

# Next Science

## 3QFY23 Results Presentation

**23 October 2023**

**ASX - NXS**

**Approved by the Board**

Next Science Limited ABN 47 622 382 549

Level 14, Australia Square,

264-278 George Street , Sydney NSW 2000

**NEXT SCIENCE®**

This presentation has been prepared by Next Science Limited ACN 622 382 549 (Company) and is provided for general information purposes only. It is not a product disclosure statement, pathfinder document or any other disclosure document for the purposes of the Corporations Act 2001 (Cth) and has not been, and is not required to be, lodged with the Australian Securities and Investments Commission (ASIC). It should not be relied upon by the recipient in considering the merits of the Company or the acquisition of shares in the Company. This presentation should not be considered an offer or an invitation to acquire or sell, or a solicitation to invest in or refrain from investing in, new shares in the Company or any other financial products.

This document has been prepared based on information available as at the date of this presentation. It contains selected summary information and does not purport to be all-inclusive, comprehensive or to contain all of the information that may be relevant or which a prospective investor may require in evaluations for a possible investment in the Company. It should be read in conjunction with the Company's periodic and continuous disclosure announcements which are available at [www.nextscience.com](http://www.nextscience.com) and [www.asx.com.au](http://www.asx.com.au). The recipient acknowledges that circumstances may change and that this presentation may become outdated as a result. This presentation and the information in it are subject to change without notice. The Company is not obliged to update this presentation.

The information contained in this presentation does not constitute investment, legal, tax, accounting or financial product advice nor any recommendation to acquire securities in the Company. This presentation has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, the recipient should consider its own financial situation, objectives and needs, and conduct its own independent investigation and assessment of the contents of this presentation, including obtaining investment, legal, tax, accounting and such other advice as it considers necessary or appropriate. Any references to or explanations of legislation, regulatory issues, benefits or any other legal commentary (if any) are indicative only, do not summarise all relevant issues and are not intended to be a full explanation of a particular matter. The information in this presentation has been obtained from and based on sources believed by the Company to be reliable. Past performance is not an indication of future performance.

This presentation may contain forward-looking statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters that may involve risks or uncertainties and may involve significant items of subjective judgement and assumptions of future events that may or may not eventuate (Forward Statements). Forward Statements can generally be identified by the use of forward looking words such as "anticipate", "estimates", "will", "should", "could", "may", "expects", "plans", "forecast", "target" or similar expressions. Forward Statements including indications, guidance or outlook on future revenues, distributions or financial position and performance or return or growth in underlying investments are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No independent third party has reviewed the reasonableness of any such statements or assumptions. None of the Company, its related bodies corporate and their respective officers, directors, employees, advisers, partners, affiliates and agents (together, the Next Science Parties) represent or warrant that such Forward Statements will be achieved or will prove to be correct or gives any warranty, express or implied, as to the accuracy, completeness, likelihood of achievement or reasonableness of any Forward Statement contained in this presentation. Except as required by law or regulation, the Company assumes no obligation to release updates or revisions to Forward Statements to reflect any changes. Recipients should form their own views as to these matters and any assumptions on which any of the Forward Statements are based and not place reliance on such statements.

All dollar values are in \$USD unless stated otherwise.

An investment in Company shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including factors and risks specific to the industry in which Next Science operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. The Company does not guarantee any particular rate of return on its performance nor does it guarantee any particular tax treatment. Prospective investors should make their own enquiries and investigations regarding all information in this presentation, including the assumptions, uncertainties and contingencies which may affect future operations of the Company and the impact that different future outcomes may have on the Company.

The distribution of this presentation to persons or in jurisdictions outside Australia may be restricted by law and any person into whose possession this document comes should seek advice on and observe those restrictions. Any failure to comply with such restrictions may violate applicable securities law.

No party other than the Company has authorised, permitted or caused the issue, submission, dispatch or provision of this presentation, or takes any responsibility for, or makes or purports to make any statement, representation or undertaking in this presentation and there is no statement in this presentation that is based on any statement by any other party. No person, either as a director or partner of, or in the employment of, the Company has any authority to make, imply, or give any representation or warranty whatsoever in relation to the information contained in this presentation. None of the Next Science Parties take any responsibility for any information in this presentation or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Next Science Parties: exclude and disclaim all liability, including (without limitation) any liability for fraud or negligence, for any expenses, losses, damages or costs incurred either as a result of the information in this presentation being inaccurate or incomplete in any way for any reason, or otherwise arising in connection with this presentation; and make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this presentation.

# Proprietary Platform Delivering >80% YoY Sales Growth

**Mission – The development and commercialisation of our proprietary unique non-toxic XBIO™ technology to reduce the impact of biofilm-based infections in human health**



## 7 Product Families

Across wound and surgical applications



## XBIO™ Platform

Deconstructs biofilm, destroys pathogens, & defends recolonisation



## Rapid Growth

81% growth in FY23 YTD Product Sales yoy to US\$15.0m (unaudited)



## TAM >US\$12.5bn

Across existing products<sup>1</sup>



## Distribution

Direct and partner channels with increasing focus on direct channel



## Employee Headcount

108 – 47 Sales / 21 R&D (Sep.)



## IP

51 patents and 20 publications



## DME<sup>2</sup> est. Oct. 22

Drives penetration into advanced wound care market

1. Total Addressable Market (TAM) based on National Health Statistics Report, February 2017, SmartTRAK, NXS  
2. DME – Durable Medical Equipment.



Deconstructs the biofilm

Removes metal ions of the EPS<sup>1</sup>, 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 recolonisation

Biofilm matrix cannot reform within the presence of XBIO™

**Unique mechanism of action, with no known resistance from bacteria to XBIO™ technology**

1. Extracellular polymeric substances



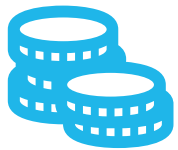
**3QFY23 Product Sales**  
US\$5.0m up 60% yoy



**Direct Channel Sales**  
US\$4.1m up 193% yoy



**Cash receipts**  
US\$5.2m up 45% yoy. Cash of  
US\$12.4m



**Strengthened balance sheet,**  
A\$21.5m capital raising to fund  
growth strategy



**Wound Care Prescribers pass**  
1,079, up 31% qoq

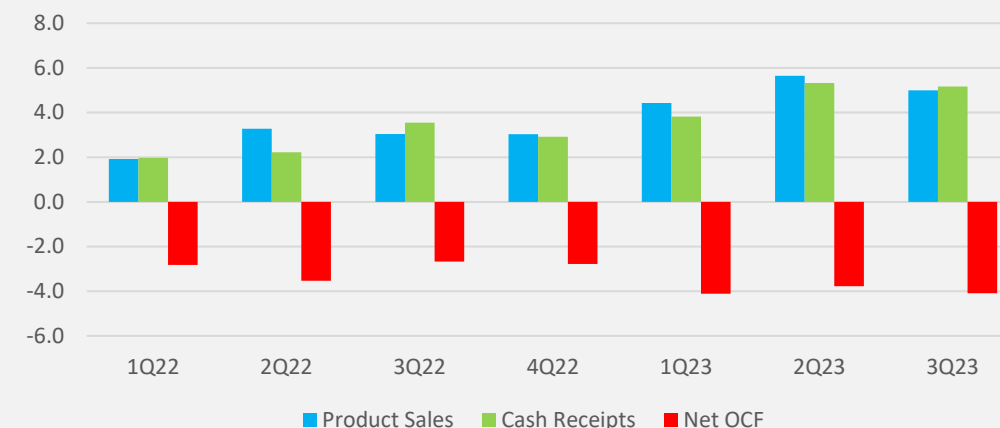


**XPERIENCE™** penetration  
supported by HealthTrust GPO  
providing access to 1,600  
hospitals

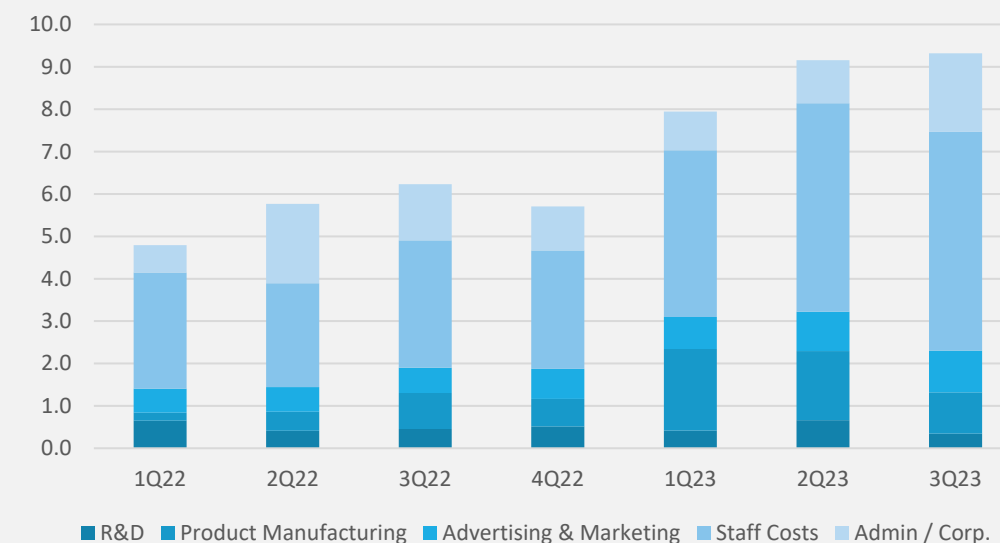
# 3QFY23 – Margin Improvement

- ❑ 3QFY23 cash receipts of US\$5.2m, down 3% qoq, up 45% yoy. YTD cash receipts up 86% yoy. Cash at bank ended the period at US\$12.4m
- ❑ Net Operating Cash Flow in 3QFY23 increased 8% qoq to –US\$4.1m reflecting:
  - ❑ Cash receipts reduced 3% qoq to US\$5.2m
  - ❑ US\$0.8m Medicare receivable to be received post quarter close date
  - ❑ Scale efficiencies assisting gross margins via 30% qoq reduction in COGS
- ❑ Completed A\$21.5m capital raising in 3QFY23 provides funding to deliver on growth strategy to:
  - ❑ promotion of XPERIENCE™ research
  - ❑ resourcing to service the HealthTrust opportunity
  - ❑ expansion of the DME sales force
  - ❑ expansion of a second fulfillment site for the DME
  - ❑ provide general working capital

Quarterly Cash Flow Performance (US\$m)



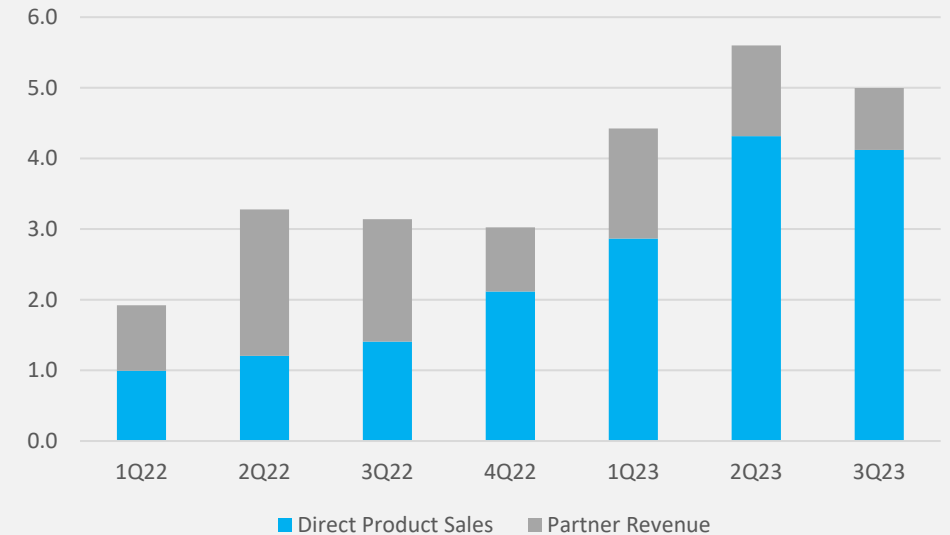
Use of Funds (US\$m)



# 3QFY23 - Direct Sales Channel up 193% yoy

- ❑ 3QFY23 product sales (unaudited) US\$5.0m up 60% yoy and up 81% yoy on a YTD basis
- ❑ 3QFY23 Direct channel product sales US\$4.1m up 193% yoy and US\$11.3m YTD, up 214% yoy
- ❑ 3QFY23 Direct Wound Care Product Sales up 423% yoy
  - ❑ DME 3QFY23 sales down 5% qoq
  - ❑ Deliberate strategy to transition away from low margin customer segment has resulted in :
    - ❑ Slowdown in sales momentum
    - ❑ Significant improvement in gross margin from 67.5% (1HFY23) to c.75% in 3QFY23
- ❑ 3QFY23 Direct Surgical Product Sales up 43% yoy
  - ❑ 3QFY23 Direct XPERIENCE™ Product Sales up 10% qoq and 56% yoy
- ❑ 3QFY23 Direct channel sales team 47 (41 in Wound / 6 in Surgical)

Product Sales (US\$m)

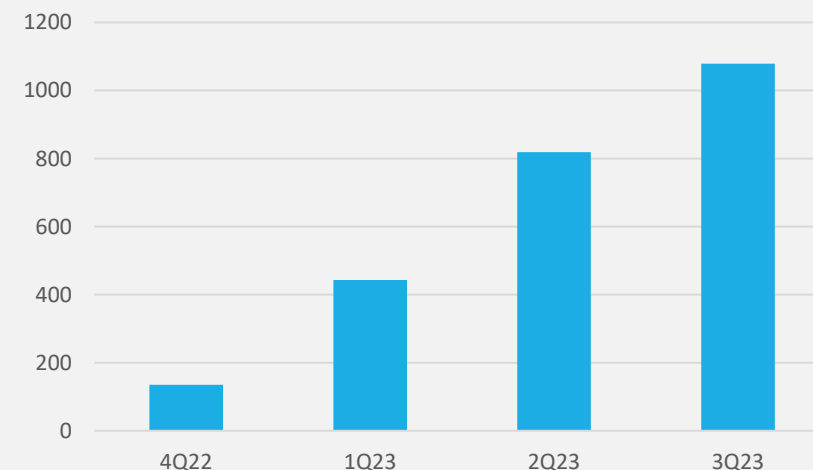


## ❑ Drivers of Product Sales performance:

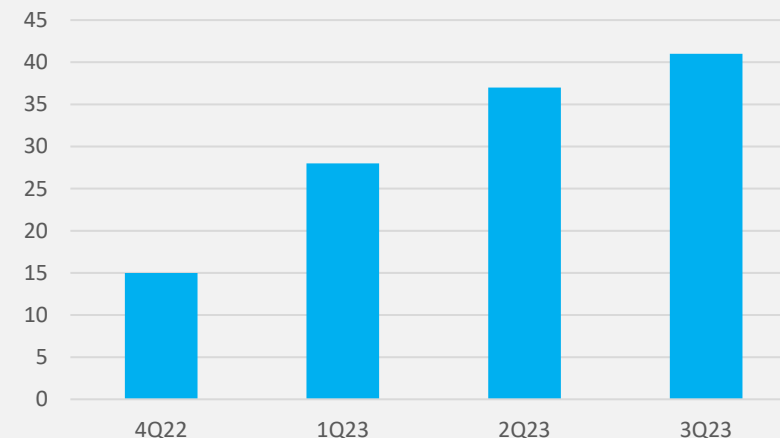
- ❑ More focused customer targeting,
- ❑ Slower than expected DME new payor onboarding,
- ❑ Variable productivity while building the direct sales force

- ❑ Wound Care comprises Collagen with BLASTX™ through the DME Segment, and BLASTX™ direct through the Federal VA system
- ❑ DME Prescriber base increased 31% qoq to over 1,079 prescribers, continuing to build market traction to deliver long-term sustainable sales volume
- ❑ Payor contracts up to 13 (5 at 1QFY23).
- ❑ Channel expansion from Private Office (PO) market to higher volume Wound Care Centres (WCC), Long-Term Acute Care (LTAC) and Skilled Nursing Facilities (SNFF) to improve productivity
  - ❑ WCC penetration increased from 200 to 378
  - ❑ Over 50% of volume now sourced from WCC
- ❑ Refining customer targeting to substantially improve gross margin
- ❑ Recent DME prescriber survey revealed the following insights:
  - ❑ 93% of surveyed prescribers believe managing biofilm is a high priority in achieving successful treatment outcomes<sup>1</sup>
  - ❑ 89% of surveyed respondents use Collagen / BLASTX™ within the first month from wound assessment <sup>1</sup>

### Total Wound Care Prescribers



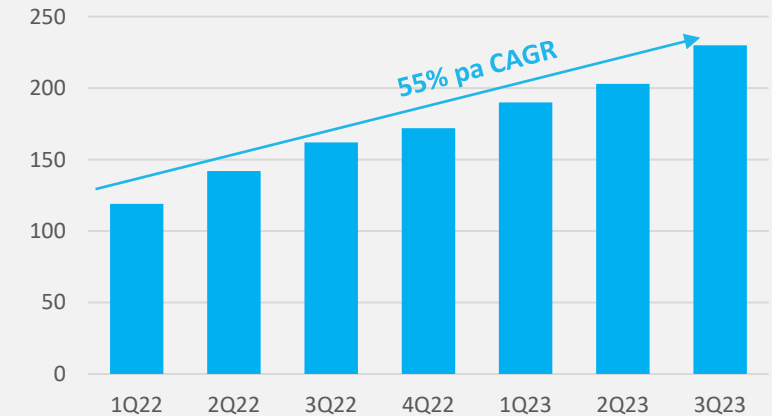
### DME Sales Headcount



1. DME Customer treatment survey. A group of 89 wound care practitioners were surveyed on the use of XBIO™ technology including the combination of Collagen and BLASTX™

- ❑ Surgical sales team offers an advanced irrigation solution (XPERIENCE™), and a sterile antimicrobial wound gel (SURGX™)
- ❑ 3QFY23 XPERIENCE™ sales up 10% qoq and 56% yoy, showing improvement in growth from 2QFY23
- ❑ Hospital customers increased 13% qoq and 42% yoy to 230
  - ❑ Onboarding of new accounts has accelerated. New distributors increased by 12 with 50 YTD and over 125 distribution groups
- ❑ HealthTrust GPO contract commenced 1/8/23 showing positive early signs
- ❑ Recruitment of the Canadian 7,600 patient study into Periprosthetic Joint Infection (PJI) has reached 140 patients in the first site. Second site commenced recruiting, with other sites pending completion of contracts

XPERIENCE™ Hospital Customers



## Growth Strategy

- ❑ **Drive XPERIENCE™ penetration**
  - ❑ **Distribution:** Utilise Health Trust Agreement to open new accounts, and expand field representation
  - ❑ **Research:** Leverage research findings in existing accounts as well as new accounts to increase usage
  - ❑ **Product:** Widen the XPERIENCE™ formats to support a wider customer base
- ❑ **Continued expansion of the Durable Medical Equipment Segment**
  - ❑ **Distribution:** Drive growth into Wound Care Centres, Long Term Acute Care, and Skilled Nursing Facility
    - ❑ Implement second site for fulfilment of DME orders
- ❑ **Determine pathways for patented developments of other applications of X BIO™ technology**
- ❑ **Accelerate the product pipeline for increased sales value on existing distribution networks**

## Outlook

- ❑ **General Meeting** on 25/10/23 to approve retirement of A\$10m Convertible Notes held by Walker Group and subscription for new shares to the same value
- ❑ **Direct Distribution** channel driving strong growth for NXS
- ❑ **Gross margin stability** from 3QFY23 onward
- ❑ **Revised guidance** 2HFY23 \$12m - \$14m
- ❑ **Maintain expectation** of pathway to positive EBITDA during 2HFY24



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



**Positioning XPERIENCE™** to challenge for Standard of Care in surgical procedures



**Strong distribution** network in place with growing focus on direct channel



**Intellectual Property** portfolio consisting of 51 patents and 20 publications



**Rapid growth** with FY23 YTD Product Sales up 81% yoy to US\$15m



**Strong tailwinds** with a significant TAM of over US\$12.5bn

# Appendix

Indication	Product	Study Size	Structure	Sites	Status
Breast Augmentation	XPERIENCE	186	Investigator Research Study (product donated). Three arms: XPERIENCE v 10% Iodine v "Triple Antibiotic Solution"	Dr A Deva Integrated Specialist Healthcare Education and Research Foundation, Australia	186 patients with enrolment completed. Drafting final report
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	Commenced with 6 enrolled to date
Post-op Infection of Primary Joint Replacement	XPERIENCE	7600	Investigator Research Study. (product donated) XP v 0.3% Iodine	Dr Beale and Dr Garceau Ottawa Hospital Research Institute, Canada Randomised Controlled study over 7 sites in Canada	One site commenced recruitment with 140 patients enrolled. Second site commenced recruitment. 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% Iodine	Dr A Wickline Genesee Orthopaedics, NY	Submitted for publication. Presentation of findings can be viewed in the attached link  <a href="#">ASX:NXS - Knee Study Finds Potential Anti-Inflammatory Benefit For XPERIENCE™ (nextscience.com)</a>

Indication	Product	Study Size	Structure	Sites	Status
Primary, Revision, I&D Hip, Knee, Shoulder Arthroplasties	XPERIENCE™	423 patients	Post Operative Infection Retrospective. XP V SoC. PJI-90 days	Principal Investigator - Dr Robert Harris - Jack Hughston Memorial	Publication on Primary Hips & Knees 2HFY23. Publication on Revision and I&D 1HFY24
Total Knee Arthroplasties	XPERIENCE™	524 patients	Post Operative Infection Retrospective. XP v SoC (iodine)	Principal Investigator - Dr Ronald Singer - The Surgery Centre at Edgewater	Article Submitted. Publication 2HFY23
Total Knee & Hip Arthroplasties	XPERIENCE™	1,295 patients	Bioburden In-vivo investigator sponsored Retrospective. XP v SoC (iodine / saline). PJI – 90 days	Principal Investigator – Dr Ravi Bashyal – Northshore University Health System	Article Submitted. Publication 1HFY24
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 to be submitted for publication in 2HFY23

Indication	Product	Study Size	Structure	Sites	Status
Treatment of Hidradenitis Suppurativa for tunneling wounds	BLASTX™	15 patients	Change in wound area / size and volume over 4 weeks	Dr. Hadar Lev-Tov – University of Miami Health, FL	Completed. Publication TBA
Pressure Ulcers (previously failed with NPWT)	BLASTX™	20 patients	Change in wound area / size over 4 weeks	Dr. Thomas Serena, Serena Group, Cambridge, MA	Completed. Publication 1HFY24
Total Shoulder Arthroplasties	SURGX™	60 subjects three study arms (SURGX™ v Povidone-Iodine v No dermal layer preparation)	Evaluate if skin preparation after incision will reduce positive cultures of C.acnes after total shoulder arthroplasty	Dr. Otto – St Louis University, MO	31 patients enrolled. Publication 1HFY24
Primary Hip & Knee Arthroplasties	SURGX™	700 subjects, two study arms (SoC + SURGX™ v SoC alone)	Surgical Site Complications within 90 days (infection, scarring, granuloma, discharge, redness, etc)	Dr Giles Scuderi – Northwell Health, NY	To be commenced. Expected duration – 2 years

Date	Area	Authors	Hyperlink
April 2023	Acne treatment	Marshall-Hudson, Tuley, Damstra, Dosik, Myntti, Porral, Palomo (TXL Research Inc., Next Science)	<a href="https://pub-press.mydigitalpublication.com/publication/?m=54680&amp;i=787927&amp;p=42&amp;ver=html5">https://pub-press.mydigitalpublication.com/publication/?m=54680&amp;i=787927&amp;p=42&amp;ver=html5</a>
March 2023	BlastX effectiveness	Regulski, Myntti, Garth et al. (Woud Care Institute, Next Science, Montana State University)	<a href="https://www.mdpi.com/2079-6382/12/3/536">https://www.mdpi.com/2079-6382/12/3/536</a>
January 2023	Discovery: Spine Disease	Fresquez, Chung, Pereira, et al. (USC)	<a href="https://doi.org/10.1016/j.spinee.2023.01.011">https://doi.org/10.1016/j.spinee.2023.01.011</a>
December 2022	BlastX effectiveness	Myntti, Stevenson, Porral, et al. (Next Science)	<a href="https://pubmed.ncbi.nlm.nih.gov/36645660/">https://pubmed.ncbi.nlm.nih.gov/36645660/</a>
November 2022	Discovery: Oral Rinse	Newman, Rosebrough, Tamashiro et al. (UF Gainesville)	<a href="https://pubmed.ncbi.nlm.nih.gov/36324127/">https://pubmed.ncbi.nlm.nih.gov/36324127/</a>
October 2022	Discovery: Catheter treatment	Nvarro, Sherman, Colmer-Hamood et al. (Texas Tech)	<a href="https://pubmed.ncbi.nlm.nih.gov/36358169/">https://pubmed.ncbi.nlm.nih.gov/36358169/</a>

Date	Area	Authors	Hyperlink
July 2023	Biofilm and HAI in older Adults	Patricia Stevenson, Melissa Marguet and Matthew Regulski	<a href="#">Biofilm and Hospital-Acquired Infections in Older Adults - ScienceDirect</a>
May 2023	Biofilms, Infection	Joseph P. Kelly, Andrew S. Bae, Achraf H. Jardaly, Jacob Taunton, Robert M. Harris	<a href="#">Cureus   Superficial Surgical Site Infections in Primary Total Joint Arthroplasty: A Retrospective Analysis of Topical Anti-Biofilm Therapy   Article</a>
March 2023	Irrigation, Biofilms, Infection	Cheng, Owen , Swink, Myntti (Allegheny Health Network poster presentation at Orthopaedic Research Society meeting.	<a href="https://lnkd.in/eN3CnXv2">https://lnkd.in/eN3CnXv2</a>
Dec 2022	Irrigation, Biofilms, Infection	Sosnoski, Dietz, Bou-Akl, et al. (Michigan State University	<a href="https://pubmed.ncbi.nlm.nih.gov/36643380">https://pubmed.ncbi.nlm.nih.gov/36643380</a>
July 2022	Irrigation, Biofilms, Infection	Whiteley, Helms, Muire, et al. (US Army Surgical Research)	<a href="https://pubmed.ncbi.nlm.nih.gov/35840981/">https://pubmed.ncbi.nlm.nih.gov/35840981/</a>
May 2022	Irrigation, Biofilms, Infection	Parvin, Vickery, Deva, et al. (Macquarie University)	<a href="https://pubmed.ncbi.nlm.nih.gov/35629656/">https://pubmed.ncbi.nlm.nih.gov/35629656/</a>
Feb 2022	Irrigation, Biofilms, Infection	Wu, O'Donnell, Cochrane, et al. (Duke University)	<a href="https://pubmed.ncbi.nlm.nih.gov/35158106/">https://pubmed.ncbi.nlm.nih.gov/35158106/</a>
Feb 2022	Irrigation, Biofilms, Infection	Christopher, Tran, Vernon, et al. (Mayo Clinic AZ)	<a href="https://pubmed.ncbi.nlm.nih.gov/34740788/">https://pubmed.ncbi.nlm.nih.gov/34740788/</a>
Feb 2022	Irrigation, Biofilms, Infection	Bashyal, Mathew, Bowen, et al.	<a href="https://www.arthroplastyjournal.org/article/S0883-5403(22)00062-6/fulltext">https://www.arthroplastyjournal.org/article/S0883-5403(22)00062-6/fulltext</a>
Jan 2022	Irrigation, Biofilms, Infection	O'Donnell, Jams, Seyler et al. (Duke University)	<a href="https://journals.healio.com/doi/full/10.3928/01477447-20211227-05">https://journals.healio.com/doi/full/10.3928/01477447-20211227-05</a>
Dec 2021	Irrigation, Biofilms, Infection	Plate, Zuskov, Seyler (Duke University)	<a href="https://pubmed.ncbi.nlm.nih.gov/35629656/">https://pubmed.ncbi.nlm.nih.gov/35629656/</a>
Oct 2021	Irrigation, Biofilms, Infection	Knapp, Chen, Scuderi, et al. (Northwell Health & Rubin Inst)	<a href="https://pubmed.ncbi.nlm.nih.gov/35840981/">https://pubmed.ncbi.nlm.nih.gov/35840981/</a>
Sep 2021	Irrigation, Biofilms, Infection	O'Donnell, Jams, Seyler et al. (Duke University)	<a href="https://pubmed.ncbi.nlm.nih.gov/33934664/">https://pubmed.ncbi.nlm.nih.gov/33934664/</a>
May 2021	Irrigation, Biofilms, Infection	Kia, Cusano, Messina, et al. (University of Connecticut)	<a href="https://pubmed.ncbi.nlm.nih.gov/33529773/">https://pubmed.ncbi.nlm.nih.gov/33529773/</a>



- Non-Executive Director since 2018
- Non-Executive Chair since August 2023
- 30-year career at Johnson & Johnson with deep M&A expertise
- Three years at PwC, qualifying as a CPA
- B.Sc and MBA from The Wharton School, The University of Pennsylvania



- Appointed Managing Director and Chief Executive Officer July 2023
- 28-year career in the global medical device industry with executive coverage across product development, global strategic marketing, operations and sales leadership
- Led global portfolio and execution strategy for a US\$3.2bn platform for the Global Orthopaedic Unit of DePuy Synthes
- Network of well over 100 key opinion leaders worldwide



- Non-Executive Director since 2017
- CEO of multinational consumer healthcare and pharmaceutical business iNova Pharmaceuticals since 2017
- Bausch Health 2011-2015 . Vice President and GM- North America
- 15 years at Johnson & Johnson with senior roles covering APAC, EMEA and North American regions



- Partner of major Australian Law Firm for over 15 years
- Expertise in advising clients on corporate and commercial transactions across primary care, allied health, medical devices and life science sectors
- Non-Executive Director of GLG Corp Ltd (ASX:GLG) since 2018., serving as Chair of Nomination and Remuneration Committee, and member of Audit and Risk Committee.
- Bachelor of Science with honours degree in molecular genetics . Bachelor of Laws (Honours) from the University of Tasmania. Graduate Diploma in Applied Finance and Investment (Kaplan)

## NXS Share Price v ASX200 (as at 30/9/23)



## Company Information

Incorporated	October 2017
IPO	April 2019
Head Office	Sydney, Australia
Staff No	108

## Directors

Aileen Stockburger	Non-Executive Chair
I.V. Hall	Managing Director / CEO
Grant Hummel	Non-Executive Director
Dan Spira	Non-Executive Director

## Market Information (\$0.435 as at 30/9/23)

Shares on issue	265,844,079
Options on Issue	10,878,333
Performance Rights on Issue	2,629,928
Market Cap (\$m)	115.6
52-week high	\$0.89
52-week low	\$0.40
Average Volume (4 wk avg)	233,315

## Share Register

Directors, Employees	11.1%
Walker Group*	37.1%
Institutions	12.9%
Retail	38.9%

\* Assumes subscription of 24,673,842 receives shareholder approval

# Contact

**Martyn Jacobs**  
**Head of Investor Relations**  
**M +61 0412 785 180**  
**[mjacobs@nextscience.com](mailto:mjacobs@nextscience.com)**

**[www.nextscience.com](http://www.nextscience.com)**

**NEXT SCIENCE®**