

NEXT SCIENCE®

Quarterly Activity Report Quarter ending 31 December 2022

Sydney, Australia, Monday, 30 January 2023: Next Science Limited (ASX:NXS) (**Next Science/Company**) today announced its Appendix 4C Quarterly Cash Flow Report for the period 1 October 2022 to 31 December 2022 (**Q4**).

In accordance with ASX Listing Rule 4.7C, set out below is a summary of Next Science's key activities during Q4 and subsequent to Q4. Further details are provided in the investor presentation released separately.

Activity Summary:

- Full year revenue (unaudited) US\$11.7M, 31% increase on prior year
- Full year product revenue (unaudited) US\$11.3M, 40% increase on prior year
- Q4 cash receipts from customers US\$2.9M
- New DME business unit launched in October, with encouraging performance in November and December and 150 prescribers using the service as at January 2023
- Cash in the bank US\$5.1M
- Net Cash Burn for the Quarter US\$2.9M
- Payments to Directors US\$163K

Commentary

In late 2020, Next Science identified an opportunity to improve returns from BlastX by taking back distribution rights from 3M. This resulted in the return of BlastX to Next Science in April 2021 and the commencement of an in-house directly managed sales and marketing business.

With the receipt of FDA approval of XPERIENCE also in April 2021, this added a second product to the new in-house business and expanded its focus.

Next Science has many valued distribution partners however, the major company thrust in the short to medium term is in the US market through direct sales and marketing management control.

Registration of Next Science as a DME in October 2022 allowed the Company to bring forth the sale of Collagen as a valuable addition to BlastX in the chronic wound portfolio.

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BlastX, SurgX, XPERIENCE and Collagen are now sold in the US through our direct sales efforts. This provides an improved growth engine for the business.

Cash receipts and expenditures:

There was an increase in staff costs during the quarter with the majority of the expenditure being on the recruitment of further sales representatives to assist with direct sales penetration.

Next Science closed the quarter with a cash balance of US\$5.1M.

In mid-December, the Company entered into a A\$10M Secured Convertible Note Deed with Walker Group Holdings Pty Limited (**Walker Group**) with a conversion price of A\$0.72. The Note Deed is conditional upon receipt of shareholder approval which will be sought at a general meeting to be held on 2 February 2023.

Walker Group has expressly agreed pursuant to the terms of the Note Deed, that if Walker Group elects to convert the notes into shares, the Company may undertake a capital raising by offering other shareholders an opportunity to subscribe for shares at the same share price (namely \$0.72 per share) as the conversion.

If the issue of the notes to Walker Group is approved by shareholders, the influx of capital will be used to strengthen the Company's cash position, support accelerated commercialisation in the US market and for general working capital purposes.

The Company's ASX announcement on 13 December 2022 and the Notice of General Meeting released on 30 December 2022 provide further information on the Secured Convertible Note Deed.

Payments made to related parties or their associates

During Q4, payments of US\$163,000 were made to the Directors of Next Science.

Outlook

With the growth drivers in the hands of Next Science, we have been better able to pull through revenue and meet the changing demands of the various markets across the US. We expect the direct business will dominate revenue growth and make a positive contribution to EBITDA moving forward.

The DME business unit provides the economy of scale to invest in a direct sales force that has the opportunity to return \$1M in revenue per head per annum and the encouraging growth of the prescriber base gives us confidence to continue to invest in the expansion of this sales force.

The DME business expands our clinical footprint and provides an opportunity for healthy reimbursement.

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As we move into 2023, our direct businesses continue their growth trajectory and will continue to be the driving force behind the financial expansion of the company.

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 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.