

NEXT SCIENCE®

Quarterly Activity Report 31 March 2021

Sydney Australia Tuesday, 13 April 2021: Next Science Limited (ASX:NXS) (**Next Science**) today announces its Activity Report for the period 1 January 2021 to 31 March 2021 (**Q1**). In accordance with Listing Rule 4.7C set out below is Next Science's Q1 Activity Report.

Highlights:

- Q1 Revenue (unaudited) US\$2.2M
- Cash receipts of US\$3.4M for the quarter
- Net Cash burn US\$206K (Opening Cash \$15.339M: Closing Cash \$15.133M)
- Bactisure™ Surgical Lavage launched in Europe with Zimmer Biomet
- Finalised termination of BlastX™ agreement with 3M KCI. BlastX Antimicrobial Wound Gel returning to direct sales by Next Science from 1 April 2021
- XPerience™ No Rinse Antimicrobial Solution continues to progress through the FDA 510(k) process with expected clearance in Q2 2021, allowing first commercial sales in the US (subject to FDA clearance)

Judith Mitchell, Managing Director, noted, *"I am pleased to report that our Q4 FY20 run rate has continued and cash receipts for the quarter were also strong and we continue to see progress with the review of XPerience with the FDA."*

Key Activities

Next Science researches, develops and commercialises products which are based on its proprietary Xbio™ technology to resolve the issues caused by biofilms and their incumbent bacteria, fungi and viruses and the infections they cause in relation to human health. Next Science commercialises its technologies through a range of methods including licensing, product distribution partnerships, direct sales and product distribution via a network of independent sales representatives.

Update

The US healthcare market continued to be impacted by the high presence of COVID in Q1. The impact on surgery numbers in January was heavier than the previous 4 months. Despite the COVID conditions our SurgX product continues to attract surgeon interest and support in the market.

XPerience™ – anticipating FDA clearance Q2 2021

The XPerience™ product is to be used in surgery to eliminate pathogens and microscopic debris from the surgical cavity.

In preparation for the anticipated Q2 Launch, subject to FDA clearance of the XPerience™ product, Next Science has grown the contracted commissioned sales force to over 300 people. Launch preparation including a new website, dedicated ordering portal, integrated supply chain system is on track and inventory is on hand in the US.

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The effectiveness of the product in eliminating the broad spectrum of pathogens is unmatched in performance by any antimicrobials currently approved for use. In market testing, this performance combined with no requirement to rinse XPerience from the surgical site after use has resulted in a very positive response from key surgeons.

The overall addressable global market for the product exceeds US\$15B, with the first target market to be addressed being the orthopaedic market in the US. With over 5.4 million orthopaedic procedures per annum, this segment is valued at over US\$1B per annum, with surgeries carried out in a mixture of hospitals and ambulatory surgery centres.

Clinical trials to further document efficacy and health economic outcomes will commence as soon as the product is cleared for use by the FDA.

Cash Receipts and expenditures

Next Science reported an improved cash flow result for the quarter. Cash receipts were US\$3.4M for the quarter. The quarterly net cash burn improved to US\$206K.

Next Science held cash of US\$15.1M on 31 March 2021.

Payments made to related parties or their associates:

During Q1, payments of US\$202K were made to the Directors of Next Science.

Comparison of expenditure against use of funds statement

Set out in Appendix A is a comparison of Next Science's estimated use of funds raised from the IPO offer in April 2019, as set out in the use of funds statement on page 104 of Next Science's Prospectus, against actual expenditure.

Further Information:

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Approved and authorised for release by the Board of Directors.

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

Forward looking statements

This announcement may contain forward looking statements which may be identified by words such as “believes”, “considers”, “could”, “estimates”, “expects”, “intends”, “may” and other similar words that involve risks and uncertainties. Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Next Science or its Directors and management, and could cause Next Science’s actual results and circumstances to differ materially from the results and circumstances expressed or anticipated in these statements. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

APPENDIX I

FX Rate used:
21/2/2019

Apr 2019- Mar 2021

Apr 2019- Mar 2021

0.72

A

B

C=B-A

Table 4: Use of Funds (p.104 of Prospectus)	Use of funds raised under the Offer			Planned Spend	Actual spend	Variance	Notes on material variances (Planned spend in various sectors is weighted towards the first 12 months from listing as expenditure becomes supplemented by increasing revenue receipts over time.)
Categories	AUD\$'000	%	USD\$'000	USD\$'000	USD\$'000	USD\$'000	
Regulatory, research and other employee costs	12,580	36%	9,005	14,459	14,437	(22)	Incorporates all employees including R&D, Operations, Regulatory as well as Sales & Marketing and Administration.
Pharmaceutical product development	5,481	16%	3,923	2,994	390	(2,604)	Pharma projects have been deprioritised as Next Science focuses on the launch of Xperience Surgical Rinse in H1 2021.
Medical device product development	3,896	11%	2,789	5,327	5,519	192	Additional expenditure mainly relates to further costs associated with additional test for Xperience No Rinse Antimicrobial Solution.
Manufacturing validations	2,976	9%	2,130	3,250	775	(2,475)	Phasing of expenditure in manufacturing validation has been impacted by the reprioritisation of the medical device development projects and regulatory approval delays. Other validation projects have been deferred as Next Science consolidates and prioritises its development pipeline.
Clinical Trials	1,348	4%	965	1,472	489	(984)	Covid 19 impacted clinical trials resulting in recruitment delays in existing studies, as well as delays to new studies as Investigator Review Board meetings (where clinical trials are approved) were deferred.
Working capital and operating costs	5,251	15%	3,759	6,854	9,984	3,130	Spend (excluding wages & salaries) includes amounts spent on operating costs, advertising & marketing, admin & corporate costs as well as lease costs.
Interest on Converting Notes	367	1%	263	263	214	(49)	Actual result lower than estimate. Settlement earlier than anticipated.
Offer Costs	3,101	9%	2,220	2,220	2,037	(182)	Offer costs lower than budgeted.
Total	35,000	100%	25,052	36,838	33,844	(2,994)	