

29 April 2024

ASX ANNOUNCEMENT

QUARTERLY ACTIVITY REPORT AND APPENDIX 4C FOR Q3 FY24¹

- Record quarterly sales of Pentrox in Australian hospital segment.
 - Strong in-market demand for Pentrox in Europe, with record quarterly demand in the Nordic region.
 - Partner negotiations advancing for Pentrox distribution in France and Switzerland.
 - Business efficiency and pricing initiatives delivering annualised benefits of \$3.1 million implemented in the quarter.
 - US market entry and next generation device development paused to focus on accelerating sales of Pentrox in European and Australian markets.
 - Cash balance at 31 March 2024 of \$10.7 million.
 - The Group expects underlying EBIT in FY24 to be strongly improved on FY23.
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¹ Financial information in the Quarterly Activity Report and Appendix 4C is unaudited.

Medical Developments International (ASX: MVP) today released its first Appendix 4C and Quarterly Activity Report, for the quarter ended 31 March 2024 (Q3 FY24), pursuant to Listing Rule 4.7B.

FINANCIAL UPDATE

Revenue for the quarter was \$8.6 million, with revenue at \$23.8 million for the year to date.

Pain Management revenue was \$5.9 million for Q3 FY24 and \$15.5 million YTD. Deliveries were made into Europe, New Zealand, the Middle East, and Colombia in the quarter. Demand in Australia was solid, and pricing was improved.

Respiratory revenue was \$2.7 million for Q3 FY24 and \$8.2 million YTD. Demand in the US during the quarter softened as expected following the peak winter demand period, while sales were higher in Europe. Demand in Australia was steady.

The Group used \$3.9 million cash in operating activities during Q3 FY24. This included investment in working capital of \$2.5 million, reflecting the timing of sales and inventory purchases in the quarter.

Receipts from customers in the quarter were \$7.1 million, against revenue of \$8.6 million, with trade receivables increasing \$1.4 million in the quarter due to the timing of collections. Customer collections were in line with expectations.

Payments to suppliers and employees in the quarter were \$11.1 million, which included a net \$1.1 million investment in working capital.

Cash used in investing activities during the quarter was \$1.2 million, mostly related to finalisation of the Pentrox MAGPIE paediatric clinical trial in Europe and preparation for regulatory submission in the coming months.

Cash at 31 March 2024 was \$10.7 million.

Outlook

Earnings guidance for FY24 is unchanged. The Group expects underlying EBIT in FY24 to be strongly improved on FY23, driven by higher average Pentrox prices and lower costs.

CEO Brent MacGregor said, *“Outside of expected changes in working capital, our underlying operating cashflows are improving. Our performance through Q3 has been in line with our expectations and our outlook for FY24 is unchanged. We remain on track to deliver positive operating cashflows by the end of FY25.”*

BUSINESS UPDATE

Improved margins through pricing and efficiency

In the quarter, the Group implemented efficiency initiatives which will deliver \$2.6 million per annum earnings benefits.

Pricing initiatives delivering \$0.5 million annualized benefits were also implemented in the quarter.

Increased penetration of Pentrox in Australian hospital emergency departments

The Group maintained momentum in its strategy to expand Pentrox into Australian hospital emergency departments, achieving record quarterly sales in this segment. During the quarter, Pentrox was launched at a prominent trauma hospital in Victoria where it has received encouraging early feedback.

Demand in Australia across other segments remained robust.

Pentrox distribution in Europe

Partner negotiations continued to advance for Pentrox distribution in France and Switzerland.

In-market demand for Pentrox in Europe remained strong. Nordics reported record quarterly demand in Q3, while demand in France was solid.

The Group is well advanced in preparations for submission of the MAGPIE paediatric trial data to the European regulatory agency, for select markets. A successful outcome will broaden the addressable market for Pentrox in these markets.

Progressed Pentrox US market entry

Over the last 12 months the Group has developed a much deeper understanding of the US market potential for Pentrox, sales channels, potential partners, and opportunities to maximise value. In addition, engagement with the US FDA in October has increased clarity on the clinical pathway to US market entry, which has improved estimates of project costs and timelines. The Group remains confident that an attractive commercial opportunity exists for Pentrox in the US.

Following further evaluation of resourcing requirements and funding options to progress US market entry plans, the Group has determined to pause the commencement of the next phase of investment in favour of focusing on the underlying business. Accelerating the penetration of Pentrox in Europe and Australia is expected to deliver greater shareholder value in the near term, while increasing funding optionality for US market entry in the future.

Aligned with the delayed commencement of further US market entry activity, investment in the Group's next generation device will be paused.

Mr MacGregor said, *"Our key priority at this time is to drive further momentum in our existing markets for Pentrox. Pausing US market entry plans aligns with our priority to achieve cashflow positivity in the near term. The US commercial opportunity for Pentrox remains open to us, and we will recommence market entry activity at the appropriate time."*

~END~

Authorised for release by the Board of Directors.

Enquiries

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About Medical Developments International Ltd

MVP is an Australian company delivering emergency medical solutions dedicated to improving patient outcomes. MVP is a leader in emergency pain relief and respiratory products. The Company manufactures Pentrox®, a fast-acting non-opioid trauma & emergency pain relief product. It is used in Australian Hospitals including Emergency Departments, Australian Ambulance Services, the Australian Defence Forces, Sports Medicine and for analgesia during short surgical procedures such as change of burns dressings, biopsies, and dental procedures as well as in other medical applications.

Forward looking statements

This announcement contains certain 'forward looking statements' within the meaning of the securities law of applicable jurisdictions. Forward looking statements can generally be identified by the use of forward-looking words such as 'may', 'should', 'expect', 'anticipate', 'estimate', 'scheduled' or 'continue' or the negative version of them or comparable terminology. Any forecasts or other forward-looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. The Company does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward looking statements.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Medical Developments International Limited

ABN

14 106 340 667

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7,072	26,440
1.2 Payments for		
(a) research and development	(79)	(295)
(b) product manufacturing and operating costs	(4,010)	(14,261)
(c) advertising and marketing	(659)	(2,318)
(d) leased assets	-	-
(e) staff costs	(4,412)	(15,034)
(f) administration and corporate costs	(1,848)	(5,113)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	57	259
1.5 Interest and other costs of finance paid	(21)	(65)
1.6 Income taxes paid	(46)	(46)
1.7 Government grants and tax incentives	-	34
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,946)	(10,399)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(85)	(768)
(d) investments	-	-
(e) intellectual property	-	(62)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets	(1,080)	(1,947)
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(1,165)	(2,777)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings (lease liabilities)	(69)	(203)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (payment of shares acquired by Employee Trust)	-	(533)
3.10 Net cash from / (used in) financing activities	(69)	(736)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	15,699	24,661
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,946)	(10,399)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,165)	(2,777)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(69)	(736)
4.5	Effect of movement in exchange rates on cash held	203	(27)
4.6	Cash and cash equivalents at end of period	10,722	10,722

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	10,722	15,699
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,722	15,699

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

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,946)
8.2 Cash and cash equivalents at quarter end (item 4.6)	10,722
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	10,722
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.72
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2024.....

Authorised by: Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.