

NEXT SCIENCE®

Quarterly Activity Report Quarter ending 31 December 2021

Sydney, Australia Monday, 31 January 2022: Next Science Limited (ASX:NXS) (**Next Science/Company**) today announced its Appendix 4C Quarterly Cash Flow Report for the period 1 October 2021 to 31 December 2021 (**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:

- Q4 revenue (unaudited) US\$2.9M, 32% increase over Q3
- Q4 cash receipts from customers US\$2.9M, up 53% on Q3
- Full Year Revenue (unaudited) US\$8.9M, 160% increase on prior year
- XPERIENCE™ adoption gathering pace in the US - 93 Hospitals and 160 surgeons using XPERIENCE™ as at the end of December 2021.
- Continued growth of the BlastX™ customer base under the direct sales model
- XPERIENCE™ US distribution agreement signed with Zimmer, Inc (**Zimmer**) (excl. TELA Bio territory) and Zimmer complaint resolved. The US distribution agreement provides sales coverage with over 2000 sales representatives serving the hip and knee replacement market for Zimmer (market leader in hip & knee replacement) in the US.
- XPERIENCE™ distribution agreement signed with TELA Bio, Inc (NASDAQ:TELA) for the US plastic and reconstructive surgery market
- Cash in the Bank US\$7.4M
- Net Cash Burn for the Quarter US\$2.4M
- Payments to Directors US\$176K

Commentary

Managing Director, Judith Mitchell, commented:

"We are pleased to report further growth and progress in Q4. Revenues increased by 32% on the prior quarter supported by sales contributions across all our products in market.

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We also made good ground building market awareness for our key product, XPERIENCE™. We now have 160 surgeons in the US using XPERIENCE™ surgical wash with new customers being acquired every week.

Importantly, we have moved to a new distribution agreement with Zimmer for the supply of a white label version of XPERIENCE™ for sale in the US. This new agreement will leverage Zimmer's market leading sales force of over 2000 representatives and its extensive hospital and surgeon network.

The easing of Covid travel restrictions allowed me to temporarily relocate to the US in October. I have already reaffirmed the significant and compelling opportunities for the products that Next Science has brought to market.

To make the greatest market impact and return on investment, we have had to make some changes in people, process and market access. The Board has supported a restructure of the US organisation to enhance performance. These measures include the appointment of a President for North America to carry senior management responsibility for the US. This position is now being recruited.

Other changes include removing the Chief Commercial Officer position and transitioning the field organisation to serve either the commercial hospital network or the federal accounts network. While we are recruiting and on boarding the President for North America, I will remain in the US and have assumed direct responsibility for the sales and marketing functions."

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\$7.4M.

Payments made to related parties or their associates

During Q4, payments of US\$176k were made to the Directors of Next Science.

Outlook

The new financial year has started well. With the commercial footprint of the Company, our clinical studies and publications continuing to grow, we are seeing the commercial benefits in greater brand awareness and steady improvements in customer adoption and therefore, sales.

The execution of the Zimmer agreement for the white label version of XPERIENCE™ provides a paradigm shift in the representation of the product to the orthopaedic market. The Zimmer labelled product is expected to launch in H2 2022 with material positive impact on XPERIENCE™ sales. The growing use of Bactisure™ (exclusively distributed by Zimmer) provided strong revenue growth for Next Science in 2021.

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While COVID and staffing shortages in hospitals, in particular nursing staff, are likely to continue to provide a level of disruption, we expect our customer following to continue to grow across all of our direct product lines and we will continue to partner with our customers to provide them with the best tools to serve their patients.

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 X BIO™ technology to reduce the impact of biofilm based infections in human health. X BIO™ 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 X BIO™ 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.