

22 August 2024

Next Science revises FY24 guidance

Next Science Limited (ASX:NXS) (“Next Science” or “the Company”) today provides an update in relation to its FY24 guidance. 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.

In 1H FY24, Next Science made significant changes to its sales organisation with the consolidation of its sales leadership, implementation of a unified field strategy for its XBIO™ product suite and the restructuring of its DME¹ sales force and go-to-market strategy. These changes are expected to deliver net annual cost savings of US\$6m due to a more variable cost structure and led to a significant reduction in cash burn in 2Q FY24.

The new go-to-market strategy for the DME involves the conversion of the majority of its direct sales force to agency reps or 1099s. Although the Company has made good progress in onboarding and training 1099s since April, recent sales results have been below expectations with the transition taking longer than originally forecast. The Board and management remain confident that the strategy will deliver top line growth and result in a more productive and scalable sales force.

Due to the uncertainty created by the sales transformation, the Board has decided to remove revenue guidance for FY24. The significant cost reductions achieved as a result of the changes to the sales force mean that Next Science expects to be cashflow positive in 4Q FY24 or 1Q FY25. It also expects to be EBITDA positive on an adjusted basis during the same period.²

Table 1: Revisions to FY24 Guidance

Previous FY24 Guidance	Revised FY24 Guidance
<ul style="list-style-type: none">Revenue guidance of US\$36m-40mEBITDA and cashflow positive in 2H FY24	<ul style="list-style-type: none">Adjusted EBITDA² and cashflow positive in 4Q FY24 / Q1 FY25

¹ In October 2022, Next Science established itself as a Durable Medical Equipment (DME) provider to sell BlastX™ in combination with topical collagen products. Refer to ASX announcement on 19 October 2022.

²Adjusted EBITDA is Reported EBITDA less share based payments expense (SBP).

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Next Science's CEO and Managing Director I.V. Hall said: "We have accomplished a lot in 2024 with the implementation of a new cost base and a sales transformation which have laid the foundations for future growth. The sales reorganisation will enable us to drive efficiencies from the top down, maximise the revenue potential within our existing customer base and access new opportunities. Today's announcement is necessary because it is taking longer for these new independent agents to onboard, train, and drive sales through their established networks.

"We expect growth to also come from improved revenue quality in the DME and higher direct sales of XPERIENCE™ as we extend the use case from high risk to prophylactic use and add new customers through the GPO and value analysis committee approvals.

"In addition, the new variable cost structure has been in place since June and provides us with further levers as we move through this process. Over the next few months, we will remain focused on delivering topline growth across our product offering while maintaining a prudent approach to cost and working capital management. The US\$5m loan facility³ recently put in place also provides access to additional capital should we need it."

Next Science will release its 1H FY24 result on Friday 30 August. Refer to the ASX announcement on 26 July 2024.

Approved and authorised for release by the Board of Directors.

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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 words that involve risks and uncertainties. Such statements are not guarantees of future performance and involved known and unknown risks uncertainties, assumptions and other important factors, many of which are beyond the control of Next Science or its Directors and management and could cause Next Science's actual results and circumstances to differ materially from the results and circumstances expressed or anticipated in these statements. The Directors cannot and do not give any assurance that the results,

³ Refer to ASX announcement on 17 July 2024

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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.