

23 January 2025

Appendix 4C & Quarterly Activity Report for the period ended 31 December 2024¹

- FY24 Revenue of US\$22.8m, up 2.9% on pcp² with sales³ of XPERIENCE™ up 85%.
- FY24 Direct Product Sales of US\$17.4m, up 2.7% on pcp: 76% of product sales. Direct sales of XPERIENCE™ up 99% on pcp in FY24.
- 4Q FY24 Product Sales of US\$6.9m, up 48% on 3Q FY24 as strong growth in direct sales of XPERIENCE™ offset the decline in DME sales.⁴
- 4Q FY24 Direct Product Sales of US\$5.2m, up 46% on 3Q FY24: 75% of product sales.
- 4Q FY24 Gross Margin of 83% reflects shift in product mix due to higher proportion of XPERIENCE™ sales (3Q FY24: 81%; 4Q FY23: 79%).
- Cash receipts for the quarter of US\$7.2m were up 25% vs pcp (4Q FY23: US\$5.8m) and up 78% on 3Q FY24 (US\$4.1m).
- Closing cash balance of US\$1.7m (30 Sept 2024: US\$1.0m) and debt of US\$2.0m.⁵
- Achieved adjusted EBITDA and cashflow positive on a monthly basis at different points in 4Q FY24.

Next Science Limited (ASX:NXS) (“Next Science” or “the Company”) today provides a business update and quarterly cashflow report for the quarter ended 31 December 2024.

Next Science is a medical technology company focused on commercialising its proprietary XBIO™ suite of products to reduce the impact of biofilm-based infections in human health.

Next Science’s CEO and Managing Director I.V. Hall said: “During 2024, we reduced cash burn by more than US\$7m and transitioned from an unsustainable high fixed cost base to a variable cost base ready for growth. In the December quarter, the saline shortage in the United States provided opportunities to significantly expand our XPERIENCE™ footprint. This contributed to a tripling of XPERIENCE™ sales in 4Q FY24 on pcp as new customers were introduced to the surgical solution.

¹ Unaudited financial information

² Prior corresponding period (pcp)

³ This includes Direct and Partner sales of XPERIENCE™.

⁴ In October 2022, Next Science established itself as a Durable Medical Equipment (DME) provider to sell BLASTX™ in combination with topical collagen products. Refer to ASX announcement on 19 October 2022.

⁵ In July 2024, Next Science entered into a US\$5.0m unsecured loan facility with Thorney Investment Group. Post the draw down of US\$2.0m in 2H FY24, US\$3.0m in funding is available.

“On the wound care side, sales continued to be impacted by the transition to a variable cost base and the use of 1099s in place of a direct sales force. The previous high fixed DME cost base was untenable and Next Science continues to add 1099s to its indirect wound care sales force selling both BlastX and DME, while also adding BlastX into our surgical sales channel.

“In 4Q FY24, we made good progress towards reaching adjusted EBITDA and cashflow positive positions due to strong revenue growth and the restructuring of our fixed cost base. We are well positioned for growth. The lumpy nature of our business, as well as one-time expenses including legal fees, will challenge our ability to achieve an adjusted EBITDA and cashflow positive position on a monthly basis by the end of March 2025.”

4Q FY24 Financial Summary

Next Science was adjusted EBITDA positive for one month and cashflow positive one month in 4Q FY24, giving us two non-consecutive months of cash flow positive results in FY24. The Board and management team continue to prioritise achieving a consistent adjusted EBITDA and cashflow positive position in FY25.

4Q FY24 Product Sales of US\$6.9m were up 48% on 3Q FY24 as higher direct sales of XPERIENCE™ and partner sales offset a decline in the DME channel due to the transition to a predominantly agency salesforce.

Direct channel product sales of US\$5.2m in 4Q FY24 were up 46% on 3Q FY24 and represented 75% of total product sales (3Q FY24: 76%).

The Surgical business continued to record strong growth on pcp with direct sales of XPERIENCE™ up 143% on 3Q FY24 and up 205% vs pcp. This reflected the broader access to healthcare sites created by the saline shortage during the quarter as well as the increased clinical evidence available and extension of the use case from high risk to prophylactic use.

The Wound Care segment was impacted in the December quarter by a 49% decline in DME sales on 3Q FY24 and 82% decline vs pcp.

Next Science's gross margin was ahead of 3Q FY24 at 83% and that achieved in 4Q FY23 (79%) due to product mix shift with XPERIENCE™ representing a higher proportion of sales.

Chart 1: Strong sales of XPERIENCE™ offset DME decline in 4Q FY24 (US\$m)

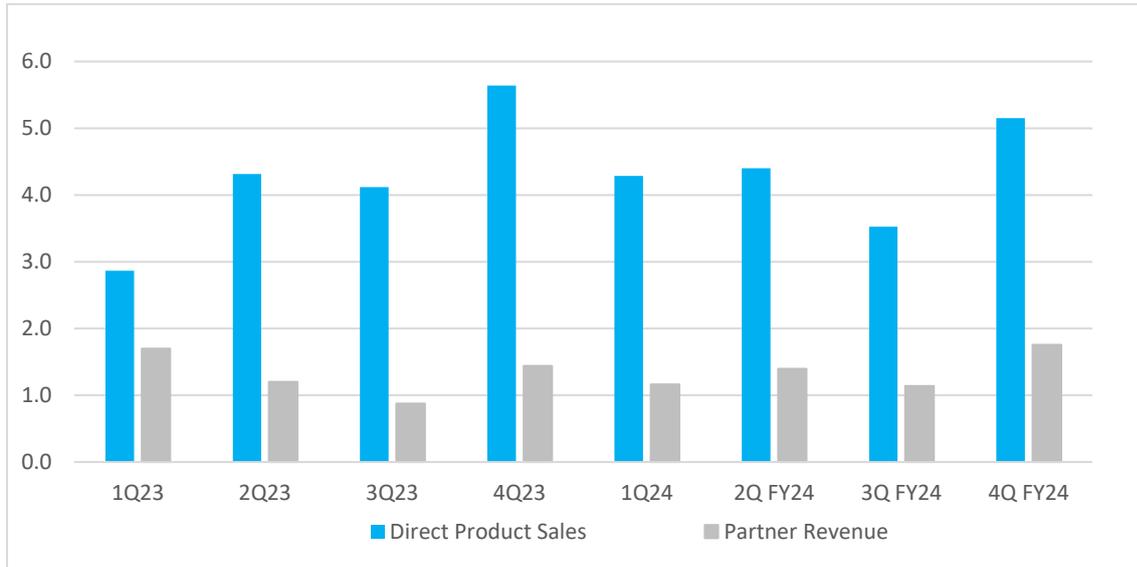
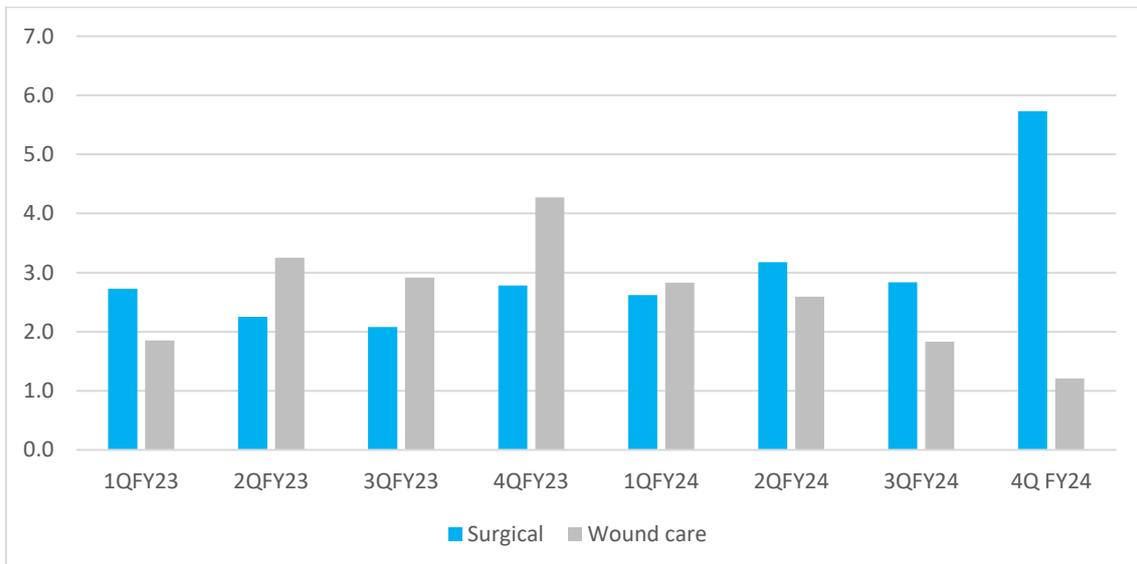


Chart 2 provides a breakdown of Next Science’s revenue by product category. It highlights the “lumpy” nature of revenue on a quarterly basis which reflects the different sales channels (partner vs direct) and seasonality of the different products.

In 4Q FY24, Surgical sales of US\$5.7m were up 102% on 3Q FY24 and up 106% vs pcp largely driven by growth in direct sales of XPERIENCE™. Wound Care sales of US\$1.2m were down 34% on the prior quarter and 72% lower vs pcp due to the slower expected transition to an indirect sales force for DME sales.

Chart 2: Next Science revenue by product category (US\$m)⁶



⁶ This shows revenue from Wound Care and Surgical products from both direct and partner channels.

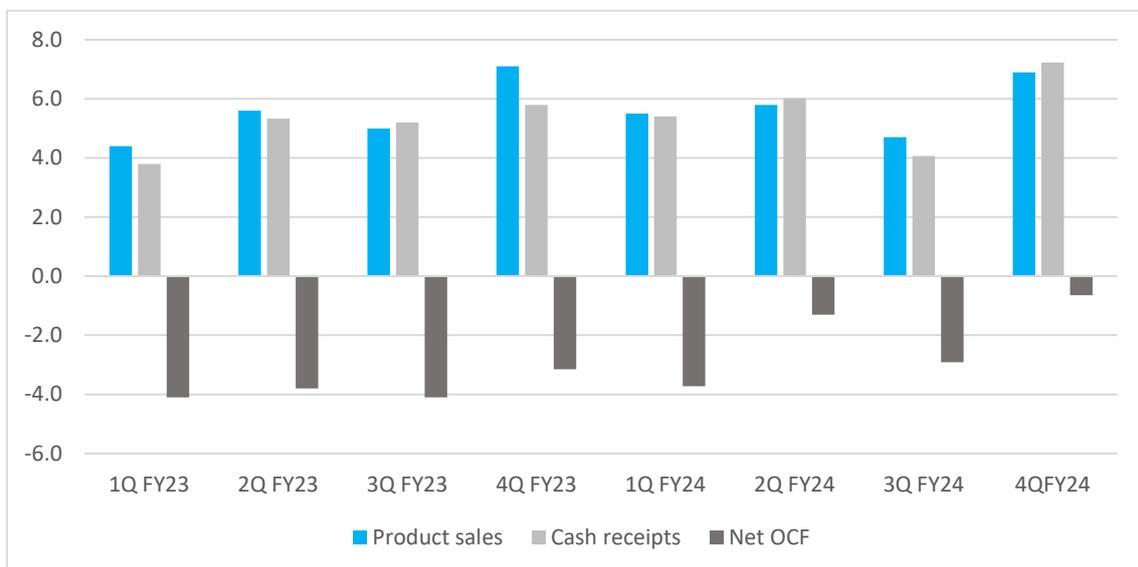
4Q FY24 Cashflow Summary

Cash receipts for the quarter of US\$7.2m were 78% higher compared to 3Q FY24 (US\$4.1m) and 25% higher vs pcp (4Q FY23: US\$5.8m).

Net operating cash outflows of US\$0.65m in 4Q FY24 represented a significant improvement on outflows of US\$2.9m in 3Q FY24 and US\$3.2m in 4Q FY23. The reduction in cash burn reflected the increase in receipts as well as the cost out initiatives and sales force restructuring implemented during the year. In 4Q FY24, total cash payments were 12% lower vs pcp. This was despite additional payments associated with ongoing legal actions.⁷

At 31 December 2024, Next Science had cash on hand of US\$1.7m (30 Sep 2024: US\$1.0m) and debt of US\$2.0m. During the quarter, Next Science drew down US\$1.5m from the US\$5.0m loan facility with a further US\$3.0m in funding available.

Chart 3: Quarterly Cashflow Performance (US\$m)



Refer to the Appendix 4C accompanying this update for details of the Company's expenditure on its business activities during the quarter.

Payments to Directors were US\$205k in the December quarter.

Clinical Study Update

- *Periprosthetic Joint Infection Study* - Recruitment for the 7,600-patient study into Periprosthetic Joint Infection (PJI) through the Ottawa Hospital Research Institute in Canada (Canada PJI study) continues with 1,220 patients enrolled across five sites (3Q FY24: 1,001, four sites).⁸ An interim analysis will be done after 3,800 patients.

⁷ Refer to ASX announcement on 8 January 2025.

⁸ This clinical trial (prospective, multi-centre, double-arm, parallel, interventional, randomised, controlled) will assess the rate of periprosthetic joint infection (<90 days post-surgery) in patients undergoing primary total knee arthroplasty, total hip arthroplasty or hip resurfacing (HR) with XPERIENCE™ Advanced Surgical Irrigation versus dilute Betadine.

NEXT SCIENCE®

- *Retrospective Post Operative Infection Rates* – On 28 October 2024, Next Science announced the publication of a 1,295-patient study⁹ by Dr Ravi Bashyal MD which showed zero percent infection rate when using XPERIENCE™ in 471 consecutive knee (TKA) and hip (THA) arthroplasties. The article entitled “The Use of a Novel Surgical Irrigant May Be Associated with Decreased Incidence of Surgical Site Infections” by Lohith Vatti, MD, Rohan Gopinath MD, Claire Heshmat, Samantha Lariosa, Sarah Rabbitt and Ravi Bashyal MD appeared in the *J Orthopaedic Experience & Innovation* and can be accessed [here](#).

Litigation Update

On 8 January 2025, Next Science advised that it was involved in litigation with former employees. Next Science will provide further updates as and when there is material progress in these civil proceedings.

4Q FY24 Investor Webinar

CEO and Managing Director, I.V. Hall and CFO, Marc Zimmerman, will host a zoom webinar including a Q&A session with the investment community at **9.00am (Sydney time) today, 23 January 2025**.

Please use the link below to register for the webinar.

https://us06web.zoom.us/webinar/register/WN_Hjla2OIoRZSDd6hs-4tiRQ

Investors can submit questions prior to the webinar to fdixon@nextscience.com or ask questions via the Q&A function during the webinar.

Media & Investor Enquiries

Françoise Dixon

Phone: +61 412 292 977

Email: fdixon@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

⁹ The 1295-patient study consisted of 471 cases in 2022 and control group of 824 patients.

NEXT SCIENCE®

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 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

Name of entity

Next Science Limited

ABN

47 622 382 549

Quarter ended ("current quarter")

December 2024

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (12 months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7,228	22,733
1.2 Payments for		
(a) Research, development & regulatory	(210)	(1,021)
(b) product manufacturing and operating costs	(992)	(4,391)
(c) sales related expenses, advertising and marketing	(1,952)	(5,733)
(d) leased assets	-	-
(e) staff costs	(2,887)	(14,653)
(f) administration and corporate costs	(1,837)	(4,955)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received and bank cash back rewards	2	39
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	3	19
1.9 Net cash from / (used in) operating activities	(645)	(7,962)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(30)	(45)
(d) investments	-	-

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (12 months) \$USD'000
(e) intellectual property & intangible assets	(40)	(543)
(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	(70)	(588)

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	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	1,500	2,000
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)	(69)	(251)
3.10 Net cash from / (used in) financing activities	1,431	1,749

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	998	9,239
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(645)	(7,962)

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (12 months) \$USD'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(70)	(588)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,431	1,749
4.5	Effect of movement in exchange rates on cash held	(40)	(764)
4.6	Cash and cash equivalents at end of period	1,674	1,674

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	1,674	998
5.2	Term deposits	-	-
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)	1,674	998

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	205
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.

7. Financing facilities	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
<i>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.</i>		
7.1 Loan facilities	5,000	2,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	5,000	2,000
7.5 Unused financing facilities available at quarter end		3,000
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.		
On 17 July 2024, the Group announced that it had entered into a facility agreement with TIGA Trading Pty Ltd (a company associated with Thorney Investment Group)(Thorney) to provide a US\$5 million unsecured loan facility with a maturity date of 17 July 2026 (Facility). Next Science has drawn on the Facility to assist with general working capital requirements during both the September 2024 quarter \$0.5million and December 2024 quarter of \$1.5million, totalling \$2.0million.		

8. Estimated cash available for future operating activities	\$USD'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(645)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,674
8.3 Unused finance facilities available at quarter end (item 7.5)	3,000
8.4 Total available funding (item 8.2 + item 8.3)	4,674
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.2
<i>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.</i>	
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?	-
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?	-
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?	-
<i>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.</i>	

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.

23 January 2025

Date:

By the Board

Authorised by:

(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.