

26 August 2024

## **ASX ANNOUNCEMENT**

### **FY24 FULL YEAR RESULTS**

#### **CASHFLOW AND UNDERLYING EARNINGS STRONGLY IMPROVED**

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- Underlying EBIT improved \$6.6 million (+36%), free cashflow improved \$10.2 million (+42%)
  - Gross margin improved by 5ppts, operating costs down ~\$5.0 million
  - Pentrox growth of ~30% in Australian Hospital emergency departments
  - Record in-market volumes of Pentrox® in Europe
  - Successful clinical study outcome in children (MAGPIE Study) provides potential to expand addressable market for Pentrox
  - Extension of agreement for Pentrox distribution in UK and Ireland to end of 2027 on more favourable economic terms
  - Continued share growth in the attractive US respiratory spacer market
  - \$10 million capital raise completed in August 2024 provides funding to accelerate growth
  - Positive operating cashflow expected by the end of FY25
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Medical Developments International (ASX: MVP) today announced a net loss after tax of \$41.0 million for the full year ended 30 June 2024, compared to a loss of \$5.6 million in the prior corresponding period (pcp).

Included in statutory earnings in the period was a loss before tax from Underlying Adjustments of \$21.5 million (pcp \$10.3 million gain). This included a non-cash expense of \$5.1 million arising from the transition of CEO remuneration arrangements, reported in the first half, and non-cash asset impairment charges of \$16.4 million. Statutory earnings also included a non-cash income tax charge of \$15.0 million arising from the derecognition of tax losses. Circumstances giving rise to the impairment and income tax charges were announced to the market on 12 July 2024.

Underlying EBIT improved \$6.6 million to \$11.6 million loss (pcp \$18.2 million loss).

#### **FY24 PERFORMANCE**

CEO, Brent MacGregor, said, *“Our results in FY24 demonstrate the positive momentum we have achieved in margins, earnings and cashflow. We delivered over \$7 million in pricing and efficiency gains in the period, and demand for Pentrox in Australia and Europe was improved. Our US Respiratory business has continued to grow strongly. Revenue and earnings growth, and disciplined cash management, has delivered an improvement of \$10.2 million in Free Cashflow.”*

*“Further improvements in earnings and cashflow are expected in the year ahead. We remain on track to deliver positive operating cashflows by the end of FY25.”*

Group revenue was up 3% on the pcp at \$33.1 million.

Pain Management segment revenue grew 4% to \$21.3 million. Revenue in Australia was up 28%, with strongly improved pricing and volume growth of 3%, driven by increased Pentrox penetration in hospital emergency departments. Revenue in Europe was up 11% with strong demand from the Nordics, up 42%, and continued growth momentum in the UK, with volume up 3%. Demand in France remained firm despite the scale-back of promotional activity in FY23. Revenue from other markets was down 41%, driven primarily by inventory stocking for the relaunch of Pentrox in Canada in the prior year.

Revenue in the Respiratory segment was up 1% at \$11.9 million. US revenues were up 37%, reflecting continued strong market share gains in our target growth market. Revenues in Australia were down 18% due to lower prevalence of respiratory conditions in the period. Our leading market share was maintained. Revenue in Europe was down 44% due to inventory stocking in the prior year.

Improved pricing and operational efficiency delivered \$7.2 million in earnings benefits. Gross margins were strongly improved, up 5ppts to 74%.

Higher revenues, improved margins and lower costs delivered a \$6.6 million improvement to Underlying EBIT.

Free cashflow improved by \$10.2 million, with improved earnings, disciplined working capital management, and lower capital expenditure.

## **FY24 PRIORITIES**

### **Improve margins through pricing and efficiency**

The Group delivered earnings benefits of \$7.2 million from pricing and efficiency in the period. This includes a reduction in costs in Europe, lower supply chain costs and higher pricing for Pentrox, particularly in Australia.

Operational efficiency initiatives will deliver a further \$3-4 million reduction in costs in FY25.

### **Increase penetration of Pentrox in Australian hospital emergency departments**

The Group delivered ~30% growth in volumes into the hospital segment, reflecting growing demand from emergency departments. Pentrox has been listed on protocols in 44 new hospitals, and the total number of purchasing hospitals has increased by 68 over the last year to 244 hospitals. In the period Pentrox was also listed on the South Australian state formulary for use in emergency departments.

### **Grow Pentrox in Europe**

The Group reported record annual in-market volumes in Europe in FY24, with the Nordic region, France and the UK all performing well.

Costs to serve Europe were significantly reduced. The Group transitioned to a “capital-light” operating model and scaled down in-market promotional activity. It is advancing negotiations with partners for Pentrox distribution in France and Switzerland.

Preparations for submission of the MAGPIE paediatric study data to the European regulatory agency in August 2024 (for select markets) were completed. 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).

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.”*

### **FY25 OUTLOOK**

The Group expects positive momentum in margins and earnings to continue in FY25, with underlying EBIT to be strongly improved on FY24, driven by higher average Pentrox prices and operational efficiencies of \$3-4 million. Positive operating cashflow is expected to be achieved by the end of FY25.

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**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.