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ASX:MVP

FY24 FULL YEAR RESULTS

26 August 2024

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Key messages

FY24 financial performance strongly improved, positive momentum to continue

FY24 results
Margins, earnings and cashflow strongly improved[1]

- Group revenue of $33.2m (+3%) with improved results in Pain Management and Respiratory
- Gross margin[2] expansion of 5ppts to 74%
- Significant operating cost reduction of ~$5m driven by efficiencies
- Strongly improved EBIT and cashflow with underlying EBIT loss improved by $6.6m and free cash flow improved by $10.2m
- $10m capital raise completed in August 2024 provides funding to accelerate growth

FY24 strategic priorities
Good progress in delivering strategy

- Penthrox growth of ~30% in Australian Hospital emergency departments with encouraging lead indicators
- Record in-market volumes of Penthrox® in Europe
- Transition to capital light operating model in Europe complete, cost to serve reduced
- Successful clinical study outcome in children (MAGPIE[3]) provides potential to expand addressable market
- Continued share growth in the attractive US respiratory spacer market

FY25 Outlook
Positive momentum to continue

- Underlying EBIT to be strongly improved on FY24, driven by higher average Penthrox prices and operational efficiencies of $3-4m
- Positive operating cashflow is expected to be achieved by the end of FY25

1. Versus prior corresponding period. All growth numbers are against this benchmark unless otherwise stated.
2. Gross margin = revenue less raw materials and consumables used (extracted from the Consolidated Statement of Profit and Loss and other Comprehensive Income).
3. Hartshorn S et al. A double-blind, randomized, placebo-controlled study of pediatric acute trauma pain treatment with methoxyflurane.Acad Emerg Med. 2024;31(Suppl. 1):8–401.

Strategic and operational highlights

MVP has delivered good progress in its strategic priorities

FY24 strategic priorities	Progress
Improve margins through pricing and operational efficiency	• $7.2m earnings benefit from pricing ($2.2m) and efficiency improvements ($5.0m) • Additional efficiency savings of $3.0-$4.0m to be realised in FY25 from initiatives already implemented
Increase penetration of Penthrox® in Australian hospital emergency departments (EDs)	• Volume growth of 3% in Australia, with >30% growth in volumes and encouraging lead indicators in the hospital segment • Protocol listings for Penthrox® in 44 new hospitals over last 18 months • Higher penetration in hospital segment, with total purchasing hospitals in FY24 of 244, an increase of 68 versus FY23 • Penthrox® included on the South Australian state formulary
Penthrox® distribution in Europe	• Record in-market Penthrox® volumes in Europe, delivering 6% growth versus FY23 • Partner negotiations well advanced for Penthrox® distribution in France and in Switzerland • UK / Ireland distribution agreement extended with improved economic terms • Preparation of submission of the MAGPIE paediatric study data to the European regulatory agency, for select markets, completed
Drive continued growth in Respiratory	• US revenue up 37% driven by further market share growth • Lower prevalence of respiratory conditions has softened demand in Australia, leading market share maintained • Segment revenues up 1% versus FY23

GROWTH DRIVERS

Improve margins through pricing and efficiency

Positive momentum in improving margins and the cost base

FY24 achievements

- Gross margin[1] improvement of 5ppt versus FY23, driven by pricing and supply chain efficiencies
- Pricing improved in Australia, reflecting PBS price movements in FY23, and improved pricing in some global markets
- Reduction in cost base of $5m, driven by lower costs to serve in Europe and delivery of efficiencies
- Transition to capital-light operating model in Europe complete, cost to serve reduced
- Extension of UK / Ireland Penthrox® distribution agreement with improved economic terms

Opportunities

- Achievement of margins that fully reflect the value proposition of Penthrox® in all markets over time
- PBS price increase for Penthrox® of 25% in August 2024
- Business efficiency benefits of $3-4m expected in FY25, mostly from initiatives already implemented
- Fixed cost leverage realized overtime

1. Gross margin = revenue less raw materials and consumables used (extracted from the Consolidated Statement of Profit and Loss and other Comprehensive Income).

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The Australian Penthrox® market

Penetration in emergency departments has the potential to deliver 30-40% CAGR over next 5 years

Progress

Ambulance	Emergency Departments (ED)	Procedural segments
✓ Penthrox® used broadly in 100% of ambulance bodies in Australia ✗ Expansion of protocols and easing of shift restrictions in some States not yet achieved	✓ Strong lead indicators with 244 purchasing hospitals and 44 new protocol listings ✓ Growth of ~30% in FY24 ✗ Limited progress in paediatric hospitals	✓ Well established in haematology ✓ Growing use in Women's Health procedures (O&G)

Learnings

1. Use and uptake of Penthrox® demonstrates a belief in the value proposition
2. There is strong product loyalty and product "stickiness" once the product is embedded as standard of care
3. Changing behaviours away from existing standards of care has proven challenging
4. Embedding Penthrox® use, and delivering meaningful penetration, requires targeted effort and engagement with, and support from, a broad range of stakeholders

Accelerate penetration of Penthrox® in Australia

Engagement approach to promote faster product adoption over time and support growth in global markets

Our strategy to accelerate penetration

- Reduce field-based commercial investment in the near term, in favour of increased medical engagement
- Maintain momentum in existing accounts through capital light approach, leveraging existing resources
- Engage with respected experts in the field of pain management and emergency medicine that can speak to the benefits of Penthrox® in their practices
- Peer-to-peer knowledge exchange and influence more likely to embed change in behaviours, which will enhance and accelerate commercial execution
- Utilise paediatric data (MAGPIE study) in medical engagement with healthcare professionals[1]

1. For countries where the age indication is 18 years or older, medical led, reactive conversations only.

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Grow Penthrox® in global markets

Leveraging a capital-light partner supported go-to-market strategy in a targeted manner

Progress

- ✓ Penthrox® distributed in more than 20 international markets
- ✓ Capital-light partner operating model preferred
- ✓ Distribution in France and Switzerland expected to transition to partners in the near term (subject to finalisation of agreements)
- ✓ 24% CAGR growth in European volume since FY21 driven by success in UK, France and the Nordic countries
- ✓ Penthrox® listed on protocol in over 70% of NHS hospital trusts in the UK, and 100% of trusts in Ireland
- ✓ Relaunch of Penthrox® in Canada in FY23
- ✓ Extension of agreement for distribution in UK / Ireland to end of 2027 with improved economic terms

Growth strategy

- Strong partner engagement and knowledge exchange, including support with external medical/clinical expert advocacy
- Leverage successful MAGPIE study to lower the age indication in select global markets (remains subject to regulatory approval). A lower age indication would
  - Expand the addressable market to children, potentially to >6 years (age indication dependent on regulatory feedback)
  - Address a barrier to entry in the UK ambulance segment
- Continue to improve commercial terms to reflect the value proposition of Penthrox
- Disciplined assessment of new market entry

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Drive continued growth in Respiratory

A profitable capital-light business

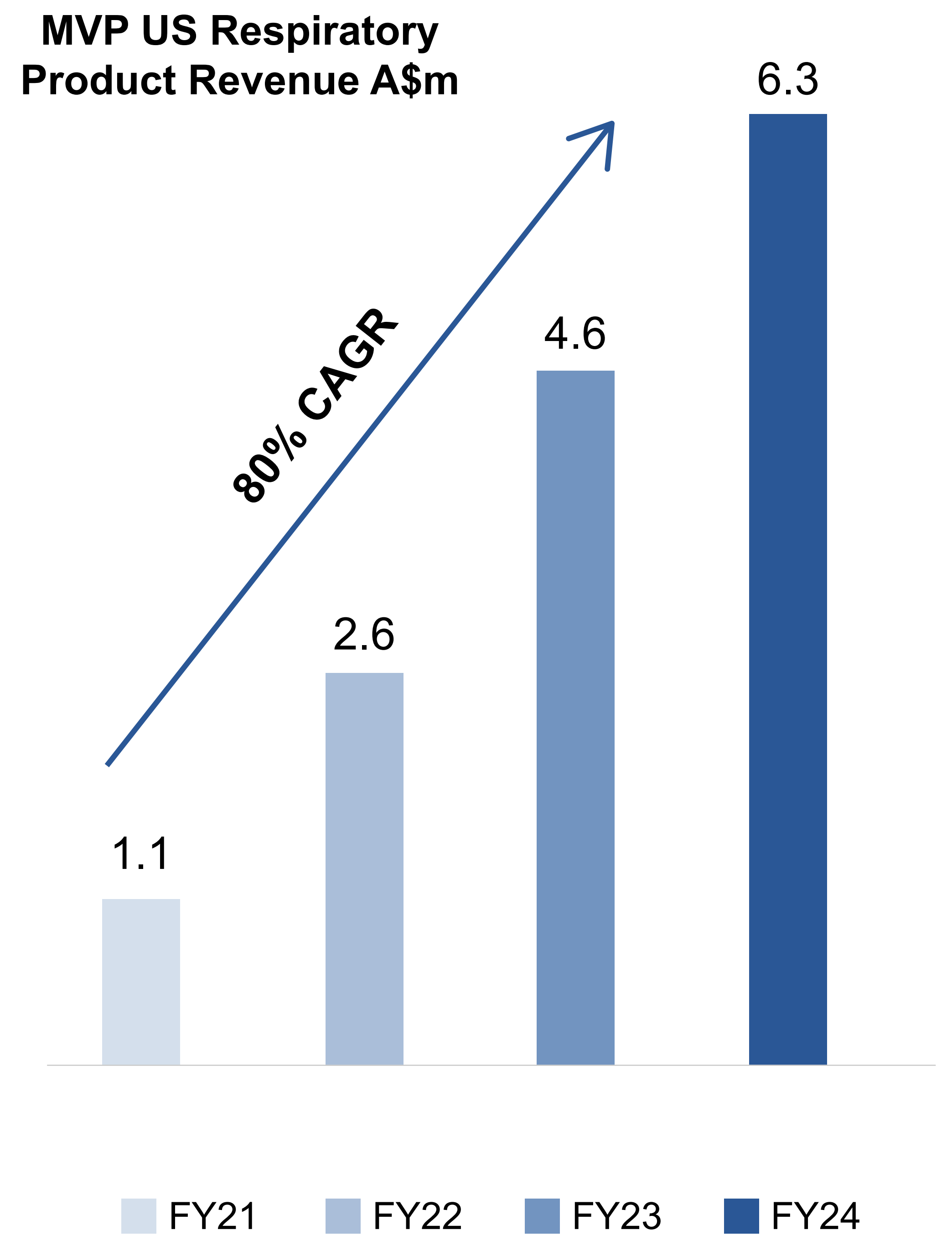
The business today

- ✓ Strong revenue growth, delivering 30% CAGR FY21-FY24
- ✓ Positive operating cashflow generation
- ✓ Leading market position in Australia, supplying to leading pharmacies nationally
- ✓ Strong growth in the large US spacer market, delivering revenue CAGR of 80% since FY21

Growth strategy

- Maintain leading market position in Australia through strong partner engagement and sales force excellence
- Continue to grow share in the US retail channel
- Make inroads into the US institutional channels

Strong growth in the large US spacer market



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RESULTS

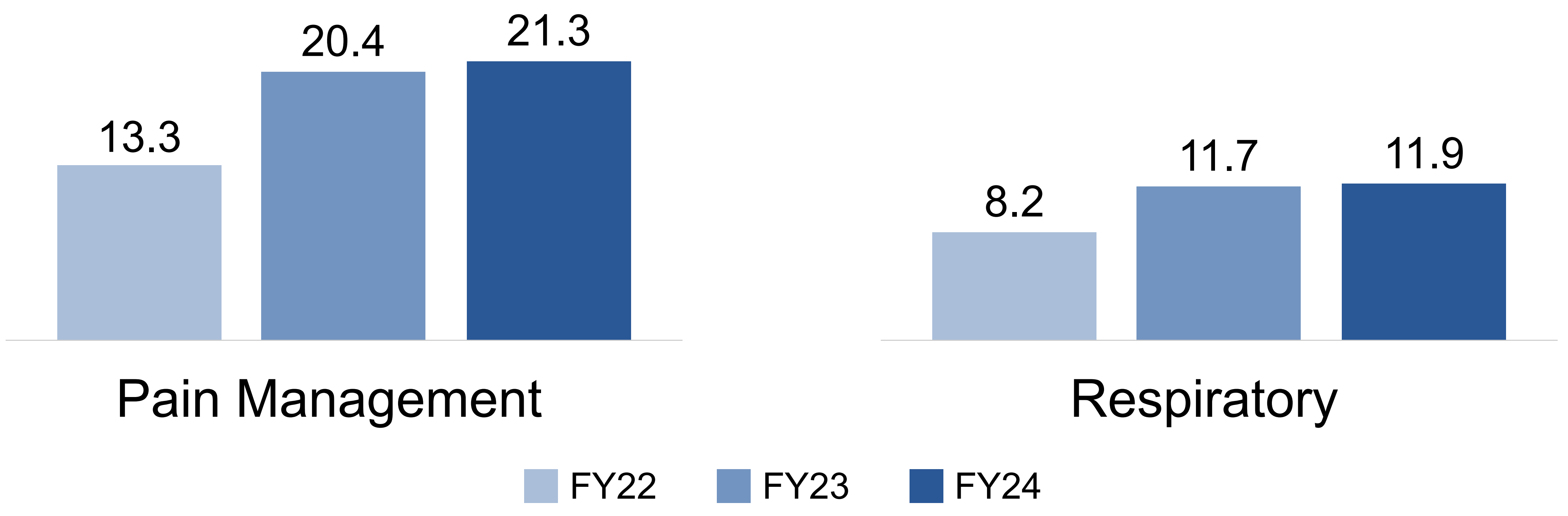
FY24 earnings

Strongly improved underlying earnings

$million	FY23	FY24	Change $m
Revenue[1]	32.3	33.2	0.9
Underlying EBITDA	(15.1)	(8.2)	6.9
Underlying EBIT	(18.2)	(11.6)	6.6
Underlying Adjustments (before tax)[2]	10.3	(21.5)	(31.8)
Reported EBIT	(7.9)	(33.1)	(25.2)
Net loss after tax	(5.6)	(41.0)	(35.4)

Segment revenue[3]

($million)



Commentary

- Group revenue up 3%
- Continued growth of Penthrox® volumes in Australia and Europe and strongly improved margins, lower volume to Canada
- Robust Respiratory revenue growth in US, softer demand in other regions
- Reduction in cost base of $5m driven by business efficiency
- Underlying EBIT strongly improved
- Non-cash Underlying Adjustments of $21.5m (loss before tax) relating to asset impairment charges and share-based payment expense adjustments arising on transition to new remuneration arrangements for the CEO
- Net loss after tax includes a charge to income tax of $15.0m arising from the derecognition of tax assets[4]

1. FY23 excludes Contract termination revenue of $18.9 million (refer to the Full Year Consolidated Financial Report).
2. Underlying adjustments are detailed on page 23 in the Appendix.
3. Excludes other segment revenues relating to discontinued businesses (FY23: $0.2 million; FY22: $0.2 million).
4. Derecognition of tax assets reflects uncertainties with respect to the utilisation of tax losses in the future. Refer Note 1.3 in the Full Year Consolidated Financial Report.

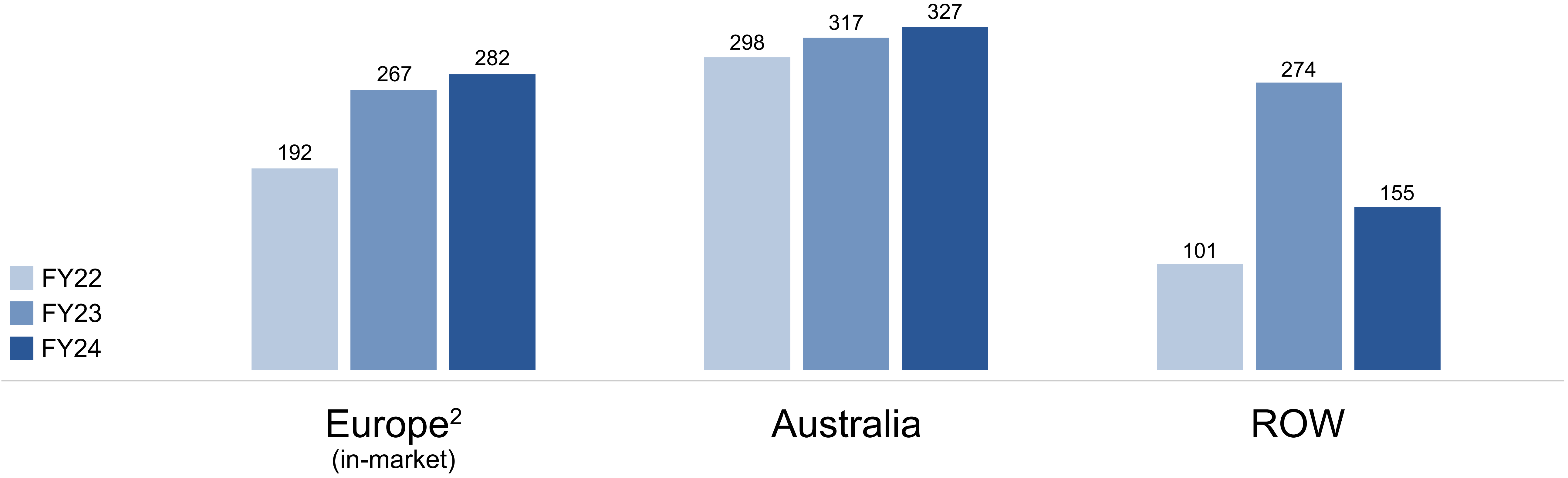
Pain Management segment revenue

Higher volumes in most markets and strongly improved pricing

$million	FY23	FY24	Change %
Europe	5.5	6.1	11%
Australia	9.6	12.3	28%
Rest of World	4.6	2.7	(41%)
Product revenue[1]	**19.7**	**21.1**	**7%**
Milestone and other revenue	0.7	0.2	(71%)
Pain Management	**20.4**	**21.3**	**4%**

Penthrox® Units

(000s)



Commentary

Europe

- Revenue up 11%, driven by higher volumes
- In-market volumes up 6%
  - Nordic countries strongly improved, with volume up 43%
  - UK and Ireland in-market volumes up 3%
  - Volume in France up 2%, demonstrating strong product stickiness following withdrawal of direct in-market resources

Australia

- Solid revenue growth of 28% driven by strongly improved pricing and higher volume
- Volumes up 3% with growing penetration in emergency departments

Rest of World (ROW)

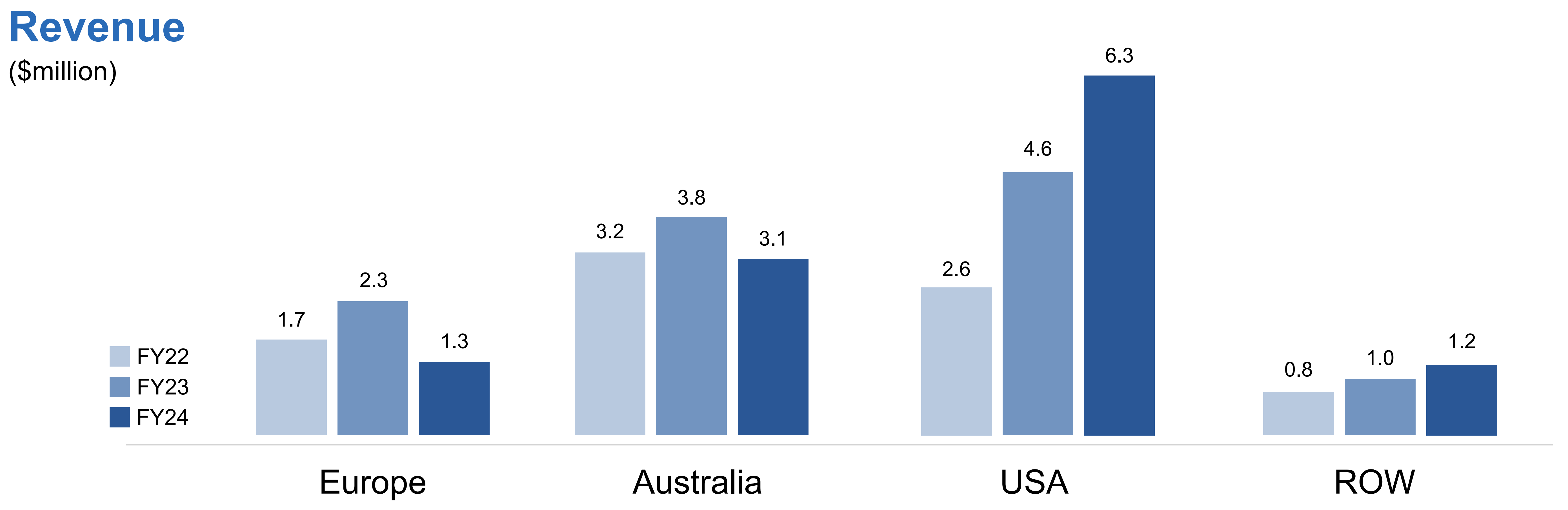
- Stronger volume into New Zealand, Asia and South America offset by lower volume into Canada following inventory stocking for relaunch of Penthrox® in FY23, and the Middle East, due to shipment timing

1. Prior year excludes Contract termination revenue of $18.9 million (refer to the Full Year Consolidated Financial Report).
2. European volumes reflect "in-market" sales units, which may differ from units sold to distribution partners in the period (and recognised in revenue). The Company believes this measure improves the transparency of underlying demand.

Respiratory segment revenue

Share growth in US drives 37% growth, weaker demand in other global markets

$million	FY23	FY24	Change %
Europe	2.3	1.3	(44%)
Australia	3.8	3.1	(18%)
USA	4.6	6.3	37%
Rest of World	1.0	1.2	20%
Respiratory	**11.7**	**11.9**	**1%**



Commentary

Europe

- Lower demand from UK, Germany and Italy due in part to inventory stocking in the prior year

Australia

- Softer demand arising from lower incidence of respiratory conditions, particularly during winter
- Market share maintained

USA

- Strong partner engagement continues to drive market share growth
- Continued expansion into pharmacy banner / wholesaler and GPO groups
- Strategy to make inroads into institutional channel which represents same market size as retail channel.

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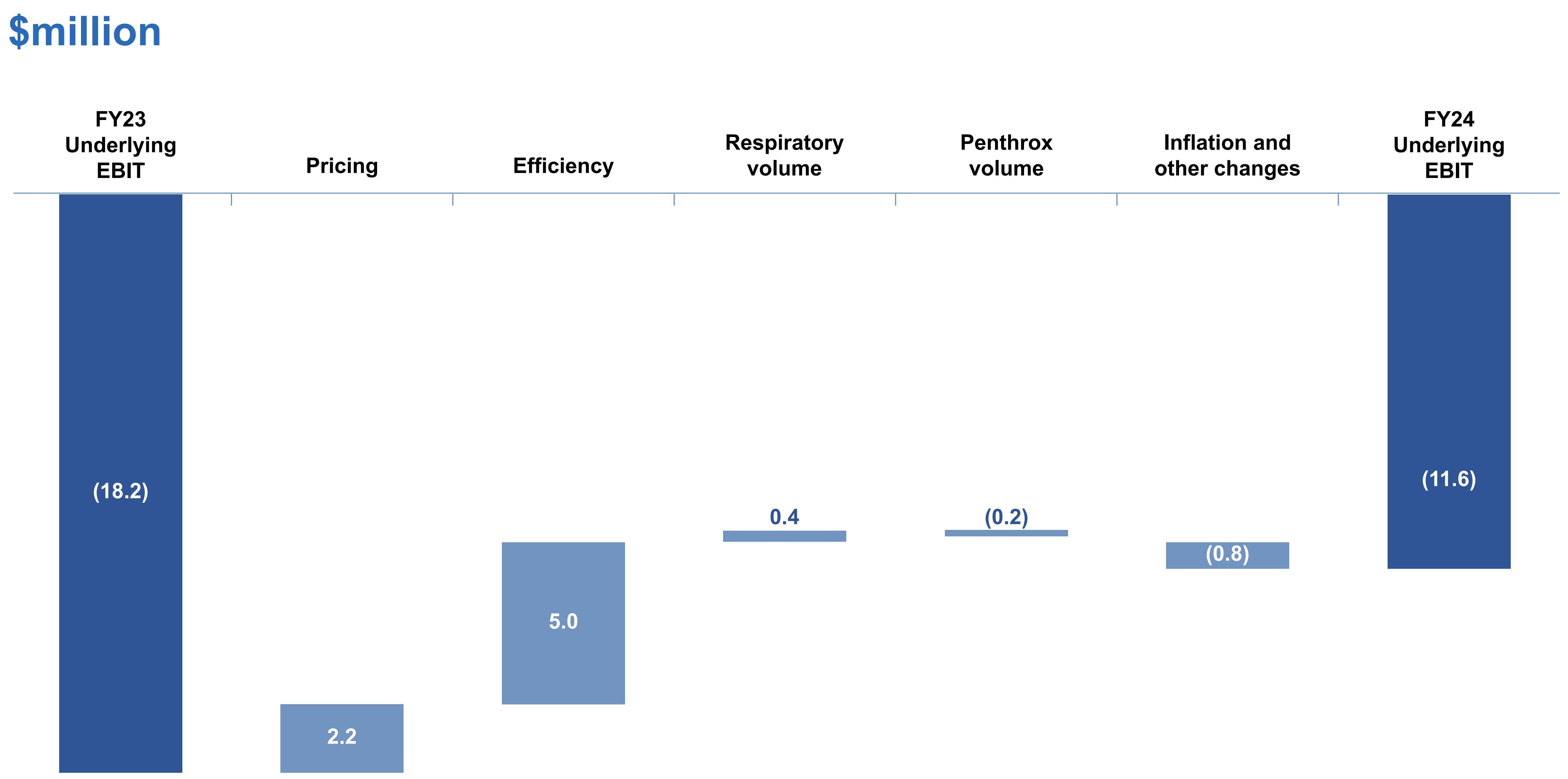
EBIT bridge

Pricing and efficiency drive step-change earnings improvement



Commentary

Pricing and efficiency

- Stronger pricing in Pain Management, particularly for Penthrox® in Australia
- Lower cost to serve in Europe, supply chain and other business efficiencies

Volumes

- Growth in Penthrox® volumes in most major markets, Canada volumes lower following stock build in prior year
- Growth through share gains in US Respiratory market, seasonally softer demand in other regions

Other changes

- Non-capital costs relating to European operating model review and US market entry
- Lower milestone income following true-up in prior year
- Inflationary impacts
- Non-recurrence of contract termination costs relating to scale down in France in the prior year

Balance sheet and cashflow

Free cashflow improved $10.2 million

$million	FY23	FY24	Change
Underlying EBITDA	(15.1)	(8.2)	6.9
Non-cash items	0.7	1.1	0.4
Change in working capital	(1.8)	(3.8)	(2.0)
Change in other assets and liabilities	(0.7)	(0.1)	0.6
Interest received	0.5	0.2	(0.3)
Operating cash flow	**(16.5)**	**(10.8)**	**5.7**
Capital expenditure	(7.7)	(3.2)	4.5
Free cashflow	**(24.2)**	**(14.0)**	**10.2**

Commentary

Working capital

- Strong customer collections
- Inventory days improved
- Outflows include one-off payments of $2.7m for the commercial market assessment completed in FY23 and contract termination costs in France following the scale down of investment at the end of FY23

Capital expenditure

- Plant and equipment ($0.8m), mostly relating to manufacturing operations
- Intangible assets ($2.4m), mostly relating to finalizing the UK paediatric trial, development of the Next Generation device, and planning for US market registration
- Capital expenditure in FY25 expected to be $1.5-2.0m

Cash

- Closing cash balance at 30 June 2024 of $9.7m
- $10m capital raise successfully completed in August 2024, with proforma cash at $18.9m

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Closing remarks and outlook

Positive momentum to continue

Margins, earnings and cashflow strongly improved in FY24.

Good progress in delivering strategy in FY24, with **delivery of key strategic priorities.**

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 Penthrox prices and operational efficiencies of $3-4m. Positive operating cashflow is expected to be achieved by the end of FY25.

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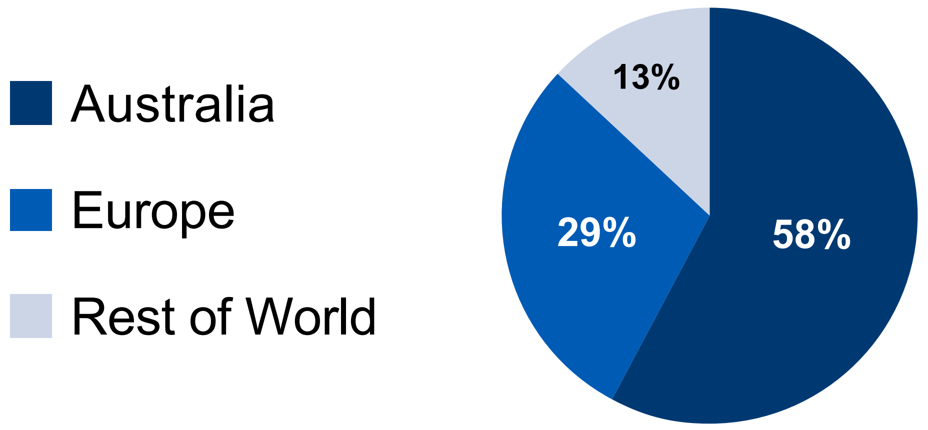
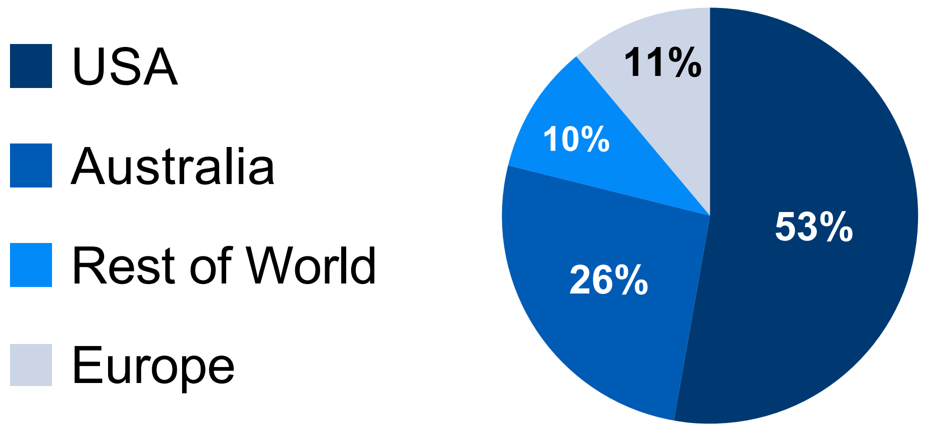
APPENDICES

Business overview

The Pain Management segment delivers more than 60% of Group revenue, driven by demand for Penthrox® in Australia and global markets

	Pain Management	Respiratory
		
Description	Manufactures Penthrox®, an inhaled, needle-free, non-opioid analgesic	Supplies pharmacies, medical clinics and hospitals with a range of respiratory devices which are designed to assist patients to manage asthma and COPD[1]
FY24 revenue	$21.3m (~64% of total revenue)	$11.9m (~36% of total revenue)
FY24 revenue breakdown by geography		

1. Chronic Obstructive Pulmonary Disease

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Penthrox® overview

Efficacy, safety and administration benefits of Penthrox® deliver positive patient outcomes and lower overall customer costs[1-5]

- Inhaled **needle-free** analgesic[1]
- **Non-opioid**[1]
- **Portable**, **self administered** device[1]
- **Effective pain relief** within **6–10 breaths**[1-4]
- **Established safety profile** with over **9 million uses**
- **Well tolerated,** with the majority of adverse events mild and transient[1,2]
- **Approved for use in children in Australia**[1]
- **Efficiency benefits** of Penthrox® in hospital emergency departments illustrated in British study[5]

The iconic ***Green Whistle***

Over **9 million** used worldwide

1. Penthrox® (methoxyflurane) Approved Product Information 06 October 2023.
2. Coffey F, et al. STOP!: a randomised, double-blind, placebo-controlled study of the efficacy and safety of methoxyflurane for the treatment of acute pain. Emerg Med J 2014;31:613-618.
3. Grindlay J & Babl FE. Review article: Efficacy and safety of methoxyflurane analgesia in the emergency department and prehospital setting. Emerg Med Australasia 2009;21:4-11.
4. Penthrox® (methoxyflurane) Consumer Medicine Information August 2023.
5. Young L, et al. Service Evaluation of Methoxyflurane Versus Standard Care for Overall Management of Patients with Pain Due to Injury. Adv Ther (2020) 37:2520–2527

The MAGPIE study – a growth enabler

A successful clinical study outcome in children[1,2] potentially expands addressable market for Penthrox

- Submission of the MAGPIE study data to the European regulatory agency expected in August 2024 (decision expected August 2025)
- Regulatory approval of a reduced age indication in select markets would:
  - Expand the addressable market to children, potentially to >6 years (age indication dependent on regulatory feedback)
  - Address a barrier to entry in the UK ambulance segment
- New data provides opportunity for engagement with medical experts and will enable the building of product advocacy[3]
- MAGPIE study provides new clinical data to support the growth of Penthrox® use in Australian children's hospitals

A double-blind randomised study of treatment of acute trauma-related pain in children and adolescents with methoxyflurane compared to placebo

The MAGPIE trial

Stuart Hartshorn, Michael Barrett, Benjamin Bloom, Mark D Lyttle, Emily Walton, Kim Steel, Sue Anne Yee, Alan Irvine

On behalf of Paediatric Emergency Research in the United Kingdom & Ireland (PERUKI)

PERUKI MAGPIE

- Statistically significant reduction in pain score compared to placebo (P=0.013)[4]
- A safety profile consistent with the established profile in adults

1. Hartshorn S et al. A double-blind, randomized, placebo-controlled study of pediatric acute trauma pain treatment with methoxyflurane.Acad Emerg Med. 2024;31(Suppl. 1):8–401.
2. Included 92 patients treated with methoxyflurane, 100 patients treated with placebo
3. For countries where the age indication is 18 years or older, medical led, reactive conversations only.
4. Intent-to-treat population of children aged 6 and < 18 years of age

Reconciliation between underlying EBITDA and net loss after tax

$million	FY23	FY24
Underlying EBITDA	**(15.1)**	**(8.2)**
Depreciation and amortisation expense	(3.1)	(3.4)
Underlying EBIT	**(18.2)**	**(11.6)**
Share-based payment expense arising from cancellation of options[1]	-	(5.1)
Impairment losses - Capitalised Registration Costs and PPE[2]	(6.7)	(16.4)
Contract termination revenue - Pain Management segment[3]	18.9	-
Commercial Market Assessment Costs[4]	(1.9)	-
Total underlying adjustments	**10.3**	**(21.5)**
Reported EBIT	**(7.9)**	**(33.1)**

Notes

FY24

1. An acceleration of share-based payment expense of $5.1m relating to the cancellation of all share options held by the CEO upon joining the Group LTI program as part of new CEO remuneration arrangements approved by shareholders at the 2023 Annual General Meeting.

2a. Impairment of capitalised development costs relating to the US market entry, including US market registration costs ($13.9m) and development costs for the next generation device ($1.9m), and redundant PPE ($0.6m).

FY23

2b. Impairment of capitalised registration costs following the cessation of market activities in China of $5.8m, and an additional $0.9m in other countries where revenue opportunities are not being pursued.

3. Contract termination revenue arising from the termination of agreements for the distribution of Penthrox® in China ($18.5m), and other countries where revenue opportunities are not being pursued ($0.4m).

4. Costs to complete a comprehensive commercial market assessment for Penthrox® in the US