NEXT SCIENCE®

ASX ANNOUNCEMENT / MEDIA RELEASE

28 February 2025

Next Science reports FY24 Result

- Revenue of US$22.8m, up 3% on pcp[1] with total sales[2] of XPERIENCE™ up 85%.
- FY24 Direct Product Sales of US$17.4m, up 3% on pcp: 76% of product sales. Direct sales of XPERIENCE™ up 99% on pcp in FY24.
- Gross Profit of US$18.4m, up 14% on pcp due to focus on revenue quality and incremental improvements in COGS[3] across all products
- Gross Margin of 81% was up significantly on pcp reflecting shift in product mix and higher quality revenue (FY23: 73%)
- Operating Expenses of US$26.5m, a 15% or US$4.7m improvement on pcp reflecting sales force restructure and other cost out initiatives
- Adjusted EBITDA Loss[4] of -US$8.0m, a 46% or US$6.8m improvement on pcp due to gross profit growth and resetting of the opex base
- Cash receipts of US$22.7m were up 13% vs pcp (FY23: US$20.1m)
- Closing cash balance of US$1.7m (31 Dec 2023: US$9.2m) and debt of US$2.0m.[5]

Next Science Limited (ASX:NXS) ("Next Science" or "the Company") today provides its full year result for the twelve months ended 31 December 2024. Next Science is a medical technology company focused on commercialising its proprietary XBIO™ suite of products to reduce the impact of biofilm-based infections on human health.

Next Science's CEO and Managing Director I.V. Hall said: "The 2024 financial year was a period of significant change at Next Science. We transformed our sales force increasing the variability of our cost base and enhancing our ability to scale. This reduced our cash burn by more than US$7m in FY24 as we transitioned our go-to-market strategy from a high fixed cost base that was unsustainable.

"Direct sales of XPERIENCE™ showed strong growth during the year due to the publication of several clinical studies, opportunities created by the GPO contract and the extension of the use case from high risk to prophylactic use. In the December quarter, the US saline shortage provided further opportunities to expand our footprint, contributing to a tripling of XPERIENCE™ sales in 4Q FY24 on pcp. On the wound care side, we continued to add 1099s

[1] Prior corresponding period (pcp)
[2] This includes Direct and Partner sales of XPERIENCE™.
[3] Cost of Goods Sold
[4] Adjusted EBITDA excludes share-based payments which is a non-cash expense.
[5] In July 2024, Next Science entered into a US$5.0m unsecured loan facility with Thorney Investment Group. Post the draw down of US$2.0m in 2H FY24, US$3.0m in funding is available.

to our indirect wound care sales force which sells both BLASTX™ and DME and also added BLASTX™ to our surgical sales channel.

“Looking ahead, we believe that Next Science is well positioned for growth. The Board and management remain focused on achieving adjusted EBITDA and cashflow positive positions.”

FY24 Financial Summary

FY24 product sales of US$22.8m were 3% higher on pcp as higher direct sales of XPERIENCE™ and partner sales offset a decline in the DME channel due to the transition to a predominantly agency salesforce.

Direct product sales of US$17.4m were up 3% on pcp and accounted for 76% of total sales (FY23: 76%). Direct Surgical sales were driven by a strong performance by XPERIENCE™ which was up 99% on pcp. This reflected the opportunities created by the saline shortage in the US, the increasing body of clinical evidence available and the extension of the use case from high risk to prophylactic use.

Chart 1: Solid growth across direct and partner channels in FY24

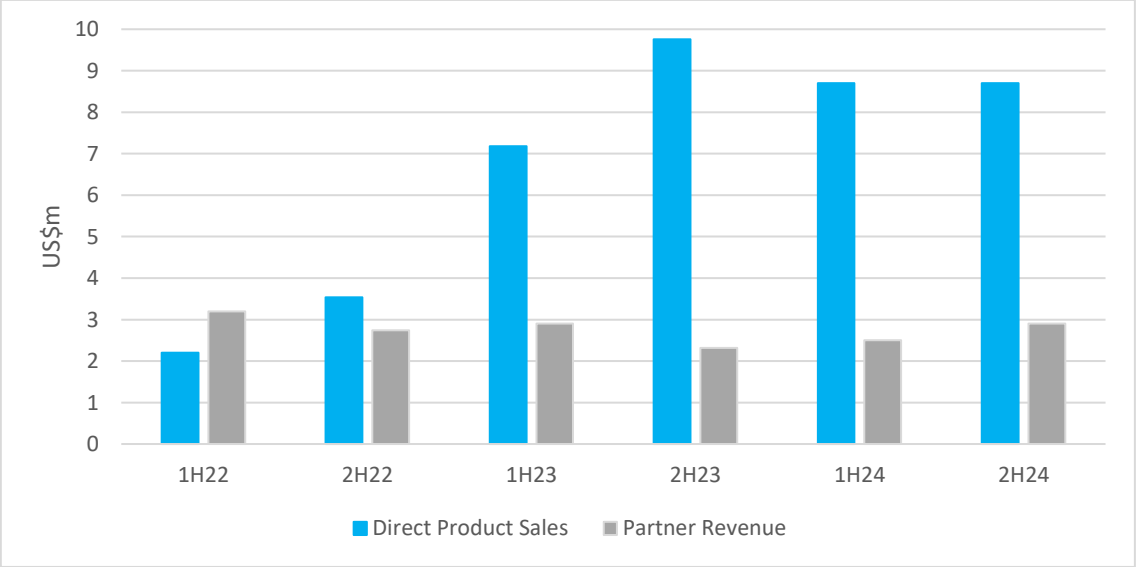
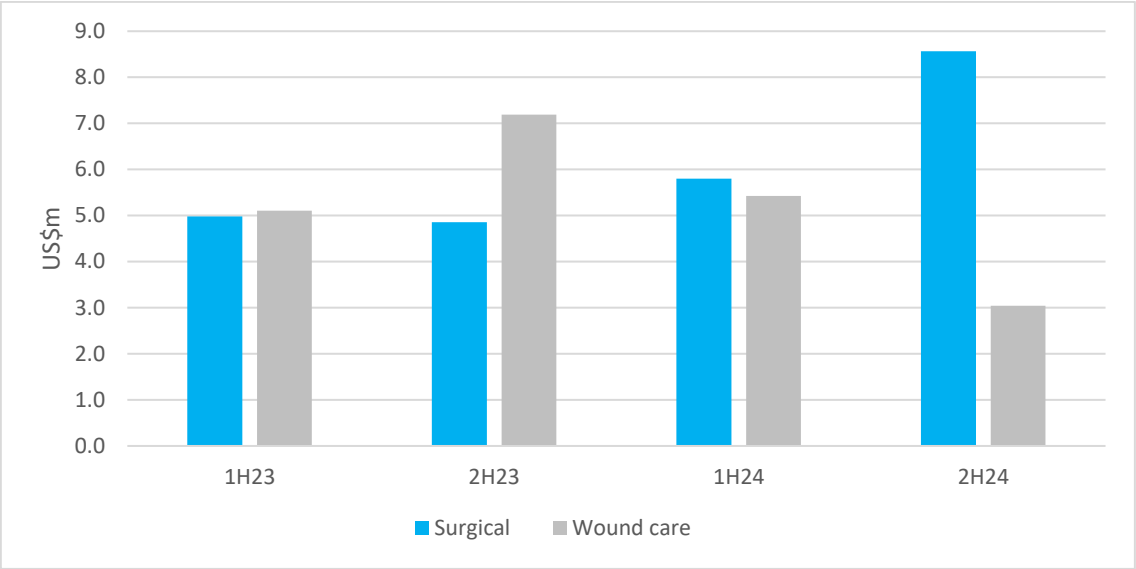


Chart 2 provides a breakdown of Next Science’s revenue by product category. It highlights the “lumpy” nature of revenue on a quarterly basis which reflects the different sales channels (partner vs direct) and seasonality of the different products.

In FY24, Surgical sales of US$14.4m were up 46% on pcp largely driven by growth in direct sales of XPERIENCE™. Wound Care sales of US$8.5m were down 31% on pcp due to the impact of the ongoing transition to an indirect sales force for DME sales.

Chart 2: Next Science revenue by product category (US$m)[6]



Gross Profit of US$18.4m was up 14% on pcp 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 on pcp 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% on pcp due to cost out initiatives.

An Adjusted EBITDA loss of (US$8.0m) compared to (US$14.8m) in FY23 as Next Science continued to improve the quality of its revenue and transformed its cost base.

FY24 Cashflow Summary

Cash receipts of US$22.7m were up 13% on pcp (FY23: US$20.1m).

Payments to suppliers of US$29.7m were 11% lower on pcp reflecting lower staff costs post the sales restructure, other cost out initiatives and the realisation of supply chain efficiencies.

Net operating cash outflows of US$8.0m in FY24 represented a significant improvement on outflows of US$15.1m in FY23. Cash burn reduced during the 2024 financial year 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.[7]

Next Science was cashflow positive for two non-consecutive months in FY24.

[6] This shows revenue from Wound Care and Surgical products from both direct and partner channels.
[7] Refer to ASX announcement on 8 January 2025.

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.

FDA Warning Letter

On 25 February 2025, Next Science advised that it has received a Warning Letter from the US Food and Drug Administration (FDA).[8]

The Warning Letter relates to the FDA's inspection of the Company's Jacksonville, Florida facility during August and September 2024. Following the FDA's inspection, the FDA issued a list of observations, via a Form FDA-483. The Company submitted a written response addressing the FDA's observations, including details of corrective actions that had already been undertaken as well as further actions underway. The Company has continued to regularly update the FDA on the progress of its corrective actions.

Next Science is committed to the highest standards of compliance and is giving the utmost attention to comprehensively addressing and correcting as quickly as possible any open actions regarding the matters raised in the FDA's Warning Letter.

The Company confirms that the FDA Warning Letter does not affect the sale of its products which are safe and effective for their cleared intended uses.

Clinical Study Update

During FY24, the results of several clinical studies involving XPERIENCE™ and BLASTX™ were released in peer-reviewed journals or on VuMedi, a video education platform for doctors.

- *Periprosthetic Joint Infection Study* **-** Recruitment for the 7,600-patient study into Periprosthetic Joint Infection (PJI) through the Ottawa Hospital Research Institute in Canada (Canada PJI study) continues with 1,403 patients enrolled across five sites (End FY23: 261).[9] An interim analysis will be done after 3,800 patients.
- *Retrospective Post Operative Infection Rates* – On 18 April 2024, Next Science announced the publication of a study by Dr Robert Harris MD in the *Journal of Orthopaedic Surgery* showing that XPERIENCE™ was efficacious in preventing periprosthetic joint infection (PJI) in primary Joint Arthroplasty procedures. The findings of the retrospective study first appeared on VuMedi in November 2023.
- *Retrospective Post Operative Infection Rates* – On 17 April 2024, Next Science announced the release of preliminary results from two retrospective studies by Dr Ravi Bashyal MD which showed zero percent infection rate when using XPERIENCE™ in over 1,400 consecutive knee (TKA) and hip (THA) arthroplasties. These findings were discussed by Dr Bashyal in a video posted on the VuMedi platform.

[8] For further information, please refer to the ASX announcement on 25 February 2025.
[9] This clinical trial (prospective, multi-centre, double-arm, parallel, interventional, randomised, controlled) will assess the rate of periprosthetic joint infection (<90 days post-surgery) in patients undergoing primary total knee arthroplasty, total hip arthroplasty or hip resurfacing (HR) with XPERIENCE™ Advanced Surgical Irrigation versus dilute Betadine.

- *Retrospective Post Operative Infection Rates* – On 16 April 2024, Next Science announced the publication of a study by Dr Ronald Singer MD in the *Journal of Surgical Infections* which showed significant efficacy in reducing infection when XPERIENCE™ was used in total knee arthroplasty (TKA).
- *Negative Pressure Wound Therapy (NPWT) and BLASTX™* – On 9 April 2024, Next Science announced the publication of a study by Dr Thomas E. Serena MD et al. in *Diagnostics*, an international peer-reviewed journal which found BLASTX™ to be efficacious in the treatment of pressure ulcers when used in conjunction with NPWT.
- *Retrospective Post Operative Infection Rates* – On 28 October 2024, Next Science announced the publication of a 1,295-patient study[10] by Dr Ravi Bashyal MD which showed zero percent infection rate when using XPERIENCE™ in 471 consecutive knee (TKA) and hip (THA) arthroplasties. The article entitled "The Use of a Novel Surgical Irrigant May Be Associated with Decreased Incidence of Surgical Site Infections" by Lohith Vatti, MD, Rohan Gopinath MD, Claire Heshmat, Samantha Lariosa, Sarah Rabbitt and Ravi Bashyal MD appeared in the *J Orthopaedic Experience & Innovation* and can be accessed here.

FY24 Investor Webinar

CEO and Managing Director, I.V. Hall and CFO, Marc Zimmerman, will host a zoom webinar including a Q&A session with the investment community at **9:00am (Sydney time) today, 28 February 2025**.

Please use the link below to register for the webinar.

https://us06web.zoom.us/webinar/register/WN_DvLhHLPZRQKXgpWqp-j3Fg

Investors can submit questions prior to the webinar to fdixon@nextscience.com or ask questions via the Q&A function during the webinar.

Approved and authorised for release by the Board of Directors.

Media & Investor Enquiries

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[10] The 1295-patient study consisted of 471 cases in 2022 and control group of 824 patients.

About Next Science

Next Science is a medical technology company headquartered in Sydney, Australia, with a research and development centre in Florida, USA. Established in 2012, the company's primary focus is on the development and continued commercialisation of its proprietary XBIO™ technology to reduce the impact of biofilm-based infections in human health. XBIO™ is a unique, non-toxic technology with proven efficacy in eradicating both biofilm-based and free-floating bacteria. Next Science owns 100% of the patent protected intellectual property relating to its XBIO™ technology. For further information visit: www.nextscience.com

Forward looking statements

This announcement may contain forward looking statements which may be identified by words such as "believes", "considers", "could", "estimates", "expects", "intends", "may" and other similar worlds that involve risks and uncertainties. Such statements are not guarantees of future performance and involved known and unknown risks uncertainties, assumptions and other important factors, many of which are beyond the control of Next Science or its Directors and management and could cause Next Science's actual results and circumstances to differ materially from the results and circumstances expressed or anticipated in these statements. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.