12 July 2024

ASX ANNOUNCEMENT

FY24 ASSET REVIEW AND NON-CASH WRITE-DOWNS

- Non-cash asset write-downs expected in FY24 full year results
- Underlying EBIT in FY24 to be strongly improved on FY23, in line with expectations
- The Group remains on track to deliver positive operating cashflows by the end of FY25

Medical Developments International (ASX: MVP) has completed a periodic review of the carrying value of assets in accordance with the Group's accounting policies and the accounting standards.

As a result, the Group expects to recognize, in its FY24 full year financial statements, write-downs to the carrying value of assets of approximately $31 million, with an after-tax earnings impact of approximately $26 million.

The non-cash asset write-downs remain subject to audit but are expected to include:

- capitalized development costs of $16 million relating to US market entry, including US market registration costs and development costs for the next generation device, giving rise to an after-tax impairment charge of $12 million;
- redundant fixed assets of $1 million; and
- deferred tax assets of $14 million, relating to the de-recognition of tax losses carried forward from prior financial years, giving rise to a tax expense of $14 million.

The write-down of US market entry development costs follows the decision to pause investment in US expansion plans. The Group currently does not meet the criteria under the relevant accounting standard to maintain balance sheet recognition. The impairment charge does not reflect the inherent value of the work completed to date, and it may be reversed when development is re-commenced.

CEO, Brent MacGregor, said, "We reported in April that we have paused investment in the US. Our key priority is driving further momentum in our existing markets for Penthrox. The US commercial opportunity for Penthrox remains open to us, and we will re-commence market entry activity at the appropriate time. The significant work we have completed, over several years, remains valuable and relevant to future plans."

The de-recognition of carried forward tax losses from prior financial years reflects uncertainties with respect to the utilization of tax losses in the future. Notwithstanding the de-recognition for accounting purposes at this time, the tax losses remain available to the Group to be utilized against future taxable profits.

Medical Developments International Limited ABN 14 106 340 667
4 Caribbean Drive Scoresby Victoria 3179 Australia **Postal Address** PO Box 9004 Scoresby Victoria 3179 Australia
Telephone +61 3 9547 1888 **Fax** +61 3 9547 0262 **Web** www.medicaldev.com

The Group will also not recognize deferred tax assets or tax benefits in respect of losses for the FY24 financial year.

The Group will release its FY24 full year results on 26 August 2024. Excluding impairment charges, it expects underlying EBIT in FY24 to be strongly improved on FY23, driven by higher average Penthrox prices and lower costs.

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Authorised for release by the Board of Directors.

Enquiries

Anita James
Chief Financial Officer
+61 (3) 9547 1888

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 Penthrox®, 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.