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Next Science secures A\$10M convertible notes with major shareholder due 2024

Sydney, Australia, Tuesday, 13 December 2022: Next Science Limited (ASX:NXS) (**Next Science/Company**) is pleased to announce that it has entered into a conditional A\$10,000,000 Secured Convertible Note Deed with major shareholder, Walker Group Holdings Pty Limited ACN 001 215 069 (**Walker Group**).

Shareholder approval is required under ASX Listing Rule 10.1, and section 611, item 7 of the *Corporations Act 2001* (Cth) and receipt of all regulatory and shareholder approvals is a condition precedent to the Secured Convertible Note Deed.

A summary of the material terms of the Secured Convertible Note Deed is set out in the Appendix of this announcement.

Next Science's Managing Director, Judith Mitchell said, "If approved, this transaction will provide the necessary capital to allow Next Science to pursue the commercial success of all aspects of Next Science's business as well as support our ongoing R&D program. That will be a great outcome for Next Science and its shareholders and the patients whose lives we are committed to improving."

Mr Lang Walker, who holds a related party interest of more than 35% in the Company, said: "I am providing this funding because my belief in Next Science's XBio technology is as strong today as it was when I first invested in Next Science. I support the Company's ambitious plans for 2023 including the building of the Durable Medical Equipment (**DME**) business and the development of, and preparation of an FDA submission for, an integrated BlastX/Collagen product. The DME business represents a significant commercial enterprise whose value potential is yet to be proven and factored into the share price."

The Company intends to call and convene a shareholder meeting for early February 2023 to seek shareholder approval for the issue of the A\$10,000,000 Secured Convertible Notes.

This announcement has been authorised by the Managing Director, Judith Mitchell.

Further information:

Judith Mitchell

Managing Director, Next Science Limited

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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. Website: www.nextscience.com.

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Appendix – Key terms of the Secured Convertible Note Deed

Principal	A\$10,000,000
Maturity Date	21 Months after Issue Date
Conversion Price	A\$0.72 per Security
Interest	<p>Each Note accrues interest:</p> <ul style="list-style-type: none"> at a rate of 10% per annum if the Notes are redeemed (and payable in one instalment only on redemption); or at a rate of 5% per annum if the Notes are converted (and capitalized into additional Shares on conversion).
Share rank on conversion	Rank pari passu with the existing Ordinary Shares.
Security	<p>The Company's obligations under the Secured Convertible Note Deed are to be secured over the Company and all of the Company's property under a General Security Agreement.</p> <p>The Company has agreed to grant a PPSA Security Interest in, and to charge, the Secured Property to secure the payment of the secured money to the Company from the Walker Group.</p> <p>Entering into the General Security Agreement is a condition precedent to the Company receiving \$10,000,000 under the Secured Convertible Note Deed.</p>
Conditions	<ul style="list-style-type: none"> Shareholder approval by Next Science, ASX and ASIC approvals if required, and Walker Group obtaining all necessary approvals and consents in order to invest in the Notes. Walker Group will not be obliged to subscribe for the Notes if up to the date on which the Walker Group is required to pay for the Notes, there has occurred any change (or any development or event involving a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Company which is material and adverse in the context of the issue of the Notes.
Voting Rights	No right to vote at a general meeting of Shareholders
Dividends	No right to dividends
Conversion by Walker Group	In accordance with the Secured Convertible Note Deed, Walker Group may at any time after the Issue Date until 11.59pm on 31 October 2023, give notice to the Company that it wishes to Convert all of the Notes to Conversion Shares.
Intention to give shareholders opportunity to participate, if Notes convert	If Walker Group elects to convert the Notes, the Company has three calendar months to issue the shares to the Walker Group. It is expressly acknowledged that the Company intends to offer shares at the same share price (A\$0.72 per share) to its other shareholders via a rights issue or share purchase plan, prior to any conversion.

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Company may accelerate Conversion or Redemption	With 60 days written notice, the Company may request that Walker Group decide to either Convert or Redeem the Notes prior to 31 Oct 2023.
Redemption	If the Notes are not Converted by 31 October 2023, the Company must Redeem the Notes on the Maturity Date (unless the Company gives notice of early redemption to Walker Group).
Non-Transferable	The Notes are non-transferrable.