

Q3 FY21 Business Update

1 November 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:

- 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

3Q 2021 – Record growth and delivery on key milestones

- ✓ Recovery well underway as US surgery volumes increase and new product sales contribute to revenues:
- ✓ Q3 Revenue (unaudited) US\$2.2M +29% on previous quarter.
- ✓ YTD Revenue (unaudited) US\$6M (2020 full year revenue US\$3.4M audited)
- ✓ XPERIENCE™ gaining traction in US market – 110 Surgeons using product from 54 hospitals. 240 VAC submissions made (covering 624 Hospitals), with 58 approvals received.
- ✓ Executed distribution agreement with TELA Bio Inc for a wash for Plastics & Reconstruction in the US, first shipments in November 2021.
- ✓ Distribution agreement signed for Taiwan for BlastX™ with options for surgical products
- ✓ 510(K) approval TorrentX™ – 1Q 2022 launch with Triad Life Sciences launching as TridentX Wound Wash
- ✓ Patent library extended to 38 Patents



Q3 Operational Developments – Strong progress on growth levers

- Validated larger Bactisure™ manufacturing capacity
- Encouraging market response with high rates of returning customers for BlastX™ direct sales
- “One Link” number for Kaiser allowing unrestricted ordering across the Kaiser network. Two representatives hired to specifically support growth of Kaiser sales
- Additional stakeholder approvals required inside hospitals (eg finance, pricing, purchasing post VAC approvals – delaying first orders)
- Excellent clinical SurgX™ results – publications being developed
- In ongoing negotiations with Zimmer Biomet (refer ASX announcement 24 June 2021)

TELA Bio:

- NASDAQ listed company serving the plastics and reconstruction market with biologic material repair solutions to improve patient outcomes. (NASDAQ:TELA)
- FDA approved product going to market with a biologic mesh for breast reconstructions
- Company established in 2012
- US wide coverage with a direct sales force of 45
- History of rapid sales growth
- 10 year agreement with option for 10 year extension
- Agreed annual minimum sales amounts



- High level strategy is to partner with successful, established country based distributors (low cost model). The first product placed will be BlastX™.
- First market contracted – Taiwan (Progressive Inc) now in regulatory submission. Given regulatory pathways, first sales expected 2023.
- Markets to follow:
 - Singapore
 - Malaysia
 - Thailand
 - Hong Kong
- Products to follow:
 - TorrentX™
 - XPERIENCE™
 - SurgX™

Prevention products portfolio to serve a US \$6B Market

XPERIENCE™

Indication:
Prevention of
surgical site
infection

Market:
US 45 million
patients pa

Market served
directly by Next
Science



SurgX™

Indication:
Prevention of
infection on a
surgical closure

Market:
US 45 million
patients pa

Market served
directly by Next
Science



TridentX™

Indication:
Site preparation for
tissue graft

Market:
US 8 million
patients pa

Distributed by Triad
Life Sciences



The case of investing in the prevention of surgical site infection

**US Total Surgical
Addressable Market
45M surgical
procedures³
US\$6B**

**Cost
savings for
Hospitals
and Payers**
SSI on average
US\$20K additional
cost per patient¹

**Life saving
for Patients**
Presence of an SSI
doubles the rate of
mortality of
surgeries²

First wave of go to market plan:

- Orthopaedics
- Breast Surgery (Plastics) with TELA Bio
- Colorectal Surgery
- C-Section births



*References in appendix

Driving product adoption

Value Assessment Process

Surgeon Adoption

Total US Surgical Market
~6000 Hospitals, ~9000 ASCs
45M surgical procedures

After FDA clearance products need to be individually approved by Hospitals or Hospital systems

VAC approval

Further Hospital Processes

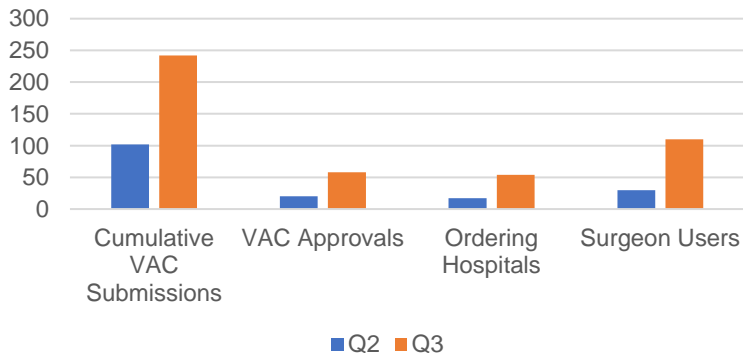
Surgeons commence use, orders begin

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

Other hospital approval processes eg purchasing/insurance/pricing, finance

If approved 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.

Cumulative VAC Submissions, Ordering Hospitals & Surgeon Users



Process can take up to six months

Current Scoreboard 29 October 2021

Cumulative VAC Submissions

240

VAC Approvals

58

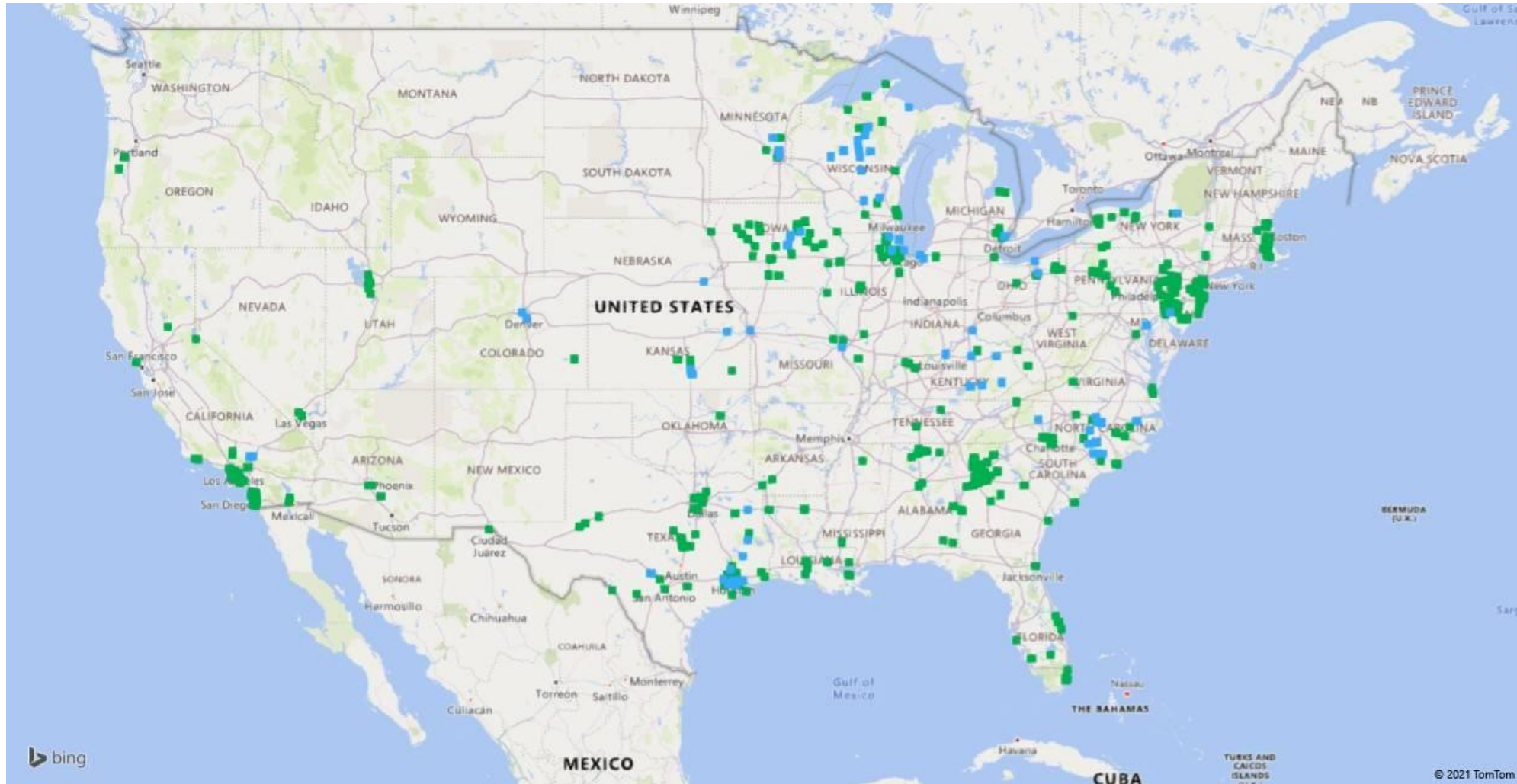
Hospitals Ordering

54

Surgeon Users

110

VAC Submissions (240 covering 624 hospitals as at 29 October 2021)



Q2 - Blue
Q3 - Green

3 stage long term growth strategy for XPERIENCE™ – become the standard of care

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
- Increase market coverage with White Label products for designated market segments
- Support Investigator studies in all key product applications
- Complete and publish primary joint study and colorectal study
- Drive publications

2023 onwards

Mass market adoption

- Publication of key studies
- Continued growth of market coverage through direct and indirect representation
- Evolution to standard of care

Bactisure™ Surgical Lavage

Indication:
Treatment of
infected surgical
cavities &
implants

Market:
US 250,000
patients pa

Globally distributed
by Zimmer Biomet



BlastX™ Antimicrobial Wound Gel

Indication:
Treatment of
chronic wounds,
foot & leg ulcers,
bedsores, pressure
ulcers

Market:
US 8 million
patients pa

Market served
directly by Next
Science



Acne Treatments

Indication:
Treatment of
acne and
breakouts

Market:
Currently
offered in
Australia

Clinic sales through
AST
Online sales through
tbh skin care



Growth Strategy BlastX™ – Establishing a gold standard for Wound Care in the US

2021-2022

Re- establish existing customer base

- Get VA and DoD 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

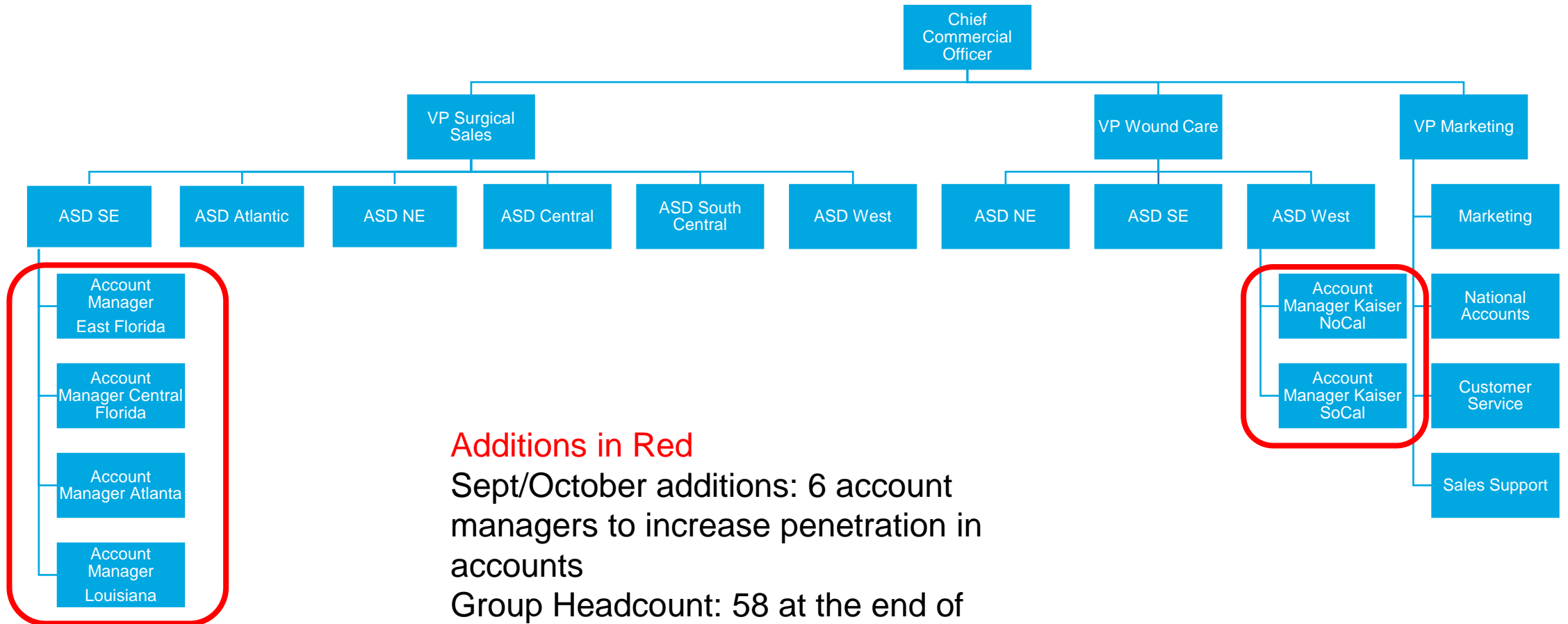
- Establish working protocol for home health networks using BlastX™
- Pull Xbio through hospital systems including wound clinics
- Lean into health economics study to support wide utilisation

2023 - 2025

Expand utilization

- Combination application with other wound products
- Seek to improve reimbursement and/or DME market
- Publish data

US Field Organisation – Strategically adding account managers to increase penetration

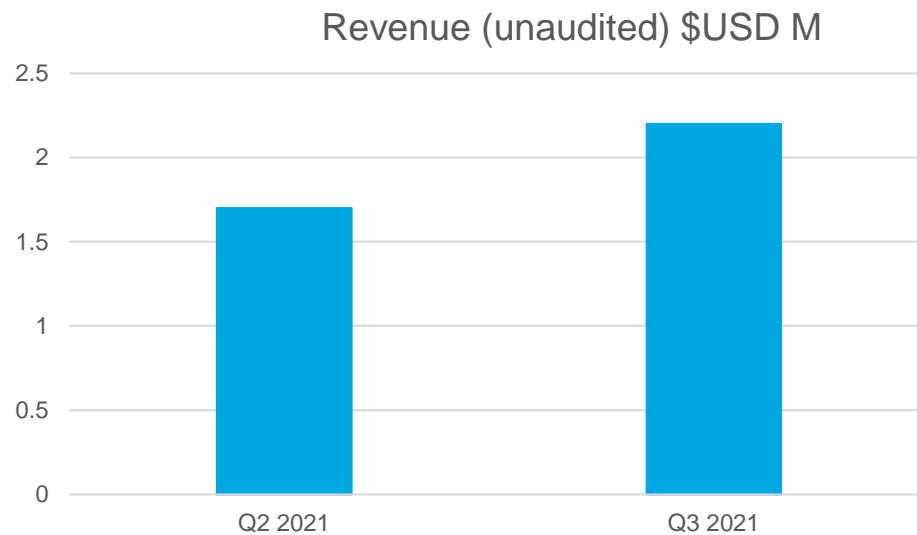


Additions in Red

Sept/October additions: 6 account managers to increase penetration in accounts

Group Headcount: 58 at the end of October

29% Revenue (unaudited) growth Q3 V Q2



Contributions from all products

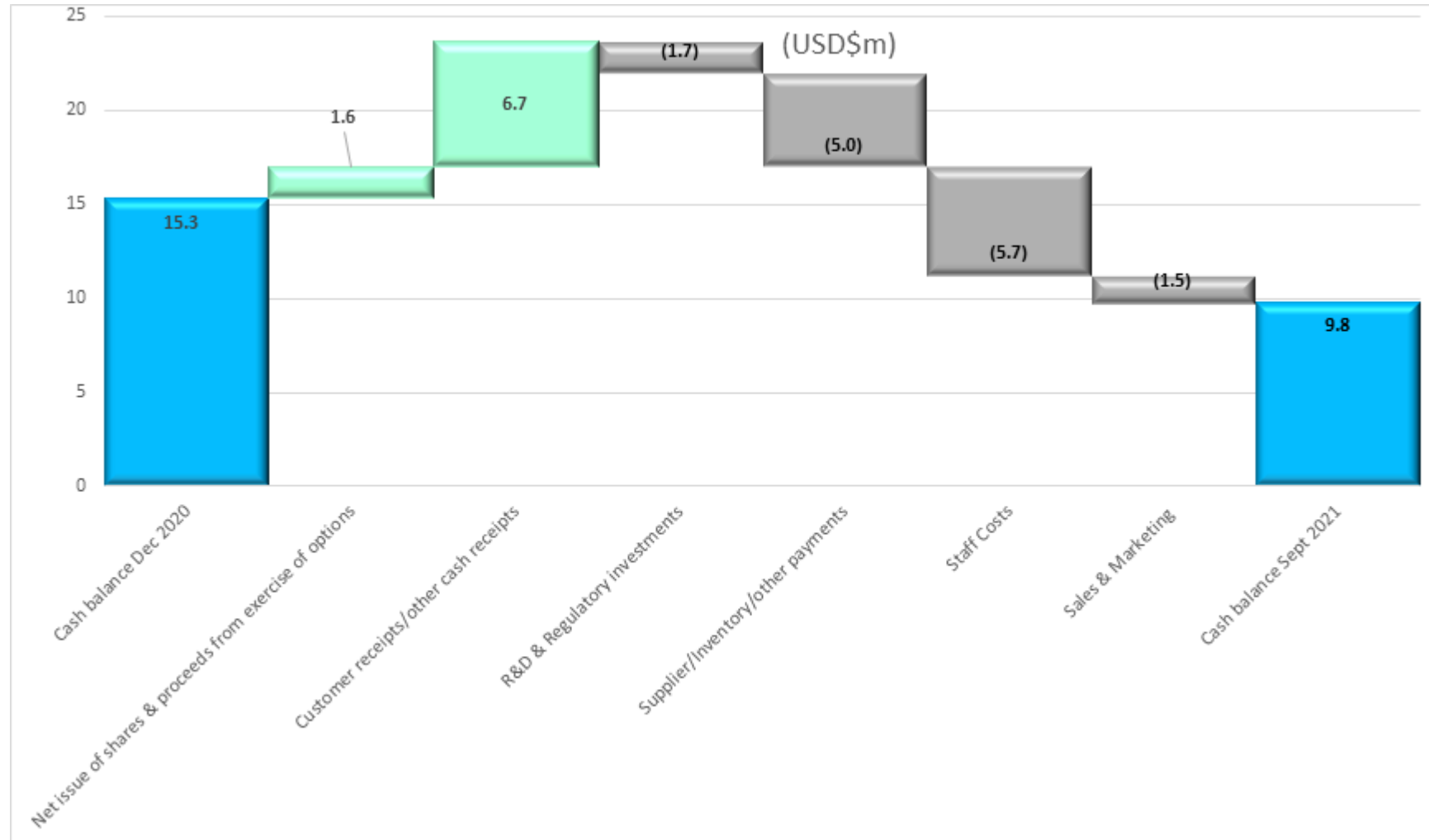
Good growth in BlastX™ under direct sales model

XPERIENCE™ modest contribution in Q3 as VAC approvals build

Additional VAC approvals since quarter end provide opportunity for growth in surgeon users (currently 110 as at 29 October 2021) with new surgeons mobilised through new direct sales personnel

Bactisure™ continued strong sales as normal surgery activity levels return

Snapshot first 3 quarters of cash movements



- Cash at bank US\$9.8M
- Staff costs of US\$5.7M reflect hiring of additional sales staff mid Q2
- Marketing expenses increased in Q3 to support XPERIENCE™ and external conferences

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

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

- Product details
- Clinical trial plans
- References
- Glossary

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 Conclusion⁶:

“There was a profound reduction in the recoverable bacteria after the application of the Bactisure™ Wound Lavage, with only 10% of individuals bearing 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

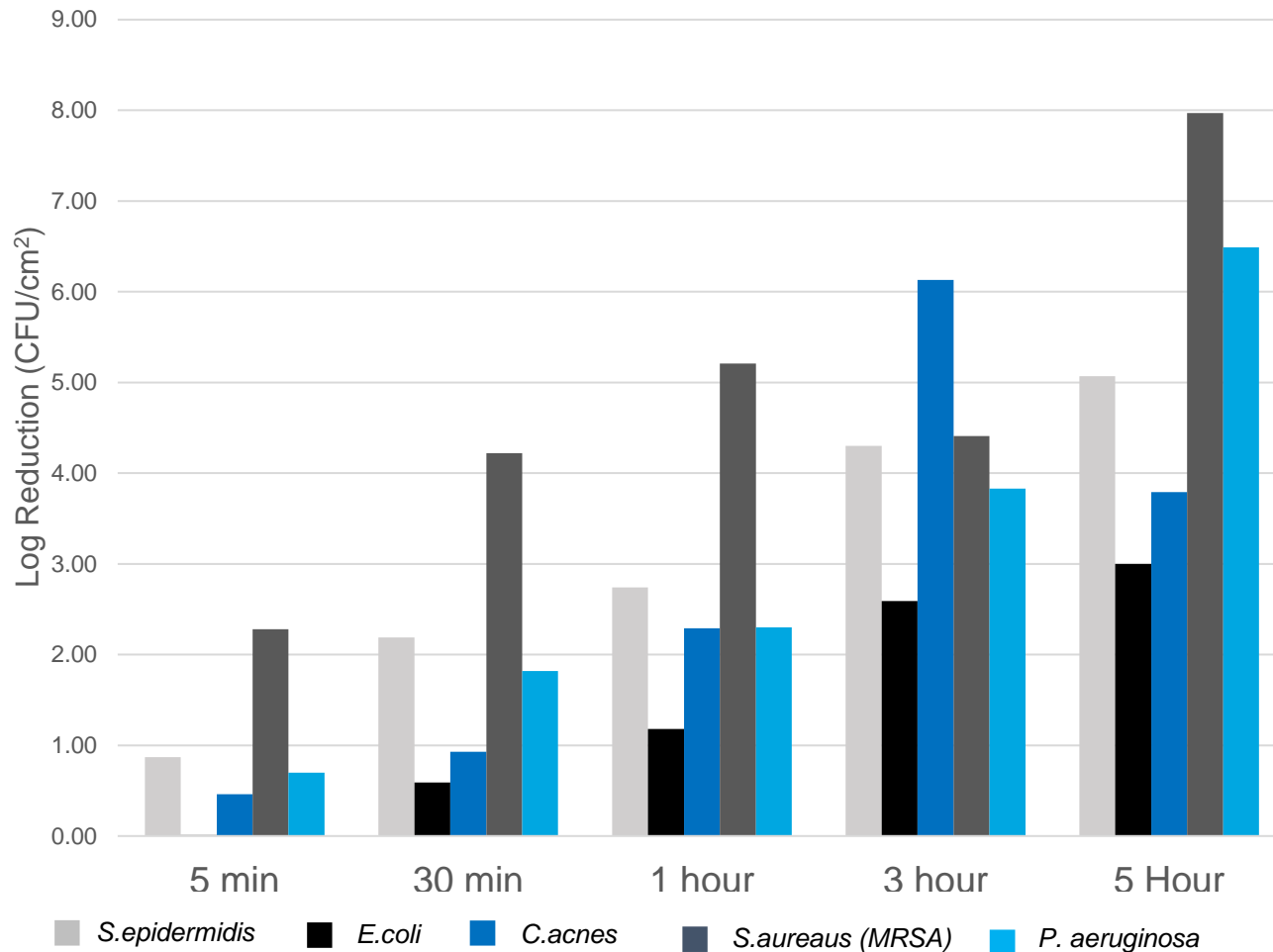
Clinical evidence now available to expand into

- ✓ 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 should more than double the potential market

XPERIENCE™ market leading performance- prevention of surgical site infection

Biofilm Efficacy – The No Rinse Advantage



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: as at 29 October 2021

- ✓ 510(k) Clearance 23 April 2021
- ✓ First surgeries 27 April 2021
- ✓ >240 Value assessment submissions made (for approval to use within 624 Hospitals)
- ✓ 58 VAC approvals received
- ✓ Two clinical studies in recruitment

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 ~ 45 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™ 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 Piedmont Hospital Group Commenced Recruitment
Surgical Site Infection in Colorectal surgery	XPERIENCE™	560	IDE submissions in discussed with the FDA	Randomised Control study 3 sites. Houston VA, Memorial Herman Hospital,
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 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

XPERIENCE™ Clinical Studies to support breakthrough into mainstream adoption

Indication	Product	Size	Status	Comment
Inflammation in Knee Replacement	XPERIENCE™	30	IRB Submission in development	Dr Wickline, Rochester
Effectiveness in Primary Shoulders	XPERIENCE™	40	IRB Submission in development	Dr Furnacola, Jack Hughston Memorial Hospital
Effectiveness in Primary Shoulders	XPERIENCE™	40	IRB Submission in development	Dr Otto, St Louis

These studies are Surgeon initiated studies which receive limited support from NXS

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<https://wjes.biomedcentral.com/articles/10.1186/s13017-019-0266-x>

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2. Impact of Surgical Site infection on Mortality rates:

<https://www.infectiousdiseaseadvisor.com/home/decision-support-in-medicine/hospital-infection-control/surgical-site-infections/>

3. US Surgical Procedure volume

<https://stanfordhealthcare.org/medical-clinics/surgery-clinic/patient-resources/surgery-statistics.html>

4. US Hospitals

<https://www.aha.org/statistics/fast-facts-us-hospitals>

5. US ASCS

<https://blog.definitivehc.com/how-many-ascs-are-in-the-us#:~:text=Currently%2C%20there%20are%20more%20than,Healthcare's%20platform%20on%20surgery%20centers>

6. Clinical Study Bactisure

<https://www.zimmerbiomet.com/content/dam/zb-corporate/en/products/specialties/surgical/bactisure-wound-lavage/2656.1%20US-en%20Bactisure%20White%20Paper.pdf>

Glossary

Acronym	Meaning
VAC	Value assessment committee review, which needs to give approval in many hospitals and hospital systems for new products to be purchased and used to treat patients
Xbio™	Next Science's trade mark branding for their biofilm disruption technology
Gold Standard	Superior way to treat patients
Standard of Care	Usually recommended through a medical speciality college or society, as the recommended method for care for a particular treatment of a medical condition
SSI	Surgical site infection – either at skin level (on the incision or suture close) or in the area of surgical activity, occurring as a complication to surgery
PJI	Prosthetic joint infection – an infection in a prosthetic hip, knee, ankle, shoulder or wrist which involves the implant as well as the surrounding tissues
ASC	Ambulatory surgery centers – surgical locations that only keep patients for a maximum of 23 hours
Bacteria	S.Aureus (MRSA Family), Pseudomonas Aeruginosa, E.Coli, C.Acne, S. Epidermidis,
Fungus	Candida Albicans, Candida Auris, Aspergillus, Candida Tropicalis

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