

## Appendix 4C & Quarterly Activity Report for the period ended 30 September 2024<sup>1</sup>

- 3Q FY24 Product Sales of US\$4.7m, down 7% on pcp<sup>2</sup> and down 19% on 2Q FY24 as DME sales impacted by the recent restructure.
- 3Q FY24 Direct Product Sales of US\$3.5m, down 14% on pcp: 76% of product sales.
- YTD FY24<sup>3</sup> Product Sales of US\$15.9m, up 5% on pcp.
- YTD FY24 Direct Product Sales of US\$12.2m, up 8% on pcp: 77% of product sales.
- 3Q FY24 Gross Margin of 81% reflects ongoing focus on DME revenue quality<sup>4</sup> and shift in product mix (3Q FY23: 76%; 2Q FY24: 80%).
- Cash receipts for the quarter of US\$4.1m were 21% lower vs pcp (3Q FY23: US\$5.2m) with carry over receipts of US\$0.9m received in October 2024.
- Closing cash balance of US\$1.0m (30 June 2024: US\$3.6m) and debt of US\$0.5m following initial draw down of loan facility during the quarter.<sup>5</sup>
- Reaffirm FY24 guidance to be Adjusted EBITDA and cashflow positive in 4Q FY24 / 1Q FY25.

**Next Science Limited** (ASX:NXS) (“Next Science” or “the Company”) today provides a business update and quarterly cashflow report for the quarter ended 30 September 2024.

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: “The September quarter was affected by the recent DME sales restructure and shift in our go-to-market strategy. This was a necessary change to ensure we have a sustainable DME business model. We have made good progress during the quarter to further improve revenue quality and believe we are on track to drive future sales growth. We also continued to expand our EXPERIENCE™ footprint and have increased sales of commercial BLASTX™ into the military and private sectors. We remain focused on cost optimisation and expect to be cash flow and adjusted EBITDA positive by the end of March 2025.”

---

<sup>1</sup> Unaudited financial information

<sup>2</sup> Prior corresponding period (pcp)

<sup>3</sup> Year to date (YTD) includes the first nine months of FY24

<sup>4</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>5</sup> In July 2024, Next Science entered into a US\$5.0m unsecured loan facility with Thorney Investment Group. Post the draw down of US\$0.5m during the quarter, US\$4.5m in funding is available.

## 3Q FY24 Financial Summary

3Q FY24 Product Sales of US\$4.7m were down 7% on pcp as higher direct sales of XPERIENCE™ and partner sales were offset by a decline in the DME channel due to the slower than expected transition to a predominantly agency salesforce.

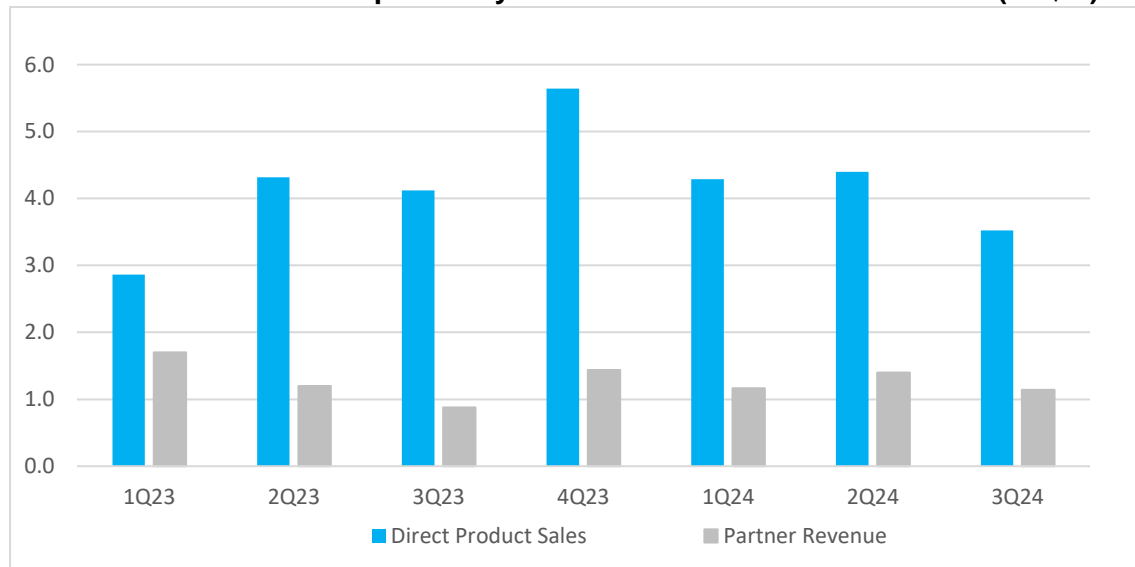
Direct channel product sales of US\$3.5m in 3Q FY24 were down 14% on pcp and down 20% on 2Q FY24. It accounted for 76% of total product sales (3Q FY23: 82%).

The Surgical business continued to record strong growth on pcp with direct sales of XPERIENCE™ up 44%. This reflected the growing body of clinical evidence available, broader access to healthcare sites provided by the GPO contract and extension of the use case from high risk to prophylactic use.<sup>6</sup> It also reflects the investment in data analytics which has enhanced sales execution. Direct sales of XPERIENCE™ were 8% lower on 2Q FY24 due to a seasonal decline in surgery volumes.

The Wound Care segment was impacted in the September quarter by a 50% decline in DME sales on pcp which was partly offset by a 37% increase in direct sales of BLASTX™ on pcp.

In the September quarter, the Company's gross margin was slightly ahead of 2Q FY24 at 81% and ahead of the gross margin achieved in 3Q FY23 (76%). This reflected the continued focus on revenue quality within the DME channel and the shift in product mix with XPERIENCE™ representing a higher proportion of sales. Next Science had over 132 payors at the end of September 2024.

**Chart 1: Direct channel impacted by DME sales restructure in 3Q FY24 (US\$m)**



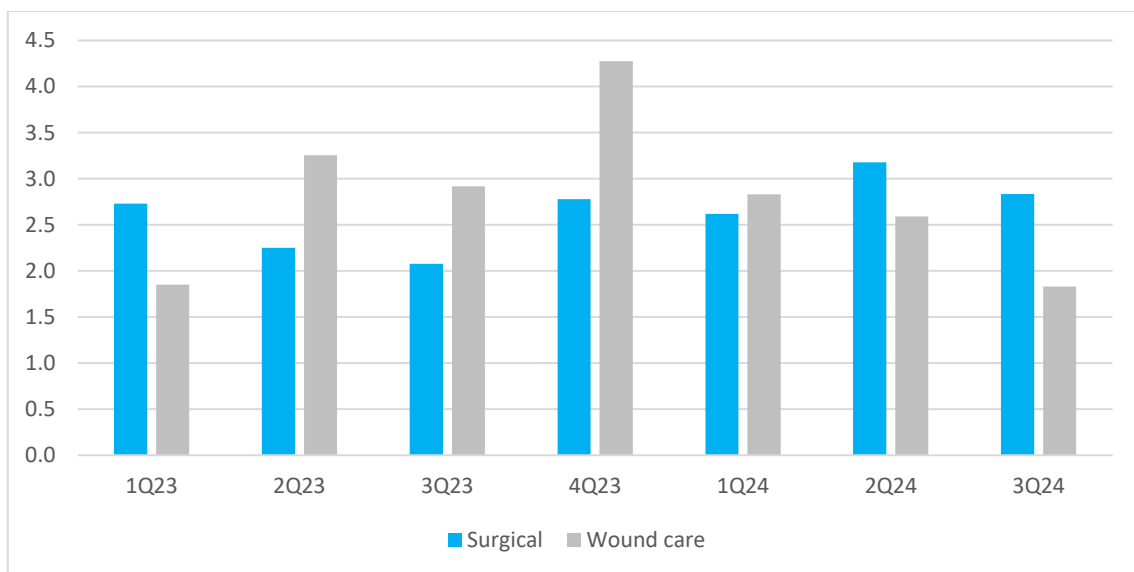
<sup>6</sup> On 1 August 2023, Next Science entered into an agreement with leading Group Purchasing Organisation (GPO) HealthTrust to provide its members with access to XPERIENCE™. The US-based organisation serves 1,600 hospitals and 43,000 alternate sites of care including ambulatory surgery centres, physician practices and long-term care centres.

Chart 2 provides a breakdown of Next Science's revenue by product category. It highlights the "lumpy" nature of revenue on a quarterly basis which reflects the different sales channels (partner vs direct) and seasonality of the different products.

Surgical sales of US\$2.8m were up 36% on pcp which was largely driven by growth in direct sales of XPERIENCE™ and an improvement in partner revenue. Surgical sales were down 11% on 2Q FY24 due to lower partner sales and lower surgical volumes affecting XPERIENCE™ sales.

In 3Q FY24, Wound Care sales of US\$1.8m were down 37% on pcp and 29% lower on 2Q FY24 due to the slower expected transition to an indirect sales force for DME sales.

**Chart 2: Next Science revenue by product category (US\$m)<sup>7</sup>**



### 3Q FY24 Cashflow Summary

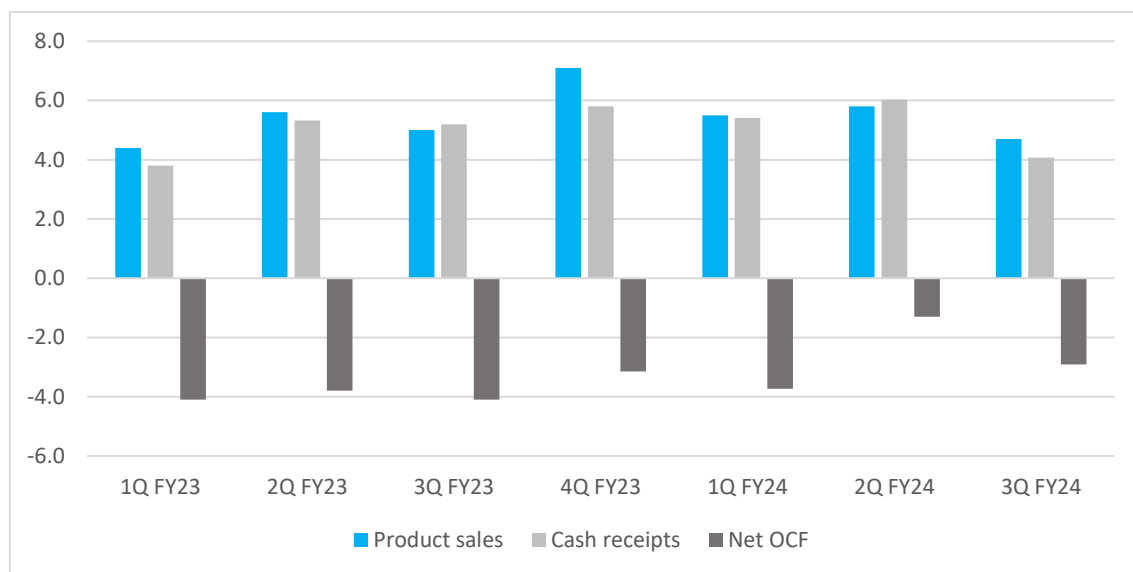
Cash receipts for the quarter of US\$4.1m were 21% lower vs pcp (3Q FY23: US\$5.2m) and 32% lower compared to 2Q FY24 (US\$6.0m). Carry over receipts of \$0.9m relating to 3Q FY24 were received in October 2024.

Net operating cash outflows of US\$2.9m in 3Q FY24 compared to outflows of US\$4.1m in 3Q FY23 and US\$1.3m in 2Q FY24. The increase in cash burn reflected the decline in receipts which was partly offset by a reduction in total cash payments. These were US\$2.3m lower in 3Q FY24 on pcp and \$0.36m lower than 2Q FY24 due to cost out initiatives across the business.

At 30 September 2024, Next Science had cash on hand of US\$1.0m (30 June 2024: US\$3.6m). During the quarter, Next Science drew down US\$0.5m from the US\$5.0m loan facility with a further US\$4.5m in funding available.

<sup>7</sup> This shows revenue from Wound Care and Surgical products from both direct and partner channels.

**Chart 3: Quarterly Cashflow Performance (US\$m)**



Refer to the Appendix 4C accompanying this update for details of the Company's expenditure on its business activities during the quarter.

Payments to Directors were US\$213k in the September 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) continues with 1,001 patients enrolled across four sites (2Q FY24: 651).<sup>8</sup> An interim analysis will be done after 3,800 patients.

### 3Q FY24 Investor Webinar

CEO and Managing Director, I.V. Hall and CFO, Marc Zimmerman, will host a zoom webinar including a Q&A session with the investment community at **9.00am (Sydney time) today, 22 October 2024**.

Please use the link below to register for the webinar.

[https://zoom.us/webinar/register/WN\\_UOXNajRmRCyEqTTptHmBAQ](https://zoom.us/webinar/register/WN_UOXNajRmRCyEqTTptHmBAQ)

Investors can submit questions prior to the webinar to [fdixon@nextscience.com](mailto:fdixon@nextscience.com) or ask questions via the Q&A function during the webinar.

<sup>8</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<sup>®</sup>

**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.

## 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")**

September 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$USD'000</b>	<b>Year to date (9 months) \$USD'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,072	15,505
1.2 Payments for		
(a) Research, development & regulatory	(228)	(810)
(b) product manufacturing and operating costs	(1,047)	(3,399)
(c) sales related expenses, advertising and marketing	(1,206)	(3,781)
(d) leased assets	-	-
(e) staff costs	(3,455)	(11,767)
(f) administration and corporate costs	(1,057)	(3,984)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received and bank cash back rewards	4	37
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	8	16
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,909)</b>	<b>(8,183)</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	(3)	(15)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (9 months) \$USD'000
	(e) intellectual property & intangible assets	(186)	(503)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(189)</b>	<b>(518)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	500	500
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)	(62)	(182)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>438</b>	<b>318</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	3,572	9,239
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,909)	(8,183)

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (9 months) \$USD'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(189)	(518)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	438	318
4.5	Effect of movement in exchange rates on cash held	86	142
4.6	<b>Cash and cash equivalents at end of period</b>	<b>998</b>	<b>998</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$USD'000	Previous quarter \$USD'000
5.1	Bank balances	998	3,572
5.2	Term deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>998</b>	<b>3,572</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$USD'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	213
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		



<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$USD'000</b>	<b>Amount drawn at quarter end \$USD'000</b>
7.1	Loan facilities	4,500	500
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	4,500	500
7.5	<b>Unused financing facilities available at quarter end</b>		4,500
7.6	<p>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.</p> <p>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) to provide a US\$5 million unsecured loan facility with a maturity date of 17 July 2026 (Facility). Next Science has drawn on the Facility to assist with general working capital requirements during the September 2024 quarter of \$0.5million.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$USD'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,909)
8.2	Cash and cash equivalents at quarter end (item 4.6)	998
8.3	Unused finance facilities available at quarter end (item 7.5)	4,500
8.4	Total available funding (item 8.2 + item 8.3)	5,498
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.9
	<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?	
	The Company expects the combination of the sales force restructure and the continued focus on revenue quality within the DME channel and cost optimisation across the business to deliver improved net cash from operating activities in future quarters.	
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?	
	We have not taken steps to raise further cash as we do not expect to need further cash to fund our operations beyond the loan facility we have with TIGA referenced above.	
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?	
	We expect that the restructure of the sales force and continued focus on revenue quality within the DME channel and cost optimisation will enable us to continue our operations and deliver on our business strategy.	
	<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.

22 October 2024

Date: .....

Board of Directors

Authorised by: .....  
(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.