

## Q3 2019 Quarterly Update and Appendix 4C

### HIGHLIGHTS:

- Next Science is continuing to commercialise and develop its unique Xbio™ technology to reduce the impact of biofilm based infections in human health
- Approximately 100,000 patient treatments now completed using Xbio™ products which are available in over 1,200 US hospitals, an increase of 150 hospitals in the quarter
- Cash receipts from customers were US\$0.9m in the quarter, compared with US\$1.2m in Q2 2019. Receipts included payments for prior quarter sales. Cash held on 30 September 2019 was \$US20.3m.
- The acquisition of KCI Acclity by 3M (our wound care product distributor) has resulted in a temporary negative impact on Next Science BlastX sales. This transaction has now been completed and BlastX is expected to be offered by a significantly larger, combined 3M / KCI Acclity team in 2020.
- The addition of KCI Acclity to the 3M sales force infrastructure enhances capability and patient access given their current treatment of more than 800,000 patients in the US alone with their Wound Vac system. Next Science will work closely to ensure a successful integration of BlastX into this new team with a particular focus on product training which is a key foundation for long term sales growth.
- CE Mark (Europe) - submissions for BlastX Antimicrobial Wound Gel and Bactisure Surgical Lavage are progressing and the Netherlands Medicines Evaluation Board of the European Union has requested further shelf life testing for the current submissions. This testing is expected to be completed in November 2019. Once CE Mark has been granted, Next Science expects to receive milestone payments and stocking orders for European launches from its distribution partners Zimmer Biomet and 3M.
- The build-up of the Surgical distribution network for infection prevention products has started. The first two distributors have been appointed providing Next Science with coverage for surgical products in the following States: Florida, Louisiana, Alabama, Georgia and part of Texas.
- Next Science now has approvals and market access to sell Bactisure in the US, Canada, New Zealand and South Africa and BlastX in the US and Canada.
- TorrentX Wound Wash is expected to be licensed for distribution in the US market prior to year-end.
- The trials for early stage skin cancer treatment have commenced.

**Sydney, Australia, Wednesday, 30 October 2019:** Next Science Limited (ASX:NXS) (**Next Science/Company**), a pioneer biotechnology company, with multiple applications for commercialisation of its proprietary Xbio™ technology platform in the treatment of biofilm based infections (one of the leading causes of anti-microbial resistance), today released its Appendix 4C Quarterly Cash Flow Report for the period ended 30 September 2019. The accompanying Appendix 4C is denominated in US\$, Next Science's reporting currency.

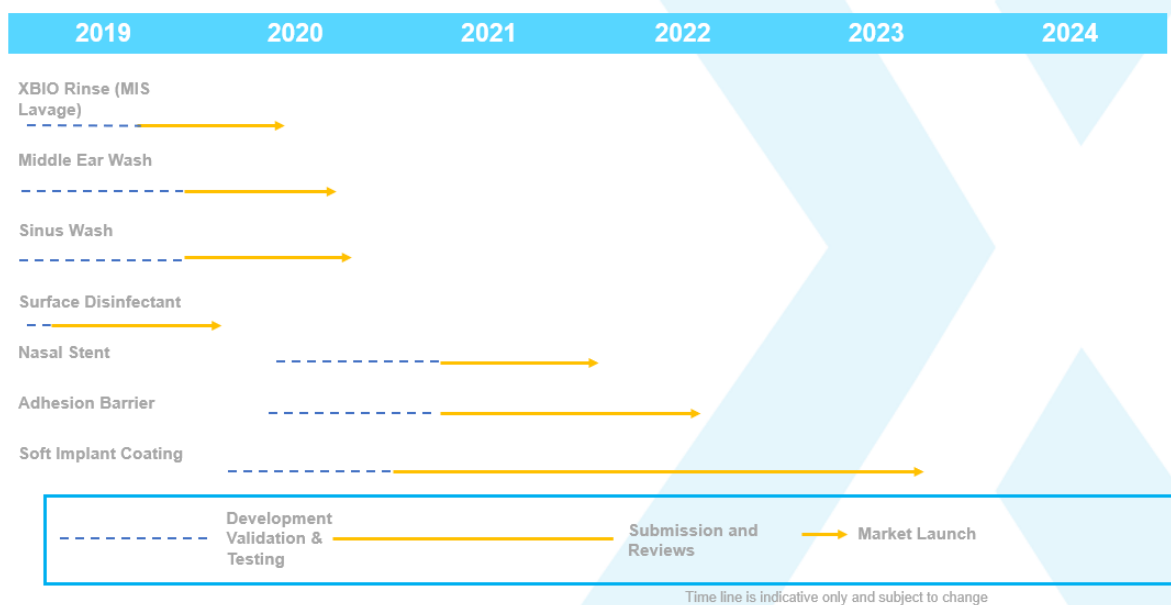
Commentary: Managing Director Ms Judith Mitchell said “What we do every day as a company impacts patient outcomes very quickly. If you talk to people who have experienced the benefits of our technology, whether it is a patient in a nursing home that now gets to sleep as their bed sores have been resolved or a patient with a chronic wound that they have had for years that now isn’t a wound anymore, you can start to appreciate the real difference we can make to people’s lives with our technologies.

As we commercialise our technologies, the revenue growth trajectory will continue to be lumpy in coming quarters as initial orders from our distribution partners tend to be large and irregular. Growth in revenues will not be linear as Next Science does not have control over the purchase and sales cycles of our distributors, as new products enter new markets. Our foundation business agreements include minimum order quantities as “take or pay” commitments to support our cash flow through our early commercialization.

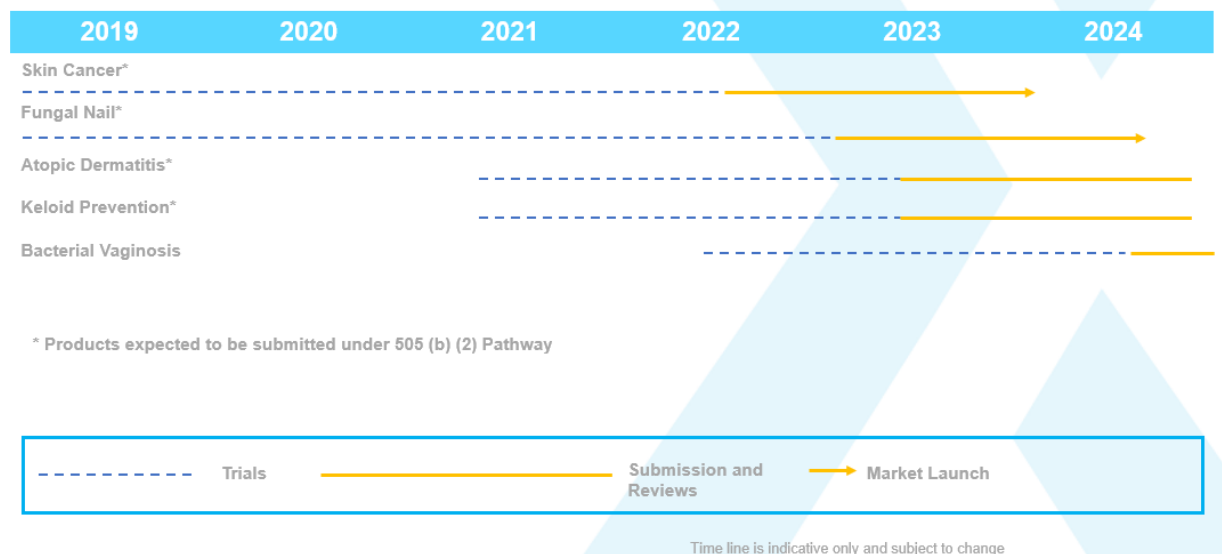
We continue to make good progress in promoting and educating the market to increase the level of understanding about biofilm, and infection. Our product, market and development pipeline continues to expand and progress and the Board and management team are excited about the Company’s long term outlook.”

## NEW PRODUCT PIPELINE

### Medical Devices & Disinfectants



## Pharma developments



## OUTLOOK

The Company's positive outlook for growth for 2020 is based on:

- Driving sales growth for existing products with our partners in the US;
- Expanding the existing product sales with entry into new geographic markets; and
- Four new product launches in the US in 2020 - Surgical Disinfectant, Surgical Rinse, Middle Ear Wash and Sinus Wash.

For further information, please contact:

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## About Next Science

Next Science is a medical technology company headquartered in Sydney, Australia, with a research and development centre in Florida, USA. Established in 2012, the Company's primary focus is on the development and commercialisation of its proprietary Xbio™ technology to reduce the impact of biofilm based infections in human health. Xbio is a unique, non-toxic technology with proven efficacy in eradicating both biofilm based and free-floating bacteria. Next Science owns 100% of the patent protected intellectual property relating to its Xbio technology.

For further information visit: [www.nextscience.com](http://www.nextscience.com).

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Next Science Limited

**ABN**

47 622 382 549

**Quarter ended ("current quarter")**

Sept 2019

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	927	2,864
1.2 Payments for		
(a) research and development	(210)	(1,246)
(b) regulatory costs	(214)	(594)
(c) product manufacturing and operating costs	(104)	(754)
(d) advertising and marketing	(285)	(830)
(e) leased assets	-	-
(f) staff costs	(1,749)	(5,350)
(g) administration and corporate costs	(452)	(3,341)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	86	112
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	35
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,001)</b>	<b>(9,104)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(257)	(352)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
	(d) intellectual property & other intangible assets	(253)	(831)
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(510)</b>	<b>(1,183)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	25,231
3.2	Proceeds from issue of convertible notes	-	71
3.3	Proceeds from exercise of share options		-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(1,718)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	49	45
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>49</b>	<b>23,580</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	<b>22,980</b>	7,211
4.2	Net cash from / (used in) operating activities (item 1.9 above)	<b>(2,001)</b>	<b>(9,104)</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	<b>(510)</b>	<b>(1,183)</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	<b>49</b>	<b>23,629</b>

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	(254)	(289)
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>20,264</b>	<b>20,264</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	4,189	9,781
5.2	Term deposits	16,075	13,199
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>20,264</b>	<b>22,980</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$US'000
143
-

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**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$US'000
-
-

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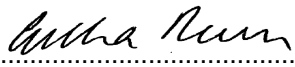
8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. <b>Estimated cash outflows for next quarter</b>	<b>\$US'000</b>
9.1 Research and development (and Regulatory)	1,801
9.2 Product manufacturing and operating costs	210
9.3 Advertising and marketing	163
9.4 Leased assets	53
9.5 Staff costs	2,005
9.6 Administration and corporate costs	753
9.7 Other (Capex)	89
<b>9.8 Total estimated cash outflows</b>	<b>5,074</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 30 October 2019  
(Director/Company secretary)

Print name: Gillian Nairn

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.