

## Q4 2019 Quarterly Update and Appendix 4C

**Sydney, Australia, Wednesday, 29 January 2020:** Next Science Limited (ASX:NXS) (**Next Science/Company**), today released its Appendix 4C Quarterly Cash Flow Report for the period ended 31 December 2019. The accompanying Appendix 4C is denominated in US\$, Next Science's reporting currency.

In 2019, Next Science made significant progress in executing on its key strategic initiatives of building market awareness and applications for its ground breaking Xbio™ products, and establishing new sales distribution networks.

### Summary

- Approximately 110,000 patient treatments successfully completed to date using Xbio™ products
- Xbio™ products now available in over 1,350 US hospitals, an increase of 150 hospitals over the quarter
- Patent library extended to 22 patents including a US patent for the treatment of Acne that was received in December 2019
- Distribution agreement for TorrentX executed in the US in December 2019. TorrentX will be paired with a new skin substitute product on receipt of regulatory clearances, expected to be Q3 2020
- Clinical study successfully completed showing the use of BlastX with VAC\* brings non-healing wounds to healing, after these wounds had previously failed VAC\* treatment
- First pharmaceutical dossier submitted to US FDA in December 2019 for Pre-IND approval of topical skin cancer treatment for Actinic Ketosis and superficial Basal Cell Carcinomas. On track for Phase 3 trials in early 2021
- Sales for 2019 US\$4.1M (Unaudited)
- Cash on hand as at 31 December 2019 of US\$16.9M

Judith Mitchell, Managing Director commented, *"We continue to see expansion in knowledge and understanding of biofilms and the issues they cause in human health. Moreover, the outcomes from using our products have been second to none in addressing these issues for physicians and surgeons in treating their patients. These are the foundations for our future success. We look forward to expanding our coverage with the new 3M KCI Advanced Wound care team and our direct distribution network that is being developed across the US for Surgical Site Infection prevention. With upcoming EU product approvals, exciting ongoing trials, and a highly prospective pipeline of new products targeting large markets, our opportunity set has increased."*

### Commentary

#### Wound Care - BlastX

Our sales plans for BlastX for 2019 relied on leveraging off the wound care sales team of our exclusive distribution agent for BlastX, 3M. We did not envisage 3M's subsequent merger with Acelyty which was announced in early May 2019. This merger was outside our control and delayed the launch plan for BlastX, negatively impacting our revenues for H2 2019.

The merger was concluded in December and the transition to the new organisation commenced in Q1 2020. Positively, the merger has a “silver lining” - going forward, responsibility for sales of BlastX is through the expanded 3M KCI Advanced Wound Care team, giving Next Science three times the sales force representation we had in 2019. We are looking forward to the opportunities available to increase the market penetration of BlastX through a larger, more experienced Advanced Wound Care team.




### Regulatory

Next Science’s revenues in 2019 were also impacted by delays suffered industry wide in gaining regulatory approval for medical device products in Europe.

The conversion of the European regulatory system from the MDD (Medical Device Directive) to the MDR (Medical Device Regulation) has caused delays across the industry for all medical device registrations in Europe. Four of Next Science’s products (Bactisure, BlastX, SurgX and TorrentX) have been impacted by this delay. The delays have pushed out milestone payments (payable on receipt of CE Mark Approvals) as well as moving sales for the stock orders to prepare for the European launches into 2020.



### Existing Product Portfolio

#### In Market

<p><b>Bactisure</b> Antimicrobial Surgical Lavage</p> <p>Globally Distributed by Zimmer Biomet</p>	<p>Removes biofilm and bacteria from any open surgery</p> <p>Shown to be effective in the treatment of Prosthetic Joint Infection</p>	
<p><b>BlastX</b> Antimicrobial Wound Gel</p> <p>Globally Distributed by 3M KCI</p>	<p>Treatment of Chronic Wounds – Diabetic Foot Ulcers, Venous Leg Ulcers, Pressure Sores, and other wounds</p>	
<p><b>SurgX</b> Sterile Antimicrobial Wound Gel</p> <p>Distributed through Next Science</p>	<p>Prophylactic use on the surgical incision to prevent Surgical Site Infection caused by skin infection</p>	

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<p><b>TorrentX</b> Antimicrobial Wound Wash</p> <p>US Distribution through Triad Life Sciences (Q3 2020)</p>	<p>Used as a “flash” wash to clean any wound, to remove biofilm, bacteria, fungus or spores present.</p>	
<p><b>Acne Creams and Gels</b></p> <p>Australian Distribution through AST Clinic Channel</p>	<p>Xbio technology in cream or gel used to eliminate chronic acne which is caused by a biofilm.</p>	

## New Products 2020

<p><b>Acne Cream and Cleanser</b></p> <p>Online Direct to Market Skin Care company - Australia</p>	<p>Xbio technology to eliminate biofilm in a Cleanser and an Acne Cream</p>	<p>Q1 2020 Launch</p>
<p><b>Rip Recovery Hand Repair for serious athletes</b></p> <p>Direct Marketing ex Next Science (US)</p>	<p>Antimicrobial repair cream for rips and cuts</p>	<p>Q2 2020 Launch</p>
<p><b>Surgical Rinse (Xperience)</b></p> <p>Direct third party distribution managed by Next Science</p>	<p>Single rinse as the last rinse in any surgery. Product can be left behind in the surgical site to provide several hours of antimicrobial protection. 500ml bag. It is applicable in all surgeries including minimally invasive surgeries</p>	<p>US Launch Q3 2020</p>
<p><b>Middle Ear Wash</b></p> <p>Distributed through global partnership with a dedicated ENT company</p>	<p>10ml injection to wash out the middle ear during tympanoplasty procedures</p>	<p>US Launch Q4 2020/Q1 2021</p>

## Outlook

- Driving sales growth and market penetration of existing products as standard of care with our partners in the US including the expanded 3M KCI Advanced Wound Care sales force
- Obtaining approval of BlastX and Bactisure in Europe
- New product launches in the US in 2020 in particular, the Surgical Rinse (previously referred to as 'MIS Wash') in 2H 2020 which will provide the surgery market with the first single rinse antimicrobial wash to combat Surgical Site Infection (the major cause of surgical complication and ultimately, morbidity)
- Continuing expansion of our distribution network in the Surgical Site Infection prevention market segment directed by the Next Science Surgical Sales Management team selling both SurgX and Surgical Rinse (H2 2020)
- Expanding existing product sales with entry into new geographic markets
- Release of two direct to market personal care products in Q2 2020. (Acne cream and cleanser in Australia, Rip Recovery Cream)
- Continuing to promote and educate the market to increase the level of understanding about biofilms and infection.

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).

\*VAC is an advanced wound care treatment using a vacuum dressing system to remove excess fluid from the wound and promote healing.

## 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")**

Dec 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (12 months) \$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	399	3,263
1.2 Payments for		
(a) research and development	(555)	(1,802)
(b) regulatory costs	(255)	(849)
(c) product manufacturing and operating costs	(92)	(846)
(d) advertising and marketing	(225)	(1,055)
(e) leased assets	-	-
(f) staff costs	(2,010)	(7,360)
(g) administration and corporate costs	(601)	(3,942)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	112	224
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>(3,227)</b>	<b>(12,332)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(22)	(374)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
(d) intellectual property & other intangible assets	(402)	(1,233)
(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 Net cash from / (used in) investing activities</b>	<b>(424)</b>	<b>(1,607)</b>

<b>3. 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	55	100
<b>3.10 Net cash from / (used in) financing activities</b>	<b>55</b>	<b>23,684</b>

<b>4. 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>20,264</b>	7,211
4.2 Net cash from / (used in) operating activities (item 1.9 above)	<b>(3,227)</b>	<b>(12,332)</b>
4.3 Net cash from / (used in) investing activities (item 2.6 above)	<b>(424)</b>	<b>(1,607)</b>
4.4 Net cash from / (used in) financing activities (item 3.10 above)	<b>55</b>	<b>23,684</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US'000</b>	<b>Year to date (12 months) \$US'000</b>
4.5	Effect of movement in exchange rates on cash held	243	(45)
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>16,911</b>	<b>16,911</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$US'000</b>	<b>Previous quarter \$US'000</b>
5.1 Bank balances	6,167	4,189
5.2 Term deposits	10,744	16,075
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>16,911</b>	<b>20,264</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

<b>Current quarter \$US'000</b>
144
-

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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

<b>Current quarter \$US'000</b>
-
-

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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.		

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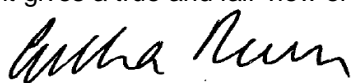
9. <b>Estimated cash outflows for next quarter</b>	\$US'000
9.1 Research and development (and Regulatory)	1,035
9.2 Product manufacturing and operating costs	502
9.3 Advertising and marketing	335
9.4 Leased assets	54
9.5 Staff costs	1,798
9.6 Administration and corporate costs	922
9.7 Other (Capex)	1
<b>9.8 Total estimated cash outflows</b>	<b>4,647</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
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: 29 January 2020 .....

(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.