

June Quarterly Update and Appendix 4C

HIGHLIGHTS:

- Successful oversubscribed A\$35 million initial public offering (**IPO**)
- Global ear, nose and throat (**ENT**) market leader appointed as Sinus Lavage distributor

Sydney, Australia, Friday, 26 July 2019: Next Science Limited (ASX:NXS) (**Next Science**), a pioneer biotechnology company, with novel technologies to address bacterial biofilms; one of the leading causes of anti-microbial resistance, is pleased to release its inaugural Appendix 4C Quarterly Cash Flow Report for the period ended 30 June 2019.

Successful ASX listing

Official quotation of Next Science's ordinary shares on the Australian Securities Exchange commenced on 18 April 2019, with the ticker code 'NXS'. The IPO, which raised A\$35 million, closed early due to oversubscriptions and necessitated a scaling back of share allocations. Patersons Securities Limited acted as the lead manager to the IPO.

Operational update

The operations were cash negative for the first half of the year with cash held on 30 June 2019 being USD\$22.9 million.

Global distribution and sales of BlastX™, Next Science's antimicrobial wound gel, transitioned to 3M in Q1 with training of 3M's sales team being completed and maintenance of the existing Next Science BlastX customer base.

On 2 May 2019, 3M announced that it had entered into an agreement to acquire Acelity Inc (and its KCI subsidiaries), (**KCI**), a leading global medical technology company focused on advanced wound care and specialty surgical applications, predominantly Negative Pressure Wound Therapy (**NPWT**). The transaction is expected to close in the second half of 2019, subject to customary closing conditions and regulatory approvals.

Next Science believes that the integrated 3M KCI sales team will hold a unique opportunity to drive the adoption of BlastX for the treatment of chronic wounds in 2020. However, the delay associated with the KCI transaction has meant a constrained growth trajectory for BlastX sales in Q2.

As announced on 27 May 2019, Next Science appointed US-based Grace Medical, a recognised global market leader in the ENT marketplace, as an exclusive distributor of Next Science's Sinus Lavage. Grace Medical will commence distribution of Next Science's Sinus Lavage via its extensive networks throughout the United States, Europe, Australia and other key markets, following receipt of the required regulatory clearance for the Sinus Lavage product.

Availability of Bactisure™, distributed by Zimmer Biomet, increased during the quarter with the product now being available in 1,086 hospitals in the US.

Judith Mitchell, Managing Director, commented that:

“The progress made during the quarter is an indicator of the growing awareness of the effectiveness of the Xbio technology in dealing with the issues caused by bacterial biofilms.”

Regulatory update

Over the first half of the year significant development and market access milestones have been achieved by the Company to underpin future sales growth by expanding our sales territories of existing products and expanding our product portfolio. These developments included:

- TorrentX Wound Wash Submission to FDA for 510(k) clearance
- BlastX Antimicrobial Wound Gel Submission for CE Mark
- Bactisure Surgical Lavage Submission for CE Mark
- Disinfectant Submission to the EPA (including request for an anti-biofilm claim)

At the same time, preparation of regulatory submissions commenced for three medical device products:¹

- Sinus Lavage
- Middle Ear Lavage
- Minimally Invasive Surgical Rinse

Australian Market Update

The TGA advised that both BlastX and Bactisure are considered Class III Medical Devices which will extend the TGA review timeline. The launch of these products in Australia is now scheduled for the second half of 2020.

Published research

Published research on Next Science's products and technologies continues to grow with two new publications:

1. The health economics of the use of BlastX:

¹ Refer page 33 Next Science's Prospectus

Carter, M. M. (2019), "Cost-utility of a biofilm-disrupting gel versus standard of care in chronic wounds: a Markov microsimulation model based on a randomised control trial." *Journal of Wound Care North American Supplement* 28(7) July, 1-13

2. The clinical utility of the use of Bactisure:

Hunter, Christopher (PhD), Duncan, Stephen (MD) (2019), "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" Zimmer Biomet, Cleveland, OH, USA and University of Kentucky, Lexington, KY, USA

Release of HY Results

Next Science expects to release its half year results on Friday, 23 August 2019.

- - - END - - -

For further information, please contact:

Judith Mitchell, Managing Director
Phone: +61 2 8607 5124
Email: investorqueries@nextscience.com

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 continued 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.

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")

June 2019

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
1. Cash flows from operating activities			
1.1 Receipts from customers		1,196	1,937
1.2 Payments for			
(a) research and development (inc regulatory)		(559)	(1,036)
(b) regulatory costs		(224)	(380)
(c) product manufacturing and operating costs		(288)	(650)
(d) advertising and marketing		(243)	(545)
(e) leased assets		-	-
(f) staff costs		(1,932)	(3,601)
(g) administration and corporate costs		(1,401)	(2,889)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		17	26
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		7	35
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(3,427)	(7,103)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(48)	(95)
(b) businesses (see item 10)		-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
	(c) investments	-	-
	(d) intellectual property & other intangible assets	(329)	(578)
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(377)	(673)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	25,052	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)	(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	48	(4)
3.10	Net cash from / (used in) financing activities	23,382	23,580

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,472	7,211
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,427)	(7,103)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(377)	(673)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	23,382	23,580
4.5	Effect of movement in exchange rates on cash held	(70)	(35)
4.6	Cash and cash equivalents at end of quarter	22,980	22,980

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	9,781	3,433
5.2	Term deposits	13,199	39
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	22,980	3,472

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

170

-

**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

-

-

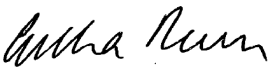
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description 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. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development (and Regulatory)	1,666
9.2 Product manufacturing and operating costs	190
9.3 Advertising and marketing	215
9.4 Leased assets	53
9.5 Staff costs	1,797
9.6 Administration and corporate costs	1,168
9.7 Other (Capex)	137
9.8 Total estimated cash outflows	5,226

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	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: 26 July 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.