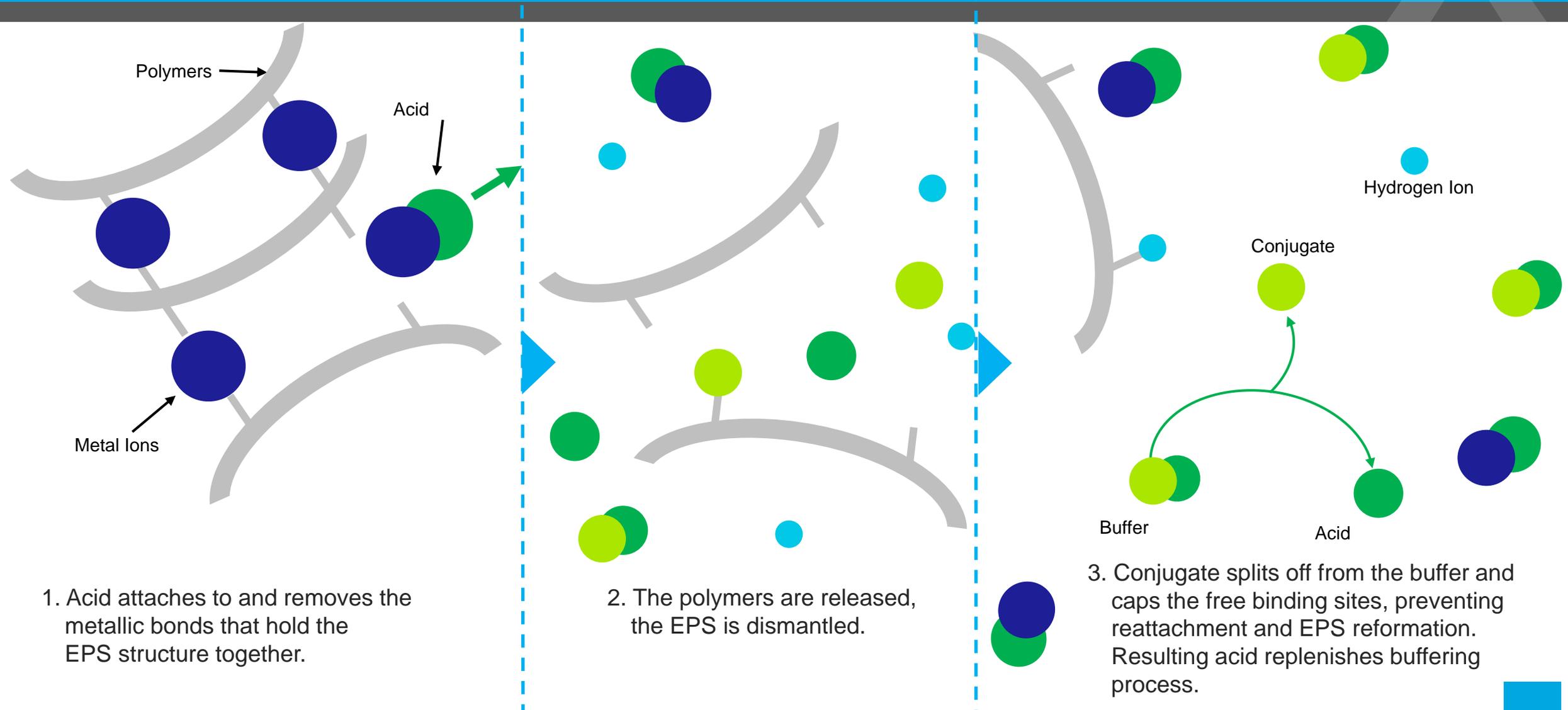
High osmolarity environment + cell membrane disaggregation induces lysis of bacteria within the product



Defends against recolonization

Biofilm matrix cannot reform within the presence of XBIO™

Mechanism Of Action: Deconstructs The EPS*



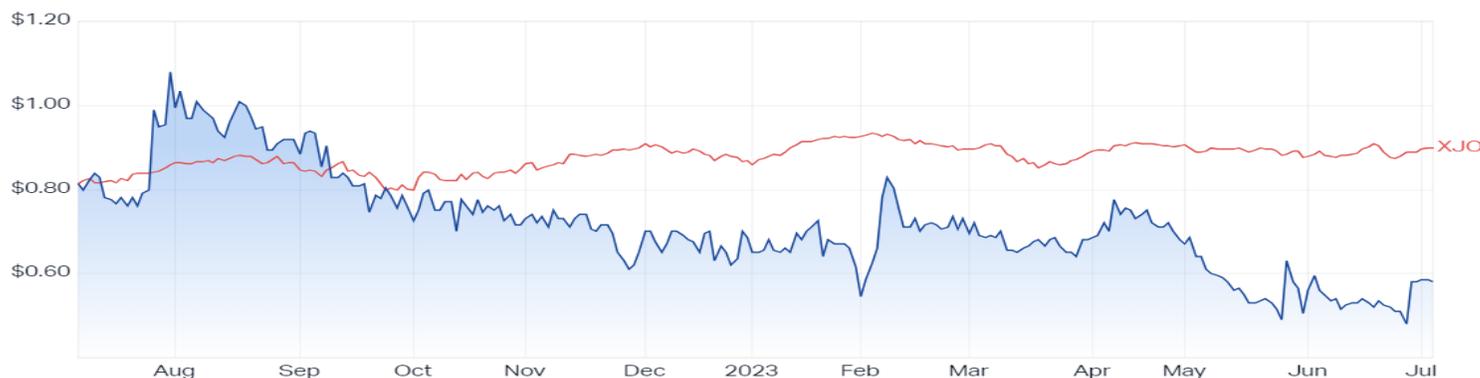
1. Acid attaches to and removes the metallic bonds that hold the EPS structure together.

2. The polymers are released, the EPS is dismantled.

3. Conjugate splits off from the buffer and caps the free binding sites, preventing reattachment and EPS reformation. Resulting acid replenishes buffering process.

Corporate Snapshot

NXS Share Price v ASX200 (as at 30/6/23)



Company Information

Incorporated	October 2017
IPO	April 2019
Head Office	Sydney, Australia
Staff no.	104

Directors

Mark Compton	Non-Executive Chairman
Judith Mitchell	CEO / Managing Director
Aileen Stockburger	Non-Executive Director
Dan Spira	Non-Executive Director

Market Information (\$0.58 as at 30/6/23)

Shares on Issue	214,790,134
Con. Note / Options on Issue	12,812,000
Market Cap	\$124.6m
52-week high	\$1.08
52-week low	\$0.48
Average Volume	86,902

Share Register

Directors, Employees & Related Parties	42.4%
Institutions	7.7%
Retail	49.9%

NEXT SCIENCE[®]

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