For personal use only

Quarterly Activity Report
30 September 2021

Sydney Australia, Thursday, 28 October 2021: Next Science Limited (ASX:NXS) (**Next Science**) today announces its Quarterly Activity Report and Appendix 4C Quarterly Cash Flow Report for the period 1 July 2021 to 30 September 2021 (**Q3**).

In accordance with ASX Listing Rule 4.7C, set out below is Next Science's activity report for Q3.

Activity Summary:

- Q3 revenue US$2.2M, 29% increase over Q2
- XPERIENCE™ VAC approvals gathering pace. 100 surgeons in 50 Hospitals now using XPERIENCE™
- 510 (k) approval of Torrent X Wound Wash. Launch in Q1 2022 with Triad Life Sciences as TridentX Wound Wash
- Distribution agreement executed for BlastX™ in Taiwan, regulatory submissions underway
- Ongoing direct sales force expansion in a hybrid account management model
- Cash in the Bank US$9.8M
- Payments to Directors US$177K

Commentary

XPERIENCE™

Managing Director, Judith Mitchell, commented: "I am pleased to report we have made good progress over the quarter in building the commercial pipeline for XPERIENCE™, our proprietary surgical site infection wash. Since launching XPERIENCE™ at the end of April, we have made more than 200 Value Assessment Committee (**VAC**) submissions and as at 30 September, have received 58 VAC approvals."

Consistent with investing in our growth strategy, we have added direct sales staff with responsibility as account managers to drive adoption across surgical specialties once a VAC approval is received for a hospital or a hospital group.

Through Quarter 4, we expect to see XPERIENCE™ start to be used in major hospital systems including: Memorial Hermann Hospitals (Texas), Piedmont Hospitals (Georgia), Christus Hospitals (Texas), Steward Group (Massachusetts, Florida, Utah, Texas), Duke University (North Carolina), Northside Hospitals (Georgia) and University of North Carolina (North Carolina).

The US surgery market is near normal 2019 levels, although staff shortages and localised constraints still hamper the return to full capacity across the total market.

For personal use only

Partnership negotiations with Zimmer, our Bactisure™ distribution partner, are ongoing.

BlastX

Over the quarter, the re-establishment of BlastX customers post the termination of the 3M relationship, continued, along with new customer acquisitions. To drive adoption of Next Science products within the Kaiser Health system, we have two account managers to service the 38 hospitals.

Cash receipts and expenditures

There was an increase in cash spent on sales and marketing during the quarter, reflecting our marketing focus to support the XPERIENCE™ launch.

Next Science closed the quarter with a cash balance of US$9.8M.

Payments made to related parties or their associates

During Q3, payments of US$177k were made to the Directors of Next Science.

Outlook

Our key focus areas for Quarter 4 include:

- Furthering our existing VAC submissions
- Expanding penetration within each approved VAC account by increasing our surgeon users in our approved accounts through the newly appointed direct account managers.
- Broadening our footprint at Kaiser through our dedicated account managers
- Piloting different packaging formats for BlastX™ in the Home Health market to expand BlastX™
- Leaning into the clinical studies for XPERIENCE™

We are focused on continuing to drive sales growth across our suite of market leading products and providing tools to help more physicians prevent surgical site infection and treat patients with chronic wounds and prosthetic joint infection.

Further Information:

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

Michael Brown
Pegasus Advisory
Phone: +61 400 248 080
Email: mbrown@pegasusadvisory.com.au

Approved and authorised for release by the Board of Directors.

For personal use only

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 worlds that involve risks and uncertainties. Such statements are not guarantees of future performance and involved 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 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

For personal use only

Name of entity	
Next Science Limited	
ABN	**Quarter ended ("current quarter")**
47 622 382 549	Sept 2021

Consolidated statement of cash flows		**Current quarter $USD'000**	**Year to date (9 months) $USD'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,925	6,566
1.2	Payments for		
	(a) research and development	(488)	(1,404)
	(b) product manufacturing and operating costs	(678)	(1,637)
	(c) advertising and marketing	(725)	(1,487)
	(d) leased assets	-	-
	(e) staff costs	(2,085)	(5,750)
	(f) administration and corporate costs	(1,036)	(2,590)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	25
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other	79	95
1.9	**Net cash from / (used in) operating activities**	**(3,004)**	**(6,182)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(23)	(110)
	(d) investments	-	-
	(e) intellectual property & intangible assets	(71)	(292)

Consolidated statement of cash flows		Current quarter $USD'000	Year to date (9 months) $USD'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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**	**(94)**	**(402)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	1,646
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(6)
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 (provide details if material)	(56)	(156)
3.10	**Net cash from / (used in) financing activities**	**(56)**	**1,484**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	**13,200**	**15,339**
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,004)	(6,182)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(94)	(402)

For personal use only

Consolidated statement of cash flows		Current quarter $USD'000	Year to date (9 months) $USD'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(56)	1,484
4.5	Effect of movement in exchange rates on cash held	(282)	(475)
4.6	**Cash and cash equivalents at end of period**	**9,764**	**9,764**

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 $USD'000	Previous quarter $USD'000
5.1	Bank balances	5,943	6,522
5.2	Term deposits	3,821	6,678
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)**	**9,764**	**13,200**

6.	Payments to related parties of the entity and their associates	Current quarter $USD'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	177
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

For personal use only

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $USD'000**	**Amount drawn at quarter end $USD'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8.	**Estimated cash available for future operating activities**	**$USD'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,004)
8.2	Cash and cash equivalents at quarter end (item 4.6)	**9,764**
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	**9,764**
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	3

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

For personal use only

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.

Date: 28 October 2021

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For personal use only