

30 January 2024

## Appendix 4C & Quarterly Activity Report for the period ended 31 December 2023<sup>1</sup>

- FY23 Revenue of US\$22.2m, up 89.4% on pcp<sup>2</sup> with 2H FY23 revenue of US\$12.1m in line with 2H FY23 guidance of US\$12m-14m provided in October 2023.
- 4Q FY23 Product Sales of US\$7.1m, up 123.5% on pcp reflecting the focus on direct product sales and introduction of DME<sup>3</sup> structure in October 2022.
- 4Q FY23 Direct Product Sales of US\$5.6m, up 164.7% on pcp: 79% of product sales.
- Closing cash balance of US\$9.2m (30 Sept 2023: US\$12.4m) and no debt.
- Reaffirm FY24 guidance to be EBITDA and cashflow positive in 2H FY24.
- Revise FY24 revenue guidance to US\$36m-40m. (Previous guidance was for FY24 revenue growth of over 85% year-on-year).

**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 2023.

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: "In 4Q FY23, we saw an improved performance across the business. Wound Care sales recorded solid growth as the DME structure benefited from an increased focus on wound care centres and shift in our payor mix. Higher direct sales of BlastX™ reflected a new distributor arrangement for Veterans Affairs clinics and orders from Long Term Care Centres. Within the Surgical segment, direct sales of XPERIENCE™ were 48% higher on 4Q FY22 due to an increase in the clinical evidence available and broader access to healthcare sites provided by our contract with a leading GPO.<sup>4</sup>

"Our priorities for FY24 are to deliver significant topline growth across three key areas of the business. Firstly, by increasing the penetration and productivity of the DME structure to achieve further improvement in revenue quality. Secondly, by driving higher direct sales of BlastX™ to Long Term Care Centres and Veterans Affairs clinics. Finally, direct sales of XPERIENCE™ are expected to benefit from the expansion of our GPO footprint and extension of the use case from high risk to prophylactic use. The publication of additional clinical research for both BlastX™ and XPERIENCE™ in the next 12 months will also be important and lead to broader recognition in the medical community."

---

<sup>1</sup> Unaudited financial information

<sup>2</sup> Prior corresponding period

<sup>3</sup> 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.

<sup>4</sup> On 1 August 2023, Next Science entered into an agreement with leading Group Purchasing Organisation (GPO) HealthTrust to provide its members with access to XPERIENCE™. The US-based organisation serves 1,600 hospitals and 43,000 alternate sites of care including ambulatory surgery centres, physician practices and long-term care centres.

## FY24 Guidance

During 4Q FY23, Next Science undertook a review of its sales structure and is making several changes which are expected to deliver significant improvements in the future productivity and efficiency of the sales team. As sales cadence in 1Q FY24 may be affected by the restructure, the Board has decided to revise FY24 revenue guidance to US\$36m-40m.

The Board and management continue to expect the Company to be EBITDA and cashflow positive in 2H FY24 and are focused on sales growth as well as careful cost and working capital management to achieve this objective.

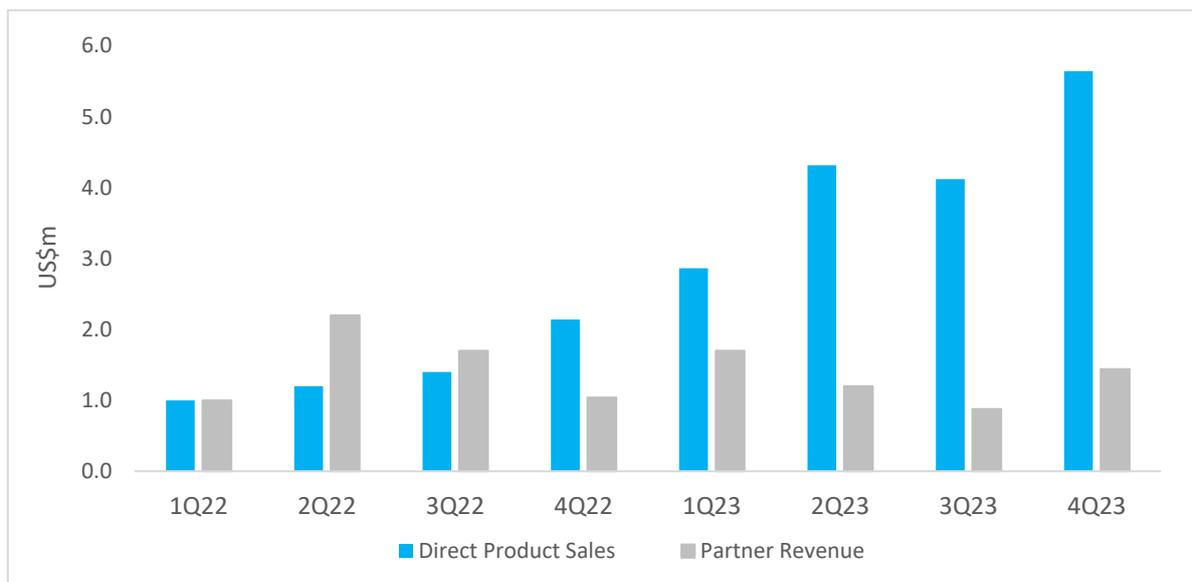
## 4Q FY23 Financial Summary

4Q FY23 product sales of US\$7.1m were 123.5% higher on pcp due to higher DME and direct sales of XPERIENCE™ as well as increased partner sales. Direct channel product sales of US\$5.6m in 4Q FY23 were up 164.7% on pcp and accounted for 79% of total sales (4Q FY22: 67%).

The Wound Care segment had a stronger performance in the December quarter with DME sales increasing by 43.6% on 3Q FY23 and direct sales of BlastX™ up 36.9% over the same period. This was due to an increased focus on revenue quality within the DME while direct sales of BlastX™ benefited from a new distributor for Veterans Affairs clinics and orders from Long Term Care Centres.

The Surgical business also had a stronger quarter with direct sales of XPERIENCE™ up 48% on pcp and up 14.5% on 3Q FY23. This reflected a full quarter of the GPO contract signed in August 2023 which provided access to healthcare sites covered by this GPO and also led to opportunities elsewhere. The increasing body of clinical evidence available on the efficacy of XPERIENCE™ contributed to sales growth in the quarter.

**Chart 1: Direct channel driving product sales growth in FY23 (US\$m)**



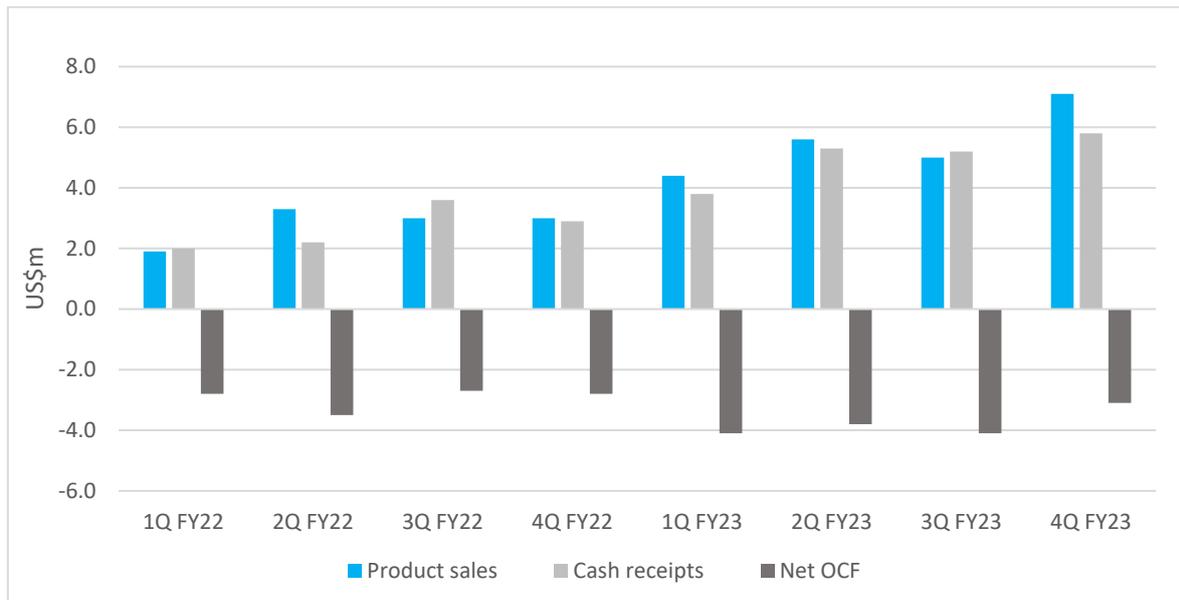
## 4Q FY23 Cashflow Summary

Cash receipts for the quarter of US\$5.8m were 98.8% higher vs pcp (4Q FY22: US\$2.9m) and up 12.3% compared to 3Q FY23 (US\$5.2m).

Net operating cash outflows of US\$3.2m in 4Q FY23 compared to US\$4.1m in 3Q FY23.

At 31 December 2023, Next Science had cash on hand of US\$9.2m and no debt (30 September 2023: US\$12.4m).

**Chart 2: Quarterly Cashflow Performance (US\$m)**



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

Payments to Directors were US\$197k 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) resulted in 261 patients enrolled in the first site (3Q FY23: 140). A second site will start recruiting in February, with another five sites pending completion of contracts.<sup>5</sup>
- *Post Operative Inflammation in Joints* – Dr Andrew Wickline MD. On 22 December 2023, Next Science announced the publication in the *Journal of Orthopaedic Experience &*

<sup>5</sup> 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®

*Innovation* of a pilot study which demonstrated the utility of XPERIENCE™ in mitigating inflammation following a total knee arthroplasty.<sup>6</sup>

- *Primary Joint Arthroplasties across Hip, Knee and Shoulder Surgery - Post Operative Infection Retrospective* - Dr Robert Harris MD. On 3 November 2023, Next Science announced the study had been published on VuMedi and found XPERIENCE™ to be efficacious with zero infection rate in the patient cohort up to 90 days post-surgery.<sup>7</sup>
- *Hidradenitis Suppurativa (HS) BlastX™ research study* – In October 2023, Dr Hadar Lev-Tov MD from the University of Miami Health presented the results of a 15-patient study to the 8<sup>th</sup> Annual Symposium on HS Advances. Publication is expected in 2024.

**Approved and authorised for release by the Board of Directors.**

## Media & Investor Enquiries

Françoise Dixon

Phone: +61 412 292 977

Email: [fdixon@nextscience.com](mailto: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](http://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.

---

<sup>6</sup> Refer to ASX announcement on 22 December 2023.

<sup>7</sup> Refer to ASX announcement on 3 November 2023.

## 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")**

Dec 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$USD'000</b>	<b>Year to date (12 months) \$USD'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,802	20,110
1.2 Payments for		
(a) Research, development & regulatory	(480)	(1,903)
(b) product manufacturing and operating costs	(1,431)	(5,964)
(c) sales related expenses, advertising and marketing	(1,356)	(4,024)
(d) leased assets	-	-
(e) staff costs	(4,976)	(18,991)
(f) administration and corporate costs	(696)	(4,417)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received and bank cash back rewards	35	65
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	(50)	66
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,153)</b>	<b>(15,059)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(14)	(295)
(d) investments	-	-

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (12 months) \$USD'000
(e) intellectual property & intangible assets	(102)	(589)
(f) other non-current assets	-	-
<b>2.2</b> Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	-	-
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other (provide details if material)	-	-
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	<b>(115)</b>	<b>(884)</b>

<b>3.</b> <b>Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	139	14,036
3.2 Proceeds from issue of convertible debt securities	-	6,983
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(34)	(638)
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)	(63)	(273)
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	<b>42</b>	<b>20,108</b>

<b>4.</b> <b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	<b>12,408</b>	<b>5,074</b>
4.2 Net cash from / (used in) operating activities (item 1.9 above)	<b>(3,153)</b>	<b>(15,059)</b>

Appendix 4C  
Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$USD'000</b>	<b>Year to date (12 months) \$USD'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(116)	(884)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	42	20,108
4.5	Effect of movement in exchange rates on cash held	57	1
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>9,239</b>	<b>9,239</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$USD'000</b>	<b>Previous quarter \$USD'000</b>
5.1	Bank balances	9,239	12,408
5.2	Term deposits	-	-
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>9,239</b>	<b>12,408</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$USD'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	197
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.*

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$USD'000</b>	<b>Amount drawn at quarter end \$USD'000</b>
<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	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>-</b>	<b>-</b>
<b>7.5 Unused financing facilities available at quarter end</b>		
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$USD'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	<b>(3,153)</b>
8.2 Cash and cash equivalents at quarter end (item 4.6)	<b>9,239</b>
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	<b>9,239</b>
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>2.9</b>
<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.

Date: 30 January 2024  
.....

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.