

Company details

Name of entity:	Next Science Limited
ABN:	47 622 382 549
Reporting period:	For the half-year ended 30 June 2024
Previous period:	For the half-year ended 30 June 2023

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Results for announcement to the market

					USD \$
Revenues from ordinary activities	up	11%	to		11,238,817
Loss from ordinary activities after tax attributable to the owners of Next Science Limited	down	32%	to		(5,842,532)
Loss for the year attributable to the owners of Next Science Limited	down	32%	to		(5,842,532)

Dividends

No dividend was paid or proposed during the half-year ended 30 June 2024 (2023: USD \$nil)

Refer to the Operating and Financial Review within the Directors' Report for further commentary on the half-year's results, financial position and likely developments in future years.

Net tangible assets

	Reporting period USD Cents	Previous period USD Cents
Net tangible assets/(liabilities) per ordinary security	1.62	(1.11)

The net tangible asset per ordinary security is calculated based on 291,695,103 ordinary shares on issue at 30 June 2024 and 214,790,134 shares that were in existence at 30 June 2023 and includes right of use assets.

Control gained over entities

Not applicable.

Loss of control over entities

Not applicable.

**Next Science Limited**  
**Appendix 4D**  
**30 June 2024**

Other information requiring disclosure to comply with ASX Listing Rule 4.2A.3 is contained in and should be read in conjunction with the Financial Statements, the notes to the Financial Statements and the Directors' Report for the half-year ended 30 June 2024 attached to this report.

This report is based on the Condensed Consolidated Financial Statements and Notes of Next Science Limited which have been reviewed by KPMG.

**Signed**



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Aileen Stockburger  
*Chair*

30 August 2024

# **Next Science Limited**

**ACN 622 382 549**

**Interim Report - 30 June 2024**

**Next Science Limited**  
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**30 June 2024**

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**Next Science Limited**  
**Directors' report**  
**30 June 2024**

The Directors present their report together with the consolidated financial statements of the Group comprising of Next Science Limited (**Next Science/Company**), and the entities it controlled at the end of, or during, the half-year ended 30 June 2024. All amounts are presented in US dollars (USD) unless otherwise stated

**Directors**

The Directors of the Company in office during or since the end of the half-year were as follows:

**Current**

Aileen Stockburger  
Harry Thomas Hall, IV (I.V. Hall)  
Grant Hummel  
Katherine Ostin

**Former**

Daniel Spira

Retired on 3 May 2024

**Operating and financial review**

*Principal activities*

The principal activities of the Group during the course of the half-year were the research, development and commercialisation of technologies to resolve the issues caused by biofilms and their incumbent bacteria, fungus and viruses and the infections they cause with a focus on human health. The Company is headquartered in Sydney, Australia and has a research and development centre and sales and marketing functions located in Florida, USA.

*Significant changes in the state of affairs*

Revenues grew by 11% in 1H of 2024 with direct sales of XPERIENCE™ up 60% as result of recent clinical studies providing further clinical evidence and expansion of its Group Purchasing Organisation (GPO) footprint through HealthTrust providing a broader access to healthcare sites.

The Group restructured the direct sales force team during 1H 2024 pivoting to a model focused on agency representatives who are independent and earn commissions on what they sell over a direct sales structure resulting in a more variable cost structure for the Group. The remaining direct sales force team will no longer focus on a singular product component (XPERIENCE™, BLASTX™ or DME) but on the entire XBIO portfolio.

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 may draw on the Facility to assist with general working capital requirements and any other corporate purpose that Thorney approves. The Facility provides a buffer against unexpected financial challenges and flexibility to respond should investment opportunities arise. Interest is payable at 12% per annum on any amounts drawn under the Facility. In conjunction with the execution of the Facility Agreement, the parties signed an option deed under which Next Science agreed to issue to Thorney 5 million unquoted options over ordinary shares in the Company at an exercise price of A\$0.42 and with a three-year expiry. The 5 million options were issued on 25 July 2024.

*Review of results and operations*

The loss for the Group for the half-year to 30 June 2024 after providing for income tax amounted to \$5,842,532 (2023: \$8,613,091).

Revenue increased by 11% for the period increasing from \$10,112,775 in the prior corresponding period to \$11,238,817.

Gross profit for HY24 was \$8,965,982 compared to \$6,828,140 in the prior corresponding period. Gross margin as a percent of sales was 80% compared with 68% in the prior corresponding period.

Selling and distribution expenses were \$8,701,424, a decrease of \$402,011 compared with \$9,103,435 in the prior corresponding period. The decrease in spend in HY24 mainly relates to the restructure of the direct sales force team with a significant reduction in the number of employees.

**Next Science Limited**  
**Directors' report**  
**30 June 2024**

Administration expenses were \$3,206,325, an increase of \$574,784 compared with \$2,631,541 in the prior corresponding period. The increase mainly relates to higher insurance and banking charges of \$173,051 along with professional fees and the issue of performance rights particular to the period of \$344,065.

Research and development expenses were \$2,977,038 a decrease of \$385,671 compared with \$3,362,709 in the prior corresponding period mainly related to a significant decrease in expenditure in the current period related to R&D projects and clinical studies.

Cash and cash equivalents at 30 June 2024 amounted to \$3,571,799 compared to \$9,238,697 at 31 December 2023 . Term deposits at 30 June 2024 amounted to \$37,038 compared to \$37,823 at 31 December 2023.

*Inherent risks of Investments in Medical Device Companies*

There are many inherent risks associated with the development of medical devices to a marketable stage. The sale and distribution of some of Next Science's products is subject to obtaining and maintaining regulatory approvals, and other clearances from the relevant regulatory body in the jurisdiction, such as the Food and Drug Administration in the USA and the Therapeutic Goods Administration in Australia. Next Science's success depends on its ability to develop and market products that are recognised and accepted as reliable, efficacious and cost effective. Market acceptance depends on many factors including clinical evidence demonstrating the clinical and cost benefit outcome of the products. Clinical evidence may be conducted by third parties and as such the Company is partially reliant on the accuracy and efficacy of the reports produced by those third parties. There is no guarantee that adoption of the Company's existing products and future products will be sufficient to meet the Company's sales objectives.

Other risks include patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development, the obtaining of necessary regulatory authority approvals and difficulties caused by rapid advancements in technology.

**Dividends**

No dividends were paid or declared since the commencement of the half-year and the Directors do not recommend the declaration of a dividend.

**Matters subsequent to the end of the financial half-year**

As mentioned in the section above *Significant changes in the state of affairs* and note 15 of the financial statements, the Group entered into a facility agreement with Thornley Investment Group on 17 July 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on Page 4.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Aileen Stockburger  
Chair

30 August 2024



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Next Science Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Next Science Limited for the half-year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A stylized, handwritten signature of the KPMG firm, rendered in black ink.

KPMG

A handwritten signature of Kevin Leighton, rendered in black ink.

Kevin Leighton

Partner

Sydney

30 August 2024

**Next Science Limited**  
**Condensed consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 30 June 2024**

	<b>Note</b>	<b>30 June 2024</b>	<b>30 June 2023</b>
		<b>\$</b>	<b>\$</b>
Revenue	2	11,238,817	10,112,775
Cost of sales		<u>(2,272,835)</u>	<u>(3,284,635)</u>
<b>Gross profit</b>		<b>8,965,982</b>	<b>6,828,140</b>
Other income		55,801	47,101
Selling and distribution expenses		(8,701,424)	(9,103,435)
Research and development expenses		(2,977,038)	(3,362,709)
Administration expenses		(3,206,325)	(2,631,541)
Other expenses		<u>-</u>	<u>(26,825)</u>
<b>Operating loss</b>		<b>(5,863,004)</b>	<b>(8,249,269)</b>
Finance income		61,704	38,513
Finance cost		<u>(41,232)</u>	<u>(402,335)</u>
<b>Net finance income/(cost)</b>		<b>20,472</b>	<b>(363,822)</b>
<b>Loss before income tax expense</b>		<b>(5,842,532)</b>	<b>(8,613,091)</b>
Income tax expense		<u>-</u>	<u>-</u>
<b>Loss after income tax expense for the half-year</b>		<b>(5,842,532)</b>	<b>(8,613,091)</b>
<b>Other comprehensive (loss)/income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		<u>(186,819)</u>	<u>14,076</u>
Other comprehensive (loss)/income for the half-year, net of tax		<u>(186,819)</u>	<u>14,076</u>
<b>Total comprehensive loss for the half-year</b>		<b><u>(6,029,351)</u></b>	<b><u>(8,599,015)</u></b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for loss</b>			
Basic earnings per share	14	(2.00)	(4.01)
Diluted earnings per share	14	(2.00)	(4.01)

*The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*



**Next Science Limited**  
**Condensed consolidated statement of financial position**  
**As at 30 June 2024**

	<b>Note</b>	<b>30 June 2024 \$</b>	<b>31 December 2023 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	3,571,799	9,238,697
Trade and other receivables		3,225,845	3,588,649
Inventories		810,332	721,310
Other current assets - term deposits	5	37,038	37,823
Other current assets - other	6	534,276	373,954
<b>Total current assets</b>		<b>8,179,290</b>	<b>13,960,433</b>
<b>Non-current assets</b>			
Trade and other receivables		36,656	36,656
Property, plant and equipment	7	589,892	713,511
Intangible assets	8	2,343,974	2,387,050
Right-of-use assets	9	675,378	802,701
<b>Total non-current assets</b>		<b>3,645,900</b>	<b>3,939,918</b>
<b>Total assets</b>		<b>11,825,190</b>	<b>17,900,351</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		3,105,860	3,207,184
Lease liabilities		256,104	274,801
Contract liabilities	10	274,902	274,902
Employee benefits		132,377	79,660
<b>Total current liabilities</b>		<b>3,769,243</b>	<b>3,836,547</b>
<b>Non-current liabilities</b>			
Contract liabilities	10	412,354	549,804
Lease liabilities		568,959	687,164
Employee benefits		6,390	5,780
<b>Total non-current liabilities</b>		<b>987,703</b>	<b>1,242,748</b>
<b>Total liabilities</b>		<b>4,756,946</b>	<b>5,079,295</b>
<b>Net assets</b>		<b>7,068,244</b>	<b>12,821,056</b>
<b>Equity</b>			
Issued capital	12	133,826,103	133,823,509
Reserves	13	(42,404,097)	(42,491,223)
Accumulated losses		(84,353,762)	(78,511,230)
<b>Total equity</b>		<b>7,068,244</b>	<b>12,821,056</b>

*The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes*

**Next Science Limited**  
**Condensed consolidated statement of changes in equity**  
**30 June 2024**

	Share capital	Common control reserve	Foreign currency translation reserve	Share option reserve	Performance rights reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2024</b>	133,823,509	(42,596,715)	(1,301,260)	1,310,970	95,782	(78,511,230)	12,821,056
Loss for the year	-	-	-	-	-	(5,842,532)	(5,842,532)
<i>Other comprehensive loss</i>							
Foreign currency translation differences	-	-	(186,819)	-	-	-	(186,819)
Total other comprehensive loss	-	-	(186,819)	-	-	-	(186,819)
Total comprehensive loss for the year	-	-	(186,819)	-	-	(5,842,532)	(6,029,351)
<i>Transactions with owners in their capacity as owners</i>							
Share-based payments	-	-	-	71,165	-	-	71,165
Performance rights converted to shares on vesting	-	-	-	-	202,780	-	202,780
Capital raising refund/(cost)	2,594	-	-	-	-	-	2,594
Total transactions with owners	2,594	-	-	71,165	202,780	-	276,539
Balance at 30 June 2024	133,826,103	(42,596,715)	(1,488,079)	1,382,135	298,562	(84,353,762)	7,068,244

*The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**Next Science Limited**  
**Condensed consolidated statement of changes in equity**  
**30 June 2024**

	Share capital	Common control reserve	Foreign currency translation reserve	Share option reserve	Convertible note reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2023</b>	113,526,533	(42,596,715)	(1,905,877)	2,140,298	-	(63,128,514)	8,035,725
Loss for the half-year	-	-	-	-	-	(8,613,091)	(8,613,091)
<i>Other comprehensive income</i>							
Foreign currency translation differences	-	-	14,076	-	-	-	14,076
Total other comprehensive income	-	-	14,076	-	-	-	14,076
Total comprehensive income/(loss) for the half-year	-	-	14,076	-	-	(8,613,091)	(8,599,015)
<i>Transactions with owners in their capacity as owners</i>							
Share-based payments	-	-	-	2,488	-	-	2,488
Issue of convertible notes	-	-	-	-	543,546	-	543,546
Total transactions with owners	-	-	-	2,488	543,546	-	546,034
<b>Balance at 30 June 2023</b>	113,526,533	(42,596,715)	(1,891,801)	2,142,786	543,546	(71,741,605)	(17,256)

*The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**Next Science Limited**  
**Condensed consolidated statement of cash flows**  
**For the half-year ended 30 June 2024**

	Note	30 June 2024 \$	30 June 2023 \$
<b>Operating activities</b>			
Receipts from customers		11,432,343	9,142,769
Payments to suppliers and employees		(15,927,186)	(17,039,762)
Payments for research and development		(582,617)	-
Other income received		7,840	56,160
Interest received		32,292	21,940
		<u>                    </u>	<u>                    </u>
Net cash used in operating activities		(5,037,328)	(7,818,893)
<b>Investing activities</b>			
Payments for property, plant and equipment	7	(11,645)	(257,252)
Payments for intangible assets	8	(317,106)	(256,453)
		<u>                    </u>	<u>                    </u>
Net cash used in investing activities		(328,751)	(513,705)
<b>Financing activities</b>			
Proceeds from issue of convertible notes		-	6,983,200
Capital raising costs		-	(62,637)
Payment of lease liabilities		(119,954)	(150,619)
		<u>                    </u>	<u>                    </u>
Net cash (used in)/from financing activities		(119,954)	6,769,944
		<u>                    </u>	<u>                    </u>
Net decrease in cash and cash equivalents		(5,486,033)	(1,562,654)
Cash and cash equivalents at the beginning of the financial half-year		9,238,697	5,073,625
Effects of exchange rate changes on cash and cash equivalents		(180,865)	(27,470)
		<u>                    </u>	<u>                    </u>
<b>Cash and cash equivalents at the end of the financial half-year</b>		<u><u>3,571,799</u></u>	<u><u>3,483,501</u></u>

*The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes*

**Next Science Limited**  
**Notes to the condensed consolidated financial statements**  
**30 June 2024**

**Note 1. Basis of Preparation**

These interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with AASB 134 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with Australian Accounting Standards (AASBs). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The interim financial statements have been prepared on the basis of historical cost with cost based on the fair values of consideration given in exchange for assets. All amounts are presented in United States Dollars unless otherwise stated.

The principal accounting policies adopted are consistent with those of the consolidated financial statements as at and for the year ended 31 December 2023, unless otherwise stated.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. The impact of standards on issue but not yet effective are not expected to be material.

The financial statements were approved by the Board of Directors and authorised for issue on 30 August 2024.

*Going concern*

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business for a period of at least twelve months from the date this financial report is approved.

For the half-year ended 30 June 2024, the Group incurred a net loss of \$5,842,532 and had net cash outflows from operations of \$5,037,328. As at 30 June 2024, the Group had net current assets of \$4,410,047 and a net asset position of \$7,068,244.

The Group has modelled a range of scenarios for going concern purposes including the continued revenue growth across its product mix and has restructured the Group's sales team significantly reducing the number of direct sales staff with agency staff. The Group considers that its cash and term deposits totalling \$3,608,837 as at 30 June 2024, together with potential cost management initiatives and the Group's access to a US\$5 million unsecured loan facility (refer to note 15) are sufficient to enable the Group to continue as a going concern for the foreseeable future, being at least twelve months from the date of signing this financial report.

**Next Science Limited**  
**Notes to the condensed consolidated financial statements**  
**30 June 2024**

**Note 2. Revenue**

	<b>Half-year ended</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>\$</b>	<b>\$</b>
Revenue from contracts with customers	<u>11,238,817</u>	<u>10,112,775</u>

**Note 3. Operating segments**

*Identification of reportable operating segments*

The Group operates in one segment, based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM)) in assessing performance and in determining the allocation of resources. The one operational segment operates over two geographical segments, North America and Australia and New Zealand.

	<b>North America \$</b>	<b>Australia and New Zealand \$</b>	<b>Total \$</b>
<b>Half-year ended 30 June 2024</b>			
Revenue from contracts with customers	10,859,499	379,318	11,238,817
Segment assets	6,525,081	5,300,109	11,825,190
Segment liabilities	3,518,325	1,238,621	4,756,946
Segment loss	(3,272,800)	(2,569,732)	(5,842,532)
<b>Half-year ended 30 June 2023</b>			
Revenue from contracts with customers	9,951,304	161,471	10,112,775
Segment assets	7,018,333	4,866,908	11,885,241
Segment liabilities	3,810,402	8,092,095	11,902,497
Segment loss	(5,100,269)	(3,512,822)	(8,613,091)

**Note 4. Cash and cash equivalents**

	<b>As at 30 June 2024 \$</b>	<b>As at 31 December 2023 \$</b>
<i>Current assets</i>		
Cash at bank	<u>3,571,799</u>	<u>9,238,697</u>

**Note 5. Other current assets - term deposits**

	<b>As at 30 June 2024 \$</b>	<b>As at 31 December 2023 \$</b>
<i>Current assets</i>		
Term deposit	<u>37,038</u>	<u>37,823</u>

**Next Science Limited**  
**Notes to the condensed consolidated financial statements**  
**30 June 2024**

**Note 6. Other current assets - other**

	As at 30 June 2024 \$	As at 31 December 2023 \$
<i>Current assets</i>		
Prepayments and other assets	534,276	373,954

**Note 7. Property, plant and equipment**

	As at 30 June 2024 \$	As at 31 December 2023 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	405,845	406,284
Less: Accumulated amortisation	(161,029)	(134,766)
	244,816	271,518
 Plant and equipment - at cost	 1,312,675	 1,329,939
Less: Accumulated depreciation	(1,083,328)	(1,020,670)
	229,347	309,269
 Fixtures and fittings - at cost	 394,580	 388,971
Less: Accumulated depreciation	(278,851)	(256,247)
	115,729	132,724
	589,892	713,511

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	<b>Leasehold improvements \$</b>	<b>Plant and equipment \$</b>	<b>Furniture and fittings \$</b>	<b>Total \$</b>
Balance at 1 January 2024	271,518	309,269	132,724	713,511
Additions	-	6,678	4,967	11,645
Disposals	-	(8,516)	-	(8,516)
Exchange differences	-	862	642	1,504
Depreciation expense	(26,702)	(78,946)	(22,604)	(128,252)
Closing value at 30 June 2024	244,816	229,347	115,729	589,892
 Balance at 1 January 2023	 276,211	 339,700	 80,937	 696,848
Additions	45,042	148,215	102,079	295,336
Depreciation expense	(49,735)	(178,646)	(50,292)	(278,673)
Closing value at 31 December 2023	271,518	309,269	132,724	713,511

**Next Science Limited**  
**Notes to the condensed consolidated financial statements**  
**30 June 2024**

**Note 8. Intangible assets**

	As at 30 June 2024 \$	As at 31 December 2023 \$
<i>Non-current assets</i>		
Patents and trademarks - at cost	1,831,455	1,807,655
Less: Accumulated amortisation	(961,129)	(844,403)
	<u>870,326</u>	<u>963,252</u>
Capitalised development - at cost	2,863,029	2,569,723
Less: Accumulated amortisation and impairment	(1,389,381)	(1,145,925)
	<u>1,473,648</u>	<u>1,423,798</u>
	<u><u>2,343,974</u></u>	<u><u>2,387,050</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	<b>Patents and trademarks \$</b>	<b>Capitalised development \$</b>	<b>Total \$</b>
Balance at 1 January 2024	963,252	1,423,798	2,387,050
Additions	23,800	293,306	317,106
Amortisation expense	(116,726)	(243,456)	(360,182)
Closing value at 30 June 2024	<u>870,326</u>	<u>1,473,648</u>	<u>2,343,974</u>
Balance at 1 January 2023	1,041,352	1,368,578	2,409,930
Additions	132,023	457,029	589,052
Impairment of assets	-	(26,746)	(26,746)
Amortisation expense	(210,123)	(375,063)	(585,186)
Closing value at 31 December 2023	<u>963,252</u>	<u>1,423,798</u>	<u>2,387,050</u>

**Note 9. Right-of-use assets**

	As at 30 June 2024 \$	As at 31 December 2023 \$
<i>Non-current assets</i>		
Property - right-of-use	1,677,682	1,682,369
Less: Accumulated depreciation	(1,002,304)	(879,668)
	<u>675,378</u>	<u>802,701</u>



**Next Science Limited**  
**Notes to the condensed consolidated financial statements**  
**30 June 2024**

**Note 9. Right-of-use assets (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	<b>Property \$</b>
Balance at 1 January 2024	802,701
Depreciation expense	(122,636)
Foreign exchange movements	(4,687)
	<u>675,378</u>
Closing value at 30 June 2024	<u>675,378</u>

**Note 10. Contract liabilities**

*Contract liabilities arising from contracts with customers*

	<b>As at 30 June 2024 \$</b>	<b>As at 31 December 2023 \$</b>
<i>Current liabilities</i>		
Contract liabilities	<u>274,902</u>	<u>274,902</u>
<i>Non-current liabilities</i>		
Contract liabilities	<u>412,354</u>	<u>549,804</u>

**Note 11. Loans and borrowings**

	<b>As at 30 June 2024 \$</b>	<b>As at 31 December 2023 \$</b>
<b>Movements:</b>		
Balance at the beginning of period (i)	-	-
Convertible notes issued during the half-year (i)	-	6,983,200
Less: transaction costs	-	(62,637)
Net proceeds	-	<u>6,920,563</u>
Less: Foreign exchange movements	-	(514,713)
Add: accrued effective interest	-	712,694
Gain on modification at 31 August 2023 (ii) (iii)	-	(402,324)
Early conversion and modification of convertible notes at 1 November 2023 (ii)	-	(6,716,220)
	-	<u>(6,920,563)</u>
Carrying amount of liability at the end of period (iii)	<u>-</u>	<u>-</u>

(i) On 2 February 2023, the Company, issued 10,000,000 Secured Convertible Notes with a face value of A\$10,000,000 to major shareholder, Walker Group Holdings Pty Limited (Walker Group) (Notes). The Notes had a 21 month term maturing on 11 November 2024 at a conversion price of A\$0.72 per security. Each Note accrues interest at a rate of 10% per annum if the Notes were redeemed or at a rate of 5% per annum if the Notes are converted (and capitalised into additional shares on conversion). Interest accrued on any overdue sum at a rate of 12% per annum from the due date.

**Next Science Limited**  
**Notes to the condensed consolidated financial statements**  
**30 June 2024**

**Note 11. Loans and borrowings (continued)**

(ii) On 31 August 2023, the Company announced that it had completed a placement to institutional and sophisticated investors (Placement) raising A\$12,000,000 at a price of A\$0.42 per share and that the Company had entered into an agreement with Walker Group to redeem all of the Notes and for Walker Group to apply all of the redemption proceeds to subscribing for new shares at the same price as the Placement, subject to shareholder approval.

(iii) On 1 November 2023, in accordance with the Subscription and Redemption Deed between Walker Group and Next Science, the Notes were retired and in return, the Company issued 24,673,842 ordinary fully paid shares to Walker Group at the same price as the Placement, being A\$0.42. The early conversion and modification of the convertible notes resulted in an overall gain on modification of USD\$402,324.

**Note 12. Issued capital**

	<b>Fully paid</b>
<b>In number of shares</b>	
Balance as at 1 July 2023	214,790,134
Institutional placement in September 2023 (i) (ii)	28,571,429
Share Purchase Plan in September 2023 (ii)	20,238,012
US Placement in September 2023 (ii)	2,244,504
Shares issued for corporate advisory services in November 2023 (iii)	142,857
Director Placement in November 2023 (iv)	1,034,325
Shares issued to Walker Group in November 2023 on redemption of A\$10 million convertible notes (iv)	24,673,842
<b>Balance as at 31 December 2023</b>	<u>291,695,103</u>
<b>Balance as at 30 June 2024</b>	<u><u>291,695,103</u></u>
	<b>Fully paid</b>
	<b>\$</b>
Balance at 1 July 2023	113,526,533
Institutional placement in September 2023 (i) (ii)	7,777,143
Share Purchase Plan in September 2023 (ii)	5,508,787
US Placement in September 2023 (ii)	610,954
Shares issued for corporate advisory services in November 2023 (iii)	38,886
Directors Placement in November 2023 (iv)	281,543
Shares issued to Walker Group in November 2023 on redemption of A\$10 million convertible notes (iv)	6,716,220
Capital raising costs	(636,557)
<b>Balance at 31 December 2023</b>	<u>133,823,509</u>
Capital raising refund/(costs)	<u>2,594</u>
<b>Balance at 30 June 2024</b>	<u><u>133,826,103</u></u>

- (i) In August 2023, Next Science completed a placement to institutional and sophisticated investors (**Placement**) at a price of A\$0.42 (**Placement Price**).
- (ii) In September 2023, Next Science issued:
- (a) 28,571,429 ordinary fully paid shares to the participants in the Placement, raising A\$12 million (before costs);
  - (b) 20,238,012 ordinary fully paid shares raising A\$8,499,965 via a Share Purchase Plan (SPP) at the Placement Price;
  - (c) 2,244,504 ordinary fully paid shares raising A\$610,954 via an offer to eligible US investors at the Placement Price (US Offer).
- (iii) In November 2023, Next Science issued 142,857 ordinary fully paid shares at the Placement Price to a consultant, who provided corporate advisory services to the Company, in lieu of fees.

**Next Science Limited**  
**Notes to the condensed consolidated financial statements**  
**30 June 2024**

**Note 12. Issued capital (continued)**

- (iv) In November 2023, following receipt of shareholder approval at a General Meeting held on 25 October 2023, :
- (a) Next Science issued 1,034,325 ordinary fully paid shares to three Directors (Chair Aileen Stockburger, Managing Director and CEO I.V. Hall, and Non-Executive Director, Grant Hummel) who participated in the Placement and US Offer;
  - (b) Next Science issued 24,673,842 ordinary fully paid shares to Walker Group Holdings Pty Limited at the Placement Price in accordance with the Subscription and Redemption Deed between Walker Group Holdings Pty Limited and Next Science on the basis that the redemption amount of A\$10m plus accrued interest was offset against the share subscription commitment and the A\$10m convertible notes held by Walker Group were to be retired; and
  - (c) the A\$10m convertible notes held by Walker Group were retired in accordance with the Subscription and Redemption Deed.

**Note 13. Reserves**

	As at 30 June 2024 \$	As at 31 December 2023 \$
Common control reserve	(42,596,715)	(42,596,715)
Foreign currency translation reserve	(1,488,079)	(1,301,260)
Share option reserve	1,382,135	1,310,970
Performance rights reserve	298,562	95,782
	<u>(42,404,097)</u>	<u>(42,491,223)</u>

*Foreign currency translation reserve*

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the Group's presentation currency.

*Common control reserve*

The acquisition of the share capital of Microbial Defense Systems Holdings Inc ("MDS") by the Company on 22 December 2017 was accounted for as a common control transaction. As a consequence, the difference between the fair value of the consideration paid (\$43,862,500) and the existing book values of assets and liabilities of MDS (\$1,265,785) was debited to a common control reserve, directly within equity.

*Share option reserve*

The share option reserve comprises the value of the share-based payment arrangements recognised in equity.

The fair value of the share options issued during the period has been measured using the Monte Carlo simulation where the vesting conditions were related to service and market performance conditions attached to the arrangements.

The fair value of the share options has been measured using the Black-Scholes formula where the vesting conditions were service and non-market performance conditions attached to the arrangements.

**Note 14. Earnings per share**

	Half-year ended 30 June 2024 \$	30 June 2023 \$
Loss after income tax	<u>(5,842,532)</u>	<u>(8,613,091)</u>

**Note 14. Earnings per share (continued)**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	291,695,103	214,790,134
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>291,695,103</u>	<u>214,790,134</u>
	Cents	Cents
Basic earnings per share	(2.00)	(4.01)
Diluted earnings per share	(2.00)	(4.01)

**Note 15. Events after the reporting period**

On 17 July 2024, the Group announced that it entered into a facility agreement with TIGA Trading Pty Ltd (a company associated with Thorney Investment Group) to provide a US\$5 million unsecured loan facility with a maturity date of 17 July 2026 (Facility). Next Science may draw on the Facility to assist the Group with general working capital requirements and any other corporate purpose that Thorney approves. The Facility acts as a buffer against unexpected financial challenges and provides flexibility to respond should investment opportunities arise. Interest is payable at 12% per annum on any amounts drawn under the Facility. In conjunction with the execution of the Facility Agreement, the parties signed an option deed under which Next Science agreed to issue to Thorney 5 million unquoted options over ordinary shares in the Company at an exercise price of A\$0.42 and with a three-year expiry. The 5 million options were issued on 25 July 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Next Science Limited**  
**Directors' declaration**  
**30 June 2024**

In the opinion of the Directors of Next Science Limited (the "Company"):

1. the condensed consolidated financial statements and notes that are set out on pages 5-17, are in accordance with the *Corporations Act 2001*, including:
  - a. giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the six month period ended on that date; and
  - b. complying with Australian Accounting Standards "AASB 134 *Interim Financial Reporting*" and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



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Aileen Stockburger  
Chair

30 August 2024



# Independent Auditor's Review Report

To the shareholders of Next Science Limited

## Conclusion

We have reviewed the accompanying **Interim Financial Report** of Next Science Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Next Science Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises

- Condensed consolidated statement of financial position as at 30 June 2024
- Condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date
- Notes comprising material accounting policies and other explanatory information
- The Directors' declaration.

The **Group** comprises Next Science Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

## Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

## Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's responsibilities for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Kevin Leighton

*Partner*

Sydney

30 August 2024