



**24 October 2024**

## **ASX ANNOUNCEMENT**

### **Medical Developments International Limited 2024 Annual General Meeting**

Please find below the Chair and Chief Executive Officer's addresses to shareholders at Medical Development International Limited's Annual General Meeting, which will be held this afternoon in Melbourne.

#### **Chair Address**

I would like to reflect briefly on the Company's progress over the last year. I will then invite Brent to provide an overview of the Company's operations.

Despite falling short of our expectations in FY24, we did make meaningful progress in the year. Revenue, margin structure, earnings and cashflow are all trending positively.

The financial outcomes have great relevance to executive compensation – I'll talk more about that in the context of the remuneration report.

Whilst we have moderated our expectations with respect to the rate of growth, we remain confident in the long-term opportunities of the Company. Difficult reductions in the base costs of the company as well as updating our commercial terms across the sales portfolio are driving these improvements.

In the year ahead, we expect to see further financial improvements as the changes that Brent and his team have implemented take effect. It is expected the Company will achieve positive operating cashflows by the end of the current financial year.

I thank our shareholders for their continued support and will now hand over to our CEO, Brent MacGregor, to provide you a more granular view of the business and its growth strategy.

Brent.

#### **CEO Address**

Thank you, Gordon, and good morning. I am pleased to be presenting to you today as the Chief Executive Officer of our Company. Today I will provide you with an update on MVP's performance over the last year and the progress we are making in executing our strategy.

#### **FY24 Financial Highlights**

The Group delivered strongly improved financial results in FY24, reflecting efforts across the organisation to grow volume, improve margins, reduce costs, and deliver operational improvements.

While we delivered good progress, we did fall short of achieving our revenue aspirations in the year. A longer than expected sales cycle for Pentrox in the Australian hospital segment, and seasonal demand softness in the Australian respiratory market, resulted in lower volumes than planned.

Notwithstanding these challenges, we achieved success in overseas jurisdictions and we remain confident in the long-term growth opportunities of our lead products and are encouraged by the positive momentum we have achieved.

### **FY25 Priorities**

The Group's near-term strategic focus is to increase the penetration of Pentrox in existing markets, and to continue to grow its Respiratory segment through market share gains, particularly in the US. Longer term, the Group seeks to enter new and attractive markets for Pentrox, including the US.

The Group made good progress in its strategy in FY24. Let me walk you through our key priorities here.

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

Higher Pentrox pricing, particularly in Australia but also through enhanced partner agreements, and efficiency benefits, delivered a gross margin improvement of five percentage points and a reduction in costs of \$5 million in the year.

These operational efficiency initiatives that were implemented in FY24 will drive a further \$3-4 million reduction in costs in FY25.

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

In Australia, Pentrox was listed on protocols in 44 new hospitals, and the total number of purchasing hospitals 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.

Albeit from a low base, volume in the hospital segment grew by ~30%. The strong lead indicators are yet to be fully reflected in volume growth due to the longer sales cycle that I mentioned earlier. Our learnings to date will inform our commercial and medical engagement activities in the year ahead as we look to accelerate penetration of this large and attractive segment.

#### **3. Grow Pentrox in Europe**

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

Early in the year we transitioned to a "capital-light" operating model in Europe, driven by scaling back our in-market promotional activity in France which significantly reduced our cost to serve. In the face of this reduction, we were encouraged by the growth of Pentrox in France in FY24, a testament to the strength of the product once it is adopted in an institution. We have since advanced negotiations with partners for Pentrox distribution in France. For Switzerland, we have finalised a new distribution agreement with Labatec in recent weeks.

Preparations for submission of the MAGPIE paediatric study data to the European regulatory agency occurred throughout FY24 and our dossier to lower the age indication to 6 years of age was submitted on August 14 as planned. Future regulatory approval of our submission 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 have 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.

#### **4. Continue to grow in the Respiratory segment**

Our key target growth market in the Respiratory segment remains the US. Here we delivered robust growth for the third consecutive year with revenue in FY24 up 37%.

#### **5. Advance US market entry for Pentrox**

In October 2023, we had a positive meeting with the US FDA. The meeting provided increased clarity on the clinical pathway to US market entry. From this, we have been able to develop more fully our estimates of project costs and timelines.

Nonetheless, we announced in April 2024, that following further evaluation of resourcing requirements and funding options to progress market entry plans, we would pause the commencement of the next phase of investment in favour of focusing on the underlying business.

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

Plans will be recommenced at the appropriate time. We remain confident that an attractive commercial opportunity exists for Pentrox in the US.

Overall, I am very encouraged by our progress and look forward to continued momentum in the year ahead.

In terms of Outlook, we expect 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.**

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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<sup>®</sup>, a fast-acting trauma & emergency non-opioid 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.