ANNUAL REPORT 2024

A Year of Change, a Future of Growth

NEXT SCIENCE®

NEXT SCIENCE LIMITED ACN 622 382 549

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Our Mission

Next Science strives to significantly improve patient outcomes, elevate physician efficacy, and create value within the overall healthcare system through relentless innovation and commitment to education and research on biofilm elimination, infection prevention, and treatments for inflammatory diseases.

XBIO® Portfolio

In 2024, XPERIENCE sales surged by 99%, fueled by strong clinical evidence, broader adoption for infection prevention, and expanded access through Group Purchasing Organizations (GPOs).

To support long-term growth, we streamlined our sales strategy—restructuring our team, unifying our XBIO product approach, and shifting our Durable Medical Equipment (DME) sales to a commission-based model. These changes created a more scalable, cost-effective sales force while reducing expenses and cash burn.

BLASTX® Antimicrobial Wound Gel

Provides wound management by maintaining a moist wound environment. On day 1, the antimicrobial properties of the gel inhibit the growth of microorganisms in the product.

- Provides a moist wound environment, conducive to healing
- Biocompatible
- Prevents bacterial growth within the gel
- Broad-spectrum efficacy

Durable Medical Equipment (DME) Wound Care

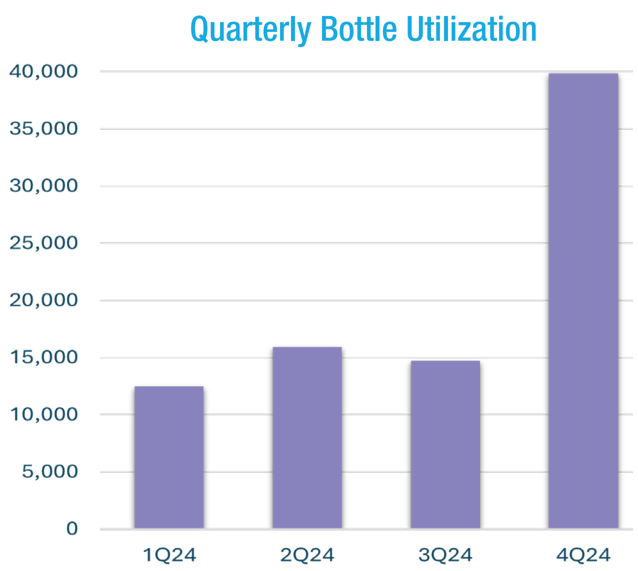
A collection of wound care supplies which includes BLASTX.

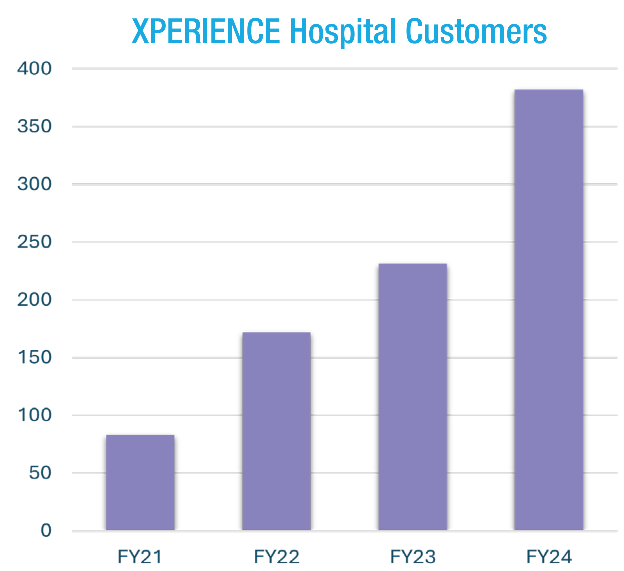
- Variations available
- Available for insurance billing

XPERIENCE® Advanced Surgical Irrigation

Designed for use in cleansing and removal of debris and microorganisms from wound sites.

- No saline rinse required
- Manual or powered irrigation
- Biocompatible





Physician Testimonials

XPERIENCE™ Advanced Surgical Irrigation

"XPERIENCE is incredibly easy to use in surgery, seamlessly integrating into my workflow. I'm excited about its potential to support my goal of achieving zero post-op infections and enhancing patient outcomes with innovative antimicrobial technology."

- Dr. Adam J. Cien, DO, FAAOS

BLASTX® Antimicrobial Wound Gel

"The wound was evaluated for underlying infection and vascular compromise. Once optimized, the combination of BLASTX and collagen lead to full closure of the wound size."

- Dr. Keval G. Parikh, DPM, FACFAS, FAPWHc

XPERIENCE™ Advanced Surgical Irrigation

"I have been an orthopedic surgeon for 25 years. I love my chosen profession. Unfortunately, some of the treatments I deploy can have a negative outcome. One of the most devastating is a surgical site infection. In my opinion, Next Science has been one of the industry leaders focused on the most important mission in orthopedics: zero surgical site infections! Next Science is creating the agents we need, like XPERIENCE, to accomplish our mission - zero surgical site infections!"

- Dr. Brian S. Cohen, MD

Case Study: Healing a Venus Ulcer

Timeline:

12/03/24

12/09/24

12/16/24

12/30/24

Patient: 80-year-old female
Condition: Lower left leg venous ulcer from trauma (dishwasher injury)
Medical History: Hypertension, high cholesterol, bladder cancer, lymphedema, drug-induced lupus, MCD

Treatment:

- Initial care: Wound open for 8 weeks, treated with topical antibiotic, worsening symptoms. Prescribed Doxycycline (12/02/2024)
- Office visit (12/03/2024): No bacteria found, subcutaneous debridement performed
- Collagen sheets, BLASTX, and compression dressing applied
- Follow-up: Twice-weekly dressing changes

Outcome:

50% Reduction 1st week

75% Reduction 3rd week

100% Healed in 4 weeks

Conclusion: BLASTX and advanced wound care led to complete healing in just four weeks.

Recent Studies/Publications

Date	Area	Authors	Link
Jan 2024	XBIO Efficacy Against Biofilm	Cox, Manavathu, Wakade, Myntti, Vazquez	https://pubmed.ncbi.nlm.nih.gov/38214428/
Feb 2024	XPERIENCE Protocol	Sequeira, Myntti, Mont	https://pubmed.ncbi.nlm.nih.gov/38372561/
Feb 2024	Bactisure Safety	Powell, Comer, Wu, Dietz, Bou-Akl, Ren, Markel	https://pubmed.ncbi.nlm.nih.gov/38292145/
Feb 2024	BLASTX Case study on Sweets Syndrome	Stevenson, Warwick, Wirz, Birtwell	https://worldjournalofcasereports.org/science-world/articlepdf/wjcrci-24-31-224.pdf
Feb 2024	Irrigation, PJI	Sequeira, Myntti, Mont	https://pubmed.ncbi.nlm.nih.gov/38372561/
Mar 2024	XPERIENCE Overview of Research	Sequeira, Myntti, Lee, Mont	https://pubmed.ncbi.nlm.nih.gov/38547415/
Apr 2024	XPERIENCE Efficacy - SSI and PJI	Ronald W. Singer	https://pubmed.ncbi.nlm.nih.gov/38588520/
Apr 2024	XPERIENCE Efficacy - PJI Retrospective	Williams, Harris	https://pubmed.ncbi.nlm.nih.gov/38627352/
May 2024	Bactisure Efficacy and Safety	Andriollo, Sangaletti, Velluto, Perticarini, Benazzo, and Rossi	JCM | Free Full-Text | Impact of a Novel Antiseptic Lavage Solution on Acute Periprosthetic Joint Infection in Hip and Knee Arthroplasty (mdpi.com)

Recent Studies/Publications (cont.)

Date	Area	Authors	Link
Jun 2024	Bactisure Efficacy	Seta, Pawlitz, Aboona, Weaver, Bou-Akl, Ren, Markel	https://pubmed.ncbi.nlm.nih.gov/38889807/
Apr 2024	BLASTX and Negative Pressure Therapy	T. Serena, King, L. Serena, Breisinger, Al-Jalodi, Myntti	https://www.mdpi.com/2075-4418/14/7/774
Jul 2024	BLASTX Case Study on Wounds	Stevenson, Hawk	https://www.worldjournalofcasereports.org/abstract/case-study-controlling-the-wound-environment
Jul 2024	BLASTX Case Study with Collagen	Stevenson, Hawk	https://worldjournalofcasereports.org/abstract/case-study-effectiveness-of-blastx-with-collagen-in-challenging-wound-scenarios
Jul 2024	XPEREINCE Protocol - PJI	Valdés and Minter	Frontiers | Clinical use and applications of a citrate-based antiseptic lavage for the prevention and treatment of PJI (frontiersin.org)
Sep 2024	Biofilms	Gaur, Predtechenskaya, Voyich, James, Stewart, Borgogna	https://pmc.ncbi.nlm.nih.gov/articles/PMC11509154/
Oct 2024	XPEREINCE Efficacy - SSI	Vatti, Gopinath, Heshmat, Lariosa, Rabbitt, Bashyal	https://journaloei.scholasticahq.com/article/121295-the-use-of-a-novel-surgical-irrigant-may-be-associated-with-decreased-incidence-of-surgical-site-infections
Oct 2024	BLASTX Efficacy Against Chemotherapy-Induced Pustulosis	Sutherland, Kaneb, Vlad	https://woundsinternational.com/journal-articles/chemotherapy-induced-eruptive-pustulosis-refractory-to-traditional-dermatologic-treatment/
Nov 2024	BLASTX Case Study on Scarring	Stevenson, Hawk	https://worldjournalofcasereports.org/abstract/case-study-minimizing-scarring-in-wound-healing
Dec 2024	Bactisure Efficacy	Chowdhry, Dipane, Duncan, Pena, Stavrakis, McPherson	https://www.thekneejournal.com/article/S0968-0160(24)00171-6/fulltext
Dec 2024	Bactisure Efficacy - PJI	Marquez-Gomez et al	https://pubmed.ncbi.nlm.nih.gov/39766614/
Jan 2025	Bactisure Comparison Study	Chao CA, Khilnani TK, Jo S, Shenoy A, Bostrom MPG, Carli AV.	https://journals.lww.com/jbjsjournal/abstract/2025/01150/not_all_antiseptic_solutions_are_equivalent_in.3.aspx
Jan 2025	Bactisure Efficacy - PJI	Quinn, van Duren, Berber, Higgins, Matar, Manktelow, Bloch	https://pubmed.ncbi.nlm.nih.gov/39911248/

Chair Message

Dear Fellow Shareholders,

I am pleased to present the Next Science Limited Annual Report for the year ended 31 December 2024.

A Transformational Year

2024 has been another important year for Next Science as we transformed our sales force, increasing the variability of our cost base and enhancing our ability to scale. This reduced cash burn by more than US$7m annually as we transitioned our go-to-market strategy from a high fixed cost base which was unsustainable to a variable one. The focus on revenue quality and right-sizing of our cost base led to significant margin improvement and substantial reduction in our annual EBITDA loss.

We also made good progress towards our objective of being cash flow and EBITDA positive. Next Science was Adjusted EBITDA positive and cashflow positive for one month in 4Q FY24, giving us two non-consecutive months of cash flow positive results in FY24.

In July 2024, we put in place a US$5m unsecured loan facility to provide access to additional capital as we continue to transform key elements of the business.

Clinical Studies

During 2024, we increasingly challenged the standard of care with additional published clinical research for both BLASTX and XPERIENCE. This not only demonstrated the effectiveness of our products, but the published studies led to even broader recognition in the medical community.

Recent clinical studies have shown XPERIENCE lowers the risk of surgical site infection and reduces post-procedure inflammation, often reducing pain and opioid use. Fewer infections and less inflammation also reduces overall healthcare costs, delivering significant value to the healthcare system. Published research further highlighted the efficacy of BLASTX in treating chronic wounds such as pressure ulcers.

We continued to recruit for our 7,600-patient study into periprosthetic joint infections (PJI) through the Hospital Research Institute in Canada. The randomized controlled study will be one of the largest orthopaedic studies ever conducted and will assess the rate of PJI in patients undergoing primary total knee arthroplasty, total hip arthroplasty, or hip resurfacing with XPERIENCE versus diluted Betadine. Investigator site onboarding and patient enrollment continues according to plan with 1,220 patients enrolled across five sites at the end of 2024.

FY24 Financial Result

In FY24, Next Science delivered record revenue of US$22.8m, 3% higher year-on-year (YOY). Increased direct sales of XPERIENCE and partner sales offset a decline in the Durable Medical Equipment (DME) channel due to the transition to a predominantly agency or independent sales force.

Direct product sales of US$17.4m were also up 3% YOY and accounted for 76% of total sales (FY23: 76%). A strong XPERIENCE performance drove direct surgical sales, up 99% YOY. This was based on the increasing body of clinical evidence, extension of the use case from high-risk to prophylactic and the opportunities created by the U.S. saline shortage in the fourth quarter.

Chair Message (cont.)

Gross Profit of US$18.4m was up 14% YOY due to the shift in product mix as XPERIENCE represented a higher proportion of sales. This was reflected in the improvement in the Gross Margin to 81% from 73% in FY23.

Operating expenses were 15% lower YOY mainly due to a 21% reduction in Selling & Distribution Expenses as Next Science restructured its sales force to increase its variable cost base. Research & Development Expenses were down 20% YOY due to cost reduction initiatives.

In FY24, Next Science reported an Adjusted EBITDA loss of (US$8.0m) compared to (US$14.8m) in the prior year as the Company improved the quality of its revenue and transformed its cost base.

Cash receipts of US$22.7m were up 13% YOY (FY23: US$20.1m). Payments to suppliers of US$29.7m were 11% lower YOY reflecting lower staff costs post the sales force restructure, additional cost reduction initiatives and the realisation of supply chain efficiencies.

Net operating cash outflows of US$8.0m in FY24 represented a significant improvement compared to outflows of US$15.1m in FY23. Cash burn was reduced during 2024 reflecting the focus on profitable revenue and the shift to a more variable cost base. In 4Q FY24, net operating cash outflows were only US$0.65m despite the inclusion of additional payments associated with ongoing legal actions.

At 31 December 2024, Next Science had cash on hand of US$1.7m (31 Dec 2023: US$9.2m) and debt of US$2.0m. During 2H FY24, Next Science drew down US$2.0m from the US$5.0m loan facility with a further US$3.0m in funding available.

Our Outstanding Team

A lot of progress has been made during 2024 in continuing to realise our vision of healing people and saving lives. Our products are more widely used today than a year ago with our proprietary XBIO technology reducing the devastating impact of biofilm-based infections, delivering better patient outcomes and reducing healthcare costs.

Our relatively new executive team led by I.V. has worked incredibly hard to put in place a finetuned strategy and transform the organisation so that it is positioned for success and profitable growth.

On behalf of the Board, I would like to thank our Next Science team for their dedication and commitment to our business. I would also like to thank our board of directors for their counsel and guidance during another important year for the Company. Finally, I would like to thank our Shareholders for their ongoing support.

Aileen Stockburger

Aileen Stockburger
Chair and Independent Non-Executive Director

[1]Refer to ASX announcement on 8 January 2025.

CEO Message

Dear Fellow Shareholders,

I am pleased to deliver the 2024 annual report, my first full year serving as your CEO.

Next Science is a different company than 12 months ago. Our 2024 priorities were to implement a new, more variable cost base and undertake a sales transformation that would lay the foundation for future growth. The process began with the consolidation of sales leadership and implementation of a unified field strategy to meet customer demand and provide access to our entire XBIO product portfolio.

We restructured our DME sales team and go-to-market strategy, moving from a direct sales model to one focused on independent, agency representatives who earn commissions on what they sell. These changes have delivered a more scalable sales force and variable cost structure resulting in annual cost savings and significant reduction in cash burn. At the same time, we invested in new capabilities for onboarding independent sales agents (or “1099s”), providing training with a dedicated curriculum and materials on both our surgical and wound care products.

The investment in additional data and research made possible by the 2023 equity raising further deepened our understanding of our core markets and led to the implementation of new processes. The introduction of new metrics and analytics allowed us to better assess the performance of our sales force with a focus on productivity and market share gain in a given territory. And we have continued to bring critical new skills into the business with the appointment of a dedicated leader of marketing and communications in October 2024.

We are better positioned for success and profitable growth than a year ago as we continue to optimise our cost base and remain laser focused on achieving positive cashflow and EBITDA.

Delivering on our strategic priorities

In FY24, strong growth in direct sales of XPERIENCE was driven by several clinical study publications, opportunities created by the GPO contract, and extension of the use-case from high risk to prophylactic. The U.S. saline shortage provided additional opportunity to expand our footprint, contributing to a tripling of XPERIENCE sales in 4Q FY24 on the prior corresponding period (PCP). A key focus in 2025 will be to retain and nurture these new customers.

We see a variety of pathways for commercial expansion in the wound care market. In the DME channel, we continue to increase our payor base and add to the independent sales force which sells both BLASTX and DME. Upcoming regulatory changes to synthetic skin substitute (“skin sub”) reimbursement are also expected to create opportunity and we have positioned our 1099s to form part of this type of portfolio. Under the new regulations, BLASTX will be a significant, complementary product for independent agents who sell skin subs as patients will need to demonstrate progression of healing to qualify for reimbursement.

CEO Message (cont.)

As part of our unified field strategy, BLASTX is now included in our surgical sales channel which opens the door to selling commercial BLASTX to complement the use of XPERIENCE. We also made the progress required in 2024 for the 2025 launch of a solution targeted at a very difficult and painful disease state with tunnelling wounds known as Hidradenitis Suppurativa (HS). Initial pilot studies have shown efficacious results from using BLASTX with a new wound gel applicator, NexFlex™, developed by Next Science. This will involve selling into dermatology clinics, a new channel and target market for BLASTX.

The growing body of both BLASTX and XPERIENCE clinical research has led to increased awareness, use and adoption over the past year. We expect this trend to continue. In 2025, two major clinical studies are expected, including the first meta-analysis of retrospective studies by Doctors Singer, Harris and Bashyal. Recruitment for the Canadian study also continues with an interim analysis expected after 3,800 patients.

Outlook

Turning to the year ahead, we will continue to focus on driving growth in our core products. Challenging the standard of care involves changing the muscle memory across the medical community. We continue to make good progress in increasing brand awareness, product adoption and advocacy, and engaging with clinicians who are excited to study the benefits of using our products. Despite the "lumpy" nature of our business, we maintain a disciplined approach to cost and cash management and continue to prioritise achieving positive EBITDA and cash flow.

I would like to thank our Board, the entire Next Science team and our shareholders for their invaluable contribution to the continued growth of our company.

Harry Thomas Hall, IV (I.V.)
Managing Director and Chief Executive Officer

Next Science Limited

ACN 622 382 549

Annual Report - 31 December 2024

Directors' Report

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 year ended 31 December 2024 (Group). All amounts are presented in U.S. dollars (USD) unless otherwise stated.

DIRECTORS

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

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

Former
Daniel Spira (resigned on 3 May 2024)

DIVIDENDS

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

OPERATING AND FINANCIAL REVIEW

Principal activities

The principal activities of the Group during the course of the 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, U.S.

Significant changes in the state of affairs

Revenues grew by 2.9% in 2024 with direct sales of XPERIENCE up 99% as a result of increased clinical evidence, extension of the use case from high risk into prophylactic use, and continued expansion of the Group's Purchasing Organisation (GPO) footprint providing a broader access to healthcare sites.

In 2024, the Group focused on implementing a new cost base and a sales transformation to lay the foundations for future growth. The Group restructured the direct sales force team during 1H 2024 with the consolidation of its sales leadership, implementation of a unified field strategy for its XBIO product suite, and the restructuring of its Durable Medical Equipment (DME) sales force and go-to-market strategy from a direct sales structure to a model focused on agency representatives who are independent and earn commissions on what they sell 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. These changes delivered a more scalable sales force and a more variable cost structure with annual cost savings and a significant reduction in cash burn.

Significant changes in the state of affairs (cont.)

On 17 July 2024, the Group announced it 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). 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 amounts drawn under the Facility and accrued interest is payable on the earlier of the Facility termination date and the date the principal outstanding is repaid in full. The total amount drawn down on the Facility as at 31 December 2024 amounted to US$2 million. 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 17 July 2024.

In October 2024, the Company announced the publication of the findings of a retrospective 1,295-patient study by leading orthopaedic surgeon Dr. Bashyal. The study found XPERIENCE to be efficacious in preventing periprosthetic joint infection (PJI) in patients undergoing primary total knee (TKA) and hip (THA) arthroplasties (joint replacement).

In the opinion of the Directors, other than the events previously stated, there were no further significant changes in the state of affairs of the Group that occurred during the year.

Shareholder returns

	2024	2023
Revenue	**$22,816,266**	**$22,179,327**
Loss attributable to owners of the company	($10,586,018)	($16,270,814)
Basic earnings per share (EPS) (cents)	**($3.63)**	**($6.95)**
Share price as at 31 Dec (A$)	**A$0.120**	**A$0.340**
Return on capital employed	**(171.9%)**	**(113.4%)**

Review of operations

The loss for the Group for the financial year to 31 December 2024 after providing for income tax amounted to $10,586,018 (2023: $16,270,814).

Revenue increased by 2.9% for the period increasing from $22,179,327 in the prior corresponding period to $22,816,266. The increase in sales included continued growth in the Surgical business with direct sales of XPERIENCE offsetting a sales decline in the Durable Medical Equipment (DME) channel due to the transition to a predominantly agency sales force.

Gross profit for FY24 was $18,443,406 compared to $16,234,576 in the prior corresponding period. Gross margin as a percent of sales was 81% compared with 73% in the prior corresponding period.

Selling and distribution expenses were $16,067,483, a decrease of $4,097,852 compared with $20,165,335 in the prior corresponding period. The decrease in spend in 2024 mainly relates to the sales force restructuring with a significant decrease in the size of the direct sales force and transition to a predominantly agency sales force resulting in a more variable cost structure for the Group. Agency representatives (1099s) are independent and earn commissions on what they sell.

Research and development expenses were $5,950,269, a decrease of $535,255 compared with $6,485,524 in the prior corresponding period. Whilst there was continued spend on research and development projects and clinical studies there were fewer costs incurred.

Administration expenses were $6,752,235, an increase of $1,141,776 compared with $5,610,459 in the prior corresponding period. The increase mainly relates to the issue of Performance Rights and Options as part of the Group's Long-Term Incentive Plan and legal costs associated with litigation against several former employees for breach of post-employment restraints.

Review of operations (cont.)

Cash and cash equivalents at 31 December 2024 amounted to $1,673,917 compared to $9,238,697 at 31 December 2023. Term deposits at 31 December 2024 amounted to $Nil compared to $37,823 at 31 December 2023.

The Directors have considered uncertainties arising from geo-political conflicts, the interest and inflation outlook and climate-related risks and do not expect any significant impact on the Group arising from these matters.

Inherent risks of investments in healthcare companies

There are many inherent risks associated with the development of medical devices to a marketable stage. The sale and distribution of some Next Science 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 (FDA) in the U.S. and the Therapeutic Goods Administration (TGA) in Australia. Next Science's success depends on its ability to develop and market products 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.

Likely developments and expected results of operations

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Matters subsequent to the end of the financial year

On 8 January 2025, Next Science advised it was involved in litigation against several former employees for breach of post-employment restraints (Non-Compete Action) and one of the former employees had filed a derivative complaint in the Duval County - Fourth Judicial Circuit Court in Florida, purportedly as a shareholder on behalf of the Company and its subsidiary, Next Science LLC, alleging mismanagement and breaches of fiduciary duties. The Company's Board of Directors is concerned the Complaint has not been brought in good faith due to the fact the former employee has sought to tie the derivative complaint to the Non-Compete Action. However, the Company is following recommended practice in undertaking an independent investigation into the matters alleged.

In February 2025, the Group was issued with a Warning Letter relating to the U.S. Food and Drug Administration (FDA) inspection of the Company's Jacksonville, Florida facility during August and September 2024. Following the FDA's inspection, the FDA provided the Company with a list of observations, via a Form FDA-483. The Group implemented corrective actions addressing the FDA's observations. The Warning Letter notes the corrective actions undertaken as well as ongoing corrective actions and states a follow-up inspection is needed to evaluate the implementation and effectiveness of the Company's corrective actions.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event, other than those matters detailed above, of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Environmental regulation

The Group's operations are not subject to significant environment regulations under either Commonwealth or State legislation. The Board believes the Group has adequate systems in place for the management of environmental requirements.

OPERATING AND FINANCIAL REVIEW (CONT.)

Government regulation

The Group is subject to varying degrees of governmental regulation in the countries in which its operations are conducted, and the general trend is towards increasingly stringent regulation. In the U.S., the drug, device, diagnostics and cosmetic industries have long been subject to regulation by various federal and state agencies, primarily as to product safety, efficacy, manufacturing, advertising, labelling and safety reporting. The exercise of broad regulatory powers available to the U.S. Food and Drug Administration (the “FDA”) can result in increases in the amounts of testing and documentation required for FDA clearance of new drugs and devices and a corresponding increase in the expense of product introduction. Similar trends are also evident in major markets outside of the U.S.

The Jacksonville-based subsidiary, Next Science LLC, is licensed and accredited by U.S. Medicare, as a Durable Medical Equipment (DME) provider based in the State of Florida, U.S. Such licensing and accreditation, brings with it additional regulatory and compliance obligations. Being accredited as a DME business, Next Science must comply with the U.S Health Insurance Portability and Accountability Act (HIPAA) which requires companies that deal with protected health information to have physical, network, and process security measures in place and follow them. Next Science needs to ensure it maintains its HIPAA compliance in order to continue to be accredited as a DME entity.
The Group relies on global supply chains, and production and distribution processes that are complex and are subject to lengthy regulatory approval processes and ongoing regulatory requirements which can affect sourcing, supply and pricing of materials used in the Group’s products.

Information on directors

Name:	**Aileen Stockburger**
Title:	Chair and Independent Non-Executive Director
Special responsibilities:	Member; Audit and Risk Committee Member; People, Culture and Remuneration Committee
Qualifications:	Bachelor of Science and MBA, The Wharton School, University of Pennsylvania, Graduate of the Australian Institute of Company Directors, Certified Public Accountant (CPA – U.S.)
Experience and expertise:	Prior to joining Next Science, Aileen was the Worldwide Vice President of Business Development for the DePuy Synthes Group of Johnson & Johnson, where she oversaw the group’s merger and acquisition activities, including deal structuring, negotiations, contract design and review, and deal terms. Aileen led Johnson & Johnson’s efforts to acquire Synthes for approximately $21 billion, Johnson & Johnson’s largest medical device acquisition. She also led the efforts to drive the DePuy Trauma business and acquire Micrus Endovascular. Aileen was also involved in numerous other M&A transactions including Pfizer Consumer Healthcare (US$16.5 billion), Aveeno, BabyCenter, OraPharma, DePuy, DePuy Miket, Kodak Clinical Diagnostics and Neutrogena.
Other listed company directorships in last three years:	Non-Executive Director, Microbot Medical Inc. (NASDAQ: MBOT).

OPERATING AND FINANCIAL REVIEW (CONT.)

Information on directors (cont.)

Name:	**Harry Thomas Hall, IV (I.V. Hall)**
Title:	Managing Director and Chief Executive Officer
Special responsibilities:	None
Qualifications:	Bachelor of Science: Ceramic Engineering and Master of Science: Bioengineering, Clemson University MBA, Pennsylvania State University Advanced Management Program, Harvard Business School
Experience and expertise:	I.V. has more than 28 years' experience in the global medical device industry and has held diverse general management roles including product development, global strategic marketing, commercial operations, and sales leadership. Prior to joining Next Science, I.V. was a member of the Global Leadership Team and R&D Leadership Team for DePuy Synthes, a subsidiary of Johnson & Johnson (NYSE: JNJ), and completed the launch of the first surgical robot developed by JNJ / DePuy Synthes. I.V. joined DePuy Synthes in 1997 where he held senior roles including: Global Vice President – MedTech R&D and Worldwide President – Trauma, Extremities, Craniomaxillofacial & Animal Health. As Worldwide President of Trauma, Extremities, Craniomaxillofacial and Animal Health, I.V. was responsible for a global portfolio and execution strategy for a US$3.2bn platform including upstream marketing and commercial planning in the Global Orthopaedic Unit of DePuy Synthes. In addition to managing over 1,100 staff across sales, marketing and R&D, I.V. created and sustained personal relationships with well over one hundred key opinion leaders worldwide.
Other listed company directorships in last three years:	None

Name:	**Grant Hummel**
Title:	Independent Non-Executive Director
Special responsibilities:	Chair, People Culture and Remuneration Committee
Qualifications:	Bachelor of Science with an honours degree in molecular genetics and Bachelor of Laws (Honours), University of Tasmania Graduate Diploma of Applied Finance and Investment, FINSIA (now Kaplan)
Experience and expertise:	Grant was part of Next Science's ASX listing deal team in 2019. He has been a partner of a major Australian law firm for over fifteen years. Grant has experience with corporate and commercial transactions, with particular expertise in advising primary care, allied health, medical device and life science clients.
Other listed company directorships in last three years:	Non-Executive Director of GLG Corp Ltd (ASX:GLE)

Information on directors (cont.)

Name:	Katherine Ostin
Title:	Independent Non-Executive Director
Special responsibilities:	Chair, Audit and Risk Committee
Qualifications:	Bachelor of Commerce (Accounting and Finance), University of New South Wales, Fellow of the Financial Services Institute of Australasia Graduate, Australian Institute of Company Directors
Experience and expertise:	Kathy is an experienced Non-Executive Director and audit and risk committee chair. Kathy was an Audit, Assurance and Risk Consulting Partner at KPMG from 2005 to 2017 and has extensive experience in aged care and healthcare sectors, having established and led KPMG's New South Wales Health, Ageing and Human Services audit practice from 2006 to 2017. During her 24 years with KPMG, Kathy worked in Australia, the U.S., Asia, and the UK.
Other listed company directorships in last three years:	Non-Executive Director of 3P Learning Limited (ASX:3PL) since August 2021
	Non-Executive Director of Dusk Group Limited (ASX:DSK) since September 2020
	Non-Executive Director of Capral Limited (ASX:CAA) since June 2020
	Non-Executive Director of Elanor Investors Group Limited (ASX: ENN) and Elanor Commercial Property Fund (ASX:ECF) since January 2024
	Non-Executive Director of Healius Limited (ASX:HLS) since December 2024

Name:	Daniel Spira (retired 3 May 2024)
Title:	Independent Non-Executive Director
Special responsibilities:	Chair, People, Culture and Remuneration Committee
Qualifications:	Bachelor of Commerce, University of New South Wales
Experience and expertise:	Dan is the CEO of iNova Pharmaceuticals (since 2017), a leading multinational consumer healthcare and pharmaceutical company with operations across Asia Pacific and Africa. Previously, he was at Bausch Health (2011-2015) as Vice President and GM-North America (with responsibility for a portfolio of businesses spanning Vision Care, Dermatology and Aesthetic Devices) and was also Managing Director, Pacific region. Prior to that, Dan spent over 15 years at Johnson & Johnson in various roles including Vice President, Country Manager, Chief Marketing Officer and other sales and marketing roles across the Asia Pacific, Europe/Middle East and North American regions.
Other listed company directorships in last three years:	None

Company Secretary

Gillian Nairn, BA/LLB, LLM, FGIA, was appointed Company Secretary on 21 June 2018. Gillian is an experienced corporate governance professional with more than 20 years legal and governance experience gained in private practice and various in-house and consulting company secretarial roles, predominantly with listed entities.

Information on directors (cont.)

Meetings of directors

The number of meetings held and attended by each of the Directors of the Company during the year ended 31 December 2024 as follows:

Name of director	Board meetings		People, Culture & Remuneration Committee		Audit & Risk Committee	
	A1	B2	A	B	A	B
Aileen Stockburger	21	20	3	3	6	6
Harry Thomas Hall, IV	21	20	-	-	-	-
Grant Hummel	21	21	3	3	6	6
Katherine Ostin	21	21	1	1	6	6
Daniel Spira[3]	7	6	2	2	-	-

[1]A - Number of meetings held
[2]B - Number of meetings attended by the Director during the time the Director was a member of the Board or Committee
[3]Retired on 3 May 2024

Directors' interests

The relevant interest of each Director in shares, Options and Rights over such instruments issued by the Group, as notified by the Directors to the ASX in accordance with section 205G(1) of the Corporations Act 2001 at the date of this report as follows:

Director	Fully paid ordinary shares	Share Options or Rights	
	Number	Number	
Aileen Stockburger	569,638	-	-
Grant Hummel	387,694	-	-
Harry Thomas Hall, IV (I.V. Hall)*	665,131	930,262	Sign-on Rights
		1,814,394	Performance Rights
		3,361,855	Options
Katherine Ostin	-	-	-
Total	**1,622,463**	**6,106,511**	

*Note: I.V. Hall has a contractual right to a Sign-on Grant of Rights and has been issued further Rights and Options under the LTI Plan. Refer page 16 for further details.

Shares under Option and Rights

As 31 December 2024, there are 26,150,521 Options and 13,385,230 Rights over ordinary shares on issue (2023: 6,349,967 Options and 2,017,151 Rights), representing 13.5% (2023: 2.87%) of the Company's total share capital, granted to the employees and Directors of the Company.

Indemnity and insurance of officers

The Group has indemnified the Directors and executives of the Group for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group has paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company and the Group have not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

OPERATING AND FINANCIAL REVIEW (CONT.)

Information on directors (cont.)

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the company

No person has applied to a court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

A former employee of the Company has filed a derivative lawsuit in the Duval County - Fourth Judicial Circuit Court in Florida, purportedly as a shareholder on behalf of the Company and its subsidiary, Next Science LLC, without seeking leave to do so, as required under section 237. The complaint makes various allegations against alleged officers and directors of Next Science Limited and Next Science LLC. The Company has filed a motion to dismiss the complaint on grounds including that the plaintiff lacks standing to bring his claims due to his failure to satisfy the requirements imposed upon derivative plaintiffs by Australian law.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 35 to the financial statements.

The Directors are satisfied the provision of non-audit services by the auditor during the financial year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion the services as disclosed in note 35 to the financial statements do not compromise the external auditor's independence requirements under the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure they do not impact the integrity and objectivity of the auditor; and
- The external auditor has declared to the Directors that to the best of the individual auditor's knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act and no contraventions of any applicable code of professional conduct in relation to the audit for the year ended 31 December 2024.
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards), as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Officers of the Company who are former partners of KPMG

No officer of the Company was an audit partner of KPMG, being the auditors during the financial year, at a time when the audit firm undertook an audit of the Company.

Auditor's independence declaration

The auditor's independence declaration is set out on page 32 and forms part of the Directors' Report for the financial year ended 31 December 2024.

Auditor

KPMG continues in office in accordance with section 327 of the Corporations Act 2001.

REMUNERATION REPORT (AUDITED)

This Remuneration Report forms part of the Directors' Report for the year ended 31 December 2024. This Report outlines the details of the remuneration arrangements for the key management personnel of the Group, including remuneration strategy, framework and practices, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

For the purposes of this Report, key management personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director of the Company (non-executive or executive).

The information in this Remuneration Report is set out under the following headings:

- Key management personnel
- Remuneration governance
- Service agreements and remuneration policy
- Non-Executive Directors' remuneration
- Employee incentive arrangements and link between performance and reward
- Share Option plans and Performance Rights over equity instruments
- KMP Remuneration
- KMP Equity Holdings

Key management personnel

The KMP of the Group during the financial year and the positions held are summarised below:

Non-Executive Directors
Aileen Stockburger, Chair
Grant Hummel
Katherine Ostin
Daniel Spira (resigned on 3 May 2024)

Managing Director and CEO
Harry Thomas Hall, IV (I.V.)

Other KMP

Marc Zimmerman	(Chief Financial Officer)
Matthew Myntti	(Chief Technology Officer)
Jon Swanson	(Chief Operating Officer)

Remuneration governance

The People, Culture and Remuneration Committee comprises the following members:

- Grant Hummel (Chair – appointed on 4 May 2024)
- Aileen Stockburger
- Katherine Ostin (appointed on 28 August 2024)
- Daniel Spira (resigned on 3 May 2024)

The role and responsibilities, composition, structure and membership requirements of the People, Culture and Remuneration Committee are documented in the People, Culture and Remuneration Committee Charter available at www.nextscience.com/corp-governance.

The People, Culture and Remuneration Charter provides that the Committee should comprise of only Non-Executive Directors, at least three members, the majority of whom are independent Directors and a chair appointed by the Board who is an independent Director and is not Chair of the Board.

The Chair of the Committee should be an independent Director who is not Chair of the Board.

The Charter requires the Committee to meet at least twice each year.

All of the current members of the People, Culture and Remuneration Committee have been assessed by the Board as being independent Non-Executive Directors and the Chair of the Committee is not Chair of the Board.

Executives are employed under executive employment agreements with the Group.

In determining remuneration, the Group considers:

- industry based remuneration benchmaking (Australia and U.S.);
- market developments affecting remuneration practices;
- the remuneration expectations of an executive whom the Company wants to employ;
- future outlook for the Group and market generally;
- the Company's performance over a performance period; and the link between remuneration and the successful implementation of the Company's strategy and achievement of strategic objectives.

Executive incentives comprise fixed and variable elements linked to Company and individual performance as detailed in this Report.

Employment agreements

Name:	**Harry Thomas Hall, IV (I.V. Hall)**
Title:	Managing Director and Chief Executive Officer (CEO)
Details:	Ongoing service agreement.
	If the Company terminates I.V's employment without Cause or I.V. resigns other than for Good Reason, 90 days' notice must be provided.
	If I.V. resigns for Good Reason, the Company must continue to pay I.V. for 6 months from the termination date; up to 6 months of COBRA[1] reimbursement; pro rata STI for current year payable in a single cash lump sum on the date the STI otherwise would have been paid; earned and unpaid STI for the previous year; and accelerated vesting of outstanding service-based equity grants and continued eligibility for vesting of performance-based equity grants (in each case on a pro rata basis).
	The Company can terminate immediately for Cause.
	I.V. is entitled to participate in the Company's short and long-term incentive plans.
	I.V.'s services agreement contains standard provisions regarding duties, leave entitlements, confidentiality, intellectual property, non-competition and non-solicitation restrictions.

[1] COBRA is a US law that allows former employees to elect to remain as participants in their former employer's group health insurance plan for a limited period of time after termination of employment

Name:	**Marc Zimmerman**
Title:	Chief Financial Officer (CFO)
Details:	Ongoing service agreement.
	Marc's employment may be terminated by either party at any time and for any reason on 60 days' notice. If Marc resigns, the Company may unilaterally accelerate the date of termination.
	Marc is entitled to participate in the Company's short and long-term incentive plans.
	Marc's services agreement contains standard provisions regarding duties, leave entitlements, confidentiality, intellectual property, and non-competition and non-solicitation restrictions.

Employment agreements (cont.)

Name:	**Dr. Matthew Myntti**
Title:	Chief Technology Officer (CTO)
Detail:	Ongoing employment agreement to be reviewed annually by the Company.
	The Company or employee may terminate the service agreement by giving 90 days written notice.
	The Company may terminate immediately for Cause as defined in the agreement.
	Matthew is entitled to participate in the Company's short-term and long-term incentive plans.

Name:	**Jon Swanson**
Title:	Chief Operating Officer (COO)
Details:	Jon was appointed as Chief Strategy Officer (CSO) on 2 January 2025. Prior to that date, Jon performed the role of Chief Operating Officer (COO).
	Ongoing employment agreement to be reviewed annually by the Company.
	The Company or employee may terminate the service agreement by giving 90 days written notice.
	The Company may terminate immediately for Cause as defined in the agreement.
	Jon is entitled to participate in the Company's short-term and long-term incentive plans.

Non-Executive Directors' Remuneration

Each of the Non-Executive Directors has entered into appointment letters with Next Science confirming the terms of their appointment and their roles and responsibilities.

Under the Constitution, the Board has authority to decide the amount paid to each Non-Executive Director as remuneration for their services as a Director. However, the Constitution and the ASX Listing Rules stipulate that the total amount of fees paid to Non-Executive Directors (excluding any special exertion fees) must not exceed the amount approved by the Company's shareholders. This amount has been fixed initially in the Company's Constitution at A$750,000 per annum and may only be varied by ordinary resolution in general meeting.

The annual fee for Non-Executive Directors is A$90,000 per annum (inclusive of superannuation) and for the Chair is US$175,000 per annum (inclusive of superannuation). The Chair's fees reflect the additional responsibilities of the role. An additional fee of A$10,000 per annum is paid for performing the role of Chair of the Audit and Risk Committee or the People, Culture and Remuneration Committee. The Company paid special exertion fees to Aileen Stockburger during 2024 and 2023. Effective from 1 January 2024, the exertion fee paid has been US$1,000 per week. The exertion fees have been in consideration for assisting the Board in ensuring the Company's activities in the U.S. receive appropriate Board oversight and support.

Employee incentive arrangements and link between performance and reward

Short-Term Incentive (STI) Plan for executives

The CEO, CFO, CTO, and CSO are eligible to participate in the Company's short-term incentive plan (STI Plan). As at the date of this report, the Company has not appointed a COO.

The STI Plan year is defined as 1 January until 31 December in a given year.

Participants in the STI Plan, must be employed with the Company, or a wholly owned subsidiary of the Company, for at least six months during the Plan year. Participants who resign or are terminated before the end of a Plan year are not eligible for any payments under the Plan unless the Board determines otherwise, in its sole discretion.

Employee incentive arrangements and link between performance and reward (cont.)

The STI Plan year is defined as 1 January until 31 December in a given year.

Participants in the STI Plan, must be employed with the Company, or a wholly owned subsidiary of the Company, for at least six months during the Plan year. Participants who resign or are terminated before the end of a Plan year are not eligible for any payments under the Plan unless the Board determines otherwise, in its sole discretion.

The objectives of the STI Plan are to:
- reward executives for their contribution to ensuring Next Science achieves its annual goals and objectives;
- enhance Next Science's opportunity to attract, motivate and retain high calibre and high performing executives; and
- link part of executive remuneration directly to the achievement of Company and individual key performance objectives.

The making of any payment under the STI Plan is subject to the achievement of revenue and EBITDA performance gateway hurdles and an individual performance rating of at least 'meets expectations.'

The maximum STI opportunity is 100% of Total Fixed Remuneration (TFR) for the CEO and 80% of TFR for the other executive participants. To receive the maximum STI opportunity, the Company must achieve above 100% of Company performance targets and individual performance must be assessed as being at the top level of 'extraordinary.'

As a number of the members of the executive team already have significant security holdings in Next Science, any payments under the STI Plan are paid in cash to ensure the STI opportunities operate as true incentives.

No STI payments were made in respect of the financial year ended 31 December 2024 (2023: Nil) as the gateway revenue and EBITDA targets were not met.

Equity Plan for eligible persons

At the time of the Company's initial public offering (IPO) in April 2019, the Board of the Company established an equity incentive plan to facilitate the grant of equity to eligible persons to align their interests with shareholders through the sharing of a personal interest in the future growth and development of the Company (**NXS Employee Equity Plan**).

In May 2023, Next Science issued 700,000 Options with an exercise price of A$0.68 and expiry date of 1 May 2028 to employees under the NXS Employee Equity Plan. The only equity issued to employees in 2024 was issued under the Company's Long-Term Incentive Plan, as detailed below.

Long-Term Incentive (LTI) Plan

At the time of the Company's IPO, the Company also established a long-term incentive plan (LTI Plan) under which the Company could issue equity incentives to eligible executives of the Company.

During the financial year ended 31 December 2023, the Board undertook a review of the Company's approach to long-term incentives, assisted by external remuneration consultants, with the key objectives of the review including ensuring that the LTI Plan was appropriate for the size of the Company and its stage of development, the LTI Plan was aligned to the Company's strategy and commercialisation goals and the LTI Plan was simple to understand and valuable to all participants.

This review led to the Board revising the Company's LTI Plan in 2023 with a key change being the form of equity offered under the plan. Whereas previously the LTI Plan offered participants Performance Rights only, the LTI Plan now offers participants an equal split of Performance Rights and Options, i.e. 50% Performance Rights and 50% Options.

The eligible participants in the 2024 LTI Plan were the CEO, CFO, CTO, COO and Senior Vice-President, Sales, VP Product Development, VP Clinical & Regulatory Affairs, and VP Operations.

Employee incentive arrangements and link between performance and reward (cont.)

On 24 July 2023, 7,366,333 Options and 2,629,928 Performance Rights were issued under the Company's 2023 LTI Plan to members of the executive team who had been with the Company for more than 12 months. Similarly, on 3 May 2024, 3,361,855 Options and 1,814,394 Performance Rights were issued; and on 16 September 2024, 16,788,699 Options and 8,623,423 Performance Rights were issued under the Company's 2024 LTI Plan to members of the executive team who had been with the Company for more than 12 months.

The grant of equity under the NXS Employee Equity Plan or the LTI Plan is governed by the Next Science Employee Equity Plan Rules.

The number of Performance Rights granted under the LTI Plan, as amended, is based on the volume weighted average price (VWAP) of shares in the Company during the 30 days to 30 June in the relevant plan year.

The vesting of Performance Rights issued under the 2024 LTI Plan is dependent on satisfaction of vesting conditions relating to relative total shareholder return (Relative TSR) and continued employment during a three-year performance period. Relative TSR compares the Company's TSR performance against the TSR of a bespoke peer group comprising companies in the ASX 101-500 within the Health Care Global Industry Classification Standard (GICS) sector.

If Relative TSR performance is less than the 50th percentile, no Performance Right will vest. At the 50th percentile, 50% of the Performance Rights vest and at the 75th percentile, 100% of the Performance Rights vest. In-between the 50th and 75th percentiles, vesting occurs on a pro rata basis.

Subject to vesting conditions being satisfied, Performance Rights automatically convert to shares, on a one-for one basis, three years after the date on which they are granted. If vesting conditions have not been satisfied, the Performance Rights will automatically lapse. Participants must be employed by the Company or a wholly owned subsidiary at the date of vesting.

During the financial year ended 31 December 2024, 10,437,817 Performance Rights were issued under the Company's LTI Plan (2023: 2,629,928) and 1,395,393 Sign-on Rights were issued to the CEO.

The CEO was entitled to an initial sign-on grant of Performance Rights equivalent in value to US$500,000, vesting in equal tranches annually over a three-year period subject to continuous employment. The grant of the Sign-on Rights was approved by shareholders at the Company's 2024 Annual General Meeting. The first tranche of Sign-on Rights vested on 10 July 2024. Provided the CEO meets the continuous employment requirement, tranche 2 of the Sign-on Rights will vest on 10 July 2025 and tranche 3 will vest on 10 July 2026. As at 31 December 2024, and at the date of this report, the CEO holds 930,262 Sign-on Rights.

Options issued under the 2024 LTI Plan were issued in two equal tranches. The vesting of one tranche is subject to continued employment on the relevant vesting date and the vesting of the second tranche is dependent on satisfaction of a share price hurdle and continued employment on the relevant vesting date.

The Options are only exercisable during a two-year period commencing on the third anniversary of the grant date of the Options and ending on the fifth anniversary of the grant date. Any Options not been exercised by the end of this exercise period lapse.

If a participant resigns or is terminated for cause (including due to a material breach of their obligations to Next Science), all vested but unexercised Options immediately lapse on cessation. If a participant ceases employment for any other reason, any vested but unexercised Options they hold may be exercised within a period of 60 calendar days (or such other period determined by the Board) from the start of the exercise period applicable to the Options, after which time they will lapse.

During the year ended 31 December 2024, 20,150,554 Options were issued under the Company's LTI Plan. (2023: 7,366,333).

No Rights or Options lapsed on 31 December 2024 due to an executive's employment ending.

Employee incentive arrangements and link between performance and reward (cont.)

Details of the Options over ordinary shares issued under the LTI Plan which were held by KMP as at 31 December 2024 below:

KMP	Grant date	Expiry date	Vesting date	Fair value at grant date (USD)	Exercise price (USD)	Exercise price (USD)
Executive Director						
Harry Thomas Hall, IV	3 May 2024	3 May 2029	(i)	225,000	0.38	0.25
	3 May 2024	3 May 2029	(ii)	199,071	0.38	0.25
Non-Executive Directors						
Aileen Stockburger	-	-	-	-	-	-
Grant Hummel	-	-	-	-	-	-
Katherine Ostin	-	-	-	-	-	-
Other KMP						
Marc Zimmerman	16 Sep 2024	16 Sep 2029	(iii)	118,125	0.22	0.15
	16 Sep 2024	16 Sep 2029	(iv)	58,028	0.22	0.15
Jon Swanson	24 Jul 2023	24 July 2028	(v)	202,584	0.72	0.49
	16 Sep 2024	16 Sep 2029	(iii)	101,292	0.22	0.15
	16 Sep 2024	16 Sep 2029	(iv)	49,759	0.22	0.15
Matthew Myntti	24 Jul 2023	24 July 2028	(v)	275,625	0.72	0.49
	16 Sep 2024	16 Sep 2029	(iii)	137,813	0.22	0.15
	16 Sep 2024	16 Sep 2029	(iv)	67,699	0.22	0.15

i. The Vesting date of the Options is the third anniversary from the grant date, 3 May 2024. However, the Options are only exercisable during the two-year period starting on the third anniversary of the grant date being 3 May 2027 to 3 May 2029 and subject to the employee remaining employed by the Group.
ii. The Vesting date of the Options is third anniversary from the grant date, 3 May 2024. However, the Options are only exercisable during the two-year period starting on the third anniversary of the grant date being 3 May 2027 to 3 May 2029 provided the employee remained employed by the Group and the share price reaches A$1.00.
iii. The Vesting date of the Options is the third anniversary from the grant date, 16 September 2024. However, the Options are only exercisable during the two-year period starting on the third anniversary of the grant date being 16 September 2027 to 16 September 2029 and subject to the employee remaining employed by the Group.
iv. The Vesting date of the Options is the third anniversary from the grant date, 16 September 2024. However, the Options are only exercisable during the two-year period starting on the third anniversary of the grant date being 16 September 2027 to 16 September 2029 and subject to the employee remaining employed by the Group and the share price reaches A$1.00.
v. The Vesting date of the options can be any date between the grant date of 24 July 2023 and 3 years from the grant date. However, the options are only exercisable during the two-year period starting on the third anniversary of the grant date being 24 July 2026 to 24 July 2028.

REMUNERATION REPORT (AUDITED) (CONT.)

Employee incentive arrangements and link between performance and reward (cont.)

Details of the Rights issued under the LTI Plan which were held by KMP as at 31 December 2024 below:

	Number of Rights granted	Grant date	Expiry date*	Vesting condition	Fair value at grant date**(USD)
Executive Director					
Harry Thomas Hall, IV	930,262	3 May 2024	N/A	(i)	201,966
	1,814,394	3 May 2024	N/A	(ii)	325,211
Other KMP					
Marc Zimmerman	1,557,039	16 Sep 2024	N/A	(iii)	156,502
Jon Swanson	551,691	24 Jul 2023	N/A	(iv)	157,178
	1,335,159	16 Sep 2024	N/A	(iii)	134,200
Matthew Myntti	750,601	24 Jul 2023	N/A	(iv)	213,848
	1,816,546	16 Sep 2024	N/A	(iii)	182,586

* No expiry date applies to the Rights other than that any Rights for which the Vesting Conditions have not been met shall be forfeited.
** The maximum amount to yet vest under the LTI Plan is $867,038 as at 31 December 2024.

i. 930,262 Sign-on Rights vesting in equal tranches annually subject to continued employment (Tranche 2 vests on 10 July 2025 and Tranche 3 vests 10 July 2026).
i. Vesting conditions include continued employment and Relative Total Shareholder Return over the Performance Period from grant date 3 May 2024 to 3 May 2027.
i. Vesting conditions include continued employment and Relative Total Shareholder Return over the Performance Period from grant date 16 September 2024 to 16 September 2027.
i. Vesting conditions include continued employment and Relative Total Shareholder Return over the Performance Period from grant date 24 July 2023 to 24 July 2026.

Options and rights over equity instruments

The movement for the year ended 31 December 2024, in the number of Rights and Options over ordinary shares in Next Science Limited held, directly, indirectly or beneficially, by each KMP, including their related parties as follows:

KMP	Instrument	Balance as at 1 Jan 2024 No.	Granted No.	Exercised No.	Lapsed No.	Balance as at 31 Dec 2024 No.	Vested during the year	Vested and exercisable No.	Un-vested
Options and Rights									
Executive Director									
Harry Thomas Hall, IV (I.V.)	Options	-	3,361,855	-	-	3,361,855	-	-	3,361,855
	Rights	-	3,209,787	(465,131)	-	2,744,656	-	-	-
Non-Executive Directors									
Aileen Stockburger	-	-	-	-	-	-	-	-	-
Grant Hummel	-	-	-	-	-	-	-	-	-
Katherine Ostin	-	-	-	-	-	-	-	-	-
Other KMP									
Marc Zimmerman	Options	-	3,031,355	-	-	3,031,355	-	-	3,031,355
	Rights	-	1,557,039	-	-	1,557,039	-	-	-
Jon Swanson	Options	1,545,267	2,599,383	-	-	4,144,650	-	-	4,144,650
	Rights	551,691	1,335,159	-	-	1,886,850	-	-	-
Matthew Myntti	Options	2,102,408	3,536,581	-	-	5,638,989	-	-	5,638,989
	Rights	750,601	1,816,546	-	-	2,567,147	-	-	-

Exercise of options granted as compensation

During the reporting period, there were no shares issued upon the exercise of options previously granted as compensation to KMP.

Details of equity incentives affecting current and future remuneration

KMP	Instrument	Number	Grant date	Expiry date	% vested	Financial years in which grant vests
Executive Director						
Harry Thomas Hall, IV	Options	3,361,855	3 May 2024	3 May 2029	-	(i)
	Rights	1,814,394	3 May 2024	-	-	(ii)
	Sign-on Rights	465,131	3 May 2024	10 Jul 2025	-	(iii)
	Sign-on Rights	465,131	3 May 2024	10 Jul 2026	-	(iii)
Non-Executive Directors						
Aileen Stockburger	-	-	-	-	-	-
Grant Hummel	-	-	-	-	-	-
Katherine Ostin	-	-	-	-	-	-
Other KMP						
Marc Zimmerman	Options	3,031,355	16 Sep 2024	16 Sep 2029	-	(iv)
	Rights	1,557,039	16 Sep 2024	-	-	(v)
Jon Swanson	Options	1,545,267	24 Jul 2023	24 Jul 2028	-	(vi)
	Options	2,599,383	16 Sep 2024	16 Sep 2029	-	(vii)
	Rights	551,691	24 Jul 2023	-	-	(viii)
	Rights	1,335,159	16 Sep 2024	-	-	(v)
Matthew Myntti	Options	2,102,408	24 Jul 2023	24 Jul 2028	-	(vi)
	Options	3,536,581	16 Sep 2024	16 Sep 2029	-	(vii)
	Rights	750,601	24 Jul 2023	-	-	(viii)
	Rights	1,816,546	16 Sep 2024	-	-	(v)

i. The Vesting date of the options is the third anniversary from the grant date 3 May 2024. However, the options are only exercisable during the two-year period starting on the third anniversary of the grant date being 3 May 2027 to 3 May 2029 and subject to the employee remaining employed by the Group.
ii. Vesting conditions include continued employment and Relative Total Shareholder Return over the Performance Period from grant date 3 May 2024 to 3 May 2027.
iii. Sign-on Rights vest in equal tranches annually subject to continued employment (Tranche 2 vests on 10 July 2025 and Tranche 3 vests 10 July 2026).
iv. The Vesting date of the options is third anniversary from the grant date, 16 September 2024. However, the options are only exercisable during the two-year period starting on the third anniversary of the grant date.
v. Vesting conditions include continued employment and Relative Total Shareholder Return over the Performance Period from grant date 16 September 2024 to 16 September 2027.
vi. Vesting conditions include continued employment and Relative Total Shareholder Return over the Performance Period from grant date 24 July 2023 to 24 July 2026.
vii. Vesting conditions include continued employment and Relative Total Shareholder Return over the Performance Period from grant date 24 July 2023 to 24 July 2026 being 16 September 2027 to 17 September 2029 and subject to the employee remaining employed by the Group.
viii. Vesting conditions include continued employment and Relative Total Shareholder Return over the Performance Period from grant date 24 July 2023 to 24 July 2026.

KMP Remuneration

The table below details the remuneration of the KMP based on the remuneration policies discussed in this report for the year ended 31 December 2024.

Year ended 31 December 2024

KMP (USD)	Cash salary and fees	Other cash benefits (i)	Long service leave	Super - annuation	Share-based payments (Options and Rights) (ii)	Total	Performance Related (iii)
	$	$	$	$	$	$	%
Executive Directors							
Harry Thomas Hall, IV	450,000	44,918	-	-	357,242	852,160	41.9
Non-Executive Directors							
Aileen Stockburger	227,604	-	-	-	-	227,604	-
Grant Hummel	57,265	-	-	6,447	-	63,712	-
Katherine Ostin	65,438	-	-	545	-	65,983	-
Daniel Spira (resigned on 3 May 2024)	22,711	-	-	-	-	22,711	
Other KMP							
Marc Zimmerman	319,998	-	-	-	38,236	358,234	10.7
Matthew Myntti	373,331	7,820	-	-	200,111	581,262	34.4
Jon Swanson	301,837	200	-	-	147,081	449,118	32.7
	1,818,184	**52,938**	**-**	**6,992**	**742,670**	**2,620,784**	**28.0**

i. Other cash benefits for I.V., Matthew Myntti and Jon Swanson includes motor vehicle allowance and/or other minor benefits.
ii. Share based payments were issued under the Company's Long-Term Incentive Plan in the form of Performance Rights and Share Options. Refer to pages 24-26 above for further information on the Long-Term Incentive Plan.
iii. Disclosed above are the relative proportions of each individual's remuneration that are related to performance; the remaining proportion being fixed remuneration.

The table below details the remuneration of KMP for the year ended 31 December 2023.

Year ended 31 December 2023

KMP (USD)	Cash salary and fees	Other cash benefits (ii)	Long service leave	Super-annuation	Share-based payments (Options and Rights) (vi)	Total	Performance Related (vii)
	$	$	$	$	$	$	%
Executive Directors							
Harry Thomas Hall, IV	199,038	-	-	-	-	199,038	-
Judith Mitchell (i)	204,547	-	-	11,205	-	215,752	-
Non-Executive Directors							
Aileen Stockburger	111,846	-	-	-	-	111,846	-
Grant Hummel	19,323	-	-	2,126	-	21,449	-
Katherine Ostin	11,401	-	-	1,254	-	12,655	-
Daniel Spira	66,439	-	-	-	-	66,439	
Mark Compton (iii)	107,989	-	-	2,743	-	110,732	-
Bruce Hancox (iv)	30,063	-	-	3,157	-	33,220	-
Other KMP							
Marc Zimmerman	193,846	20,000	-	-	-	213,846	-
Matthew Myntti	360,433	8,065	-	-	45,210	413,708	10.9
Jon Swanson	264,917	449	-	-	33,229	298,595	11.1
Jacqueline Butler (v)	233,430	-	19,535	11,737	-	264,702	-
	1,803,272	**28,514**	**19,535**	**32,222**	**78,439**	**1,961,982**	**-**

i. Judith Mitchell's employment with Next Science ceased on 31 July 2023.
ii. Other cash benefits for Marc Zimmerman, Matthew Myntti and Jon Swanson include a motor vehicle allowance and/or other minor benefits.
iii. Mark Compton ceased as a Director with Next Science on 23 August 2023.
iv. Bruce Hancox ceased as a Director with Next Science on 30 June 2023.
v. Jacqueline Butler's employment with Next Science ceased on 31 May 2023.
vi. Share based payments were issued under the Company's Long-Term Incentive Plan in the form of Performance Rights and share options. Refer to pages 23-24 above for further information on the Long-Term Incentive Plan
vii. Disclosed above are the relative proportions of each individual's remuneration that are related to performance; the remaining proportion being fixed remuneration.

REMUNERATION REPORT (AUDITED) (CONT.)

KMP equity holdings

The movement during the reporting period in the number of shares in Next Science Limited held directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

KMP	Balance as at 1 Jan 2024 No.	Received on exercise of Options/Rights No.	Other changes during the year No.*	Balance on termination	Balance as at 31 Dec 2024 No.
Executive Directors					
Harry Thomas Hall, IV (i)	200,000	465,131	-	-	665,131
Non-Executive Directors					
Aileen Stockburger	569,638	-	-	-	569,638
Grant Hummel	387,694	-	-	-	387,694
Katherine Ostin	-	-	-	-	-
Other KMP					
Marc Zimmerman	150,000	-	-	-	150,000
Matthew Myntti	4,171,824	-	-	-	4,171,824
Jon Swanson	50,000	-	-	-	50,000

* Other changes represent shares that were purchased, sold or transferred to another party during the year.

i. Tranche 1 Sign-on Rights vested on 10 July 2024 amounting to 465,131 shares.

This concludes the remuneration report (audited).

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors:

Aileen Stockburger

Aileen Stockburger

Chair

Dated at Sydney 28 February 2025

KPMG

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 audit of Next Science Limited for the financial year ended 31 December 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Kevin Leighton

Partner

Sydney

28 February 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	Consolidated 2024	2023
		$	$
Revenue	6	**22,816,266**	22,179,327
Cost of sales		**(4,372,860)**	(5,944,751)
Gross profit		**18,443,406**	16,234,576
Other income	7	**105,705**	99,484
Selling and distribution expenses		**(16,067,483)**	(20,165,335)
Research and development expenses		**(5,950,269)**	(6,485,524)
Administration expenses		**(6,752,235)**	(5,610,459)
Other expenses	9	**(83,233)**	(26,827)
Operating loss		**(10,304,109)**	(15,954,085)
Finance income	11	**39,092**	467,722
Finance costs	12	**(321,001)**	(784,451)
Net finance costs		**(281,909)**	(316,729)
Loss before income tax expense		**(10,586,018)**	(16,270,814)
Income tax expense	13	**-**	-
Loss after income tax expense for the year		**(10,586,018)**	(16,270,814)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences	27	**(140,738)**	566,333
Other comprehensive loss for the year, net of tax		**(140,738)**	566,333
Total comprehensive loss for the year		**(10,726,756)**	(15,704,481)
		Cents	Cents
Basic earnings per share	36	**(3.63)**	(6.95)
Diluted earnings per share	36	**(3.63)**	(6.95)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2024

	Note	Consolidated 2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	14	**1,673,917**	9,238,697
Trade and other receivables	15	**3,335,463**	3,588,649
Inventories	16	**726,237**	721,310
Other current assets - term deposits		**-**	37,823
Other current assets - other	17	**315,604**	373,954
Total current assets		**6,051,221**	13,960,433
Non-current assets			
Trade and other receivables	15	**36,656**	36,656
Property, plant and equipment	18	**519,350**	713,511
Right-of-use assets	20	**552,741**	802,701
Intangible assets	19	**2,054,153**	2,387,050
Total non-current assets		**3,162,900**	3,939,918
Total assets		**9,214,121**	17,900,351
Liabilities			
Current liabilities			
Trade and other payables	21	**2,659,320**	3,207,184
Contract liabilities	22	**274,902**	274,902
Lease liabilities	24	**222,314**	274,801
Employee benefits	25	**62,308**	79,660
Total current liabilities		**3,218,844**	3,836,547
Non-current liabilities			
Contract liabilities	22	**274,902**	549,804
Loans and borrowings	23	**1,806,000**	-
Lease liabilities	24	**464,850**	687,164
Employee benefits	25	**7,042**	5,780
Total non-current liabilities		**2,552,794**	1,242,748
Total liabilities		**5,771,638**	5,079,295
Net assets		**3,442,483**	12,821,056
Equity			
Share capital	26	**133,927,086**	133,823,509
Reserves	27	**(41,387,355)**	(42,491,223)
Accumulated losses		**(89,097,248)**	(78,511,230)
Total equity		**3,442,483**	12,821,056

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year Ended 31 December 2024

	Share capital	Common control reserve	Foreign currency translation reserve	Share Option reserve	Performance Rights reserve	Accumulated losses	Total equity
	$	$	$	$	$	$	$
Balance at 1 Jan 2024	133,823,509	(42,596,715)	(1,301,260)	1,310,970	95,782	(78,511,230)	12,821,056
Loss for the year	-	-	-	-	-	(10,586,018)	(10,586,018)
Other comprehensive income							
Foreign currency translation differences	-	-	(140,738)	-	-	-	(140,738)
Total other comprehensive loss	-	-	(140,738)	-	-	-	(140,738)
Total comprehensive loss for the year	-	-	(140,738)	-	-	(10,586,018)	(10,726,756)
Transactions with owners in their capacity as owners							
Performance Rights issued	-	-	-	-	433,473	-	433,473
Share-based payments	-	-	-	811,133	-	-	811,133
Issue of ordinary shares	100,983	-	-	-	-	-	100,983
Capital raising (costs) / refund	2,594	-	-	-	-	-	2,594
Total transactions with owners	103,577	-	-	811,133	433,473	-	1,348,183
Balance at 31 December 2024	133,927,086	(42,596,715)	(1,441,998)	2,122,103	529,255	(89,097,248)	3,442,483

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

	Share capital	Common control reserve	Foreign currency translation reserve	Share Option reserve	Performance Rights reserve	Accumulated losses	Total equity
	$	$	$	$	$	$	$
Balance at 1 Jan 2023	113,526,533	(42,596,715)	(1,905,877)	2,140,298	-	(63,128,514)	8,035,725
Loss for the year	-	-	-	-	-	(16,270,814)	(16,270,814)
Other comprehensive income							
Foreign currency translation differences	-	-	566,333	-	-	-	566,333
Total other comprehensive loss	-	-	566,333	-	-	-	566,333
Total comprehensive loss for the year	-	-	566,333	-	-	(16,270,814)	(15,704,481)
Transactions with owners in their capacity as owners							
Performance Rights issued	-	-	-	-	95,782	-	95,782
Share-based payments	-	-	-	38,651	-	-	38,651
Transfers to retained earnings	-	-	-	(888,098)	-	888,098	-
Foreign currency translation differences	-	-	-	20,119	-	-	20,119
Convertible note	-	-	38,284	-	-	-	38,284
Issue of ordinary shares	20,933,533	-	-	-	-	-	20,933,533
Capital raising costs	(636,557)	-	-	-	-	-	(636,557)
Total transactions with owners	20,296,976	-	38,284	(829,328)	95,782	888,098	20,489,812
Balance at 31 December 2023	133,823,509	(42,596,715)	(1,301,260)	1,310,970	95,782	(78,511,230)	12,821,056

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Operating activities			
Receipts from customers		22,732,875	20,109,562
Payments to suppliers and employees		(29,733,440)	(33,396,827)
Payments for research and development		(1,020,543)	(1,902,656)
Interest received	11	39,092	65,398
Other income		18,613	65,527
Net cash used in operating activities	14	(7,963,403)	(15,058,996)
Investing activities			
Payments for property, plant and equipment	18	(46,320)	(295,417)
Payments for intangible assets	19	(542,898)	(589,052)
(Payments for) proceeds from investments (term deposit)		-	(34)
Net cash used in investing activities		(589,218)	(884,503)
Financing activities			
Proceeds from issue of ordinary shares	26	-	14,035,576
Proceeds from borrowings	23	2,000,000	-
Proceeds from issue of converting notes		-	6,983,199
Capital raising costs	26	2,594	(637,862)
Payment of lease liabilities	20	(250,695)	(273,277)
Net cash from financing activities		1,751,899	20,107,636
Net (decrease)/increase in cash and cash equivalents		(6,800,723)	4,164,137
Cash and cash equivalents at the beginning of the financial year		9,238,697	5,073,625
Effects of exchange rate changes on cash and cash equivalents		(764,057)	935
Cash and cash equivalents at the end of the financial year		1,673,917	9,238,697

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

Notes to the consolidated financial statements

NOTE 1. CORPORATE INFORMATION

Next Science Limited (the "Company") is a company domiciled in Australia.

The Group is a for-profit entity and primarily involved in the research, development and commercialisation of technologies which solve bacterial related issues.

These consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group" and individually "Group companies") for the year ended 31 December 2024 and comparative information for the year ended 31 December 2023.

NOTE 2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with accounting standards adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB").

The financial statements were approved by the Board of Directors and authorised for issue on 28 February 2025.

Basis of measurement

The financial statements have been prepared on a historical cost basis unless otherwise stated.

Functional and presentation currency

The financial statements are presented in United States Dollars (USD), which is the Group's presentation currency. Entities within the Group have functional currencies of AUD or USD as appropriate to the individual entity.

NOTE 3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 29.

Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group, unless it is a combination involving entities or businesses under common control. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

In common control transactions assets and liabilities acquired at their book value at the date of acquisition, rather than their fair value. The difference between the fair value of the consideration given and the carrying value of the assets and liabilities acquired is recognised as a common control reserve.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

(ii) Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has Rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Operating segments

Operating segments are presented using the 'management approach,' where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency

(i) Foreign currency transactions
Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

(ii) Foreign currency operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the functional currency at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transaction are used.

Foreign currency differences are recognised in equity and accumulated in the translation reserve.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when a customer obtains control of the goods or services and when performance obligations have been satisfied assessing the following criteria:

(i) Identification of distinct elements and separate performance obligations
In the case where the customer contract includes a sublicense and transfer of goods, the assessment must be made as to whether a separate performance obligation exists for each element. For current contracts held, whilst a license to specific IP has been given related to the Group's product, this only includes Rights to distribute, not to use the IP to manufacture the product. Therefore, the licence transferred is not deemed to be a distinct element of the contract and only one performance obligation exists to transfer product to the distributor.

(ii) Transfer of goods
Title and control pass to some of Next Science's customers at the point when the Group fulfils its obligation to deliver, and goods are available at the customer's premises. For these customers, the performance obligation (including the license) transfers at the point in time when each good is delivered. Therefore, revenue is recognised at the point in time when the product is delivered. For other customers (including DME patients), title and control pass when the product is delivered to the courier, with revenue being recognised at this point in time.

(iii) Measurement of transaction price
Consideration of the contract can comprise a fixed element (upfront payment plus minimum annual purchase amounts), variable elements and cash payments.

Under AASB 15 the variable consideration is only included in the transaction price if it is 'highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.'

In the case where cash payments are received upon signing the contract and are not subject to regulatory approval, these amounts will be initially recognised as contract liabilities to be recognised over the life of the contract once product sales have commenced. However, where the cash payments are subject to regulatory approval, for the variable consideration to be deemed 'most likely,' this will only be included once regulatory approval has been received and recognised over the remaining life of the contract.

For the DME business, revenue is recognised upon receipt of cash including an estimate of amounts derived from historical reimbursements owing from Medicare and other insurer payors.

Cost of sales

Cost of sales includes only those costs directly attributed to provision of goods from which the Group recognises revenue. Costs include raw materials, labour, packaging and freight. The cost of sales is recognised when the performance obligation is met.

Finance income and finance costs

Finance income comprises interest income, dividend income and foreign currency gains. Interest income is recognised in profit or loss as it accrues using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to the gross carrying amount of the financial asset or the amortised cost of the financial asset.

In calculating income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

Finance costs comprise interest expense on borrowings, lease liabilities and converting notes, foreign currency losses and impairment losses recognised on financial assets. Foreign exchange gains and losses on intercompany assets and liabilities that are not eliminated upon consolidation are recognised in other comprehensive income (OCI). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Interest expenses includes interest in relation to lease liabilities and is calculated based on the bank borrowing rate as appropriate for the lease contract, with a range of 3.5% to 4.6% on current leases held.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received.

(i) Current tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax liability arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction is not a business combination and that affects neither accounting nor taxable profit or loss, or on taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent it has become probable future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that could follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first in, first out principle. Inventory provision is measured by taking into consideration inventory quantities held, timing of expiration of products and confirmed sale contracts. The amount of any inventory write-down to net realisable value or inventory losses is recognised as an expense in the period the write-down or loss occurred.

Property, plant and equipment

(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(ii) Subsequent expenditure
Subsequent expenditure is capitalised only when it is probable the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation
Depreciation is calculated based on the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Right-of-use assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property, plant and equipment are as follows:

Fixed asset class	Useful life
Leasehold improvements	5-15 years
Plant and equipment	5 years
Furniture and fittings	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

(i) Recognition and measurement

Research and development expenditure

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Patents

Expenditure is capitalised in relation to patent application costs and amortised over the remaining life of the base patent as relevant. Costs will be no longer capitalised in the event that a patent application is no longer being pursued with any existing capitalised costs being impaired as an expense in the profit or loss.

Computer software

Computer software comprises computer application system software and licenses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated based on the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives of intangible assets are as follows:

- Development expenditure: 5 years
- Computer software: 2-3 years
- Patents: 8-15 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets, other than trademarks and goodwill, have finite useful lives.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Leases

(i) Definition of a lease
The determination of whether a contract contains a lease is on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has applied this definition to all lease contracts currently held.

(ii) Lessee accounting
For all contracts determined to constitute a lease, right-of-use assets and lease liabilities are recognised in the consolidated statement of financial position, initially measured at the present value of future lease payments. When measuring these lease liabilities, the Group discounted lease payments using the interest rate implicit in the lease contract.

Right-of-use assets are tested for impairment in accordance with AASB 136 Impairment of assets. Lease incentives, if relevant, are recognised as part of the measurement of the right-of-use assets and lease liabilities. Depreciation is expensed on right-of-use assets and interest on lease liabilities, both recognised in the consolidated statement of profit or loss.

For presentation purposes, the total amount of cash paid in relation to leases is separated into a principal portion (presented within financial activities) and interest on lease liabilities, both recognised in the consolidated statement of profit or loss.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis. This expense is presented within other expenses in the consolidated statement of profit or loss.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and if it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Employee benefits

(i) Short-term employee benefits
Short-term employee benefits are benefits (other than termination benefits) expected to be settled within 12 months of the end of the financial year in which employees render the related service. Short-term employee benefits include salaries and wages plus related on-costs such as payroll tax, superannuation and workers compensation insurance and are measured at the undiscounted amounts expected to be paid when the obligation is settled.

(ii) Long-term employee benefits
Long-term employee benefits include employees' long service leave and annual leave entitlements not expected to be settled within 12 months of the end of the financial year in which employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, duration of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

(iii) Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to employees' defined contribution plans are recognised as an expense as the related service is provided. Prepaid contributions are recognised as an asset to the extent a cash refund or a reduction in future payments is available.

(iv) Share-based payment arrangements
The fair value of Performance Rights and Options granted is recognised as an employee expense with a corresponding increase in equity, on a straight-line monthly basis over the vesting period in which the performance and/or service conditions are fulfilled after which the employee becomes unconditionally entitled to them. The cumulative expense recognised for share-based payments at each reporting date until the vesting date reflects the extent to which the vesting period has ended and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of the period. No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting are conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Financial instruments

(i) Recognition and initial measurement
The Group initially recognises trade receivables issued on the date they are originated. All other financial assets and financial liabilities are recognised initially on the trade date.

(ii)Classification and subsequent measurement
Financial assets
On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss (FVTPL).

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition
Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets created or retained by the Group is recognised as a separate asset or liability.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(iv) Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment
The Group recognises loss allowances for expected credit losses (“ECL”) on financial assets and contract assets. Loss allowances where relevant are measured at an amount equal to a 12 month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its obligations to the Group in full or the financial asset is more than 130 days past due.

ECLs are a probability-weighted estimate of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Share capital

Ordinary shares
Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Fair value measurement

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When one is available, the Group measures the fair value using the quoted price in an active market. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction.

Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of the Company excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

NOTE 4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The key judgements, estimates and assumptions are discussed below:

Revenue from DME business

For the DME business, revenue is recognised upon receipt of cash including an estimate of amounts derived from historical reimbursements owing from Medicare and other insurer payors.

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 financial year ended 31 December 2024 the Group incurred a loss of $10,586,018 and had net cash outflows from operations of $7,963,403. As at 31 December 2024, the Group had net current asset and net asset positions of $2,832,377 and $3,442,483, respectively.

The Group has modelled a range of scenarios for going concern purposes including improvement in the Group's direct sales and distribution model. The Group restructured the direct sales force team during the year and implemented a unified field strategy for its XBIO product suite and the restructuring of its Durable Medical Equipment (DME) sales force and go-to-market strategy providing a more variable cost structure for the Group. Furthermore, on 17 July 2024, the Group 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). The total amount drawn down on the Facility as at 31 December 2024 amounted to US$2 million. The Group considers that its cash and term deposits totalling $1,673,917 at 31 December 2024, together with the remaining Facility of US$3 million and further potential cost management initiatives 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.

NOTE 5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The Group plans to apply the amendments when they become effective and they are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments – effective date 1 January 2026
- AASB 18 Presentation and Disclosure in Financial Statements – effective date 1 January 2027

NOTE 6. REVENUE

	Consolidated 2024 $	Consolidated 2023 $
Revenue from contracts with customers	22,816,266	22,179,327

Identification of reporting operating segments

The Group operates in one operational segment and measures performance based on profit or loss before tax, 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 operating segment operates over two geographies, North America and Australia and New Zealand.

	North America $	Australia and New Zealand $	Total $
Year ended 31 December 2024			
Revenue from contracts with customers	22,067,197	749,069	22,816,266
Segment assets	5,719,618	3,494,503	9,214,121
Segment liabilities	2,786,905	2,984,733	5,771,638
Segment loss	5,824,370	4,761,648	10,586,018

	North America $	Australia and New Zealand $	Total $
Year ended 31 December 2023			
Revenue from contracts with customers	21,836,283	343,144	22,179,327
Segment assets	5,893,600	12,016,395	17,900,351
Segment liabilities	3,764,477	1,324,462	5,079,295
Segment loss	9,969,090	6,301,724	16,270,814

Major customers

Revenues from two major customers of the Group represented 20% (2023: 23%) of the Group's total revenue.

NOTE 7. OTHER INCOME

	Consolidated 2024 $	Consolidated 2023 $
Other income	105,705	99,484

NOTE 8. DEPRECIATION AND AMORTISATION

The loss from ordinary activities before income tax includes the following expenses:

	Consolidated 2024 $	Consolidated 2023 $
Included in selling and distribution expenses		
Depreciation and amortisation	60,793	64,853
Included in research and development expenses		
Depreciation and amortisation	970,038	796,252
Included in administrative expenses		
Depreciation and amortisation	242,403	251,918

NOTE 9. OTHER EXPENSES

	Consolidated 2024 $	Consolidated 2023 $
Loss on sale of fixed asset	-	81
Impairment loss on intangibles	83,233	26,746
	83,233	26,827

NOTE 10. EMPLOYEE EXPENSES

	Consolidated 2024 $	Consolidated 2023 $
Salaries and wages	12,880,150	17,569,111
Contributions to defined contribution funds	11,116	49,357
Share-based payments	1,008,441	134,433
	13,899,707	17,752,901

As part of employee compensation, the Group offers medical insurance to certain employees in certain geographies (2024:$1,733,826, 2023:$1,870,405). These insurance amounts are not included in the above figures.

NOTE 11. FINANCE INCOME

	Consolidated 2024 $	Consolidated 2023 $
Interest income	39,092	65,398
Gain on modification and early conversion of convertible note	-	402,324
	39,092	467,722

NOTE 12. FINANCE COSTS

	Consolidated 2024 $	Consolidated 2023 $
Interest expense on lease liabilities	37,067	48,536
Interest expense on convertible note	-	712,694
Interest on unsecured loan facility	170,938	-
Other interest expense	8,191	876
Net foreign exchange loss	104,805	22,345
	321,001	784,451

NOTE 13. INCOME TAX BENEFIT

Income tax expense comprises current and deferred tax expense and is recognised in profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income. The components of tax expense comprise:

	Consolidated	
	2024	2023
Income tax benefit	$	$
Current tax	-	-
Deferred tax	-	-
Aggregate income tax expense	-	-

Numerical reconciliation of income tax benefit and tax at the statutory rate		
Reconciliation of income tax to accounting profit:		
Loss before income tax expense	(10,586,018)	(16,270,814)
Tax at the statutory tax rate of 25%	(2,646,505)	(4,067,704)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent differences	295,840	33,608
Effect of tax rate in foreign jurisdictions	(209,419)	(12,563)
Tax losses not brought to account	2,560,084	4,446,659
Income tax benefit	-	-

The unused tax losses not recognised as at 31 December were as follows:

	Consolidated	
	2024	2023
	$	$
Australia gross unused tax losses (in AUD)	69,879,671	63,277,349
USD gross unused tax losses (in USD)	47,672,493	44,809,849

Tax losses are recognised only to the extent it is probable the future taxable profit will be available against which the benefits can be utilised. Management has considered all the facts and circumstances and believe there is no material uncertainty over the availability of the tax losses.

Australian entities

Movement in deferred tax assets and liabilities using the Company's domestic Australian tax rate of 25%

	Opening balance $	Recognised in profit or loss $	Closing balance $
2024 cost			
Intangibles	(519960.00)	71991.00	(447969.00)
Employee benefits	8028.00	538.00	8566.00
Accrued expenses	54615.00	20275.00	74890.00
Deferred revenue	206176.00	(68725.00)	137451.00
Unused tax losses carried forward	10305543.00	1089912.00	11395455.00
Rights-of-use assets	(13007.00)	2649.00	(10358.00)
Lease liabilities	13262.00	(589.00)	12673.00
Other items	(46998.00)	(11040.00)	(58038.00)
Deferred tax assets not recognised	(10007659.00)	(1105011.00)	(11112670.00)
Deferred tax assets/(liabilities)	-	-	-
2023 cost			
Intangibles	(514447.00)	(5513.00)	(519960.00)
Employee benefits	25193.00	(17166.00)	8027.00
Accrued expenses	32644.00	21971.00	54615.00
Deferred revenue	274902.00	(68726.00)	206176.00
Unused tax losses carried forward	8508385.00	1795181.00	10303566.00
Other items	(52272.00)	5529.00	(46743.00)
Deferred tax assets not recognised	(8274405.00)	(1731276.00)	(10005681.00)
Deferred tax assets/(liabilities)	-	-	-

U.S. entities

Movement in deferred tax assets and liabilities using the U.S. tax rate of 21%

	Opening balance $	Recognised in profit or loss $	Closing balance $
2024 cost			
Intangibles	(64514.00)	9436.00	(55078.00)
Employee benefits	11200.00	(3831.00)	7369.00
Accrued expenses	302389.00	(127148.00)	175241.00
Unused tax losses carried forward	9410068.00	1099451.00	10509519.00
Rights-of-use assets	(52496.00)	7247.00	(45249.00)
Lease liabilities	1336.00	90527.00	91863.00
Other items	(36626.00)	3456.00	(33170.00)
Deferred tax asset not recognised	(9571357.00)	(1079138.00)	(10650495.00)
Deferred tax assets/(liabilities)	-	-	-
2023 cost			
Intangibles	(73950.00)	9436.00	(64514.00)
Employee benefits	5089.00	6111.00	11200.00
Accrued expenses	156307.00	146082.00	302389.00
Unused tax losses carried forward	7244113.00	2165955.00	9410068.00
Other items	(28418.00)	(59368.00)	(87786.00)
Deferred tax asset not recognised	(7303141.00)	(2268216.00)	(9571357.00)
Deferred tax assets/(liabilities)	-	-	-

NOTE 14. CASH AND CASH EQUIVALENTS

	Consolidated	
	2024	2023
	$	$
Current assets		
Cash at bank	1,673,917	9,238,697

Reconciliation of cash flows from operating activities

	2024	2023
	$	$
Loss for the year	(10,586,018)	(16,270,814)
Adjustments for:		
Depreciation and amortisation	1,273,234	1,113,023
Share based payments (note 10)	1,008,441	134,433
Unrealised foreign currency translation gain	74,567	24,251
Interest expense on right-of-use assets (note 20)	37,067	48,536
Interest expense on convertible notes	-	712,694
Gain on remeasurement on the early conversion of convertible note	-	(402,324)
Sub-lease income	(61,355)	(33,510)
Loss on sale of fixed asset (note 9)	-	81
Impairment of intangible assets (note 19)	83,233	26,746
Interest on loan facility	170,938	-
Other	7,792	-
Operating loss before changes in working capital and provisions	(7,992,101)	(14,646,884)
Change in operating assets and liabilities		
Change in trade and other receivables	252,974	(1,909,282)
Change in inventories	4,651	273,056
Change in other current assets	619,502	312,778
Change in trade and other payables	(547,857)	1,348,902
Change in provisions	(25,670)	(162,664)
Change in contract liabilities	(274,902)	(274,902)
	28,698	(412,112)
Net cash used in operating activities	(7,963,403)	(15,058,996)

NOTE 15. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2024	2023
	$	$
Current assets		
Trade receivables	3,314,827	3,460,703
Other receivables	20,636	127,946
	3,335,463	3,588,649
Non-current assets		
Security deposit	36,656	36,656

The carrying value of receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The Group has assessed any potential credit risk associated with these counterparties and deemed expected credit loss to be insignificant.

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 37 (c).

NOTE 16. INVENTORIES

	Consolidated	
	2024	2023
	$	$
Current assets		
Finished goods - at cost	363,626	385,565
Raw materials - at cost	362,678	345,391
Less: Provision for obsolete stock	(67)	(9,646)
	726,237	721,310

NOTE 17. OTHER CURRENT ASSETS - OTHER

	Consolidated	
	2024	2023
	$	$
Current assets		
Prepayments and other assets	315,604	373,954

NOTE 18. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2024	2023
	$	$
Non-current assets		
Leasehold improvements - at cost	385,179	406,284
Less: Accumulated depreciation	(167,063)	(134,766)
	218,116	271,518
Plant and equipment - at cost	1,330,620	1,329,939
Less: Accumulated depreciation and impairment	(1,125,007)	(1,020,670)
	205,613	309,269
Furniture, fixtures and fittings - at cost	394,580	388,971
Less: Accumulated depreciation and impairment	(298,959)	(256,247)
	95,621	132,724
	519,350	713,511

Reconciliations

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

Consolidated	Leasehold improvements $	Plant and equipment $	Furniture and fittings $	Total $
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)
Balance at 1 January 2024	271,518	309,269	132,724	713,511
Additions	-	40,710	5,610	46,320
Disposals	-	(8,516)	-	(8,516)
Depreciation expense	(53,402)	(135,850)	(42,713)	(231,965)
Balance at 31 December 2024	218,116	205,613	95,621	519,350

NOTE 19. INTANGIBLE ASSETS

	Consolidated 2024 $	Consolidated 2023 $
Non-current assets		
Capitalised development - at cost	2,797,150	2,569,723
Less: Accumulated amortisation and impairment	(1,571,152)	(1,145,925)
	1,225,998	1,423,798
Patents and trademarks - at cost	1,919,970	1,807,655
Less: Accumulated amortisation and impairment	(1,091,815)	(844,403)
	828,155	963,252
Computer software - at cost	56,772	56,772
Less: Accumulated amortisation	(56,772)	(56,772)
	-	-
	2,054,153	2,387,050

Reconciliations

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

Consolidated	Capitalised development $	Patents and trade marks $	Computer software $	Total $
Balance at 1 January 2023	1,368,578	1,041,352	-	2,409,930
Additions	457,029	132,023	-	589,052
Impairment of assets	(26,746)	-	-	(26,746)
Amortisation expense	(375,063)	(210,123)	-	(585,186)
Balance at 1 January 2024	1,423,798	963,252	-	2,387,050
Additions	430,583	112,315	-	542,898
Impairment of assets	(83,233)	-	-	(83,233)
Amortisation expense	(545,150)	(247,412)	-	(792,562)
Balance at 31 December 2024	1,225,998	828,155	-	2,054,153

NOTE 20. RIGHT-OF-USE ASSETS

The Group holds leases for properties with lease terms ranging from 3 to 5 years.

	Consolidated	
	2024	2023
	$	$
Non-current assets		
Property-right-of-use	1,681,118	1,682,369
Less: Accumulated depreciation	(1,128,377)	(879,668)
	552,741	802,701

	Consolidated	
	2024	2023
	$	$
Amounts recognised in profit or loss		
Depreciation expense	248,707	249,164
Interest expense	37,067	48,536
Expense relating to variable lease payments not included in the measurement of the lease liability	34,131	109,763
	319,905	407,463

The total cash outflow in relation to lease payments amounted to $250,695 (2023: $273,277).

	Property
Movement	**$**
Balance at 1 January 2024	802,701
Depreciation expense	(248,707)
Foreign exchange movements	(1,253)
Closing value at 31 December 2024	552,741
Balance at 1 January 2023	1,053,113
Depreciation expense	(249,164)
Foreign exchange movements	(1,248)
Closing value at 31 December 2023	802,701

NOTE 21. TRADE AND OTHER PAYABLES

	Consolidated	
	2024	2023
	$	**$**
Current liabilities		
Trade payables	928,050	1,411,037
Other payables and accrued expenses	1,731,270	1,796,147
	2,659,320	3,207,184

All amounts are short-term and the carrying values are considered to be a reasonable approximation of fair value.

NOTE 22. CONTRACT LIABILITIES

	Consolidated	
	2024	2023
	$	**$**
Current liabilities		
Contract liabilities	274,902	274,902
Non-current liabilities		
Contract liabilities	274,902	549,804

Contract liabilities relate to consideration received in advance from customers for which revenue will be recognised as and when products are delivered or other performance obligations met.

NOTE 23. LOANS AND BORROWINGS

	Consolidated	
	2024	2023
	$	**$**
Non-current liabilities		
Loan Facility (i)	1,806,000	-
	1,806,000	-

	Consolidated	
	2024	2023
	$	$
Movements:		
Balance at 1 January 2024	-	-
Proceeds from Facility (i)	2,000,000	-
Less:		
Fair value of options (ii)	(393,899)	-
Net amount	1,606,101	-
Add:		
Interest	116,985	-
Amortisation of options	82,914	-
Balance at 31 December 2024	1,806,000	-

i. On 17 July 2024, the Group announced 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). 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 amounts drawn under the Facility and accrued interest is payable on the earlier of the Facility termination date and the date the principal outstanding is repaid in full. The total amount drawn down on the Facility as at 31 December 2024 amounted to US$2 million. 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 17 July 2024.

ii. The conversion options may be exercised by Thornley at any time until maturity. When the conversion Option is exercised, the outstanding principal of the notes are converted into ordinary shares of the Group; any accrued but unpaid interest as at the exercise date is required to be paid in cash. Otherwise, the total principal and accrued interest outstanding is repayable in cash at maturity.

NOTE 24. LEASE LIABILITIES

	Consolidated	
	2024	2023
	$	$
Current liabilities		
Lease liability	222,314	274,801
Non-current liabilities		
Lease liability	464,850	687,164

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date:

	Consolidated	
	2024	2023
	$	$
Maturity analysis		
Not later than 1 year	267,753	259,979
Later than 1 year but not later than 5 years	463,258	755,311
	731,011	1,015,290

NOTE 25. EMPLOYEE BENEFITS

	Consolidated 2024 $	Consolidated 2023 $
Current liabilities		
Liability for annual leave	62,308	79,660
Non-current liabilities		
Liability for long service leave	7,042	5,780

NOTE 26. SHARE CAPITAL

	Fully paid
In number of shares	
Balance as at 1 January 2023	214,790,134
Institutional placement in September 2023 (i), (ii)	28,571,429
Share Purchase Plan in September 2023 (ii)	20,238,012
U.S. 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
Balance as at 31 December 2023	291,695,103
Shares issued to CEO and Managing Director	465,131
Balance as at 31 December 2024	292,160,234

	Fully paid $
Balance at 1 January 2023	113,526,533
Institutional placement in September 2023 (i), (ii)	7,777,143
Share Purchase Plan in September 2023 (ii)	5,508,787
U.S. 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)
Balance at 31 December 2023	133,823,509
Shares issued to CEO and Managing Director (v)	100,983
Capital raising costs (refund)	2,594
Balance at 31 December 2024	133,927,086

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 U.S. investors at the Placement Price (U.S. 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.
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 U.S. Offer; and
    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.
v. On 26 July 2024, tranche 1 of the Sign-on Rights held by the Managing Director and CEO, I.V. Hall, vested and 465,131 ordinary shares were issued to I.V. Hall in equity settlement of tranche 1.

Ordinary shares

Fully paid ordinary shares
Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called.

Capital management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

NOTE 27. RESERVES

	Consolidated	
	2024	2023
	$	$
Share Option reserve	2,122,103	1,310,970
Foreign currency translation reserve	(1,441,998)	(1,301,260)
Common control reserve	(42,596,715)	(42,596,715)
Performance Rights reserve	529,255	95,782
	(41,387,355)	(42,491,223)

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.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share Option reserve $	Foreign currency translation reserve $	Common control reserve $	Performance Rights reserve $	Total $
Balance at 1 January 2023	2,140,298	(1,905,877)	(42,596,715)	-	(42,362,294)
Foreign currency translation	-	566,333	-	-	566,333
Performance Rights issued	-	-	-	95,782	95,782
Share-based payments	38,651	-	-	-	38,651
Transfers to retained earnings	(888,098)	-	-	-	(888,098)
Foreign currency translation differences	20,119	-	-	-	20,119
Convertible note	-	38,284	-	-	38,284
Balance at 31 December 2023	1,310,970	(1,301,260)	(42,596,715)	95,782	(42,491,223)
Foreign currency translation	-	(140,738)	-	-	(140,738)
Performance Rights issued	-	-	-	433,473	433,473
Share-based payments	811,133	-	-	-	811,133
Balance at 31 December 2024	2,122,103	(1441998)	(42596715)	529,255	(41,387,355)

NOTE 28. DIVIDENDS

Dividends

No dividends were paid or declared by the Company during the financial year.

NOTE 29. PARENT ENTITY INFORMATION

As at, and throughout, the financial year to 31 December 2024 the parent entity of the Group was Next Science Limited.

Statement of profit or loss and other comprehensive income

	Parent 2024 $	Parent 2023 $
(Loss)/profit after income tax	(32,618,251)	1,474,963
Other comprehensive (loss)/income	(1,467,256)	901,312
Total comprehensive (loss)/income	(34,085,507)	2,376,275

Statement of financial position

	Parent 2024 $	Parent 2023 $
Assets		
Total current assets	3,987,884	3,299,432
Total non-current assets	3,442,482	33,204,079
Total assets	7,430,366	36,503,511
Liabilities		
Total current liabilities	(3,375,826)	(1,517,647)
Total non-current liabilities	(1,806,000)	-
Total liabilities	(5,181,826)	(1,517,647)
Total net assets	2,248,540	34,985,864
Equity		
Share capital	133,927,086	133,823,509
Share Option reserve	2,122,103	1,310,970
Performance Rights reserve	529,255	95,781
Common control reserve	(27,257,549)	(27,257,549)
Converting notes reserve	-	45,146
Foreign currency translation reserve	(2,203,104)	(780,994)
Accumulated losses	(104,869,251)	(72,250,999)
Total equity	2,248,540	34,985,864

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees as at 31 December 2024 and 31 December 2023.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2024 and 31 December 2023.

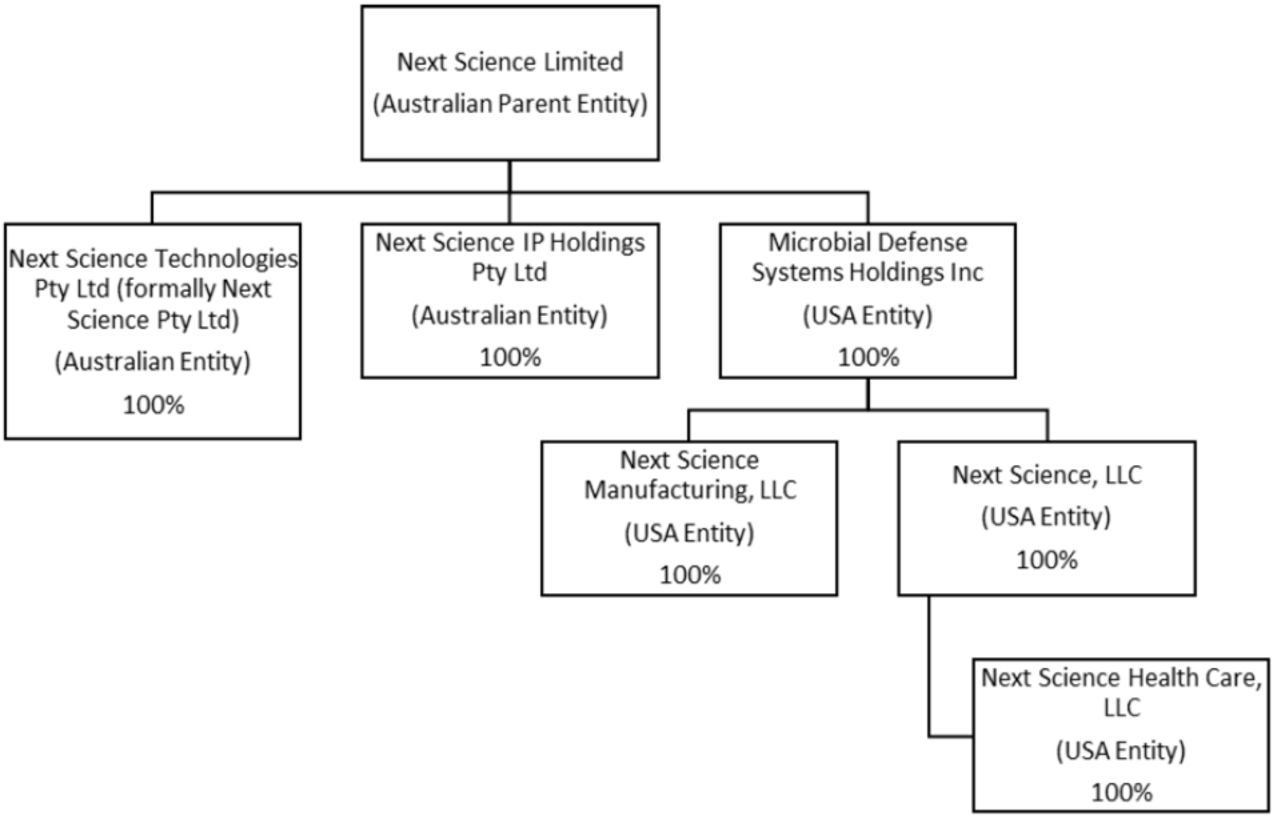
Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2024 and 31 December 2023.

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 3, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

NOTE 30. GROUP ENTITIES

Set out below is the Group structure listing all subsidiaries as at 31 December 2024.



NOTE 31. RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

Key management personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly, and include the Directors, executive and non-executive, as well as certain other senior executives. The totals of remuneration of the KMP of the Company included within employee expenses are as follows:

	Consolidated	
	2024	2023
	$	$
Short-term employee benefits	1,871,122	1,831,786
Other long-term employee benefits	-	19,535
Post-employment benefits	6,992	32,222
Share-based payment benefits	742,670	78,439
Total	2,620,784	1,961,982

Short-term employee benefits
Short-term employee benefits includes salary, fringe benefits and cash bonuses paid to the executive directors and other KMP as well as fees and benefits awarded to the Non-Executive Directors.

Post-employment benefits
Post-employment benefits are the cost of superannuation contributions made during the year.

(b) Key management personnel transactions

KMPs of the Company hold 0.33% (2023: 0.59%) of the issued capital of the Company as at 31 December 2024.

NOTE 32. SHARE-BASED EMPLOYEE INCENTIVE ARRANGEMENTS

Equity Incentive Plan (equity-settled)

At the time of the Company's IPO, the Company established a long-term incentive plan (LTI Plan) under which the Company could issue equity incentives to eligible executives of the Company. During 2023, the Board undertook a review of the Company's approach to long-term incentives, assisted by external remuneration consultants, with the key objectives of the review including ensuring that the Company's LTI Plan was appropriate for the size of the Company and its stage of development, the LTI Plan was aligned to the Company's strategy and commercialisation goals and the LTI Plan was simple to understand and valuable to all participants.

This review led to the Board revising the Company's LTI Plan in 2023 with a key change being the form of equity offered under the LTI Plan. Whereas previously the LTI Plan offered participants Performance Rights only, the LTI Plan now offers participants an equal split of Performance Rights and options i.e. 50% Performance Rights and 50% options.

The grant of equity under the LTI Plan is governed by the Next Science Employee Equity Plan Rules.

The eligible participants in the 2024 LTI Plan were the CEO, CFO, CTO, COO, Senior Vice-President Sales, VP Product Development, VP Clinical & Regulatory Affairs, and VP Operations.

On 24 July 2023, 7,366,333 options and 2,629,928 Performance Rights were issued under the Company's 2023 LTI Plan to members of the executive team who had been with the Company for more than 12 months. Similarly, on 3 May 2024, 3,361,855 options and 1,814,394 Performance Rights were issued; and on 16 September 2024, 16,788,699 options and 8,623,423 Performance Rights were issued under the Company's 2024 LTI Plan to members of the executive team who had been with the Company for more than 12 months.

The number of Performance Rights granted under the 2024 LTI Plan was based on the volume weighted average price (VWAP) of shares in the Company during the 30 days to 30 June in the relevant plan year.

The vesting of Performance Rights issued under the 2024 LTI Plan is dependent on satisfaction of vesting conditions relating to relative total shareholder return (Relative TSR) and continued employment during a three-year performance period.

As at 31 December 2024, there are 39,535,751 Options and Rights over ordinary shares on issue (2023: 8,066,333 and Rights), representing 13.5% (2023: 2.87%) of the Company's total share capital, granted to the employees and Directors of the Company.

The grant dates, vesting dates and exercise prices of Options and Rights issued vary and are as follows:

Grant date and vesting conditions	Expiry date	Instrument	No as at 31 Dec 2023	Granted	Exercised	Lapsed	No as at 31 Dec 2024	Vested as at 31 Dec 2024
01 May 23	30 Apr 28	Options	700,000	-	-	(350,000)	350,000	-
24 Jul 23	24 Jul 28	Options	5,649,967	-	-	-	5,649,967	-
03 May 24	03 May 29	Options	-	3,361,855	-	-	3,361,855	-
16 Sep 24	16 Sep 29	Options	-	16,788,699	-	-	16,788,699	-
24 Jul 23	N/A	Rights	2,017,151	-	-	-	2,017,151	-
03 May 24	N/A	Rights	-	1,814,394	-	-	1,814,394	-
03 May 24	03 Sep 24	Rights	-	465,131	(465,131)	-	-	-
03 May 24	03 Sep 25	Rights	-	465,131	-	-	465,131	-
03 May 24	03 Sep 26	Rights	-	465,131	-	-	465,131	-
16 Sep 24	N/A	Rights	-	8,623,423	-	-	8,623,423	-
Totals			8,367,118	31,983,764	(465,131)	(350,000)	39,535,751	-

No expiry date applies to the Rights other than that any Rights for which the Vesting Conditions have not been met shall be forfeited.

As at 31 December 2024, 465,131 Rights had vested and exercised being tranche 1 of the Managing Director and CEO's Sign-on Rights (2023: nil).

The fair value of options has been measured using the Black-Scholes formula for options granted 1 May 2023 and the Monte Carlo simulation for options granted 24 July 2023, 3 May 2024 and 16 September 2024.

The inputs used in the measurement of the fair values of options at grant date and measurement date were as follows:

	Grant date 1 May 23	Grant date 24 Jul 23	Grant date 3 May 24	Grant date 16 Sep 24
FV at grant date (USD)	0.06-0.24	0.11-0.16	0.11-0.14	0.04-0.08
Share price at grant date (USD)	0.44	0.39	0.14	0.08
Exercise price (USD)	0.45	0.49	0.25	0.15
FV at grant date (AUD)	0.09-016	0.16-0.23	0.17-0.22	0.06-0.12
Share price at grant date (AUD)	0.29	0.26	0.22	0.12
Exercise price (AUD)	0.68	0.59	0.38	0.22
Expected volatility	60%	60%	90%	90%
Expected life	5 years	5 years	5 years	5 years
Expected dividends	0%	0%	0%	0%
Risk free interest rate	3.08%	3.86%	4.10%	3.45%

Expected volatility is measured based on peer companies and expected life is the number of days until expiry.

The fair value of the Performance Rights granted during the year is calculated at the date of grant using the Monte-Carlo simulation model taking into account the simulated share price and total shareholder returns of Next Science Limited and peer companies during the vesting period. These values were calculated applying the following inputs to Performance Rights issued:

	Performance Rights	Performance Rights	Performance Rights	Sign-on Rights	Sign-on Rights
Grant date	**24 Jul 23**	**3 May 24**	**16 Sep 24**	**3 May 24**	**3 May 24**
Fair value per Performance Right (USD)	$0.29	$0.18	$0.10	$0.22	$0.22
Fair value per Performance Right (AUD)	A$0.42	A$0.27	A$0.15	A$0.33	A$0.33
Number of Performance Rights issued (i)	2,017,151	1,814,394	8,623,423	465,131	465,131
Remaining life of the Performance Rights	N/A	N/A	N/A	1 year	2 years

i. During the financial year ended 31 December 2024, 10,440,817 Performance Rights were issued under the Company's LTI Plan (2023: 2,629,928) and 1,395,393 Sign-on Rights were issued of which 465,131 vested on 10 July 2024 and were equity settled in the form of fully paid ordinary shares. No Rights lapsed on 31 December 2024 due to an executive's employment ending (2023: 612,777).

NOTE 33. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

A former employee of the Company has filed a derivative lawsuit in the Duval County - Fourth Judicial Circuit Court in Florida, purportedly as a shareholder on behalf of the Company and its subsidiary, Next Science LLC, without seeking leave to do so, as required under section 237. The complaint makes various allegations against alleged officers and directors of Next Science Limited and Next Science, LLC. The Company has filed a motion to dismiss the complaint on grounds including that the plaintiff lacks standing to bring his claims due to his failure to satisfy the requirements imposed upon derivative plaintiffs by Australian law. As at the date of the authorisation of the financial statements for the year ended 31 December 2024 and on legal advice received, the Directors' are of the view there is no indication of the likelihood of an adverse finding against the Company. The directors are of the opinion that the recognition criteria for a provision has not been met, with the amount not yet capable of reliable measurement.

Other than above, the Group has no other contingent liabilities as at 31 December 2024 (2023: nil).

The Group has no capital commitments as at 31 December 2024 (2023: nil).

NOTE 34. EVENTS OCCURRING AFTER THE REPORTING DATE

On 8 January 2025, Next Science advised that it was involved in litigation against several former employees for breach of post-employment restraints (Non-Compete Action) and that one of the former employees had filed a derivative complaint in the Duval County - Fourth Judicial Circuit Court in Florida, purportedly as a shareholder on behalf of the Company and its subsidiary, Next Science LLC, alleging mismanagement and breaches of fiduciary duties. The Company's Board of Directors is concerned that the Complaint has not been brought in good faith due to the fact that the former employee has sought to tie the derivative complaint to the Non-Compete Action. However, the Company is following recommended practice in undertaking an independent investigation into the matters alleged.

In February 2025, the Group was issued with a Warning Letter relating to the US Food and Drug Administration (FDA) inspection of the Company's Jacksonville, Florida facility during August and September 2024. Following the FDA's inspection, the FDA provided the Company with a list of observations, via a Form FDA-483. The Group implemented corrective actions addressing the FDA's observations. The Warning Letter notes the corrective actions undertaken as well as ongoing corrective actions and states that a follow-up inspection is needed to evaluate the implementation and effectiveness of the Company's corrective actions.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event, other than those matters detailed above, of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

NOTE 35. REMUNERATION OF AUDITORS

	Consolidated 2024 $	Consolidated 2023 $
Audit and assurance related services		
KPMG Australia		
Audit of financial statements	167,521	121,704
Other services		
KPMG Australia		
Taxation services	107,920	25,086
Other services	29,301	24,875
Total other services	137,221	49,961
Total auditor's remuneration	304,742	171,665

NOTE 36. EARNINGS PER SHARE

	Consolidated 2024 $	Consolidated 2023 $
Loss after income tax	(10,586,018)	(16,270,814)
	Number	**Number**
Weighted average number of shares	291,896,447	234,094,658
	Cents	**Cents**
Basic earnings per share	(3.63)	(6.95)
Diluted earnings per share	(3.63)	(6.95)

NOTE 37. FINANCIAL RISK MANAGEMENT

(a) Overview

The Group's activities expose it to various financial risks including: credit risk, liquidity risk and market risk.

This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk.

(b) Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework with assistance from the Audit and Risk Committee (as detailed below). The Group's risk management framework has been established to identify and analyse the material risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to the risk appetite set by the Board. The Group's risk management framework is reviewed at least annually by the Audit and Risk Committee and the consideration of changes in the Group's risk profile and mitigating actions and controls is a standing item at Audit and Risk Committee meetings.

Audit and Risk Committee

The Audit and Risk Committee responsibilities in relation to risk management are to:

a. oversee the establishment, and maintenance by management, of processes to ensure that there is an adequate and effective system to identify and manage material business risks;
b. monitor the Group's Risk Register to confirm that key risks have been identified and adequate controls are in place to mitigate risks so far as reasonably practicable;
c. receive reports from management on new and emerging sources of risk and the proposed risk controls to mitigate those risks;
d. receive reports from management and the external auditor on any material incident involving fraud or a breakdown of the Group's risk controls and the lessons learned;
e. review, at least annually, the Group's risk management framework to confirm that it continues to be sound and that the Group is operating with due regard to the risk appetite set by the Board;
f. monitor the need for, and if considered necessary, require, an internal or external audit of critical areas of risk;
g. oversee the establishment of procedures for the receipt, handling and investigation of whistleblower disclosures;
h. oversee the establishment of, and monitor, assurance mechanisms for monitoring:
    - the Group's culture and compliance with the Group's Values; and
    - compliance with the Group's corporate governance policies and procedures, contractual obligations and the laws applicable to the Group and its operations;
i. oversee the Group's annual insurance program, having regard to the Group's business and the insurable risks within its business;
j. assess the adequacy of controls, including disaster recovery and business continuity plans, for preserving and re-establishing financial and operational information in the event of a disaster; and
k. review and make recommendations to the Board in relation to public disclosures made by the Group regarding material business risks.

The Board considers the Group's risk management framework to be appropriate for the size and level of operations of the Group.

(c) Credit risk

Cash and cash equivalents
The Group held cash and cash equivalents of USD $1,673,917 and USD $nil in term deposits at 31 December 2024 (2023: USD $9,238,697 in cash and USD $37,823 in term deposits). The cash and cash equivalents are held with credit worthy bank and financial counterparties. The expected credit loss of each of these banks and counterparties are considered to be extremely low; accordingly any expected credit losses are deemed to be insignificant.

Trade receivables and contract assets
Credit risk on trade receivables is the risk of financial loss if a customer fails to meet its contractual obligations.

The carrying amounts of financial assets represents the maximum credit exposure.

Maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

	Consolidated 2024 $	Consolidated 2023 $
Distribution & Licensing Partners	492,071	918,484
Hospitals & Surgery Centres	1,619,147	787,772
Durable Medical Equipment Customers	1,203,610	1,754,447
	3,314,828	3,460,703

As at 31 December 2024, Zimmer Surgical Inc (worldwide) accounted for over 13% of the trade receivables (2023: Zimmer Surgical Inc accounted for over 23% of the trade receivables).

(i) Risk management
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in note 6.

The Audit and Risk Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review of new customers includes customer due diligence and credit agency information (Dun & Bradstreet Corporation), if available. Sale limits are established for each customer and reviewed periodically. Any sales exceeding those limits require approval according to an approval matrix.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual hospital or surgery centre or whether they are a distribution partner with which Next Science has a licensing or distribution agreement. Further consideration is given to their geographic location and trading history with the Group and existence of any previous financial difficulties.

(ii) Impaired trade receivables
Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indications of this include significant financial difficulties of the debtor, the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for an extensive period of time.

Impairment losses are recognised in the profit or loss statement within selling and distribution expenses. Subsequent recoveries of amounts previously written off are credited against selling and general expenses.

As at 31 December 2024, trade receivables with a nominal value of $nil (2023: nil) were considered impaired and fully provided for.

(iii) Past due not impaired
As at 31 December 2024, trade receivables of $107,859 (2023: $51,577) were past due but not impaired. These relate to customers for whom there is no recent history of default.

The aging analysis of trade receivables is as follows:

	Consolidated 2024 $	Consolidated 2023 $
0 - 30 days	1,460,774	2,175,204
31 - 60 days	1,468,000	327,215
61 - 90 days	284,725	962,119
91 - 120 days	101,328	3,835
More than 120 days	-	-
Total	3,314,827	3,468,373

(d) Liquidity risk

Liquidity risk is the risk the Group will encounter difficulty in meeting the obligations associated with its financial liabilities settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by monitoring net cash balances, actual and forecast operating cash flows.

Exposure to liquidity risk
The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements.

	Less than 6 months $	6-12 months $	Between 1 and 5 years $	Total contracted amounts $
As 31 December 2024				
Trade and other payables	2,659,324	-	-	2,659,324
Lease liabilities	132,551	135,202	463,258	731,011
Total	2,791,875	135,202	463,258	3,390,335
As 31 December 2023				
Trade and other payables	3,207,182	-	-	3,207,182
Lease liabilities	128,709	131,270	755,311	1,015,290
Total	3,335,891	131,270	755,311	4,222,472

The cash flows in the maturity analysis are not expected to occur significantly earlier or be for a significantly different amount than contractually disclosed above.

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk
The Group is not exposed to any significant interest rate risk. There is minimal exposure to the impact of adverse changes in benchmark interest rates. The Group is exposed to variable interest rate risks at the reporting date on cash and short-term deposits. A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased or decreased profit after tax by $3,309 (2023: $87,854). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The source and nature of this risk arise from operations and translation risks. The Group's reporting currency is United States Dollars (USD). However, the international operations give rise to an exposure to changes in foreign exchange rates as amounts of expenditure are from Australia and denominated in currencies other than USD.

The carrying amounts of the Group's foreign currency denominated financial assets (trade and other receivables including accrued income) and financial liabilities (trade and other payables) at the reporting date were as follows:

	Consolidated	
	2024	2023
	$	$
AUD financial assets converted to USD	1,272,599	9,140,418
AUD financial liabilities converted to USD	(390,519)	(389,619)
Net exposure in statement of financial position	882,080	8,750,799

A reasonably possible strengthening or (weakening) of the United States Dollar against all other currencies at 31 December 2024 would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	% Change	Profit before tax strengthen	Profit before tax weaken	Equity strengthen	Equity weaken
	$	$	$	$	$
2024					
Australian Dollars	10%	88,208	(88,208)	88,208	(88,208)
2023					
Australian Dollars	10%	875,080	(875,080)	875,080	(875,080)

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months and the spot rate at each reporting date.

Consolidated entity disclosure statement

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Next Science Ltd	Body corporate	Australia		Australia
Next Science Technologies Pty Ltd	Body corporate	Australia	100.00%	Australia
Next Science IP Holdings Pty Ltd	Body corporate	Australia	100.00%	Australia
Microbial Defense Systems Holdings Inc	Body corporate	United States	100.00%	United States
Next Science Manufacturing, LLC	Body corporate	United States	100.00%	United States
Next Science, LLC	Body corporate	United States	100.00%	United States
Next Science Health Care, LLC	Body corporate	United States	100.00%	United States

Key assumptions and judgements
Determination of Tax Residency Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency: The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

- Foreign tax residency: The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Directors' declaration

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

   a. The consolidated financial statements and notes set out on pages 23-61 [33-72] and the Remuneration Report on pages 10-21 [20-31] in the Directors' Report, are in accordance with the Corporations Act 2001, including:
      i. giving a true and fair view of the financial position of the Group as at 31 December 2024 and of its performance for the financial year ended on that date; and
      ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
   b. there are reasonable grounds to believe the Group will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 31 December 2024.

3. The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

4. The information disclosed in the attached consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of Directors,

Aileen Stockburger

Aileen Stockburger
Chair

28 February 2025

KPMG

Independent Auditor's Report

To the shareholders of Next Science Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Next Science Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 31 December 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2024
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 31 December 2024
- Notes, including material accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

<table>
<tr><th colspan="2">Revenue Recognition – USD$ 22,816,266</th></tr>
<tr><td colspan="2">Refer to Note 5 to the Financial Report</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Revenue recognition is a key audit matter due to the significant audit effort required by us to test the Group’s revenue, given:
• the significance of revenue to the financial statements;
• the high degree of estimation required to determine the consideration receivable for Durable Medical Equipment (DME) product sales;
• each customer contract including varying stipulations such as product sales, advance deposits, true-up payments, and minimum orders. These variations necessitate additional effort from the audit team to evaluate the timing and measurement of revenue recognised by the Group, as well as the associated contract liabilities;
• the Group having manual processes and controls which may increase the risk of error in recognition of revenue at the end of the reporting period due to differing terms of trade and differing delivery terms of customer contracts.</td><td>Our procedures included:
• We evaluated the appropriateness of the Group’s revenue recognition policies against AASB 15 Revenue from Contracts with Customers and our understanding of the business and industry practice. Additionally, we examined new and modified contracts to assess the Group’s revenue recognition policies.
• We assessed the Group’s recognition and estimation of revenue receivable for a sample of DME products through:
  ○ Examination of the underlying arrangements;
  ○ Evaluating the key assumption in the estimate, being expected receipts as a percentage of amounts billed, by 1) comparing the percentage of receipts received to that previously recognised as receivables, comparing this historical percentage used to the percentage applied by the Group in the current year estimate, and assessing circumstances at the end of the current year, using our industry knowledge, and 2) on a sample basis, comparing actual receipts after year-end to those estimated.
• For a sample of transactions across customer contracts, we tested revenue recognition and measurement for the various stipulations, including product sales, advance deposits, true-up payments, and minimum orders, by:</td></tr>
</table>

KPMG

	○ Checking the contractual stipulations of each customer agreement against the Group's policy for timing and measurement of revenue recognition; ○ Evaluating the amount, nature, and timing of revenue recognition by: - Checking the recognition for contractual stipulations in customer agreements to related documents such as freight records, sales invoices, and bank statements; - Assessing the revenue recognition for variable consideration, specifically true-up payments and minimum orders, by identifying relevant clauses in underlying contracts, comparing actual sales data to thresholds, and checking to underlying documents; ○ Recalculated deferred revenue based on the remaining life of the contract, checking accuracy by inspecting the underlying customer contracts. • For a sample of revenue transactions across differing terms of trade and typical delivery periods before and after the reporting year end, we performed specific cut-off tests for two weeks around period end. We checked the recorded revenue against customer contracts, sales invoices, and freight documents to address increased risks in timing of recognition. • Assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Next Science Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report, Remuneration Report and Corporate Directory. The Our Purpose Page, Chairman's Letter, Managing Director's Report and Investor Information are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

KPMG

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Next Science Limited for the year ended 31 December 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 10 to 21 of the Directors' report for the year ended 31 December 2024.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Kevin Leighton

Partner

Sydney

28 February 2025

Investor information as at 3 March 2025

Number of securityholders

At the specified date, there were 3,918 holders of ordinary shares (quoted), 12 holders of Options over ordinary shares (unquoted), and 11 holders of Performance Rights (unquoted) as detailed below. These were the only classes of equity securities on issue.

Shareholding distribution

There were 292,160,234 fully paid ordinary shares on issue held as follows:

Size of shareholding	Number of holders	Number of shares	% of Issued Capital
1 – 1,000	955	492,428	0.17
1,001 – 5,000	1,147	3,283,786	1.12
5,001 – 10,000	524	4,094,369	1.40
10,001 – 100,000	1,064	36,217,108	12.40
100,001 and above	228	248,072,543	84.91
Total	**3,918**	**292,160,234**	**100**

Twenty largest holders of ordinary shares

	Name	Shares held	% of issued capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	58,460,457	20.01
2	AUCKLAND TRUST COMPANY LTD <SECOND PACIFIC MASTER SUPERANNUATION FUND>	56,019,938	19.17
3	UBS NOMINEES PTY LTD	20,054,081	6.86
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	6,694,440	2.29
5	MR CHARLES ROBERT DIRCK WITTENOOM	5,571,349	1.91
6	S G ANDREW PTY LTD <S G ANDREW SUPER FUND A/C>	4,940,000	1.69
7	MR JAMES WILLIS MOZLEY JR	4,676,732	1.60
8	CITICORP NOMINEES PTY LIMITED	4,671,979	1.60
9	MR JAMES FONG SEETO	4,600,000	1.57
10	DR MATTHEW FRANCO MYNTTI	4,171,824	1.43
11	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,349,443	1.15
12	MR DEAN ANTHONY MACKENZIE	3,187,175	1.09
13	MR EVAN PHILIP CLUCAS & MS LEANNE JANE WESTON <KURANGA NURSERY SUPER A/C>	2,921,187	1.00
14	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	2,852,962	0.98
15	BOND STREET CUSTODIANS LIMITED <LAM1 - D08047 A/C>	2,460,427	0.84
16	TWENTY FIFTH ELPORTO PTY LTD <TWENTY FIFTH ELPORTO SF A/C>	2,300,000	0.79
17	JUDITH LEE MITCHELL	2,284,503	0.78
18	MRS GWENDOLINE LOUISE KING & MR SIMON GEORGE ANDREW	2,000,000	0.68
19	BELGRAVIA STRATEGIC EQUITIES PTY LTD	1,965,000	0.67
20	MR RICHARD HUGO HAMERSLEY <GREENIDGE A/C>	1,947,596	0.67
	Total	**195,129,093**	**66.26**

Substantial holders

Substantial holders as disclosed in substantial holding notices given to the Company were as follows:

Name of substantial holder	Date of notice	Number of shares over which relevant interest is held	% of issued capital
Walker Group Holdings Pty Limited Auckland Trust Company Limited as trustee of the Second Pacific Master Superannuation Fund	11 Feb 2023	52,276,092 56,019,939	37.17
Walker Family No 1 Pty Limited as trustee for Walker Family Trust	7 Aug 2024	52,276,092	17.94
Thorney Investment Group, Thorney Technologies Ltd, Jasforce Pty Ltd as trustee for the Alex Waislitz Retirement Plan and Alex Waislitz	3 Mar 2025	21,385,466	7.32

Securities subject to escrow

There were no securities subject to a restriction period or voluntary escrow period.

Unquoted Options over ordinary shares

There were 29,971,493 unquoted Options over ordinary shares held as follows:

Size of Option holding	Number of holders	% of Issued Options
1 – 1,000	0	0
1,001 – 5,000	0	0
5,001 – 10,000	0	0
10,001 – 100,000	2	0.17
100,000 and above	10	99.83
Total	12	100

TIGA Trading Pty Ltd holds 5,000,000 Options which were issued in conjunction with the execution of a facility agreement. (Refer to the Company’s ASX announcement on 17 July 2024 for further information). The remainder of the Options on issue were issued under the Company’s executive long-term incentive plan.

Unquoted Performance Rights

There were 12,442,743 unquoted Performance Rights held as follows:

Size of rights holding	Number of holders	% of Issued Rights
1 – 1,000	0	0
1,001 – 5,000	0	0
5,001 – 10,000	0	0
10,001 – 100,000	0	0
100,000 and above	11	100
Total	11	100

All of the Performance Rights on issue were issued under the Company’s executive long-term incentive plan.

Sign-on Rights

The Managing Director, I.V. Hall, held 930,262 Sign-on Rights issued as remuneration under the terms of the Managing Director’s executive service agreement and the Company’s Equity Plan. For further details, refer to the Notice of Meeting for the 2024 AGM.

Voting Rights
Ordinary shares (including partly paid shares) carry voting rights on a one for one basis and unlisted Options and Rights do not carry voting rights.

Unmarketable parcels
There are 1,958 holders of an unmarketable parcel of shares.

CORPORATE DIRECTORY

DIRECTORS

Independent Non-Executive Chair	Aileen Stockburger
Managing Director	Harry Thomas Hall, IV
Non-Executive Directors	Grant Hummel Katherine Ostin Daniel Spira (retired 3 May 2024)
Company Secretary	Gillian Nairn
Registered office	HWL Ebsworth Level 14, Australia Square 264-278 George Street Sydney NSW 2000
Share register	Automic Level 5, 126 Phillip Street Sydney NSW 2000
Auditor	KPMG Australia 300 Barangaroo Avenue Sydney NSW 2000
Solicitors	HWL Ebsworth Lawyers Level 14, Australia Square 264-278 George Street Sydney NSW 2000
Stock exchange listing	Next Science Limited shares are listed on the Australian Securities Exchange (ASX code: NXS)
Website	nextscience.com
Corporate governance statement	nextscience.com/corp-governance