

Innovations powered by **XBIO**™ technology

# Investor Presentation

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Managing Director



**NEXT SCIENCE®**

# NXS at a glance

- Currently the only company in the world with approved products that resolve biofilm based infections in humans
- 3 products in the US human healthcare market
- Additional regulatory approvals of CE Mark and TGA to support revenue growth through market access to Australia, UK, Germany, Netherlands, Nordic countries and France
- True Blue Ocean opportunity for first in market leave behind infection prevention surgical wash currently in review with the FDA

## Key Statistics



Treated over  
130,000 patients



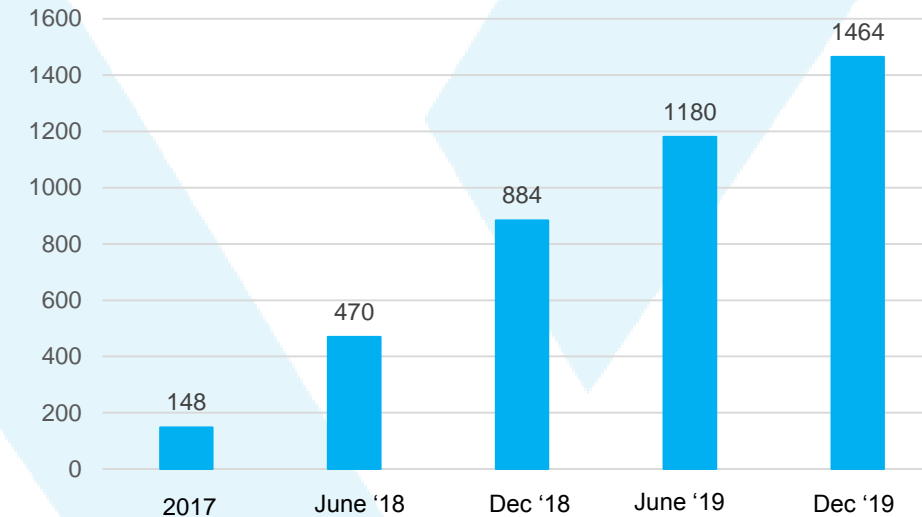
27 patents  
awarded



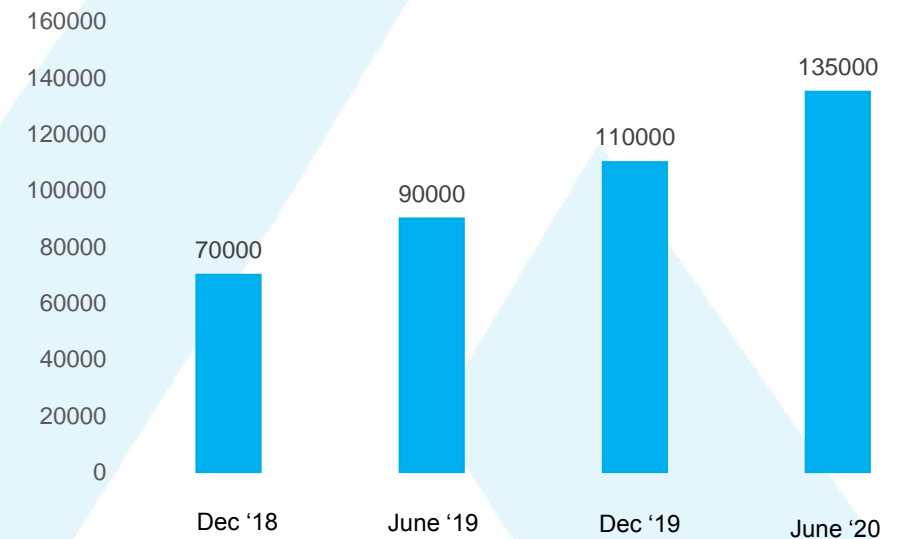
All Products are effective in removing key community acquired pathogens:

- MRSA (golden staph)
- Pseudomonas Aeruginosa
- Candida
- E.Coli

US Hospitals using Xbio Products



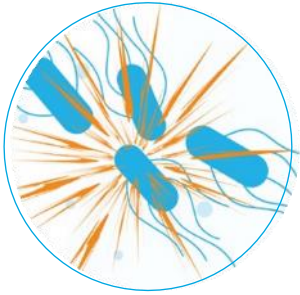
Patients treated with Xbio technology



# The Science – disrupting the biofilm and eradicating the pathogens “80% of infections in Humans are in a biofilm” (CDC 2011)

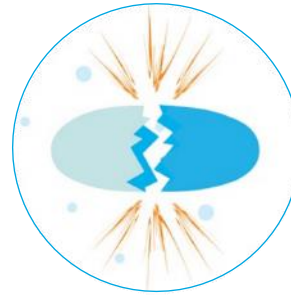
## The Solution – Xbio™ Technology

*Unique non toxic compounds,  
with no mechanism to create  
antimicrobial resistance*



### Deconstruct the bacterial biofilm barrier

Next Science's Xbio technology breaks the ionic bonds that hold the biofilm together. The polymers are then pulled into solution, effectively dissolving the biofilm barrier.



### Destroy the bacteria within, through cell lysis<sup>1</sup>

With the barrier dissolved, bacteria are exposed and more vulnerable to attack. Bacteria enveloped by Xbio technology experience cell lysis and are destroyed. Cell lysis is non-discriminatory destroying gram-positive and gram-negative bacteria, persister cells, and spores. There is no known resistance mechanism to cell lysis.



### Defend from recolonization

The periodic release of bacteria from biofilms has been linked to chronic relapsing infections.<sup>2</sup> Disrupting and destroying the biofilm barrier can reduce the rate of biofilm recurrence by up to 1,000 times, effectively defending against recolonization.<sup>3</sup> Unlike other agents that claim to destroy biofilms, there is no known evidence of bacterial resistance to the Xbio technology.

# The opportunities – prevention and treatment

Expanding into infection prevention significantly enhances addressable market opportunities

## Prevention products in market

- 1) SURGICAL SITE INFECTION
- 2) Prosthetic Joint Infection
- 3) Acne

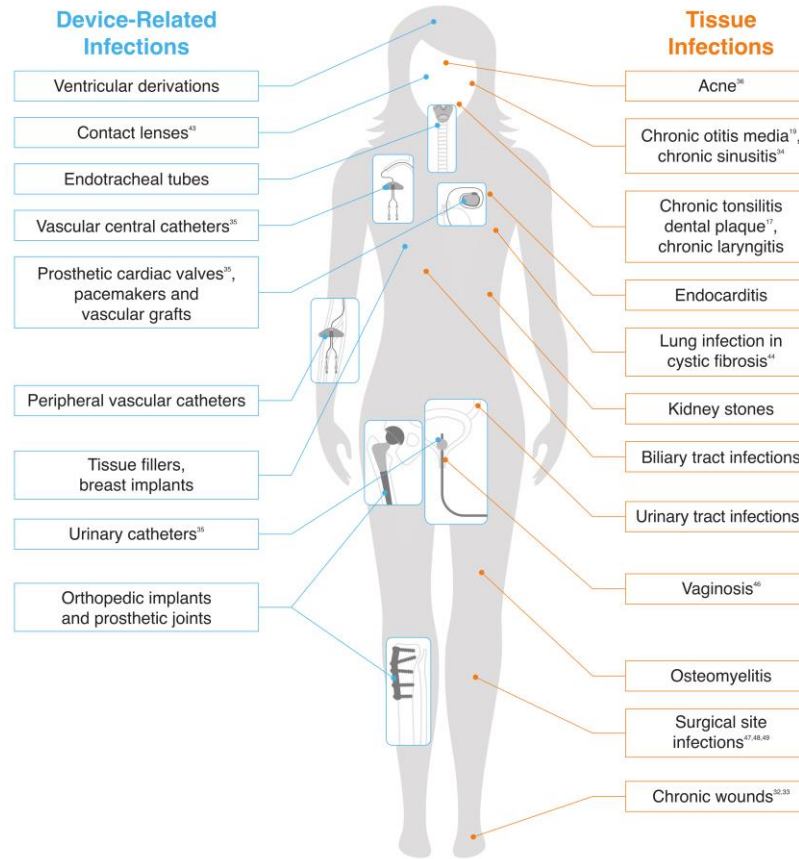
## Treatment products in market

- 1) SURGICAL SITE INFECTION
- 2) Prosthetic Joint Infection
- 3) Acne and skin health
- 4) Chronic Wounds

## Products in development

- 5) Chronic Middle Ear Infection
- 6) Chronic Sinusitis

## CHRONIC BACTERIAL INFECTIONS: MEDICAL BIOFILMS



## Research underway

- 7) Skin health
- 8) Lung infections including pneumonia and cystic fibrosis
- 9) Dental implants, periodontitis
- 10) Catheter infections
- 11) Implant infections

## Potential for future research

- 12) Endocarditis
- 13) Kidney stones
- 14) Biliary tract infection
- 15) Urinary tract infection
- 16) Vaginosis
- 17) Osteomyelitis



# 2020 Key Priorities

Completed

Non Salicylic Acid Acne products launched through tbh

March 2020  
Ahead of budget  
April 2020



Bactisure CE Mark



Bactisure TGA Clearance

June 2020



Bactisure Australia Launch

September 2020

Bactisure European Launch

2H 2020





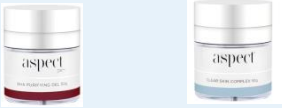
BlastX CE Mark

2H 2020



XPerience FDA Clearance

2H 2020/ 1H2021

# Products contributing to H1 2020 revenues

Product	Commercial Pathway	Application	Total addressable market
Bactisure Surgical Lavage 	Global Distribution through Zimmer Biomet	Treatment of infected surgical cavities & implants	500,000 – 1 Million patients globally annually
BlastX Antimicrobial Wound Gel 	Global Distribution 3M KCI Advanced Wound Care	Treatment of chronic wounds: Foot & Leg Ulcers, Bedsores and Pressure Ulcers	10 Million patients globally 6 million patients (US only) annually
SurgX Sterile Antimicrobial Wound Gel 	NXS distribution network in the US	Prevention of infection in surgical incisions. Used in the Operating room	48 Million surgeries in the US annually
Acne Gel and Cream  	AST & tbh Skincare	Topical treatment of acne	Online & Clinic market

# H2 2020 Pipeline of new product launches

Product	Target Launch	Commercial Pathway	Application	Total addressable market
Biofilm effective Disinfectant for Hard Surfaces	H2 2020	Commercial pathway under discussion	Walls, floors, hospital furniture and fittings	Global surface disinfectant market \$800 Million annually
TorrentX Wound Wash 	Q4 2020	Partnered with Triad Life Sciences with the launch of their new tissue substitute product subject once FDA cleared	Topical wash for treatment of chronic wounds: foot & leg ulcers in preparation for a tissue substitute	US Skin substitute market was \$800M in 2019. This market is reimbursed by CMS
XPerience Surgical Rinse 	H2 2020/ H1 2021	NXS distribution network in the US (inventory in hand)	No rinse surgical irrigant	Global 110 Million surgeries US 48 million surgeries Australia 2.2 Million surgeries

# Why Surgical Site Infections?

The estimated annual cost of Surgical Site Infection ranges from **\$USD 3.5B to \$USD 10B<sub>3</sub>**

Hospitals are **not** reimbursed for readmissions within **90 days of release<sub>5</sub>**

**3% of people** suffering from Surgical Site Infections **will die<sub>7</sub>**

Surgical Site infections **increases** colectomy **costs** by a mean of **\$17,324<sub>4</sub>**

Risk of post operative infection in Hips and Knees expected to rise to **6.5% and 6.8%<sub>6</sub>**

Average increased length of stay due to surgical site infection is **9.7 days<sub>2</sub>**

Surgical Site infections are the **leading cause of readmissions<sub>1</sub>**

**Surgical Site Infections continue to be a major burden in health care**



# XPerience Surgical Wash— Superior Performance

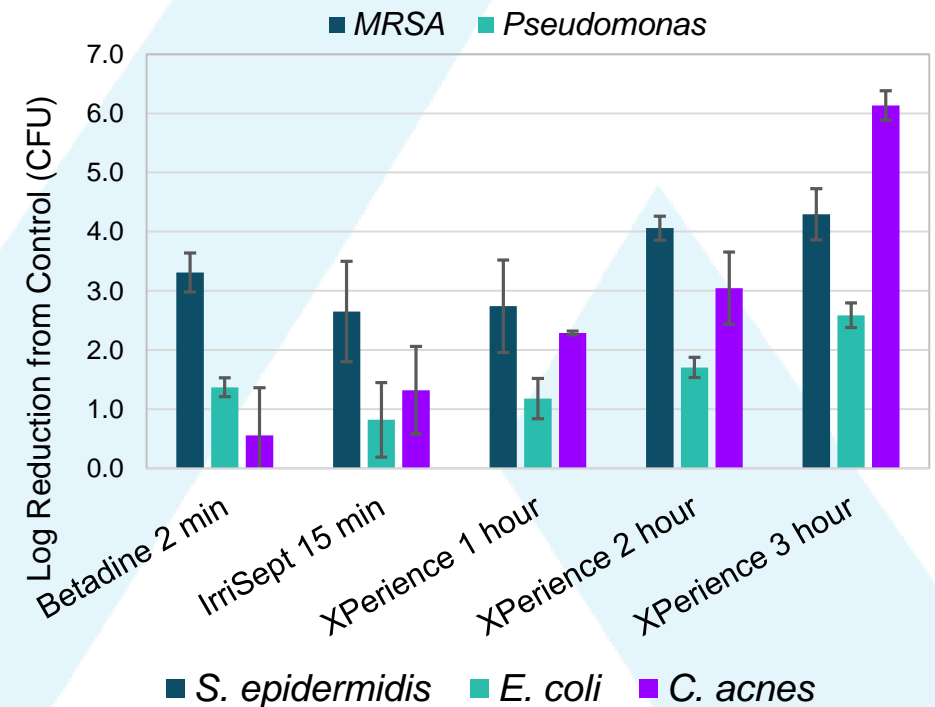
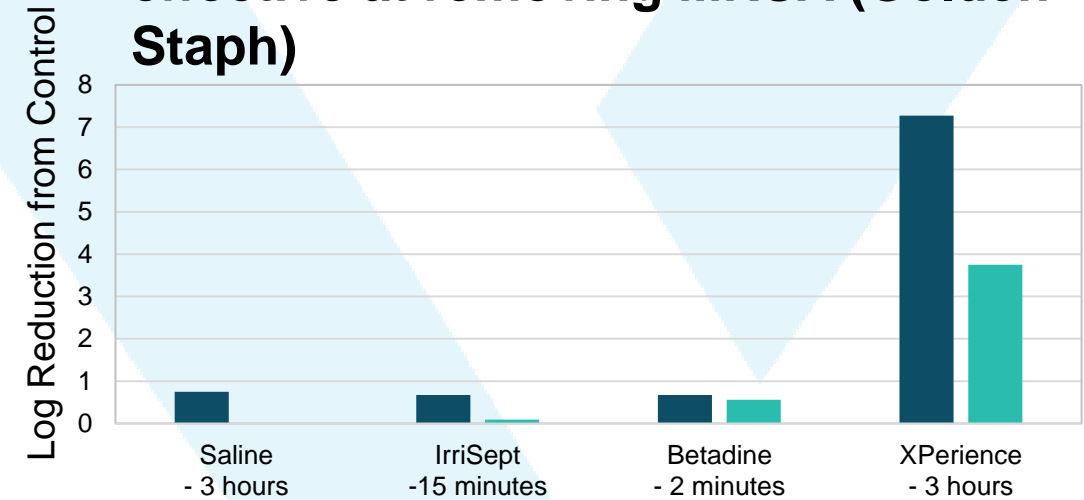
XPerience Surgical Wash is packaged as a sterile solution in a 500mL Polypropylene bag. The solution is used to irrigate the surgical site as a last wash replacing some of the saline rinses.

- Exceptionally effective against all known pathogens
  - MRSA
  - Pseudomonas
  - Candida fungi
  - C.acne
  - *E.coli*
  - *S. epidermis*
- Active for > 5 hours

XPerience is  
addressing an unmet  
need

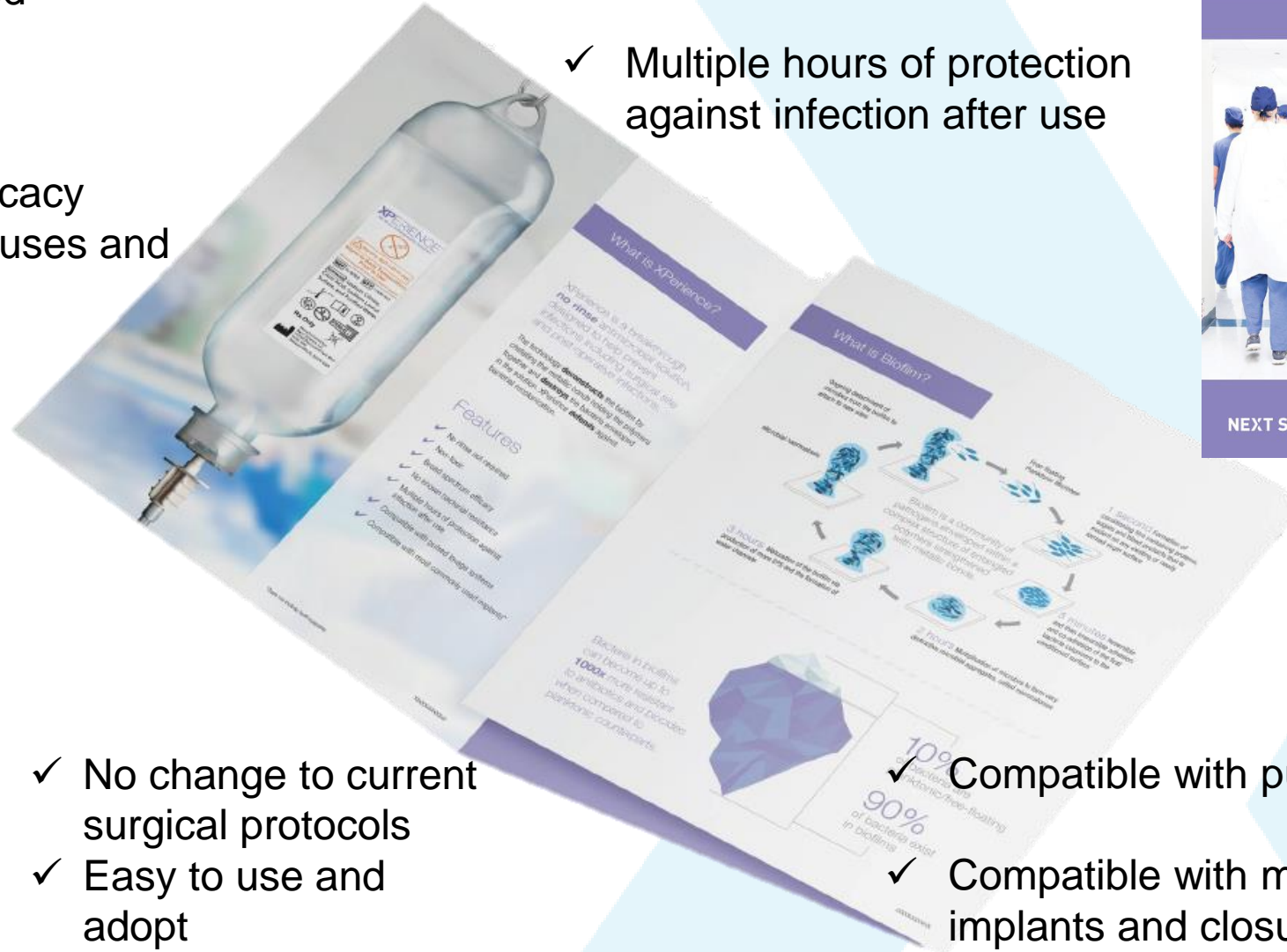


**XPerience is 10,000,000 time more effective at removing MRSA (Golden Staph)**



# XPerience – Easy to use and adopt

- ✓ 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

- ✓ No known bacterial resistance
- ✓ Multiple hours of protection against infection after use

**XPERIENCE**  
No Rinse Antimicrobial Solution

Current and Ongoing Clinical Trials

**Primary Knee Infection Prevention**

This is a 7,000-subject, multi-site, prospective, double-armed, double-blinded, parallel, randomized, clinical study to assess effects of XPERIENCE in decreasing post-operative infection rates in adult subjects scheduled to undergo primary knee replacement surgery against standard of care alone.

**Colorectal Infection Prevention**

This is a 370-subject, multi-site, prospective, controlled, double-blinded, randomized clinical study to assess the effects of XPERIENCE in decreasing post-operative superficial surgical site infection rates of adult subjects scheduled to undergo single and multiple stage open and minimally invasive colorectal surgeries against standard of care alone.

**Open Distal Tibia Fracture**

This is a 50-subject, prospective, controlled, double-blinded, randomized clinical study to assess the effects of XPERIENCE in decreasing post-operative surgical site infection rates in adult subjects with type II or IIIA or IIIB tibial fractures.

**NEXT SCIENCE**  
POWERED BY XBI TECHNOLOGY

BLADEX™ / SURFLUX™ / XPERIENCE™ / Bioblen™

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Clinical trial details are accurate at time of printing. 10/16/20, 02/27/20, 11/27/20

- ✓ Compatible with pulsed lavage systems
- ✓ Compatible with most commonly used implants and closure methods

# 1H 2020 Profit and loss

Half Year ended 30 June USD\$('000)	2019	2020	Variance
<b>Revenue</b>	<b>2,345</b>	<b>1,054</b>	<b>-55%</b>
Cost of Sales	(379)	(132)	
<b>Gross Profit</b>	<b>1,966</b>	<b>921</b>	<b>-53%</b>
Other Income	35	42	
Research & Development <sup>2</sup>	(1,036)	(1,049)	1%
Employee Expenses	(3,940)	(4,012)	2%
Sales & Marketing	(313)	(516)	65%
Consultancy & Regulatory	(766)	(820)	7%
General and Administration	(1,363)	(1,095)	-20%
<b>Operating Expenses</b>	<b>(7,383)</b>	<b>(7,450)</b>	<b>1%</b>
<b>EBITDA (Underlying)<sup>1</sup></b>	<b>(5,417)</b>	<b>(6,529)</b>	<b>-20%</b>
<b>Gross Margin</b>	<b>84%</b>	<b>87%</b>	

- ▶ Revenue declined by 55% vs prior comparative period (pcp).
- ▶ Revenue was constrained by Covid 19 shut down of elective surgeries and closure of wound care clinics. R&D, Product development and regulatory approvals schedule remained on track though Covid 19 impacted H1 FY20.
- ▶ Revenues expected to recover as surgeries recommence and when wound care clinics reopen.
- ▶ Current cost base circa \$3.7M per quarter.
- ▶ Sales & Marketing costs up 65% - \$59k of the increase relates to donations of NXS products to home help centres for patients who were unable to get to wound care clinics during the Covid 19 shut down and \$120k of partner promotions with the balance of expenditure on pre-launch marketing materials for XPerience Surgical Rinse (launch in Q3 2020) in addition to further Xbiotm animations.
- ▶ Employee expenses remained steady (Full Time Employees: 44)
- ▶ General & administration expenses declined by 20% with the majority of the decline attributed to reduced travel expenditure due to Covid 19 travel restrictions.

1. 2019 EBITDA have been adjusted to exclude IPO and other one-off costs.  
Refer to Appendix 1 for reconciliation. HY2019 and HY 2020 includes IFRS 16 accounting for leases.

2. R & D expenses are external costs for testing and validation and do not include any internal Employee costs.

# Balance sheet

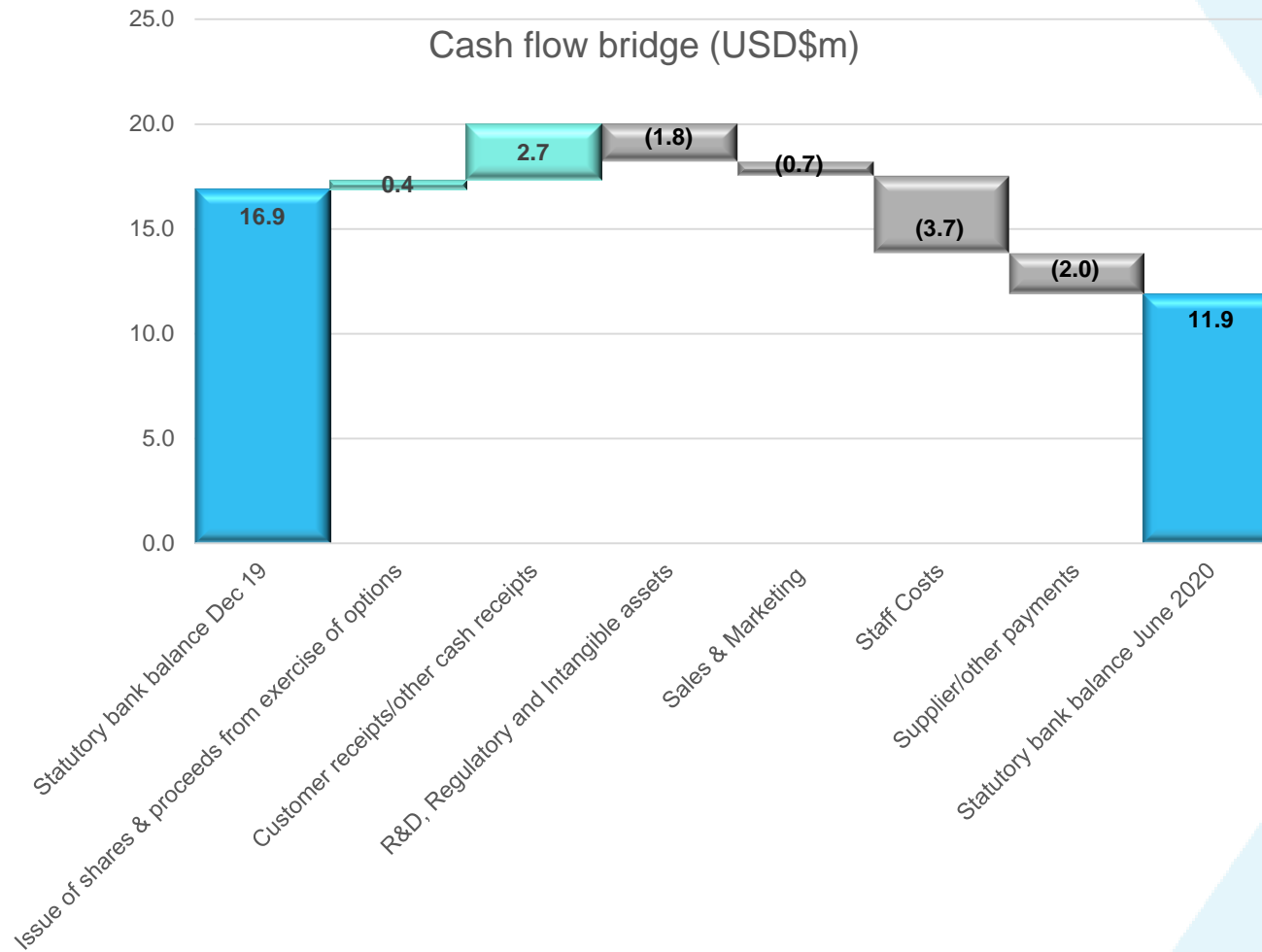
Half Year ended 30 June USD\$('000)	Dec 2019	June 2020
Cash and cash equivalents	16,910	11,907
Property, plant and equipment	813	843
Intangible assets	2,164	2,326
Other assets	2,812	1,242
<b>Total assets</b>	<b>22,699</b>	<b>16,318</b>
<b>Total liabilities</b>	<b>(3,336)</b>	<b>(3,583)</b>
<b>Net assets</b>	<b>19,363</b>	<b>12,735</b>
Share Capital	88,733	90,774
Reserves	(42,147)	(42,161)
Accumulated losses	(27,223)	(35,878)
<b>Total Equity</b>	<b>19,363</b>	<b>12,735</b>

- ▶ \$11.9m in cash at 30 June 2020.
- ▶ Debt Free.
- ▶ Intangible assets include \$0.3m of R&D costs capitalised during 2020 bringing total R&D spend in 2020 to \$1.4m (HY2019: \$1.6m). Although there was a decrease in R&D spend of 16% in 2020, R&D spend as a % of revenue increased to 129%.

	Statutory FY 19	Statutory HY 20
R&D spend as a % of revenue <sup>1</sup>	66%	129%

1. R&D spend includes the income statement expense and capitalised costs in the reference period. R&D costs are only capitalised once FDA approval of a product has been received, if further costs relate to additional jurisdictional approvals in a similar market or where further development work adds new functionality. R&D capitalised costs are amortised, once regulatory approval has been received, over the remaining life of the patent.

# Cash flow waterfall



## FY2021 Cash Flow Drivers

- Cash Receipts driven by sales of key products; XPerience, BlastX & Bactisure
- SG&A to increase with commission paid to Agents for XPerience
- Gross Margins expected to be maintained
- Working Capital – Accounts Receivable, Product Inventory will increase



# 2<sup>nd</sup> Half Priorities and Outlook

## **Maximise current product portfolio:**

- ❖ Build out Kaiser Permanente footprint post BlastX approval for all Xbio products
- ❖ Assist 3M+KCI as wound care clinics return to business as usual
- ❖ Support Zimmer Biomet Bactisure launches in Australia and Europe
- ❖ CE Mark Clearance for BlastX

## **Build up the commercial expertise for NXS**

- ❖ New Chief Commercial Officer in place since June 10, 2020 to drive direct commercial activities
- ❖ Pre launch activities to create market readiness and KOL support for XPerience
- ❖ Post FDA Clearance XPerience will be launched into the US market through NXS

## **Maintain momentum of R & D Pipeline**

- ❖ Regulatory submissions for XPerience (Europe, TGA)
- ❖ Regulatory submission for SurgX (Europe, TGA)
- ❖ Continued new product developments

**Build the customer base, expand clinical evidence and grow revenues**

The background of the slide is a close-up photograph of a blue mesh net, likely a fishing net, draped over green leaves and small yellow flowers. The net's diamond-shaped holes are prominent, and the overall color palette is dominated by shades of blue and green.

# Appendices

# Appendix 1

## Reconciliation: HY2019 Statutory to Underlying EBITDA

In USD \$'(000)	Statutory results per HY19 financial statements	IPO costs	Converting note broker fees	Underlying results
<b>Year ended 31 December 2019</b>				
Revenue	2,345	-	-	2,345
Cost of sales	(379)	-	-	(379)
<b>Gross profit</b>	<b>1,966</b>	-	-	<b>1,966</b>
Other income	35	-	-	35
Research and development	(1,036)	-	-	(1,036)
Employee expenses	(3,940)	-	-	(3,940)
Sales and marketing	(361)	48	-	(313)
Consultancy and regulatory	(1,218)	178	274	(766)
General and administration	(1,675)	312	-	(1,363)
<b>EBITDA</b>	<b>(6,230)</b>	<b>538</b>	<b>274</b>	<b>(5,417)</b>



# Appendix 2

## Corporate Overview

### Stock Overview

ASX code	NXS
Share Price (Aug 21, 2020)	\$1.48
Market capitalisation @ \$1.48	\$268.6m
Total Shares on Issue	181.5m
Listed Shares (tradable)	108.0m
Escrowed Shares	72.8m
Options	8.2m
Shareholders (1,555 at listing)	5,280
Average daily volume (since listing)	458k shares

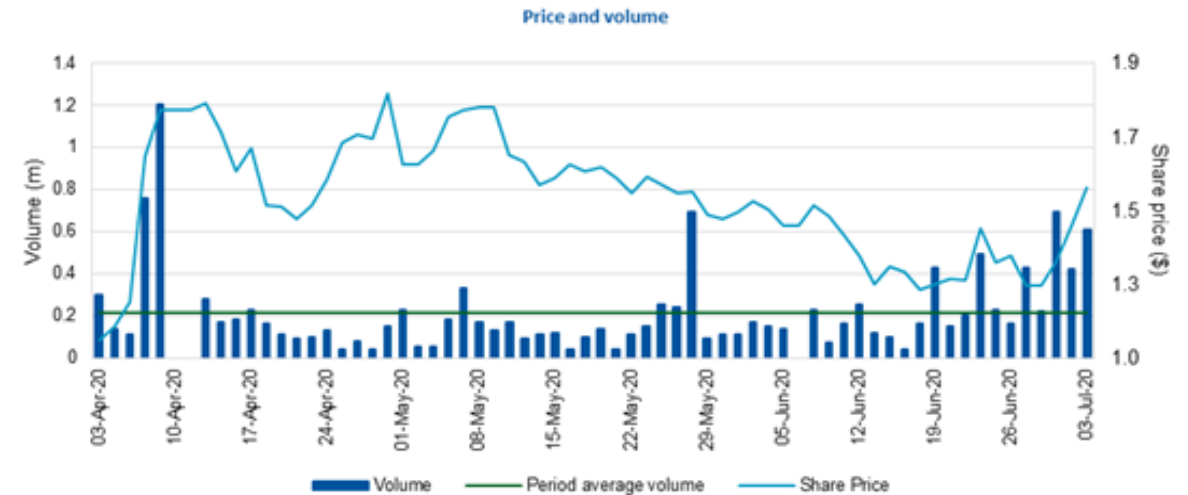
### Substantial Shareholders

Auckland Trust Company Ltd*	25.62%
Walker Group Holdings Pty Ltd*	16.28%
Matthew Myntti (Founder & CTO)	11.38%
Judith Mitchell (Managing Director)	2.61%
Total Board & Management Shareholdings	14.45%

\* Entities related to Lang Walker including disclosed purchases

### Number of Escrowed Securities

Shares escrowed until 18 April 2021	72.85m
Options escrowed until 18 April 2021	5.85m

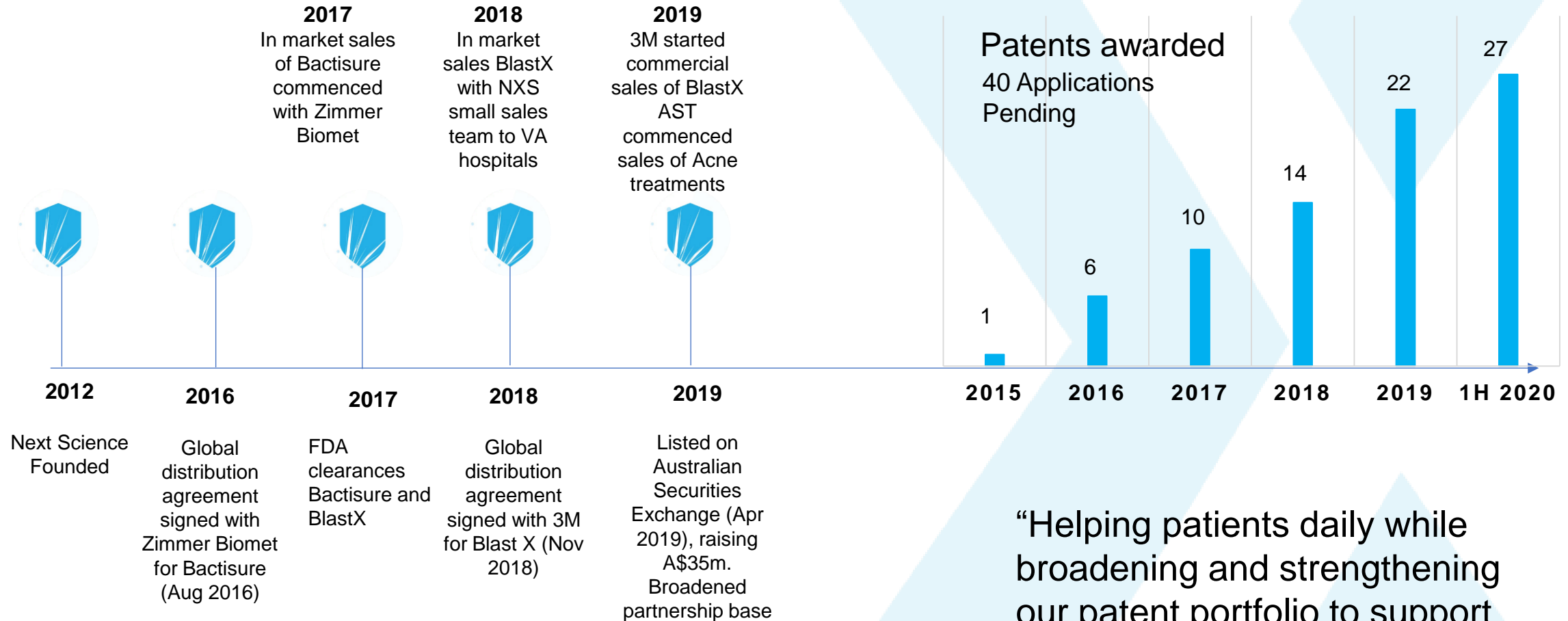


# Clinical trials

Indication	Product	Size	Status	Comment
Surgical Site Infection in Colorectal surgery	MIS/Xperience	370	Awaiting XPerience product clearance	Randomised Control study 3 sites
Surgical site infection in Total Knee Arthroplasty	Xperience	7000	Awaiting XPerience product clearance	Randomised Control study 9 sites
ER Compound Tibial Fracture Infection	Xperience	50	Awaiting XPerience product clearance	Pilot study 1 site
Facial surgery Surgical Site infection	SurgX	250	Awaiting XPerience product clearance	Randomised control study
Chronic wound under VAC	BlastX	20	50% completed 50% in progress	Interrupted by COVID 19
DFU	BlastX + Collagen	20	100% recruited in process	Interrupted by COVID 19
Acne Vulgaris	Acne Cream	60	Completed	Drafting for publication
Gingivitis and Plaque	Oral Rinse	80	Completed	Drafting for publication



# Our journey so far: a disruptive technology building market acceptance and growing revenues while creating new standards of care



“Helping patients daily while broadening and strengthening our patent portfolio to support our revenue growth ambitions” *J Mitchell Managing Director*

Over 130,000 patients treated with Xbio technology

# References

1. Center for Disease Control and Prevention Guideline for the Prevention of Surgical Site Infection: SI Berrios-Torres, CA Umscheid, DW Bratzler et al JAMA Surgery 2017;152
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7. Adherence to Surgical Care Improvement Project Measures and Post-Operative Surgical Site Infections: S Awad, Surgical Infections Vol 13 No 4, Surgical Infection Society Symposium Articles Published 7 September 2012, <https://doi.org/10.1089/sur.2012.131>

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Additional biofilm education can be found at: [biofilm.healthcare](https://biofilm.healthcare)