

24 February 2023

## ASX ANNOUNCEMENT

FY23 HALF YEAR RESULTS

### CONTINUED MOMENTUM

#### HIGHLIGHTS

A\$ million	1H23	1H22	Movement
Revenue <sup>(1)</sup>	<b>13.9</b>	9.6	45%
Underlying EBIT <sup>(2)</sup>	<b>(8.1)</b>	(8.5)	4%
Reported EBIT	<b>3.4</b>	(9.4)	-
NPAT	<b>2.7</b>	(7.4)	-

<sup>(1)</sup> Excludes Contract termination revenue of \$18.9 million (refer to the Half-Year Consolidated Financial Report)

<sup>(2)</sup> Excludes a net gain from underlying adjustments of \$11.5 million (refer to the Half-Year Consolidated Financial Report)

- Driving penetration of Pentrox and growing market share in Respiratory
- Pain Management revenue up 27% driven by volume growth and improved pricing
- Respiratory revenue up 81%, with strong volume growth in all regions
- Volume in France up 24%, although below expectation as French hospital sector remains challenging
- Encouraging results in partner markets with in-market sales in the UK and Ireland up 29% and the relaunch of Pentrox in Canada
- Field team deployed to drive penetration of Pentrox in Australian hospital emergency departments
- Preparation of clinical trials in China discontinued, greater focus on growth opportunities in Australia, Europe and the USA
- USA market entry advancing in line with plan

Medical Developments International (ASX: MVP) today announced a net profit after tax of \$2.7 million for the half year ended 31 December 2022, compared to a loss of \$7.4 million in the prior corresponding period (pcp). The Board elected not to declare a dividend.

Reported earnings included a net gain from Underlying Adjustments of \$11.5 million before tax (pcp \$0.9 million loss), mostly related to the discontinuation of clinical trial preparations for Pentrox in China, announced to the market in January 2023. There is now greater focus on delivering growth in existing markets and on commercializing Pentrox in the USA.

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CEO, Brent MacGregor, said, *“We continue to increase the penetration of Pentrox and to grow our Respiratory segment through market share gains. Stronger volumes and improved pricing in both segments have delivered encouraging revenue and margin growth in the period.”*

Group revenue was up 45% on the pcp at \$13.9 million. The Pain Management segment delivered revenue growth of 27%, with higher volumes and improved pricing. In Australia, there was solid demand from the ambulance sector. In Europe demand was stronger despite a challenging economic backdrop. Volumes in France were up 24%, the UK and Ireland were up 29%, while the Nordics, Central Europe, Switzerland and Belgium all delivered encouraging growth. Volumes into other markets were up three-fold, driven by the relaunch of Pentrox in Canada.

Revenue in the Respiratory segment was up 81%, a strong result that reflects pleasing market share gains and solid underlying demand. Inflationary pressures were managed through disciplined pricing.

EBIT was improved, up 4% at \$8.1 million loss. Higher margins from improved volume and pricing supported investment in commercial, leadership and functional capability to deliver long-term growth.

## **GROWTH INITIATIVES**

- Grow in France

The Company delivered 24% growth in Pentrox volume in France against a challenging backdrop, with annualised volumes of approximately 60,000 units, below expectation. Demand was impacted by challenges across the healthcare system, including staff shortages, budget constraints and hospital closures. Difficulties retaining and recruiting staff for the Company’s field team also slowed progress.

Brent said, *“We now have over 300 customers using Pentrox in France. Positive feedback from customers, patients and industry experts regarding the use of Pentrox affirms the growth opportunity we see in this market. The operating backdrop is challenging, and demand was softer than we had planned, but we continue to see significant value in the market and are working hard to accelerate penetration.”*

- Australian business expansion

Foundations were established to support the penetration of Pentrox into Australian hospital emergency departments. This includes a field sales team, medical scientific liaison support, and the launch of a new marketing campaign to support the positioning of Pentrox in the emergency department setting.

*“Pentrox in the emergency department offers compelling advantages,” said Brent. “This segment is 45% of the addressable market in Australia. Success in hospitals will provide a new wave of growth beyond ambulance, which accounts for 75% of our volumes today. We have already made progress, getting Pentrox on the protocol in several hospitals. We expect to see this translate to sales by the end of the financial year.”*

- Grow with global partners

The Company works with partners for the sale of Pentrox in over 20 markets globally. In the period the Company’s newest partner successfully relaunched Pentrox in Canada. Initial market demand has been positive, and a further shipment has been ordered for 2<sup>nd</sup> half delivery. The Company’s largest partner, Galen, delivered pleasing growth in the UK and Ireland, with in-market sales up 29%, and continued growth in the Nordics.

- US market entry

Planning for the launch of Pentrox in the USA is underway. Preparations for the clinical trial are advanced, and a detailed market assessment study will be complete before the end of the financial year. The Company is exploring funding strategies, with the likely pathway being a partnership or distributor model.

Brent said, *“Entry into the US will be transformational for MVP and is a primary strategic focus for the business. Preliminary findings from our market assessment study affirm that there are substantial opportunities for Pentrox here and we are advancing our preparations for market entry. Delivering a trial outcome is part of our planning, but importantly, so is delivering commercial success in this large and attractive market.”*

### **FY23 PRIORITIES**

#### **Pain Management**

- Complete US commercial market assessment and advance funding plan
- Accelerate growth in France
- Grow in Australian hospital emergency departments
- Positive momentum in partner markets
  - Re-launch in Canada
  - Continue growth in UK and Ireland
- Deliver improved 2nd half operating cashflow

#### **Respiratory**

- Continue to grow market share

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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 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 Dental and Cosmetic surgery as well as in other medical applications.