

26 July 2024

ASX ANNOUNCEMENT

QUARTERLY ACTIVITY REPORT AND APPENDIX 4C FOR Q4 FY24¹

- Record quarterly sales of Pentrox in Australian hospital segment.
- Record in-market demand for Pentrox in Europe, with the Nordic region, France and the UK performing strongly.
- Extension of agreement for Pentrox distribution in UK and Ireland to end of 2027 on more favourable economic terms.
- Further business efficiencies implemented.
- Unaudited results for FY24 in line with expectations. Gross margin up 5ppt, operating costs down ~\$5.0 million, Underlying EBIT and Free Cashflow strongly improved.
- Cash balance at 30 June 2024 of \$9.7 million.
- Fully underwritten capital raising of \$10.0 million announced.
- Positive operating cashflow expected by the end of FY25.

¹ Financial information in the Quarterly Activity Report and Appendix 4C is unaudited.

Medical Developments International (ASX: MVP) today released its Appendix 4C and Quarterly Activity Report for the quarter ended 30 June 2024 (Q4 FY24).

FINANCIAL UPDATE

Revenue for the quarter was \$9.5 million, with revenue at \$33.2 million for the year.

Pain Management revenue was \$5.8 million for Q4 FY24 and \$21.3 million for the year. Revenue was generally in line with the prior quarter. Quarterly demand in Australia was the strongest for the year.

Respiratory revenue was \$3.6 million for Q4 FY24 and \$11.9 million for the year. Revenue was \$0.9 million improved on Q3 FY24, with stronger demand in Australia and the US.

The Group used \$0.4 million cash in operating activities during Q4 FY24, strongly improved on the \$3.9 million used in the prior quarter, driven by a reduction in working capital of \$1.0 million and improved underlying cashflows.

Receipts from customers in the quarter were \$1.2 million higher than in the prior quarter at \$8.3 million, against revenue of \$9.5 million. Trade receivables increased \$1.1 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 \$8.7 million, \$2.4 million lower than the prior quarter, driven by a \$2.1 million reduction in working capital.

Cash used in investing activities during the quarter was \$0.4 million, mostly related to finalisation of the Pentrox MAGPIE paediatric clinical study in Europe and preparation for regulatory submission to expand the age indication to children in select markets.

Cash at 30 June 2024 was \$9.7 million.

FY24 UNAUDITED RESULTS AND FY25 OUTLOOK

The Group has reported preliminary unaudited results for FY24, with Underlying EBIT in line with expectations at \$11.6 million (loss), \$6.6 million improved on FY23, driven by higher average Pentrox prices and lower costs. Free Cashflow was \$10.2 million improved.

The Group expects positive momentum in margins and earnings to continue in F25, with underlying EBIT to be strongly improved on FY24, driven by higher average Pentrox prices and operational efficiencies of ~\$3-4 million.

CEO Brent MacGregor said, *“Our operating cashflow is improving, and the pricing and efficiency initiatives we have implemented over the last year will drive further improvement in the year ahead. We remain on track to deliver positive operating cashflows by the end of FY25.”*

BUSINESS UPDATE

Improved margins from pricing and efficiency

In FY24 the Group's cost base was reduced by ~\$5.0 million, driven by lower costs to serve in Europe and business efficiencies. These efficiencies are expected to deliver further improvements of \$3-4 million to the cost base in FY25.

Group gross margins in FY24 were strongly improved, up 5ppts to 74%, reflecting higher average Pentrox prices and supply chain efficiencies. In the year ahead, gross margins will benefit from higher Pentrox pricing in the UK and Ireland, following an extension of the distribution agreement for these markets, and higher PBS pricing in Australia, which will increase by 25% from August 2024.

Increased penetration of Pentrox in Australian hospital emergency departments

Pentrox volumes for Q4 in Australia were the strongest for the year. Volumes into hospital emergency departments continued to grow and demand from ambulance services was improved.

The Group has achieved 44 new protocol listings for Pentrox, with 244 hospitals now purchasing Pentrox.

Pentrox distribution in Europe

The Group reported record quarterly in-market demand for Pentrox in Europe, and record annual volumes, with the Nordic region, France and the UK all performing well.

In the quarter the Group completed preparations for submission of the MAGPIE paediatric study data to the European regulatory agency in August 2024 (for select markets). A successful outcome would broaden the addressable market for Pentrox in these markets to children >6 years of age. A decision from the regulatory authorities is expected by August 2025.

The Group has extended the agreement for distribution of Pentrox in the UK and Ireland to the end of 2027. The extension delivers improved economic terms for the Group from FY25 and provides a strong foundation to maximise the potential of a broader age indication in these markets from FY26 (subject to approval by the regulatory authorities).

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

Mr MacGregor said, *“Future regulatory approval of our submission of the MAGPIE clinical study data has the potential to accelerate growth in Europe. An expansion of the approved age indication to children would expand the addressable market and could also address a barrier to Pentrox entry into some ambulance trusts in the UK.*

“The UK is our largest existing market for Pentrox outside of Australia. We are thrilled to have successfully extended distribution arrangements with our longest tenured partner. There is exciting potential for Pentrox growth in Europe, and specifically the UK, over the coming years. Support from our experienced partner, who has successfully listed Pentrox in over 70% of hospital trusts in the UK and 100% in Ireland, will be invaluable in realizing this potential.”

~END~

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 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")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,322	34,762
1.2 Payments for		
(a) research and development	(84)	(379)
(b) product manufacturing and operating costs	(1,950)	(14,281)
(c) advertising and marketing	(706)	(3,024)
(d) leased assets	-	-
(e) staff costs	(3,852)	(18,886)
(f) administration and corporate costs	(2,133)	(9,176)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	43	302
1.5 Interest and other costs of finance paid	(21)	(86)
1.6 Income taxes paid	-	(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	(381)	(10,780)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(25)	(793)
(d) investments	-	-
(e) intellectual property	(257)	(319)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	(110)	(2,057)
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	(392)	(3,169)

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)	(71)	(274)
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	(71)	(807)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,722	24,661
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(381)	(10,780)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(392)	(3,169)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(71)	(807)
4.5	Effect of movement in exchange rates on cash held	(143)	(170)
4.6	Cash and cash equivalents at end of period	9,735	9,735

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	9,735	10,722
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)	9,735	10,722

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	-
<i>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.</i>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(381)
8.2	Cash and cash equivalents at quarter end (item 4.6)	9,735
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	9,735
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	25.55
	<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: 26 July 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.