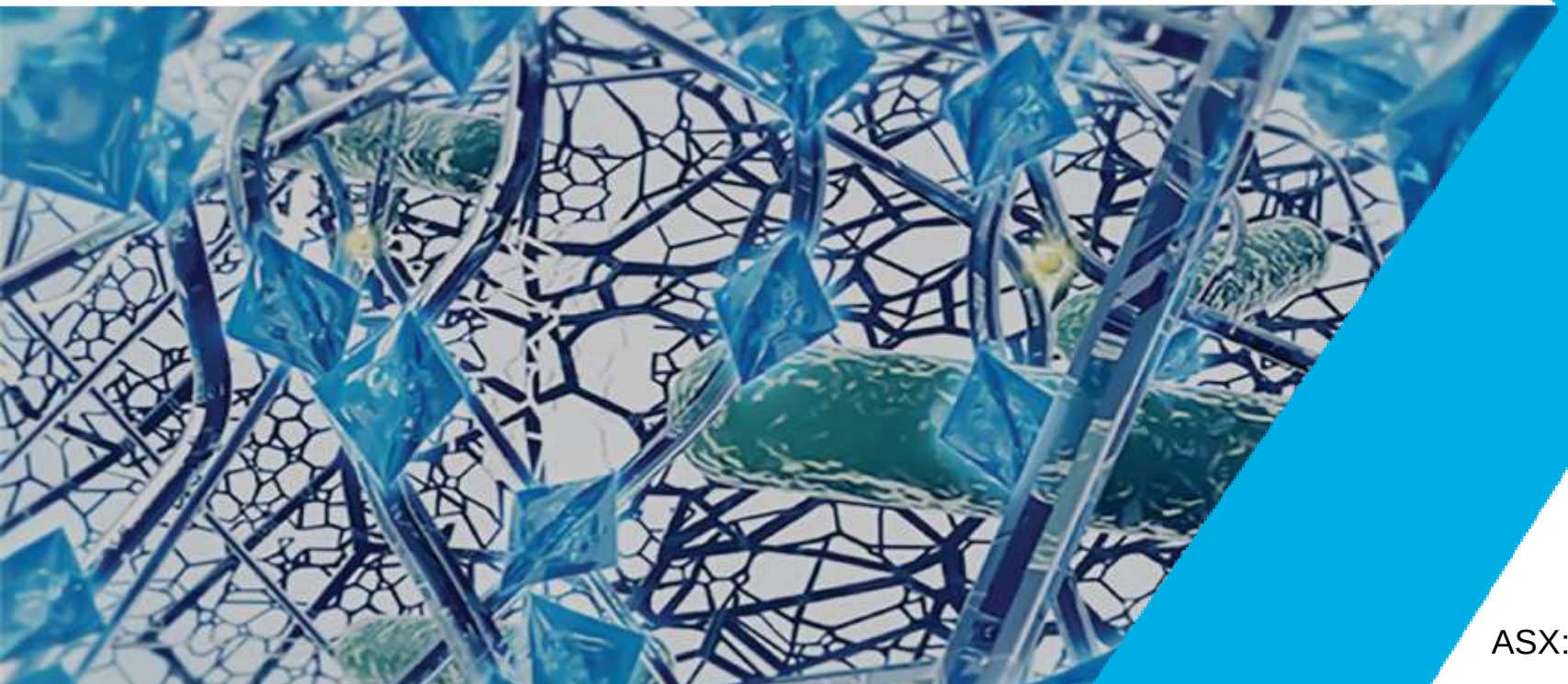
Innovations powered by XBIO technology

Next Science Limited Investor Presentation

August 2019



NEXT SCIENCE®

ASX: NXS

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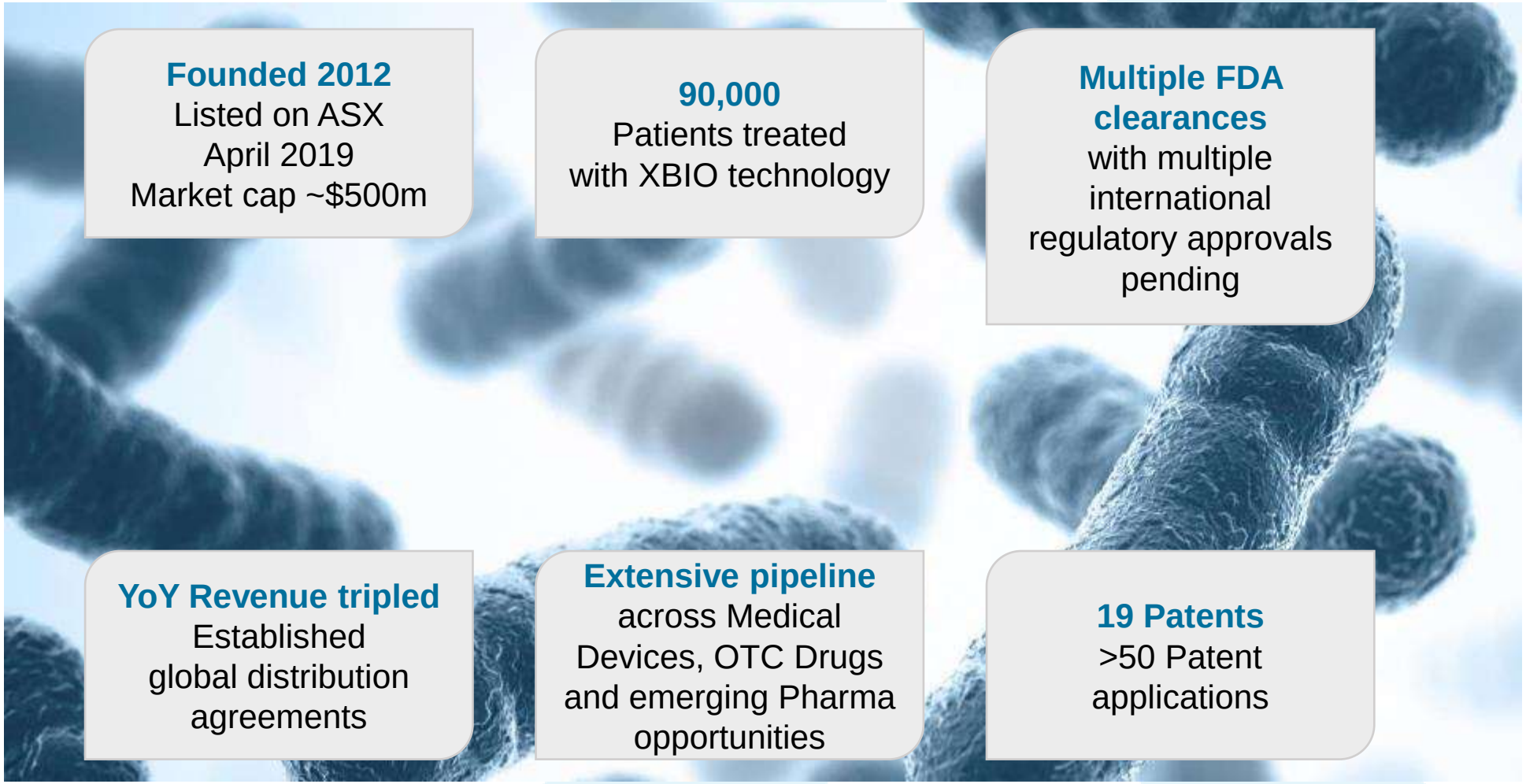
NEXT SCIENCE®

An established research and development company specializing in and commercializing biofilm solutions

90% of Bacteria exist in biofilm structures posing a threat to human health and the environment

XBIO is the only non-toxic solution: It deconstructs the Biofilm and destroys the bacteria and reduces the opportunity for the biofilm to form again



Founded 2012
Listed on ASX
April 2019
Market cap ~$500m

90,000
Patients treated
with XBIO technology

Multiple FDA clearances
with multiple international regulatory approvals pending

YoY Revenue tripled
Established global distribution agreements

Extensive pipeline
across Medical Devices, OTC Drugs and emerging Pharma opportunities

19 Patents
>50 Patent applications

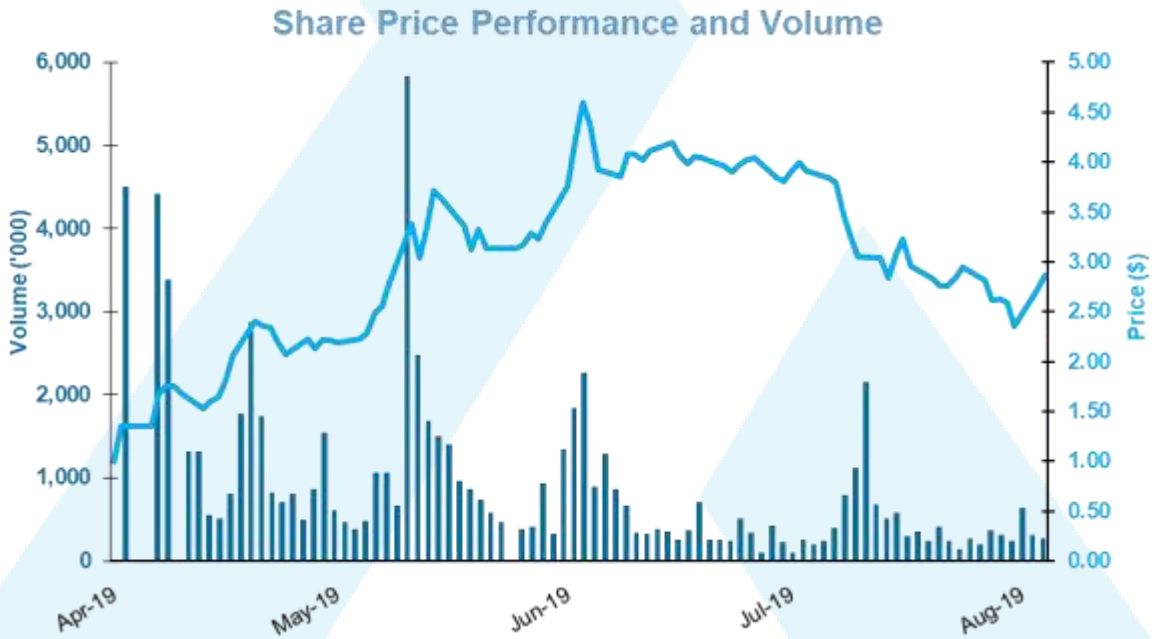
Corporate Overview

Stock Overview	
ASX code	NXS
Share Price (Aug 20, 2019)	$2.86
Market capitalisation @ $2.86	$512M
Total Shares on Issue	179.2m
Listed Shares (tradable)	66.5m
Escrowed Shares	112.7m
Options	10.4m
Shareholders (1,555 at listing)	4,547
Average daily volume (since listing)	869,000 Shares

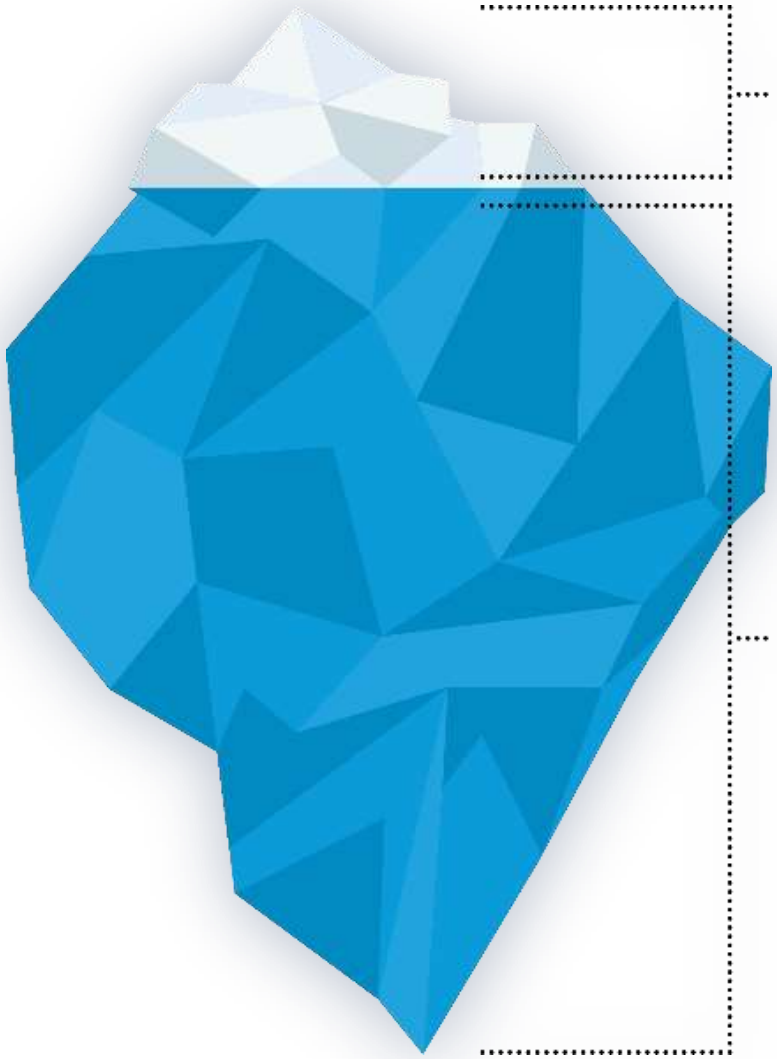
Substantial Shareholders	
Auckland Trust Company Ltd*	25.96%
Walker Group Holdings Pty Ltd*	16.16%
Matthew Myntti (Founder & CTO)	11.53%
Judith Mitchell (Managing Director)	2.64%
Total Board & Management Shareholdings	15.4%

* Entities related to Lang Walker including disclosed purchases

Escrowed Securities	
Shares escrowed until 25 September 2019	0.07m
Shares escrowed until 18 April 2020	39.82m
Shares escrowed until 18 April 2021	72.85m
Total Shares Escrowed	112.7m
Options escrowed until 18 April 2021	5.85m



Biofilm is a global healthcare problem



10%

OF BACTERIA ARE PLANKTONIC/ FREE-FLOATING

90%

OF BACTERIA EXISTS IN BIOFILM STRUCTURES

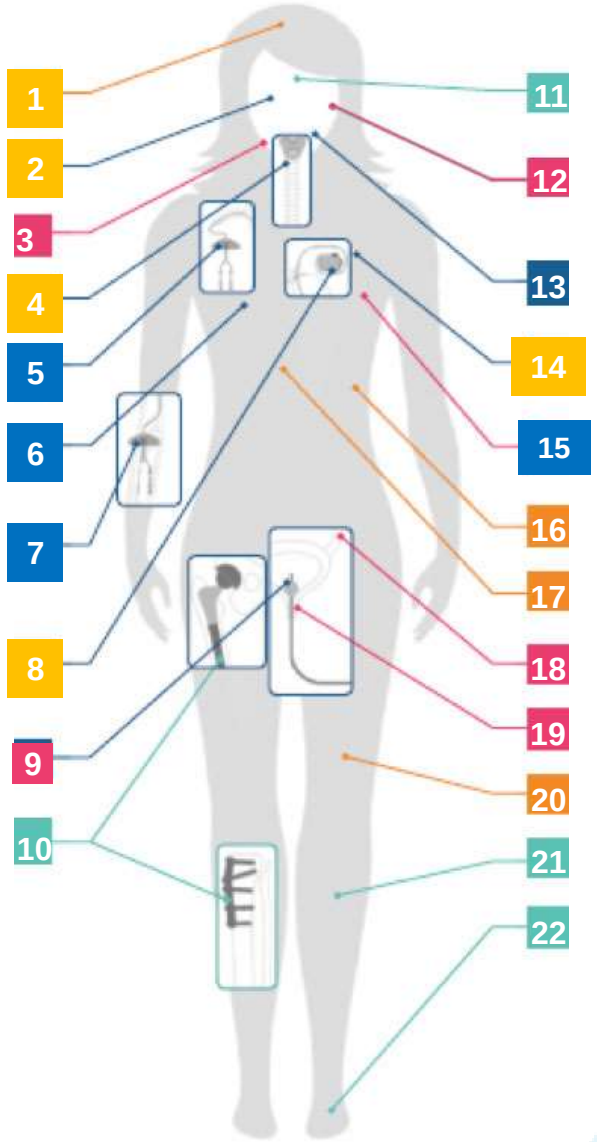
Bacteria in BIOFILMS can become up to 1000-fold more resistant to antibiotics and biocides when compared to planktonic counterparts.

US National Institute for Health (2002) AMR Initiative “in humans 80% of infections reside in a biofilm”

Biofilms pose a far-reaching threat to humans, animals and the environment

DEVICE-RELATED INFECTIONS

1) Ventricular derivations
2) Contact lens
3) Mouthwash
4) Endotracheal tubes
5) Vascular central catheters
6) Tissue fillers, breast implants
7) Peripheral vascular catheters
8) Prosthetic cardiac valves, pacemakers and vascular grafts
9) Urinary catheters
10) Orthopedic implants and prosthetic joints



TISSUE INFECTIONS

11) Acne
12) Chronic otitis media, chronic sinusitis
13) Chronic tonsillitis, dental plaque, chronic laryngitis
14) Endocarditis
15) Lung infection in cystic fibrosis
16) Kidney stones
17) Biliary tract infection
18) Urinary tract infection
19) Vaginosis
20) Osteomyelitis
21) Surgical site infections
22) Chronic wounds

Products developed and/or available

In development

Active Research Underway

No research at this time

NEXT SCIENCE®

The problem with Biofilm and encased pathogens

THE PROBLEM OF BIOFILM

Nearly 80% of all bacterial infections are associated with biofilm bacteria.

In contrast to planktonic bacteria, biofilm is a complex, organised bacterial community possessing a sophisticated protective armour, in the form of the extracellular polymeric substance (EPS) which prevents the bacteria from being exposed to the bodies own defences and antibiotics.

THE CLINICAL CHALLENGE

Chronic infections affect 17 million people annually in the US, and approximately 550,000 people die as a result of their chronic infections.

The challenge with biofilm related infections is that they cannot be adequately confirmed via diagnostic tests in the clinical setting, and more importantly, they are intrinsically resistant to host immunity, antibiotics, and biocides.

This renders conventional therapeutic options increasingly inadequate to successfully eradicate the infection.

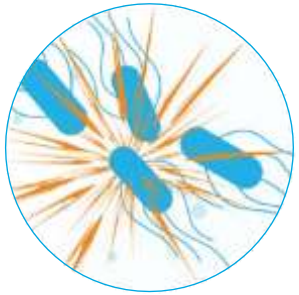
THE XBIO® SOLUTION

Next Science has applied novel material science technologies to combat biofilm.

Xbio™ non-toxic formulations leverage a patented composition-of-matter and method of action designed to physically break down the biofilm's protective structures.

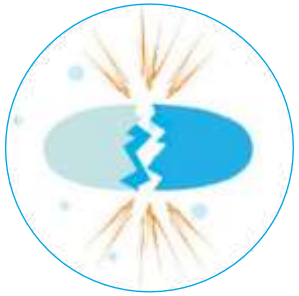
Xbio™ technology exposes and eradicates antimicrobial pathogens and prevents reformation of the biofilm, providing targeted therapy with no known antimicrobial resistance.

The Solution – Xbio™ TECHNOLOGY



DECONSTRUCT THE BACTERIAL BIOFILM BARRIER

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



DESTROY BACTERIA WITHIN THROUGH CELL LYSIS[1]

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 RECOLONISATION

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

Xbio™ is the only non-toxic solution to deconstruct the bacteria's protective barrier. We've applied material science innovation to physically deconstruct the bacteria's protective structures, exposing and then eradicating bacteria through cell lysis[1], rather than using toxic or resistance building ingredients.

1. Lysis: disintegration by rupturing the cell membrane. **2.** Costerton JW et al.
3. Potera C:antibiotic resistance: biofilm dispersing agent rejuvenates older antibiotics" Environmental Health Perspectives 118 (7) 228.

Current Xbio™ Products in Market in the US

Bactisure™

STERILE LAVAGE (WASH) TO REMOVE BIOFILM & BACTERIA FROM ANY OPEN SURGERY

Currently sold in the USA, South Africa and New Zealand through Zimmer Biomet, a world leader in orthopaedic implants, with market approval achieved in Canada in August

BlastX™

ANTIMICROBIAL WOUND GEL FOR CHRONIC WOUNDS

Exclusively Distributed by 3M

Sold in the USA through 3M Company's Health Care Business

SurgX™

STERILE WOUND GEL TO HELP REDUCE SURGICAL SITE INFECTIONS

Moving into 3rd party distribution Q4, 2019

TorrentX

ANTIMICROBIAL WOUND WASH FOR USE BY NURSES, ACCIDENT & EMERGENCY AND HOME CARE

Listed as OTC, and submitted for 510 (k) clearance

Key Developments
– since ASX Listing in April 2019

- Distribution agreement with Grace Medical for Sinus Wash
- Submission of CE Applications for
  - BlastX,
  - Bactisure,
  - SurgX
  - Middle Ear Wash
- FDA 510(k) Medical Device submission for TorrentX
- EPA submission in the US of Hospital Disinfectant for Hard Surfaces
- Announcement by 3M of the acquisition of Acelity Inc and its KCI subsidiaries, a leader in chronic wound management
- 4 additional Patents Granted (now 19), with 50 Patent Applications Pending

3M Acquisition of Acelity Inc. and its KCI Subsidiaries

- Next Science BlastX Antimicrobial Wound Gel has been sold in the USA through 3M's Health Care Business since early 2019
- On May 2, 2019 3M announced the $6.7B purchase of Acelity Inc, and its KCI Subsidiaries*
- Acelity is a global advanced wound care specialist and KCI is the world leader in Negative Pressure Wound Therapy with over 80% of the world market, treating over 1 million patients per year globally with chronic and acute wounds with Wound Vac therapy
- Next Science's BlastX Antimicrobial Wound Gel can be used in conjunction with Wound Vac therapy to improve the treatment of chronic and acute wounds
- The announcement of the acquisition of Acelity has, as with all organisational changes, drawn some focus away from day to day business, and has impacted on the recent rate of sales growth of BlastX through 3M
- The acquisition, when completed in Q4 2019, will expand 3M's combined share of the chronic wound care market globally, with the significantly larger KCI specialist wound care sales team
- Next Science management sees a strong opportunity to drive wider acceptance of BlastX for the treatment of chronic wounds through the KCI team in the medium term

* https://investors.3m.com/news/press-release-details/2019/3M-to-Acquire-Acelity-Inc/default.aspx

Building Awareness of Biofilm

Ongoing publication of educational materials on the impact of Biofilm, in conjunction with key opinion leaders


THE EMERGING SCIENCE OF BIOFILM

Shifting the Spotlight to the Biofilm Structure: Why Only Targeting the Bacteria in Wounds is Not Enough

Authors

Jeffrey A. Niezgoda; Patricia Stevenson

Issue: Volume 64 - Issue 9 - September 2018 ISSN 1943-2720
Index: Ostomy Wound Manage. 2018;64(9):8,10.

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THE EMERGING SCIENCE OF BIOFILM

2019 International Consensus Includes Biofilm Treatment as New Standard of Care

Patricia Stevenson, DNP, ACNS, CWS; and Gregory Schultz, PhD


THE EMERGING SCIENCE OF BIOFILM

Biofilm-hijacked Inflammation: The Missing Link to Hard-to-heal Wounds

Authors

Matthew Regulski; Patricia Stevenson

Keywords

Biofilm, DFU, diabetic foot ulcer

Issue: Volume 65 - Issue 4 - April 2019 ISSN 2640-5245

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Debridement: The Next Clinical Advantage in TIME

Login or Register to download PDF

December 10, 2018

Volume 12 Issue 12 - December 2018

Pages: 26 - 28

Elliot T. Walters, MD & Patricia Stevenson, MSN, ACNS-BC, CWS

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THE EMERGING SCIENCE OF BIOFILM

Outliers: Reexamining Wounds That Fail to Heal

Authors

Christopher Edens; Patricia Stevenson

Keywords

Biofilm, Evidence-Based Practice

Issue: Volume 65 - Issue 1 - January 2019 ISSN 2640-5245
Index: Wound Management & Prevention 2019;65(1):8-9.

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New online Biofilm Medical Education site

North America Centre for Continuing Medical Education www.biofilmeducation.com

Faculty

Abdul Hamood PhD
Professor of Immunology and Microbiology
Texas Tech Medical University

Garth James PhD
Principal Investigator
Montana State Centre for Biofilm Engineering

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Ocean County Foot and Ankle Surgical Associates

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Director, Institute for Wound Research
University of Florida

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Infectious Disease Consultants/San Diego Infusion Center

Paul Stoodley, PhD
Professor Departments of Microbial Infection and Immunity and Orthopedics
Infectious Diseases Institute
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Columbus, Ohio

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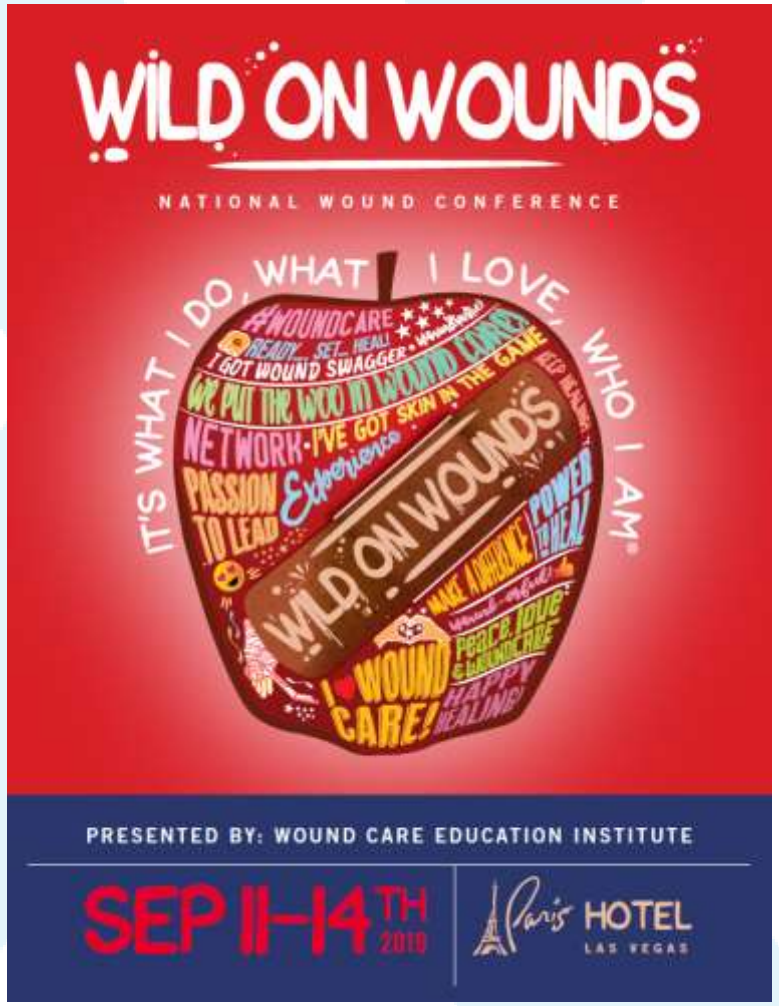
Upcoming Scientific Presentations Q3 2019



Significant Publications H1 2019

In vitro Evaluation of Biofilm Disrupting Agents (BDA) against *Candida auris* and other *Candida* species

Authors: Jose A Vazquez, Sushama Wakade, Elias Manavathu, Matt Myntti,

Medical College of Georgia at Augusta University, Augusta, GA, Next Science, Jacksonville, FL., USA

Products tested: BlastX, TorrentX, Next Science Surface Disinfectant

Presented ECCMID Meeting April 13-16, 2019 Amsterdam, Netherlands

Conclusion:

The use of these novel BDAs with excellent antimicrobial and antifungal activity make them very valuable in eradicating surface and wound colonization of Candida sub species, including the MDR-C. auris, and thus possibly decrease the spread of this Candida sub species.

A novel disruptive agent influences the wound healing process (animal study)

Author: Kayla Bounds

Texas Tech University Medical Health Centre, Lubbock TX, USA

Presented SAWC May 7 – 10, 2019 San Antonio TX

Conclusions: *(In mouse studies)*

BlastX prevents overexuberant inflammation in a clean wound by reducing the level of pro-inflammatory cytokines while promoting the appropriate formation of blood vessels by increasing CXCL10 on Day 1

BlastX accelerates wound healing by enhancing the numbers of M2 macrophages on day 3

BlastX advances re-epithelialization on day 7 increasing levels of C/C involved in keratinocyte hyperplasia

Cost-utility of a biofilm-disrupting gel versus standard of care in chronic wounds: a Markov microsimulation model based on a randomized control trial

Author: Dr Marissa Carter

Journal of Wound Care North American Supplement 28(7) *July*, 1-13.

Conclusions:

BlastX was shown to be an effective treatment versus the currently accepted cost burden for standard of care ($8,794 vs. $50,000)

Delaying the start of BlastX beyond the first week produced nearly a 2.5x increase in cost to heal from $8,794 to $21,566

Clinical Effectiveness of a Biofilm Disrupting Surgical Lavage in Reducing Bacterial Contamination in Total Knee Arthroplasty Revision Surgery in Known Cases of Prosthetic Joint Infection

Authors: Hunter, Christopher (PhD), Zimmer Biomet, Duncan, Stephen (MD)

University of Kentucky

Conclusion:

For those patients with a countable bacteria pre-treatment (positive sign of infection), the wash out product eliminated the presence of bacteria in 7 out of every 8 patients.

Commercialisation Developments

Expanding the markets for existing products

PRODUCT	INDICATIONS	FILINGS / COMMERCIALISATION
BlastX	Antimicrobial Wound Gel for chronic wounds.	H1 CE Mark Submitted, H2 2019 Submission Canada Health, Australia. Global distribution agreement with 3M
Bactisure	Sterile lavage (wash) to remove biofilm & bacteria from any open surgery licensed to Zimmer Biomet for Global Distribution	H1 CE Mark submitted, H2 2019 Submission Canada Health , Australia. Global distribution agreement with Zimmer Biomet
TorrentX	Antimicrobial wound wash for use by nurses, accident & emergency and home care	H1 510 (k) submitted expanding product labelling claims. As a 510 (k) device, TorrentX can be sold through the same channels into the hospital as existing Next Science products with expanded indications. Distribution agreement to be executed post 510 (k) clearance.
SurgX	Antimicrobial wound gel, sterile packed for use in the operating room	H2 CE Mark submitted; Distribution agreements in discussion
Acne	Gels and creams for the treatment of chronic acne	OTC product in some markets, cosmeceuticals in other markets, launch in Australia in Q3 2019, ongoing negotiations in other markets

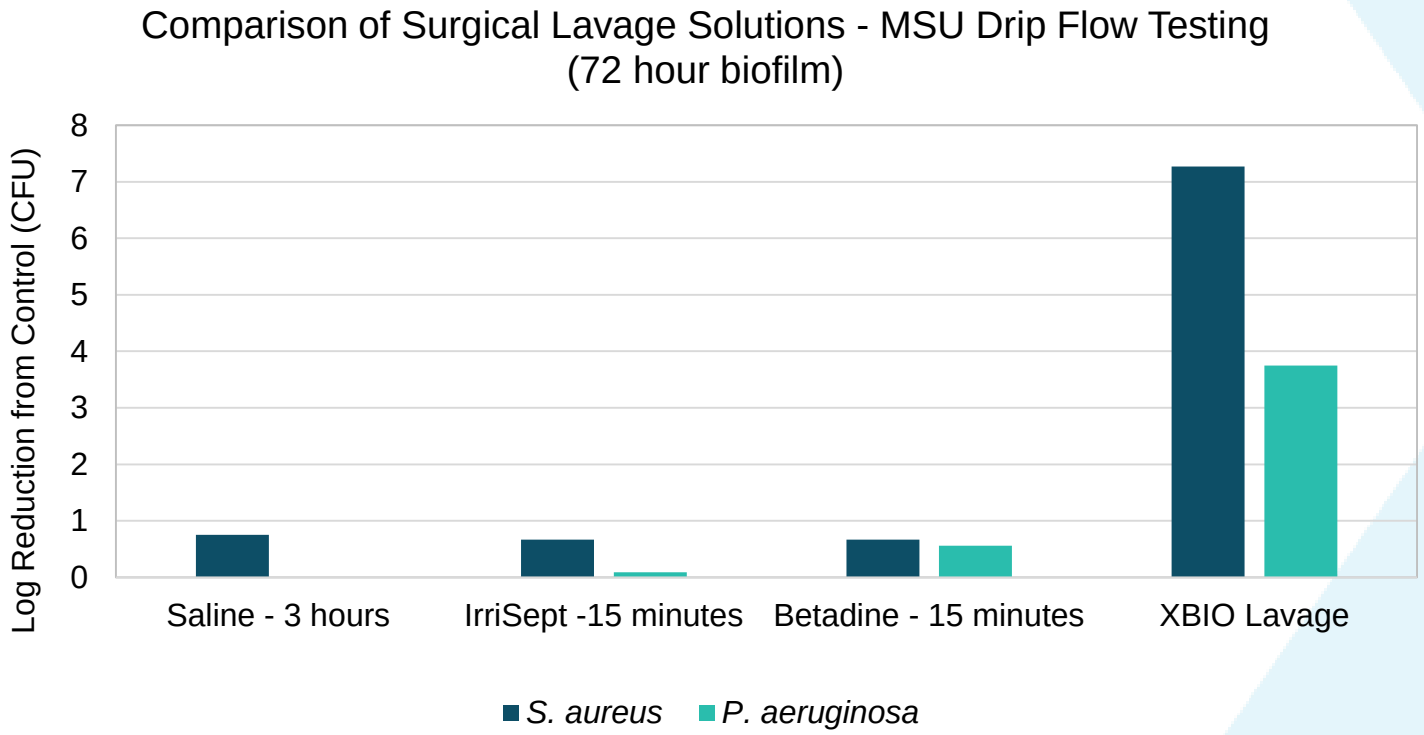
Growing the portfolio with new products

PRODUCT	INDICATIONS	FILINGS / COMMERCIALISATION
MIS Surgical Lavage (Suitable for Minimally Invasive Surgery)	Antimicrobial wash out as the "last rinse" before closing for any surgical procedure (Open or Minimally invasive), or endoscopy, colonoscopy, or arthroscopy procedure	Being submitted for approvals: FDA, CE & Australia Distribution agreements in discussion. New 3rd party distribution network being put in place in the US market, which will also distribute SurgX
Middle Ear Wash "Otovage"	A wash for the Middle Ear during a tympanoplasty procedure. For patients with chronic ear infections, that have chosen to have grommets and tubes inserted to try to resolve the infection	H2 2019,being submitted to FDA, CE & Australia Distribution agreements in discussion
Sinus Wash	Chronic Sinusitis treated with Functional Endoscopic Sinus Surgery (FESS) or Washouts	Distribution agreement with Grace Medical H2 2019 being submitted to FDA,CE, Canada & Australia
Hard Surface Disinfectant	A disinfectant to eliminate biofilm and their encumbent bacteria (MRSA included) and fungi (candida auris included)	H1, submitted to EPA in the US with request for Biofilm effectiveness claim.

Xbio™ MIS Lavage Test Results

MIS Lavage is intended as an antimicrobial wash for Minimally Invasive Surgical procedures including endoscopies, colonoscopies, arthroscopies. The product is also suitable for Open surgeries.

The product has broad spectrum effectiveness and is suitable as the final rinse for any surgical procedure.



In this testing, biofilms are grown on hydroxyapatite coated microscope slides in a drip flow reactor for 72 hours. The slides are remove and rinsed prior to being placed into the test product for time specified. The chemistry is then neutralized and the slides are scraped and processed in a vortext to obtain the biofilm, which is then serially diluted and grown on plates per standard microbiological techniques.

With kill rates of up to 7 log for *S.aureus (MRSA) and* 3.8 log for *P.aeruginosa* in invitro testing, X Bio lavage has been shown to be **4 million times more effective against *S.aureus (MRSA)*** and greater than **1000 times more effective against *P.aeruginosa*** than IrriSept and Betadine.

Based on these results, the company has prioritised the commercialisation of the Xbio MIS Lavage product including:

- Acceleration of FDA 510(k) filing for 1H 2020 launch in the US
- Recruitment of suitable staff to acquire and manage the distribution network for this and other surgical products
- Early discussions with market Key Opinion Leaders on clinical efficacy data collection

This product would replace the last wash (current standard of care is with saline) in any surgical procedure (open or minimally invasive) and provide anti microbial coverage. This wash will also be packaged for use as a Breast Wash and for use in Negative Pressure Wound Therapy.

OTC Personal Care Products – Problem Skin Treatment

Launching in Australia through AST in Q3 2019

Established in 1994, Advanced Skin Technology (AST) offers products in more than 3000 clinics across Australia and New Zealand

Next Science has a non-exclusive distribution agreement with AST for its problem skin treatment gel

Before

After

https://www.advancedskin.com.au/ast/our-story

OTC Personal Care Products - Skin Repair Cream

Direct Sales in Q4 2019

Next Science will execute a soft launch of its direct to consumer online platform commencing with the direct sales of its FDA OTC Listed - Skin Repair cream

The unique Xbio™ chemistry has the combined action of disinfecting the wound, while reducing inflammation. This leads to faster wound closure with less inflammation and soreness

The product has broad application to skin damaged by cuts, abrasions, and other wounds requiring assisted healing

Recent trials with Crossfit centres in the US have delivered impressive results

"After a high volume of chest bar pull ups, my hands ripped so badly I had to stop. I used the wound gel immediately after the work out & periodically applied it throughout the day, into the next day. I noticed that the healing process was days faster than not having wound gel. I was able to get back to touching the barbells & pull up bar by the end of the 3rd day with no bandage on. Good stuff!!!"

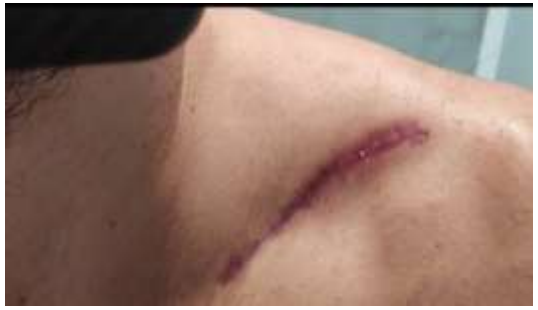
Cheri Mooney, CrossFit Ferrum owner
Level 3 certified CrossFit Trainer , CrossFit competitor

"The skin recovery cream (while it stings like hell if you put it on a very fresh wound) works amazingly well! I've ripped my hands working out hard and after using the wound gel it's heals significantly faster than any other product I've ever used! I even used on a facial blemish and it worked fast on that too - bonus!! I recommend the skin recovery cream to all my fitness friends! "

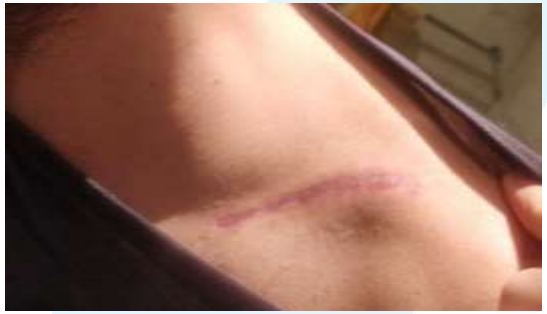
Melissa S - CrossFit Level 1 Certificate holder, coach at CrossFit Ferrum, and Avid Fitnesser and Mom!

Other Applications:

27 year old male with an infected surgical incision from a fractured clavicle, resolved in 2 days



Day 1



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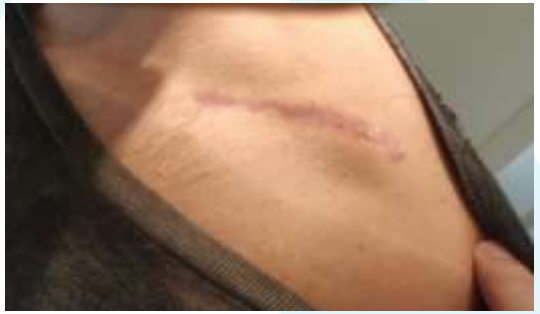

Day 3

Xbio™ Research & Development Programs

Medical Device Developments

- Development work is continuing on antimicrobial Nasal Stent, Adhesion Barrier, Soft Tissue Coatings and other medical devices for regulatory submission as Medical Devices in 2020 and onwards

Pharmaceutical Product Developments

- Planning is underway for development programs for Toe Fungus, Atopic Dermatitis, and other applications for topically treated skin conditions for submissions through the US 505(b) 2 pathway.

Key Financials H1 2019

UNDERLYING PROFIT & LOSS[1] Half Year ended 30 June USD$('000)	H1 2018	H1 2019
Revenue	**728**	**2,345**
Cost of Sales	(105)	(379)
Gross Profit	**622**	**1,966**
Other Income	-	33
Research & Development	(697)	(1,036)
Employee Expenses	(3,844)	(3,940)
Sales & Marketing	(189)	(314)
Consultancy & Regulatory	(658)	(766)
General and Administration	(1,213)	(1,360)
Operating Expenses	(6,601)	(7,384)
EBITDA	(5,979)	(5,417)
Gross Margin	**86%**	**84%**

1. H1 2019EBITDA has been adjusted to exclude IPO and other one-off costs. Refer to Appendix 1 for reconciliation

- BlastX distribution was transitioned to the 3M sales force in Q1 2019 with training of 3M's sales team completed and with retention of the existing Next Science BlastX customer base.
- Sales more than trebled in H1 2019 compared to H1 2018, despite the growth trajectory of BlastX sales being constrained in Q2 2019 by delays associated with 3M's acquisition of Acelity Inc (and its KCI subsidiaries) – refer slide 11.
- First sale of Acne product in Australia in June 2019 with expected consumer launch September 2019.
- Increased R&D spending reflects project costs to support extending claims on existing products as well as activity focused on new products such as Middle Ear, Sinus Wash and Minimally Invasive Lavage.
- Sales & Marketing costs increased to cover a strengthened focus on customer education and training programs for existing and newly release products (Acne), including webinar and webcast developments related to wound care and biofilms.

Outlook 2019 and beyond

- Management are working to deliver a consistent and measured pipeline of product development and expanded commercialisation to drive revenue growth over the short, medium and long term by:
  - Working with our partners to increase market penetration of existing products in the US market
  - Further focus from 3M in wound care post acquisition of Acelity (global wound care products)
  - Geographic expansion of sales of existing products outside the US
  - Development and commercialisation of new products and applications in human health including Post Operative Surgical Infection, Chronic Sinusitis and Chronic Middle Ear Infections
- Acne product to launch in Australia in Q3 via Advanced Skin Technologies
- Skin Repair to launch online Quarter 4, 2019
- Strong R&D pipeline with new scientific findings continues to expand the applications for Xbio
  - Wider adoption of the technology by different medical specialties grows the clinical experience and expands the research base on the applications for the technology
  - Partners will continue to be developed for animal health and industrial applications of the technologies

Investment Summary

- Unique, non-toxic technology with proven efficacy in eradicating both biofilm and bacteria
  - Solves a clear unmet medical need and avoids creating antibacterial resistance
  - Proven in over 90,000 patient treatments, multiple FDA Clearances with broad IP protection
- Proven commercial demand
  - Validated by global distribution agreements with industry leaders (Zimmer Biomet, 3M and Grace Medical)
- 8 products submitted for clearance by end 2019 - targeting high value market segments with unmet needs
  - Key markets include; Surgical Site infections US$3.5-US$10b, Prosthetic Joint infections US$4b, Chronic Sinusitis US$60b, Chronic Wounds US$50b and many others ($ represent cost to treat)
  - Launching OTC products in Q4 with a deep pipeline of further product developments
- Continuing sales growth outlook by leveraging distribution partners, new products and new market entries, and geographic expansion
- High margin (>80%) and highly scalable production via multiple contract manufacturers
- Strong management team delivering on a clear growth strategy, driving commercialisation and product/market development

Appendix 1

Reconciliation: Statutory to Underlying EBITDA

In USD $'(000)	Statutory results per HY19 financial statements	IPO costs	Converting note broker fees	Gain on conversion of notes	Underlying results
Half-year ended 30 June 2019					
Revenue	2,345	-	-	-	2,345
Cost of sales	(379)	-	-	-	(379)
Gross profit	**1,966**	**-**	**-**	**-**	**1,966**
Other income	174	-	-	(141)	33
Research and development	(1,036)	-	-	-	(1,036)
Employee expenses	(3,940)	-	-	-	(3,940)
Sales and marketing	(362)	48	-	-	(314)
Consultancy and regulatory	(1,218)	178	274	-	(766)
General and administration	(1,672)	312	-	-	(1,360)
EBITDA	**(6,087)**	**538**	**274**	**(141)**	**(5,417)**

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