

NEXT SCIENCE[®]

1H 2022 Investor Presentation

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Approved by the Board

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Next Science purpose – healing people – saving lives

Platform technologies that protect against biofilm formation and eradicate existing biofilms that are driving chronic infection and delaying healing

Next Science offers unique and significant benefits to health systems and patients and has 5 product groups on sale in the US market

Reduce hospital acquired infections and improved surgery success rates



Better patient outcomes – lower surgical site infection rate



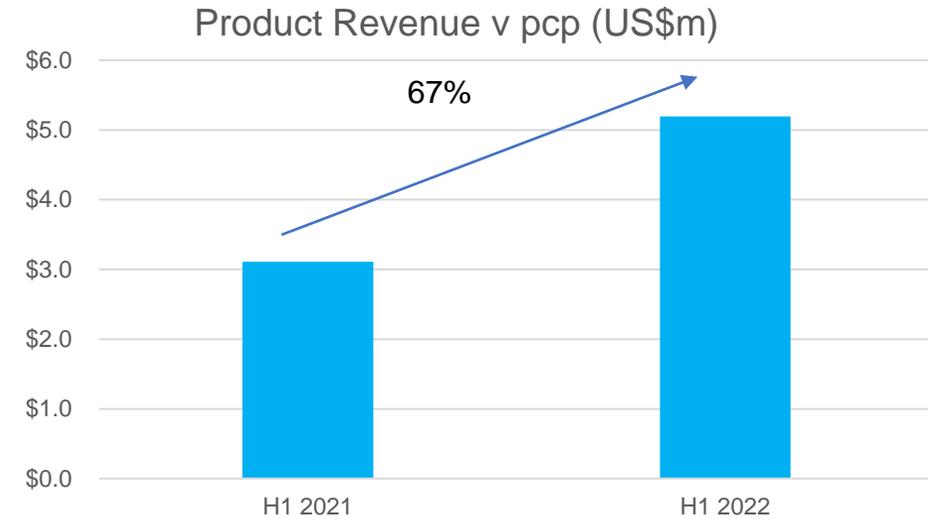
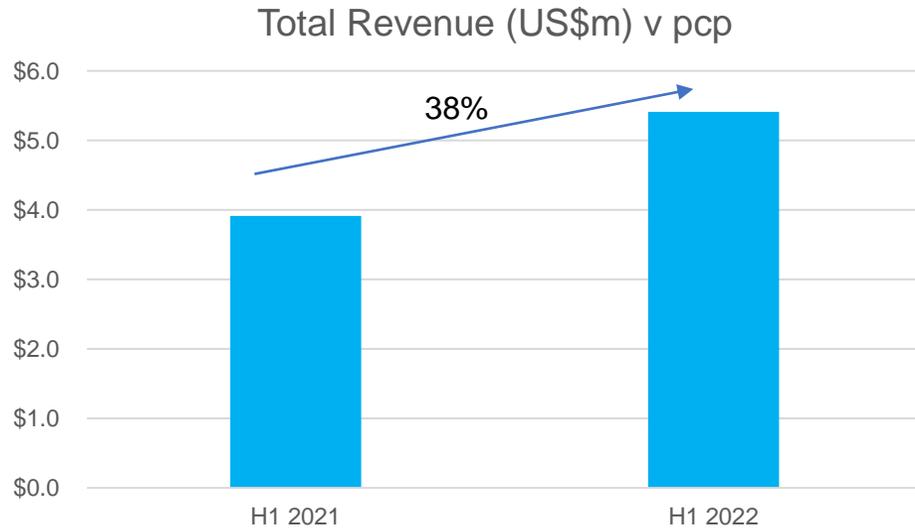
Treatments that don't increase antibiotic resistance



Allows hospitals to reduce overall cost of complications and readmissions

Next Science technologies meet the triple aim: better patient outcomes, improving patient health, and reducing cost of healthcare

Revenue 1H 2022 + 38% vs pcp with Product sales +67% vs pcp



(USD\$m)	H1 2021	H1 2022
Product Revenue	\$3.1	\$5.2
Other Revenue *	\$0.8	\$0.2
Total Revenue	\$3.9	\$5.4

- Product sales contributions in 1H 2022 from Bactisure™, XPERIENCE™, BlastX™, TridentX™ and SurgX™

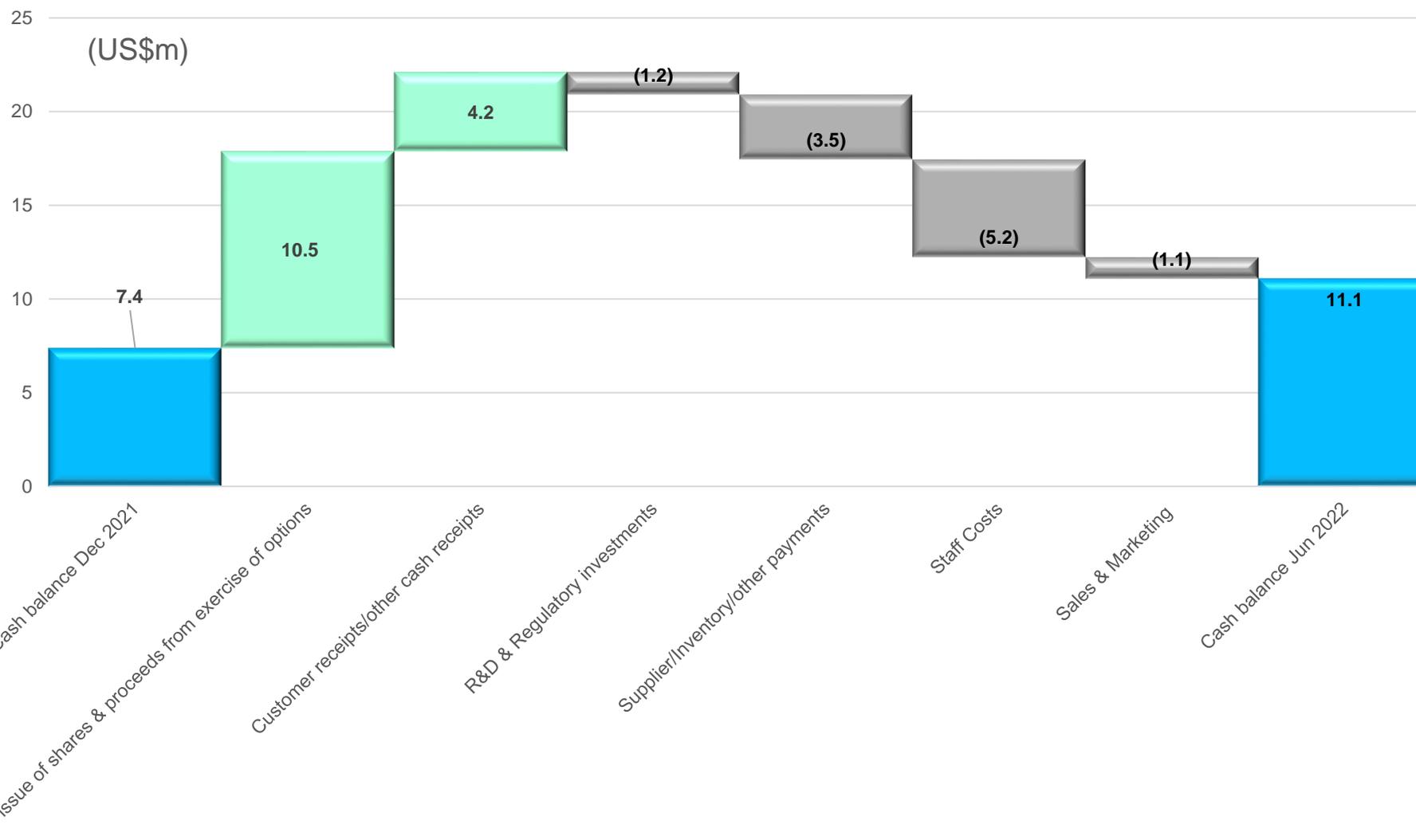
*other revenue includes the release of milestone payments, royalties and license fees

Profit and Loss Statement

\$US '000s	30 June 2022	30 June 2021	Variance
Revenue	5,411	3,915	38%
Cost of Sales	(1,032)	(838)	23%
Gross Profit	4,379	3,077	42%
Gross Margins	81%	79%	
Other Income	27	21	
Selling and Distribution expenses	(4,685)	(3,053)	53%
Research and Development expenses	(3,002)	(2,511)	20%
Administration expenses	(3,300)	(1,794)	84%
Other expenses	(3)	(6)	
EBIT	(6,583)	(4,266)	(54%)
Net finance income	(6)	67	
Loss before income tax	(6,589)	(4,199)	(57%)

- Revenue up 38% on pcp
- Product Sales up 67% on pcp
- 2Q 2022 Product Sales growth of 70% compared to 1Q 2022
- Gross margins have improved
- 1H 2022 EBITDA: -US\$6.2M (-US\$3.9M pcp)
- 1H 2022 - Depreciation \$210k, Amortisation \$223k
- Managing inflation pressures through improved manufacturing economics
- Selling and Distribution expenses have increased to support the direct sales model
- Admin expenses increased due to one off
 - Senior Executive recruitment costs
 - Legal fees settling the 2021 XPERIENCE™ legal disputes with Zimmer and Irrimax

1H Cash waterfall – investing for growth with a strong balance sheet

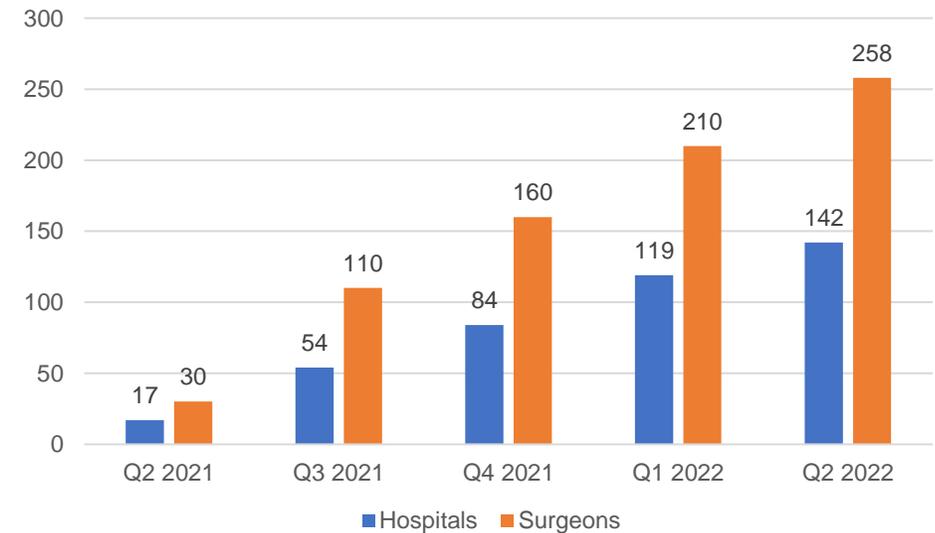


Comments:

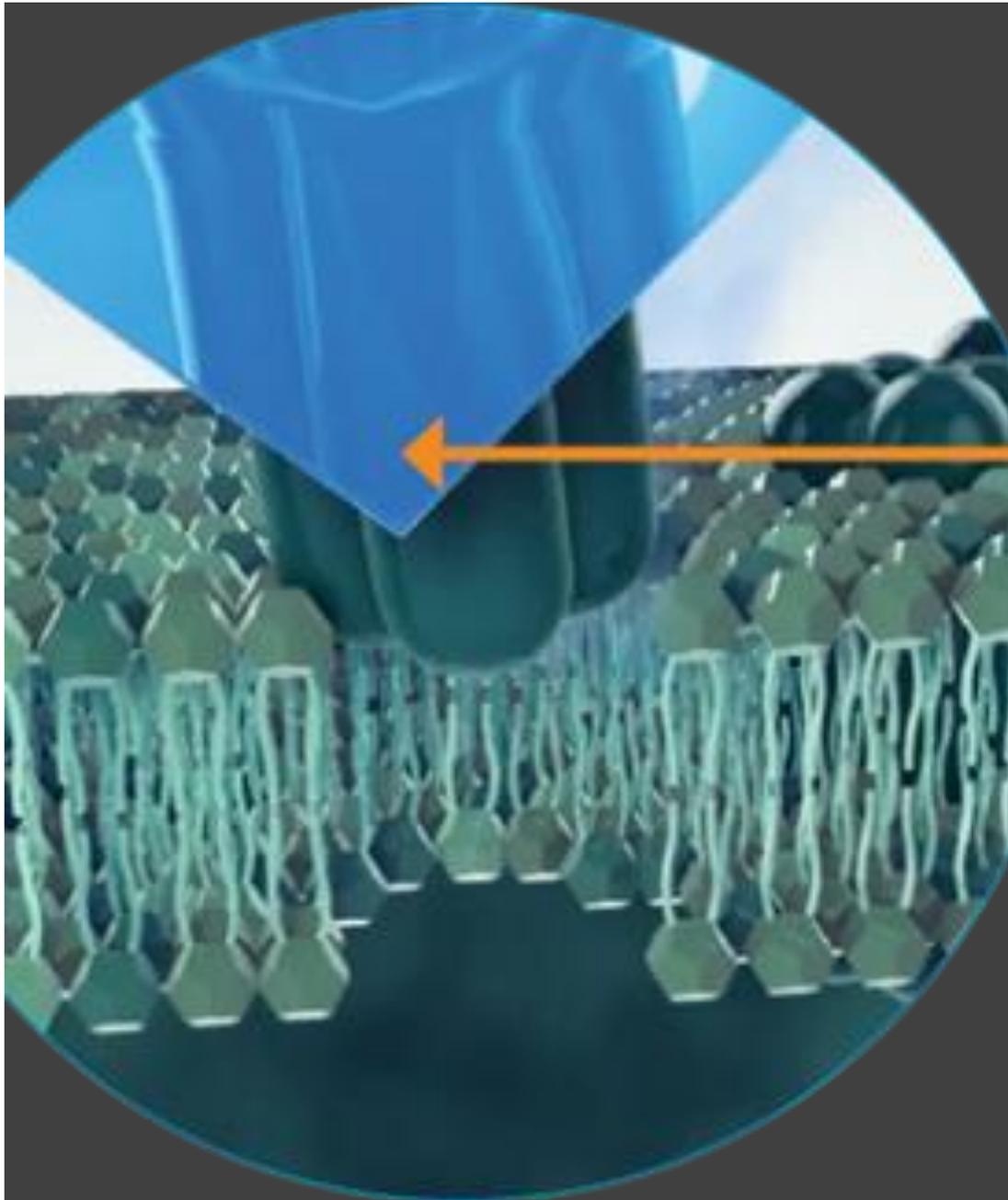
- \$11.1m of cash, debt free.
- Net issue of shares includes A\$14.8m (US\$10.9m) from share placement and SPP in 1H 2022
- \$2m Accounts Receivables at 30 June for collection in Q3
- Incremental investment in Sales team ~\$0.9m
- Supplier/Inventory/other payments includes one off legal costs related to settling the 2021 Zimmer and Irimax legal disputes & recruitment fees for US senior executives

Activity Update - Good progress in 1H expanding awareness and adoption

- YTD 2022 US XPERIENCE™ adoption has increased to 258 surgeons (~1% of US orthopaedic surgeons*) in 142 US hospitals*
- Two month rollout of XPERIENCE™ commenced in July through Zimmer's exclusive hip & knee field force of sales agents to provide increased access to the US orthopaedic market
- XPERIENCE™ sales commenced in New Zealand in June
- Recruitment underway for new US based CEO, as announced at the AGM
- Further expansion of direct sales team (+5)
- First US shipment of TridentX™ wound wash to Convatec
- Expanded peer reviewed "Irrigation" publications to 6

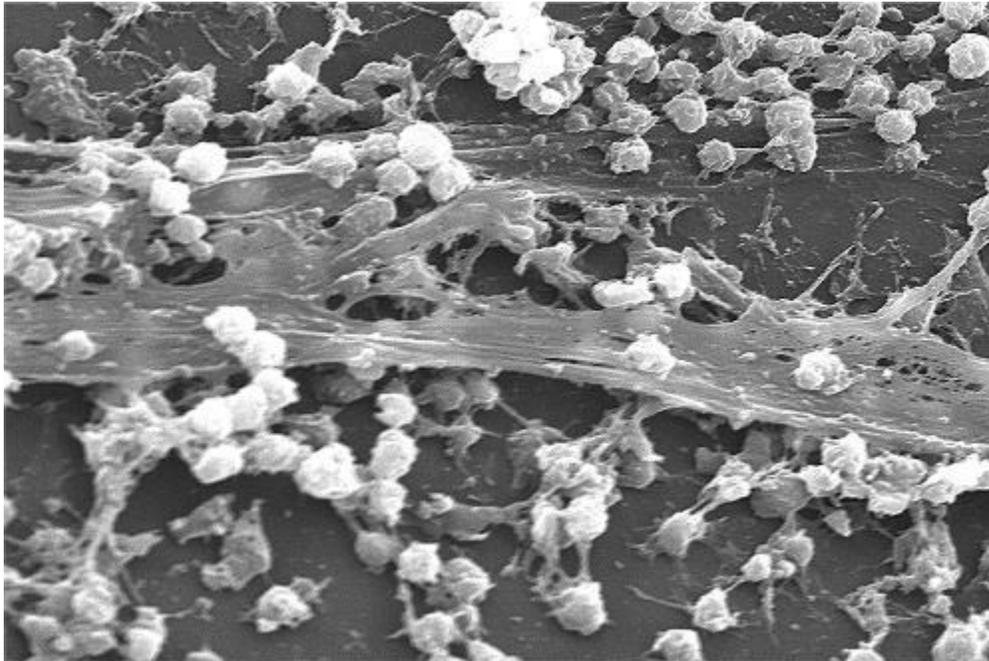


* as XPERIENCE is now sold through multiple distributors from 1 July 2022, hospital and surgeon data will no longer be available



XBIO – Next Science's platform technology

What is the biofilm?



COMMUNITY OF PATHOGENS

Multiple species of bacteria and fungi living together.

ENTANGLED POLYMERS

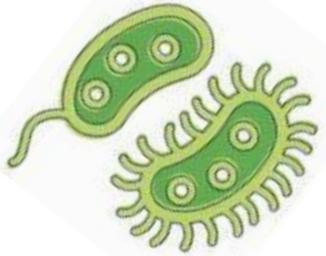
Microbes secrete a protective matrix called EPS (extracellular polymeric substance) made from polymers including proteins, glycolipids, polysaccharides and DNA.

METAL IONS

Metal ions link polymers of the EPS, forming a resilient-barrier.

CDC/Rodney M. Dolan, PhD. and Janice Haney Carr. Abraham NM, Lamlerthton S, Fowler VG, Jefferson KK. Chelating agents exert distinct effects on biofilm formation in *Staphylococcus aureus* depending on strain background: role for clumping factor B. *Journal of Medical Microbiology*. 2012;61(Pt 8):1062-1070. doi:10.1099/jmm.0.040758-0. Pal A, Paul AK. Microbial extracellular polymeric substances: central elements in heavy metal bioremediation. *Indian Journal of Microbiology*. 2008;48(1):49-64. doi:10.1007/s12088-008-0006-5.

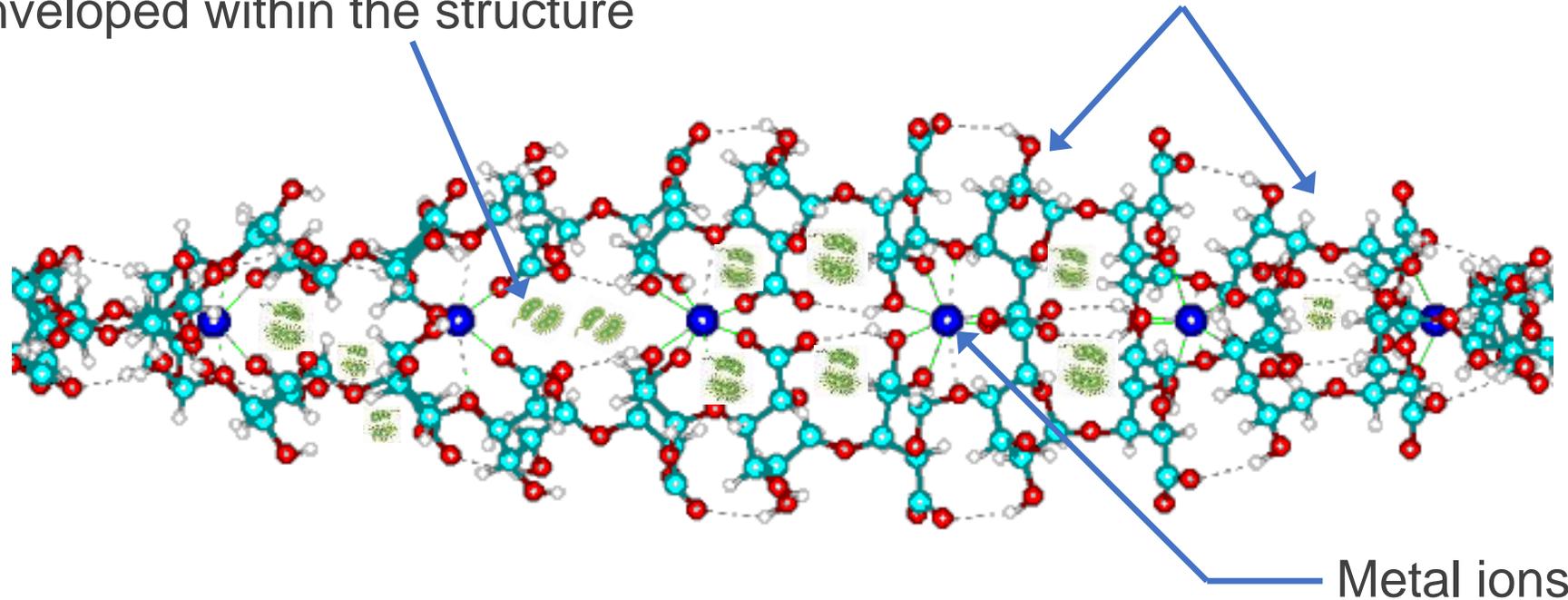
Biofilm is a structural problem



Free-floating bacteria are only **10%** of the bacteria in a wound

90% of the bacteria are enveloped within the structure

Extracellular Polymeric Substance (EPS) showing structural polymers linked with metal ions



Metal ions

Gupta K, Margues C, Petrova OE, Sauer K. Antimicrobial tolerance of *Pseudomonas aeruginosa* biofilms is activated during an early developmental stage and requires the two component hybrid *sagS*. *Journal of Bacteriology*. 2013;195(21):4975-4987.

Leid JG, Willson CJ, Shirliff ME, et al. The exopolysaccharide alginate protects *Pseudomonas aeruginosa* biofilm bacteria from IFN-mediated macrophage killing. *J Immunol*. 2005;175(11):7512-7518.

Biofilm encased bacteria are harder to kill

Antibiotics and antimicrobials may be able to destroy bacteria near the surface of a biofilm but cannot penetrate the EPS to destroy bacteria within the biofilm

Bacteria within biofilms can be quiescent (dormant) and not affected by antibiotics

Bacteria within biofilms are able to adapt to their environment as a defense mechanism

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

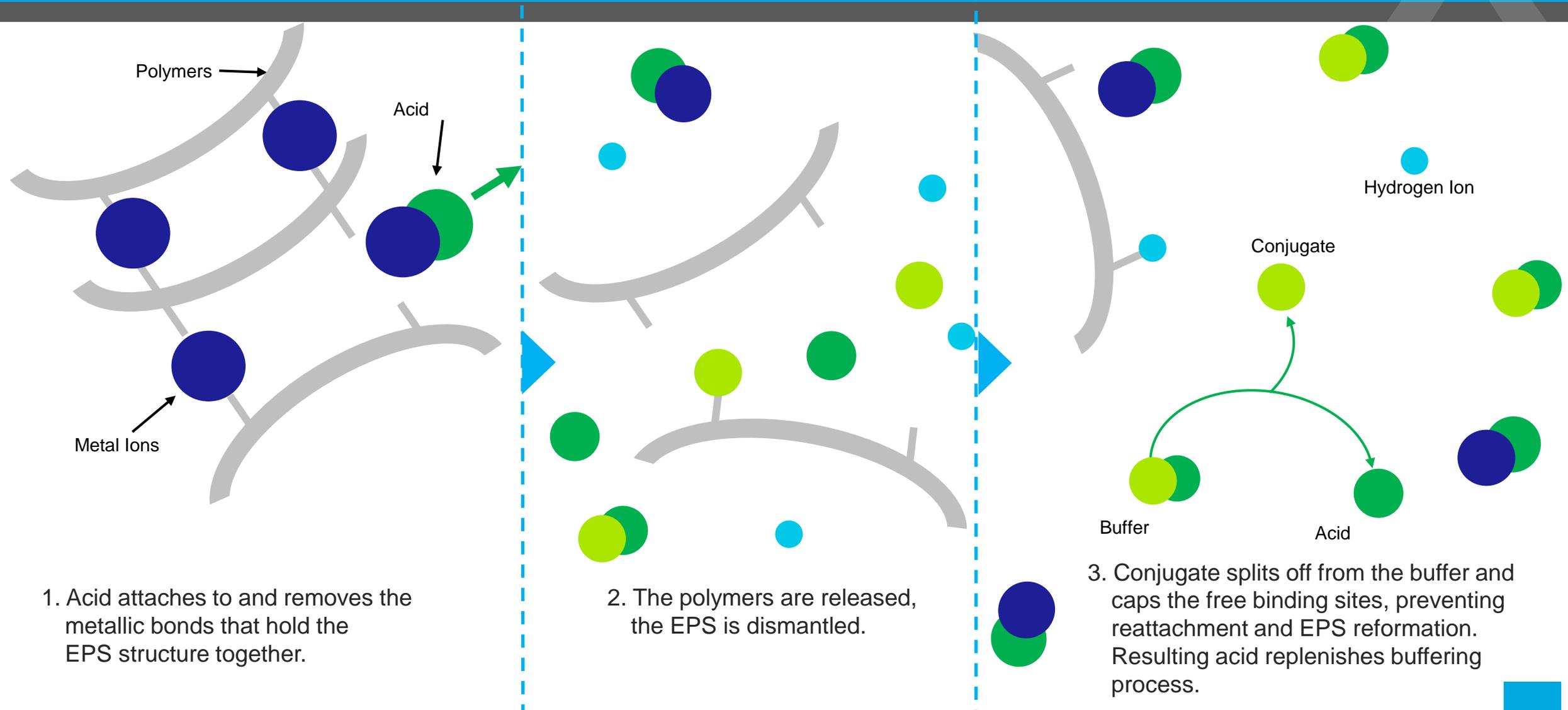
High osmolarity environment + cell membrane disaggregation induces lysis of bacteria within the product

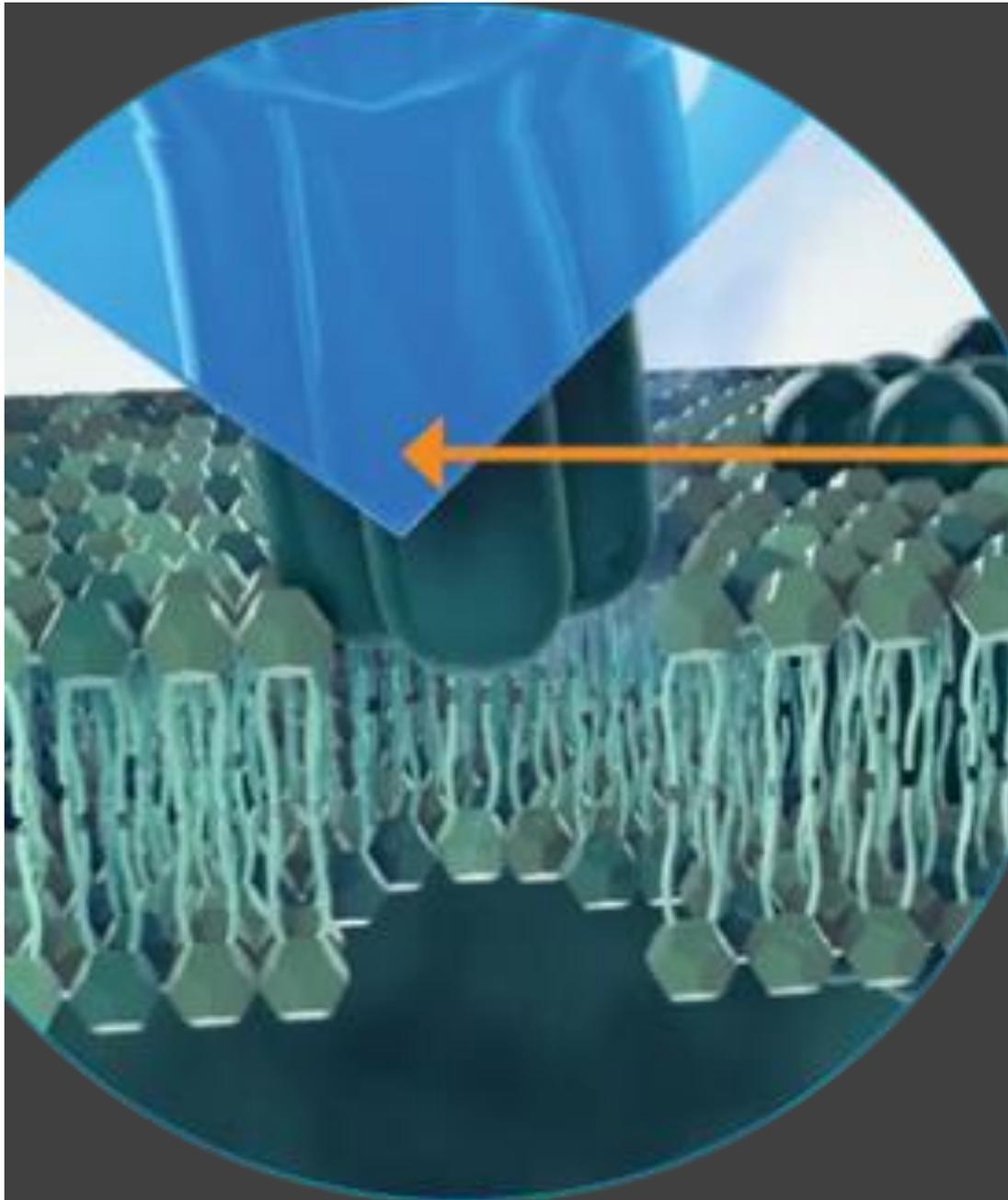


Defends against recolonization

Biofilm matrix cannot reform within the presence of XBIO

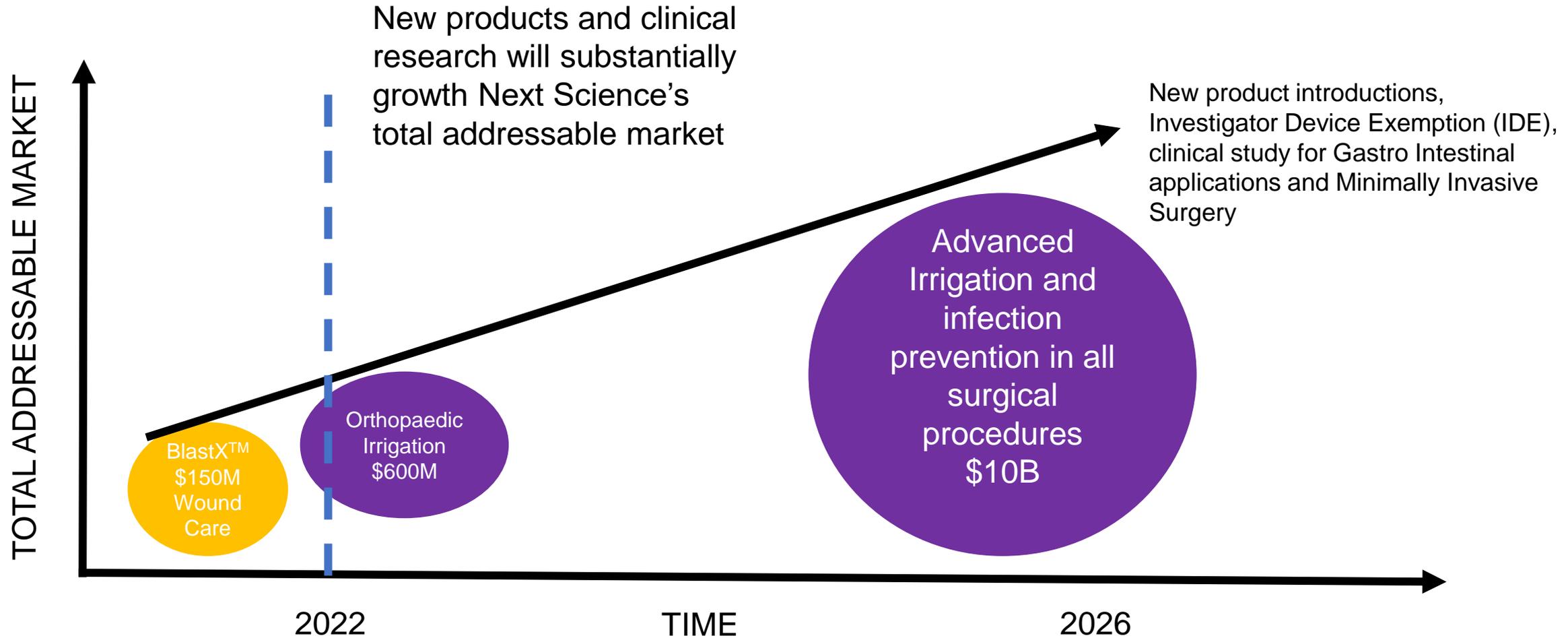
Mechanism of action: deconstructs the EPS





Commercial Strategy

Value opportunities for Next Science device technologies in the US



Current markets being served

Chronic Wound Care

- 8.2 million patients in the US¹
- Total addressable market \$11B
- Causes deaths in 27.7% of patients within a 2 year period.²
- Cost to US healthcare system to treat >\$50B pa²
- Segmented market – Federal market is deficit funded, so products are purchased based on efficacy;
- The commercial hospital market and private podiatry offices require products that are robustly reimbursed by Medicare/Medicaid and private Insurers.

Next Science offerings remove the biofilm and the bacteria and provide an environment to promote healing

Post Operative Surgical Complications

- Preventing surgical site infection (SSI)¹:
 - Total market 110 million surgical procedures pa¹
 - 2 million SSIs occurring per year in the US¹
- Total addressable market \$11B
- SSI causes 90,000 deaths pa
- Cost to US healthcare system to treat \$25-40B pa¹,
 - increased 36% in the past decade¹
- Preventative technologies covered in 'Episode of Care' costs paid by insurance companies or by CMS (Medicare/Medicaid)

With XPERIENCE™ and SurgX™ , Next Science is offering a suite of products to protect the patient from infection

FOCUS IS ON DRIVING COMMERCIAL SALES DIRECT AND WITH PARTNERS

XPERIENCE™ – executing growth strategy to accelerate adoption

XPERIENCE™

2021

Create awareness and key opinion leader base

- ✓ Set up reference sites with key opinion leaders
- ✓ Build on Area sales managers with Account managers
- ✓ Establish key studies
- ✓ Create awareness through marketing campaigns

2022-2023

Drive adoption and grow evidence

- ✓ Increase penetration across accounts growing the Account manager teams
- ✓ Increased market access through distribution with Zimmer Hip & Knee sales team (H2)
- ✓ Increase market coverage with White Label products for designated market segments
- ✓ Expansion to Australia and New Zealand through distributors
- ✓ Support Investigator studies in all key product applications
- Complete and publish inflammation in joint study, impact on bone cement adhesion study ('pull out study'), bioburden studies and retrospective hip & knee case series

2023 onwards

Mass market adoption – becoming the standard of care

- Strategy to become standard of care by 2026:
- Complete and publish key primary joint study – Total addressable market US\$0.6B in USA
 - Complete and publish key colorectal study, broadening product indications & expanding addressable market to US\$11B in USA
 - Continued growth of market coverage through direct and indirect representation

Develop model for expansion in US Wound Care market

Wound Care

2021

Re- establish existing customer base

- ✓ Get Veterans Affairs and Department of Defence hospitals back to ordering from coast to coast
- ✓ Establish deeper utilisation within VA and DoD accounts
- ✓ Utilise direct representation in Kaiser network to become standard of care

2022-2023

Open new segments and grow evidence

- ✓ Continued development of the accounts returned to NXS in April 2021.
- ✓ Trial in home health
- ✓ Lean into health economics study to support wide utilization

2023 onwards

Expand utilization

- Combination application with other wound products
- Seek to improve reimbursement for products in the market
- Publish data

Products Wound Care – Wound Gel & Wound Wash



- NXS Direct Sales in the US
 - BlastX™ Wound Gel



- BlastX™ distributed in ANZ by Oraderm/Douglas Pharma



- TridentX™ distributed in US by Triad Life Sciences a Convatec subsidiary

Prevention products– XPERIENCE, SurgX, Bactisure



- NXS direct surgical sales in the US
 - XPERIENCE™
 - SurgX™



- XPERIENCE™ distributed in the US by Zimmer Biomet and by TELA Bio (Site Guard)



- Bactisure™ distributed globally by Zimmer Biomet
- XPERIENCE™ distributed In Australia by Novus Surgical Innovations
- XPERIENCE™ & SurgX distributed in New Zealand by Next Med

Summary: Positive 2H outlook with new distribution partnerships and expanded territories

Executing strategy to accelerate market awareness and adoption of Next Science's Xbio platform – market leading infection prevention and treatment technologies

- ✓ 1H 2022 product sales growth, +67% on pcp. Contributions from 5 product groups in US market, 11 regulatory approvals, 44 patents
- ✓ Signed multiple new distribution agreements in the 1H to expand commercial reach and support for clinicians
- ✓ 2H additions to support revenue growth:
 - ✓ Zimmer launch of XPERIENCE™ in the US
 - ✓ New Zealand Distributor launch of XPERIENCE™ and SurgX™
 - ✓ US Distributor launch of TridentX™ Wound Wash (Convatec)
 - ✓ Australian Distributor launch of XPERIENCE™
 - ✓ Australia and New Zealand Distributor launch of BlastX™ with Oraderm
- Further independent research publications on positive results with Bactisure™, XPERIENCE™ and BlastX™ supporting commercial growth strategy

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Appendix

Recent Publications

- Test performance of XPERIENCE and its clinical advantages: Bashyal & James: [https://www.arthroplastyjournal.org/article/S0883-5403\(22\)00062-6/fulltext](https://www.arthroplastyjournal.org/article/S0883-5403(22)00062-6/fulltext)
- Protocols for use of Biofilm Disrupting Wound Irrigation. Knapp, Chen, Scuder, Mont: October 2021 [Surgical Technology International](#) DOI: [10.52198/21.STI.39.OS1514](https://doi.org/10.52198/21.STI.39.OS1514) (XPERIENCE)
- [Efficacy of Surgical Wound Washes against Bacteria: Vickey, Hu, Parvan, Deva: https://pubmed.ncbi.nlm.nih.gov/35629656/ \(TorrentX, Bactisure\)](#)
- What Is the Duration of Irrigation? [Christopher, Tran, Vernon, Spangehl: https://pubmed.ncbi.nlm.nih.gov/34740788/ \(Bactisure and competitors\)](#)
- Efficacy of common antiseptic solutions against clinically relevant microorganisms in biofilm [O'Donnell, James, Seyler et al: https://pubmed.ncbi.nlm.nih.gov/33934664/](#)
- Use of Adjunct Antiseptic Agents in Periprosthetic Joint Infections [Plate, Zuskov, Seyler: https://journals.lww.com/jaaos/Citation/2021/12010](#)
- Efficacy of Common Antiseptic Solutions Against Clinically Relevant Planktonic Microorganisms [O'Donnell, Jams, Seyler et al: https://journals.healio.com/doi/full/10.3928/01477447-20211227-05](#)

Breadth of research to support market adoption

Indication	Product	Study Size	Structure	Status	Sites
Impact on Bone Cement Adhesion	XPERIENCE™	Invitro & Animal study	Fee for Service	First data very strong, more tests underway	Contracting with UNSW Surgical and Orthopaedic Research Lab (Dr B Walsh)
Post Operative Inflammation in joints	XPERIENCE™	30	Investigator sponsored research. Imaging Technology provided by Next Science	Patients being Recruited AAHKS Presentation November	Dr A Wickline Utica (New York)
Post Operative Infection	XPERIENCE™	300	Investigator Case Series	Retrospective of first 300 completed XPERIENCE joint surgeries AAHKS Presentation November	MUSC, South Carolina
Post Operative Infection	XPERIENCE™	900	Investigator Case Series	Retrospective of first 900 completed XPERIENCE orthopaedic surgeries AAHKS Presentation November	Jack Hughston Memorial Hospital Columbus, Georgia
Surgical Site Infection in Primary Joint Replacement in complex patients	XPERIENCE™	1,200	Investigator Research Study (Product Donated)	Patients being recruited Expected completion 2023	Dr Scuderi Northwell Group Lennox Hill + 6 Northwell sites

Indication	Product	Study Size	Structure	Status	Expected Reporting date	Sites
Compound Tibial Fracture Infection (Pilot Study)	XPERIENCE™	30	Investigator Research Study (Product Donated)	Patients being recruited	December 2022	Hughston Memorial Clinic, University of Alabama
DAIR Study on acutely infected joints	XPERIENCE™ Bactisure™	192	NXS sponsored study, product donated,	Protocol finalised. Contracts under development for each site Expected completion 2023	December 2023	Dr Jon Minter Northside Hospital Atlanta, UAB Alabama, NE Baptist, Northwell Group New York and Delaware, FOI Tampa, Hope Orthopaedics Salem, Scripps, 21 Surgeon Participants
Surgical Site infection in Primary Joints	XPERIENCE™	7600	Investigator Research Study, Product donated	Randomised Controlled study over 5 sites in Canada PI Dr Beale, Dr Garceau University of Ottawa	Q4 2024	Site applying to the Canadian government for approval to commence the clinical trial
BioBurden Invivo Study	XPERIENCE™	172	Investigator sponsored research	Contracts in development	Q4 2023	Mayo Clinic
Surgical Site Infection in Colorectal surgery	XPERIENCE™	560	Investigational Device Exemption (IDE) for expanded indications	Randomised Control study 3 sites. Houston VA, Memorial Herman Hospital,	2025	Pre-clinical animal study required by the FDA
Animal Study on effectiveness	XPERIENCE™	Animal Study	Investigator Sponsored Research	Contracts under review	Q1 2023	Cleveland Clinic

References

1. K Sen: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6389759/>
2. https://www.researchgate.net/publication/51199135_High_mortality_in_patients_with_chronic_wounds
3. <https://www.definitivehc.com/blog/how-many-orthopedic-surgeons-in-us#:~:text=According%20to%20Definitive%20Healthcare's%20PhysicianView,hand%20surgery%2C%20and%20joint%20replacement>
4. <https://wjes.biomedcentral.com/articles/10.1186/s13017-019-0266-x> - economic burden of SSI