

TRANSCRIPTION

Company: Medical Developments International

Date: 21 August 2025

Time: 11:00am, AEST

[START OF TRANSCRIPT]

Operator: Thank you for standing by, and welcome to the Medical Developments International FY25 Full Year Results Call. All participants are in listen-only mode. There will be a presentation followed by a question-and-answer session. If you wish to ask a question, please enter it into the Ask a Question Box and click Submit.

I would now hand the conference over to Mr. Brent MacGregor, CEO. Please go ahead.

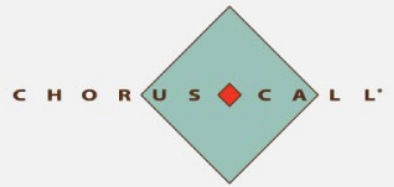
Brent MacGregor: Thank you very much. Good morning, everyone, and welcome to today's investor briefing for our FY25 full year results. I am Brent MacGregor, I'm the CEO, and I'm joined today by Anita James, our Chief Financial Officer.

So today, I will share with you an overview of our results and the company's key achievements in the year, and I'll take you through the drivers of our future growth. Then after that, Anita will speak to the financials in more detail, after which I'll come back and give some closing remarks. Of course, there'll be plenty of time for questions at the end of the presentation.

Why don't we jump right on in, and you can see up on the screen, Slide 4, and these are our key messages for today's presentation. Really, the first message I want to share with you is we're really proud of the results that we are sharing today.

First and foremost, we have reported a step change improvement in our financials. Our margins, earnings, cash flow are all strongly improved over the year. We've continued to demonstrate strong financial discipline through FY25, and we have a stable balance sheet to take us forward.

Second point, we have reported encouraging progress across all our strategic priorities, and we've spoken about them throughout the year. So, we've delivered volume growth in both our Pain Management and in our Respiratory



segments and we progressed important initiatives that will support delivery of our future growth ambitions.

Now this includes the transition of Pentrox distribution in France and in Switzerland to experienced partners and the approval from HPRA of an expanded age indication for Pentrox in Europe. Now the approval from HPRA, you've been hearing about this from us in the past, the HPRA is the reference agency for Europe, and we have only just received this approval this week. In fact, two days ago.

I want to speak to this for just a quick second. After several years of hard work, I mean, a number of years of hard work by this company, by our colleagues on the MAGPIE paediatric trial and the regulatory submission, we're really thrilled that we have finally achieved this outcome.

HPRA's medicines approval now allows for all the national regulatory approvals by member states and an application for the device approval. And all of these approvals, they're expected within the coming 12 months. So that's the process that is underway right now. But the big heavy lift is done with HPRA's approval.

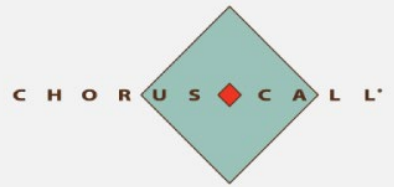
Now the extension of this indication, it will expand the addressable market for Pentrox, and it will also resolve one of the barriers to entry we've had in select ambulance trusts in the U.K. I'll speak further to this in a few minutes.

Having put the business on a sound financial footing in FY25, accelerating volume growth is now our key priority as we advance into FY26 and beyond.

Let's move to Slide 5 and this is the typical dashboard we've shown in past presentations. So as I was mentioning, we've delivered a significant improvement in earnings and cash flow in FY25 and have achieved our target of positive operating cash flow in the second half of the year.

Our disciplined focus on efficiency and pricing initiatives over the last two years, in fact, continued volume growth in both product portfolios, and focused cash management, has materially improved our financial position.

Group revenue was up 18%, as you see here on the slide. Underlying EBIT was improved by about \$11 million, and our free cash flow was improved by almost \$13 million. Both segments performed very well.



You see with revenue in Pain Management and Pentrox up 23%, Respiratory, up 9%. So our balance sheet is quite strong. We have \$17.8 million in cash. In short, we have sound financial foundations on which we now build a sustainable future.

So let's move to Slide 6 and our achievements in FY25 and executing our strategy. What you see here is we had set ourselves four priorities for FY25, and we've spoken about these throughout the year. So first, as I mentioned, we targeted a step change improvement in margins through pricing and through efficiency.

Our second priority was to increase penetration of Pentrox in Australia, with a particular focus on the hospital ED setting. Our third priority was about growing Pentrox in global markets with a primary focus in the year being Europe. And then our fourth priority was to continue to grow our Respiratory franchise with a particular focus on the U.S.

And as you can see on the slide here, we made great progress in each of these priorities in FY25, and we achieved all of our target milestones. So in the next few slides, what I'm going to do is I'm going to take you through our strategy and the achievements in FY25 in a little more detail. And then I'll take you through our plans for FY26.

Moving to Slide 7. A critical pillar for us has been to establish a sustainable margin structure. You've heard this from us in the past. Our target has been to achieve margins that fully reflect the value proposition of Pentrox in all our markets and to operate with a strong cost discipline. I'm really pleased with our progress here in FY25. Our work on pricing and on cost has materially changed our financial position, and it's enhanced our sustainability.

So let me start with pricing, where we delivered earnings benefits of \$4 million. In Australia, we rolled out enhanced pricing that was aligned with a PBS approval of this change. Now this PBS endorsement was important in demonstrating that the new pricing reflected the value of Pentrox in the market.

Now switching to Europe. We negotiated improved economic terms with our largest partner, Galen, in our U.K. and Ireland agreement. This was an important achievement that reflected the value that both parties place in this

agreement, including the desire to extend it further into the future, which we also did. I'll add one other point - we also strengthened our agreement throughout the year with our New Zealand partner.

So that's on the pricing front, but we reduced costs by \$4 million as well. This included gains from efficiency initiatives implemented in the second half of FY24, and it came alongside ongoing cost discipline. Now we intend to realise leverage from our cost base over time as we continue to grow volumes.

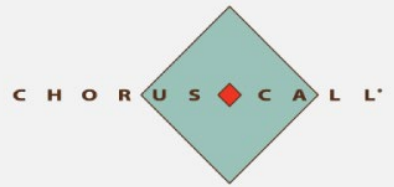
Now continuing to enhance margins will clearly remain a priority for us in FY26 and while we won't see the same step changes we delivered in the recent past, there will continue to be opportunity for further improvement. This includes implementing pricing strategies that can enable, ideally, routine pass-through of inflationary movements and improving terms in partner agreements that have not yet been rolled out, as these opportunities arise.

Okay. Let's move now to Slide 8, and for those that might be new to our story, our strategy in Australia has been about increasing penetration of Pentrox particularly in that hospital ED setting. We are well penetrated in ambulance, as many of you know, and we are also penetrated in some procedural areas, but we've identified a large opportunity to grow the use of Pentrox in hospital emergency departments where its efficiency benefits offer a really important value proposition.

It's in this segment where we've seen the most growth in FY25. Demand from the hospital segment was up 43% on last year. It was off a low base, I grant you, but still, 43% was a good growth and our progress here does affirm our belief in the opportunity for Pentrox in this setting.

Now it takes a targeted effort to make the inroads we've made and to support that continued growth, and so in FY25, we progressed several initiatives to support our commercial efforts to embed Pentrox.

We made a submission to the Queensland List of Approved Medicines, otherwise known as the LAM, for the inclusion of Pentrox for use in all public hospital emergency departments, and this was approved during the year. Now the LAM is the official statewide formulary for medicines that are approved for use in all Queensland Health public hospitals and institutions. So clearly, we're



encouraged that this amendment can support the broader use of Pentrox in Queensland over time.

Now we also implemented several medical engagement initiatives to accelerate the behavioural change that is really required to embed Pentrox as a standard of care in the hospital ED. A key initiative in this effort was a presentation at the Australasian College of Emergency Medicine, its Annual Scientific Congress back in November by Michael Barrett, who is our lead clinical investigator of the MAGPIE pediatric study.

Michael is based in Dublin. We brought him over here specifically for this purpose. His presentation on the main agenda was then followed by a speaker tour in Melbourne, Sydney and Adelaide, and the focus throughout was the use of Pentrox in emergency department settings for children.

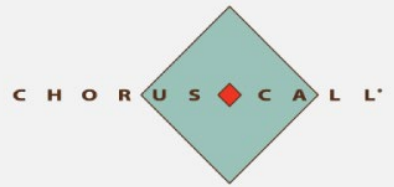
We have the LAM; we have the presentation at the Australasian College of Emergency Medicine. And in addition to that, we initiated a health economic study to demonstrate the cost-effectiveness of Pentrox use in the Australian emergency department. So we have that evidence generation piece as well.

So, changing long-held behaviours in favour of a well-regarded product like Pentrox takes time and a targeted effort. Addressing how to influence and shift behaviour and accelerate our progress is the key priority we have going forward. I'll speak to the growth initiatives that we intend to progress in FY26 shortly.

So let's move to Slide 9 now, which is really about our growth strategy for international markets. Our strategy in international markets is to leverage a partner supported go-to-market approach to grow Pentrox globally. Now today, Pentrox is distributed in 20 markets and increasing penetration in these markets is a key priority.

We've seen positive momentum for Pentrox in these markets, but there's still a significant runway for further growth as we go forward. So our key priorities in FY25 were to gain approval for use of Pentrox in children as well as to transition France and Switzerland to partners with the potential to accelerate growth in these markets over the long-term.

As I already mentioned earlier, we are really thrilled to have just received that HPRA approval for the pediatric indication. And just a reminder, this approval



allows for the extension of the indication of Pentrox to now include children down to 6 years of age and older, where the prior indication has been 18 years of age and older.

So as I mentioned, all regulatory approvals at a national level are expected within the coming 12 months. The extension of that indication will broaden the addressable market for Pentrox and address that barrier to entry that we've experienced with some select ambulance trusts in the U.K. or I should say, our partner, Galen has experienced. It's an important milestone that will underpin future growth for the business.

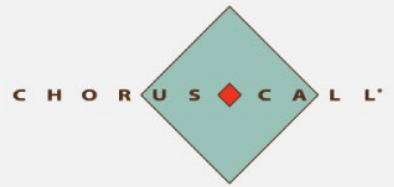
And during the period, we successfully completed the transition of Pentrox distribution in France and in Switzerland to partners. Now in Switzerland, we transitioned distribution to a company called Labatec. Labatec is a privately owned Swiss-based pharma company, and it has extensive experience in the hospital segment.

In France, we transitioned distribution to a company called Ethypharm which is a leading international specialty pharma company, strong European roots, manufactures and provides a range of essential medicines with a particular focus on severe pain and addiction.

Now our new partners, Ethypharm and Labatec, bring greater market access and deeper customer relationships, which is really expected to accelerate product penetration over time. While this strategy will result in some near-term reduction in revenue and margin from these markets for the group, we expect the long-term financial impact to be positive with higher volumes over time and a lower cost to serve these markets.

So let's move to Slide 10. That was going through all of the FY25 in greater detail. Now I'll talk to the priorities for FY26. So having established a sustainable margin and cost base for the group and having increased our understanding of effective medical and commercial strategies that are well suited to the challenges we have faced in growing Pentrox, a key priority in FY26 is now to accelerate volume growth.

So in our Pain Management segment and Pentrox, this will require us to continue driving that behavioural change and to embed Pentrox as a standard of care, particularly in that hospital ED setting.



Now we know this can be challenging. We've experienced that already, but we also know that once embedded as a standard of care, Pentrox is extremely sticky.

You've heard this term from us before. That means those accounts, be they hospitals or ambulance services or clinics, will continue to use Pentrox at a consistent pace without the need for a constant level of marketing and sales promotion on our part.

Once we embed, once the institution begins to use the product, the requirement on our part to serve that customer going forward starts to lessen over time.

So in FY26, we're going to progress initiatives on several fronts to drive an acceleration in Pentrox adoption. So first, well, clearly, we're going to leverage the MAGPIE study data, the pediatric data and support our partners in the launch of that pediatric label following all the approvals. That's clearly going to be something we'll work on with our partners.

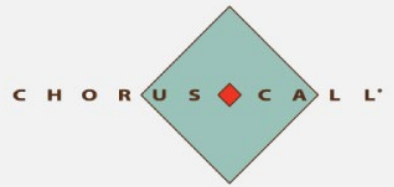
Second, we're going to generate real-world evidence. We're going to continue to do that, that demonstrates the benefit of Pentrox from a patient and from a health care provider experience perspective, but also from an efficiency perspective. And this growing bank of evidence will be really critical to influencing behavioural change and product adoption over time.

And then third, we are going to expand our commercial and medical investment overall to support these initiatives in a prudent manner. So our investment is going to increase over FY26.

Now in our Respiratory segment, we will remain focused on growing share in the U.S. spacer market primarily. There is a new tariff regime here that brings an added challenge in FY26. Being an importer of product into the U.S., we will need to navigate this environment, and we will remain vigilant to risks on this front.

Finally, on margins, as I mentioned earlier, we will maintain cost discipline, deliver efficiencies, and continue to enhance price where the opportunities arise. So that's it regarding FY26.

Let me hand over now to Anita, who's going to walk you through our results of the past year in more detail. Anita?



Anita James:

Yes. Thanks, Brent, and good morning, everyone. I'm really pleased to present the results for FY25 we released today. We have grown volumes, increased margins, delivered operational efficiencies and managed our cash with discipline.

We have made significant progress over the last two years in setting the business up for sustainable growth, and this is reflected in the results. At the top line, we delivered 18% growth. Pain Management was up 23% and Respiratory was up 9%.

Underlying EBIT improved by almost \$12 million and reported EBIT by \$33 million. Net profit after tax was \$100,000, improved by \$41 million, and the first full year net profit result for several periods. The business today has a sustainable cost base and margins and a well-capitalised balance sheet to support future growth.

Jumping ahead to Slide 13. Revenue in the Pain Management segment was up 23% with higher volumes and improved pricing. Revenue in Europe was up 31%. Underlying demand here was up 15% with good growth in all markets.

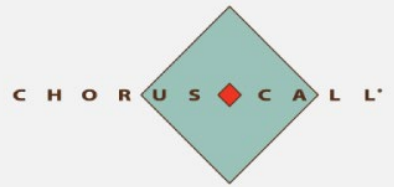
The Nordics was particularly pleasing, up 32%, and France continued to deliver growth despite no sales and marketing activity on the ground. Average transfer prices were up 15% with the benefit of improved pricing in the U.K. and Ireland, following an extension of our distribution agreement there last July.

In Australia, revenue was up 26% with the benefit of higher pricing. Average selling prices were up 25% on the back of price changes implemented last August aligning pricing in the broader market with the PBS.

Volumes into the Australian hospital segment are up 43%, a great result that affirms the opportunity here. This growth offset the adverse impact of order timing in the ambulance segment, where underlying demand was otherwise strong.

Revenue in our Rest of World markets was down slightly with lower volumes related again to order timing offset by higher pricing in New Zealand and favourable mix. Overall, a very encouraging result.

Moving along to the Respiratory segment on Slide 14. Here, we also delivered good growth. Revenue was up 9%. In Australia, we saw improved demand



conditions with revenue up 11%. That follows a reasonably soft FY24 for those that recall.

And in the U.S., revenue was up 16% despite softer-than-expected seasonal demand in our fourth quarter. Our share in this market has continued to grow. Overall, a pleasing result here also.

Moving now to Slide 15 and the key changes to underlying EBIT in the year. Here, you can clearly see the significance of the work we have done on pricing and efficiency in the period. Pricing increased earnings by \$4 million and efficiency benefits added a further \$4 million. This number is net of inflationary impacts, so a really strong result.

Volume growth in both segments improved earnings by \$1.1 million while other cost and revenue changes improved earnings by \$2.5 million. This included benefits of favourable FX in the period of \$1.9 million relative to FY24 and the absence of noncapital project costs that were incurred in the prior year.

Moving now to Slide 16 and cash flow. We set ourselves a target more than a year ago of being operating cash flow positive in the second half of FY25. We achieved that and almost made it to cash flow positive for the full year, a really great result. Operating cash flow was improved by almost \$11 million with improved underlying cash earnings and lower working capital outflows.

Capex was also down, and free cash flow was improved by nearly \$13 million. Cash at the end of the period was \$17.8 million with plenty of capacity to support targeted investment in growth.

That concludes my comments on the financials. I'll now hand over to Brent to close.

Brent MacGregor:

Thanks, Anita. So this brings us to the final slide of the presentation. So in summary, we're very proud of our progress in FY25. We've delivered a step change in our financials and delivered encouraging progress on our strategic priorities. Now looking ahead, as I mentioned, accelerating volume growth becomes the key priority in FY26 and beyond.

So in FY26, we're going to increase investment in growth initiatives to drive that behavioural change further and to embed Pentrox as a standard of care. We're going to continue to engage with and support new and existing partners

to increase Pentrox penetration and to leverage the new pediatric label in select markets following approval, and we're going to continue the momentum in work already underway in commercialising Pentrox here in Australia.

Now the investment in growth initiatives and the change in Pentrox distribution in France and in Switzerland is likely going to result in softer underlying EBIT in FY26 versus the prior year. These initiatives are expected to deliver stronger financial performance though over the long term. And that's why we've embarked on these relationships.

So that's the conclusion of our remarks, my remarks, Anita's remarks. Thank you all for coming on the call today. And now we'll open the floor for any questions you may have.

Operator: Thank you. If you wish to ask a question, please type your question into the Ask a Question box and click submit. Your first question comes from Stephen Agnew, private investor. What are your expectations for use of Pentrox in ambulances in the U.K. and Europe in FY26 and FY27?

Brent MacGregor: Yes. Thanks for the question, Stephen. Look, we absolutely expect to see continuing growth in the use of Pentrox in the ambulances in the U.K. Let's start with the U.K. As I mentioned in the presentation, the age indication has been a limitation on some of the ambulance trusts in the U.K. adopting Pentrox at all. And so we see the eventual approval down to six years of age having a very meaningful effect in the U.K.

It's going to take some months into FY26. I know we're already two months in for that approval from MHRA in the U.K. to come but we expect to see a material increase in the use of Pentrox in -- more in FY27 certainly than in FY26 when we need that approval to happen.

Our new French partner is just getting their feet under the desk with Pentrox but we have high hopes for not only continuing to grow the business in the hospital setting, but with some legislative changes that have occurred in France, we see some bigger increases coming in ambulances, again, maybe not as much in FY26, we should see some incremental growth for sure with Ethypharm, but more so in FY27.

Operator: Thank you. Your next question comes from Dan Hurren with MST Marquee. Could you give a run-through of where Pentrox currently sits in various state

formularies in Australia? Two, how representative are 2H costs as a baseline for FY26? And three, any additional pricing benefit to come through in FY26?

Brent MacGregor:

Okay. Thanks, Dan. I'll take one, and Anita, you can respond on two, and we can talk about three. So Pentrox, as we said, approved by the LAM in Queensland, also approved in South Australia as well as in New South Wales. So that's where it currently sits here in Australia, Dan. Two, Anita, you want to capture two?

Anita James:

Yes, sure. Dan, I hope all is well with you. As Brent spoke in our outlook commentary, we do plan to increase investment in FY26. Now that will mostly show up through the P&L, so not capex, which will mean higher costs in FY26 relative to FY25.

It's a reasonably modest investment, something in the order of probably \$2 million. So I think in terms of thinking about costs, think about costs from an inflationary perspective as well as that additional investment in FY26.

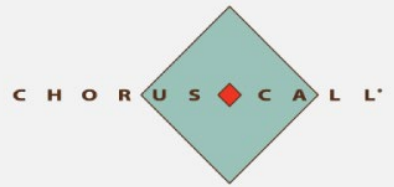
In terms of pricing, yes, that's a good question. There will be a little bit more pricing to come through in FY26. I think when we spoke to the Australian price changes that there were a couple of customers that didn't receive the price increase back in August, alongside the rest of the market just in terms of phasing of when those contracts or pricing adjustments are passed through to those customers. We've passed that price change through to those customers now, which will mean an overall price benefit in FY26 relative to FY25 of around \$1 million.

Brent MacGregor:

Thanks, Anita. All right. See a question from Andrew Swaffer. Hello, Andrew. Yes, I'll just read the question. What are you willing to say about some of the terms about the agreement with your distributor in France? For example, what growth hurdles are you expecting your partner to achieve?

Yes, Andrew. So regarding Ethypharm, the agreement we signed with them has -- it's kind of a two-tier transfer price. There's a different transfer price for the first 65,000 units sold because that was where we had gotten the business prior to taking our investment out of the field.

So there's a higher transfer price up to those first 65,000 and then a slightly lower transfer price thereafter. In terms of the expectation of them going forward, the indicative forecast they have that's in the agreement is we expect



somewhere between 12% and 13% volume growth year-on-year. We'll see how it goes with them.

But we're quite encouraged by what we've seen in France where we haven't had any sales or marketing capability on the ground and the business continued to creep up. It was 65,000 units when we took our investment out of the field and it's up to 72,000 now.

So those are -- that's some of the expectation we have of Ethypharm. I'll keep going, Andrew, what are you able to say about the progress with your Canadian partner and the prospect for -- and impact of timing of any shipments? We continue to progress well with our Canadian partner.

They are focused on the procedural settings, three in particular, gynecology, urology and what they refer to as cosmetic dermatology. The label is -- in Canada is a bit unique in terms of its language. Interventional procedures are allowed. It's very explicitly stated in that label. I should mention as well, our partner has been acquired by another Canadian entity.

So Paladin is now becoming Knight Therapeutics. So that contract has been novated to the new partner, which is another Montreal-based Canadian partner. They have a broader global scope than Paladin did. The prospect for any impact of timing of any shipments. Anita, do you have anything to share on that vis-a-vis the Canadian partner?

Anita James: Look, in terms of -- I think it might relate to FY24, where we didn't have any shipments to Canada. We smoothed out the shipments to Canada now. We did do a delivery in FY25, and we expect deliveries in FY26 also and a bit of growth on what we did in FY25, aligned with their end market growth.

Anita James: How should we think about the stable medium-term operating margins for the business after your efficiency transformations have been completed and the business starts to scale? Look, I think it's an important question around scale.

This business certainly does have capacity from a manufacturing perspective. And it's probably through that platform where we'll see the largest efficiency gains going forward as the business does grow volumes. So there's a really nice opportunity to leverage there.

Across the rest of the business, we obviously did a lot of rightsizing over the last 18 months and that's in good shape, where we are increasing investment in FY26, that's very, very specifically in the medical and commercial space. And in terms of the head count, we're only talking about three head count. So keeping that very disciplined and very tight. So certainly as the business does grow in volume, that is the opportunity, to really leverage that fixed cost base. And we'll see those improvements come through.

Operator: We don't have any further questions at the moment. Shall I hand back to Mr. MacGregor for closing remarks?

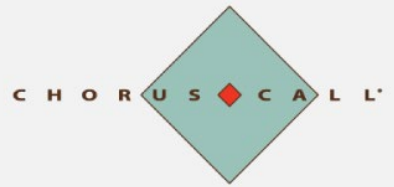
Brent MacGregor: Hang on. Yes. I won't close just yet. Gordon Choo has a question. Going forward, what are the potential impact of tariffs on the Respiratory sales in the U.S.A. in FY26? A good question, Gordon. I don't have a very complete answer for you.

What I can tell you, though, is the first 10% tariff that the administration imposed upon everyone has been passed through. So we had exchanges with all of our customers, our key customers in the U.S., Walmart being one of the largest and we have been able to pass on pretty much all of that 10%. That has worked out well.

So that passed and the exchanges we had with our customers was such that we were able to accomplish that successfully. The second round of tariffs that's come on, which is more variable now, the first 10% was across the board. The second depends on really where your value chains reside and in our case with our Respiratory products.

Our products are coming from Taiwan directly to the U.S. And what that has meant is an additional 10%. So the all-in tariff now for Taiwanese manufactured products is 20% into the U.S. So the first 10% already passed. Now there's another 10%. And so we're in the throes right now of having conversations with our customers around that additional percentage.

In fact, our Head of Respiratory is in the U.S. as we speak this week and next week, interacting with a number of our customers. So bottom line we're going to see what the potential impact is of that additional 10%. The first 10% has been absorbed by the customer, but there is some uncertainty and we're being very vigilant about this in the U.S. market.



We don't think it's going to go any further than that. We have heard the Taiwanese government is continuing to exchange with the U.S. government and so we remain hopeful that maybe that second 10% comes off before it really has any particular impact on the business. We'll see.

Operator: We do have another question.

Brent MacGregor: Yes, we see Steven's question is similar to Gordon's.

Operator: Perfect. In that case, we have come to the question-and-answer session conclusion. I'll now hand back for closing remarks.

Brent MacGregor: Okay. Thanks very much. Look, I hope -- I appreciate you all coming on the call, I appreciate you all listening in on our presentation. I hope what you heard as well is how proud we are of what we've accomplished over the last year. We've come a long way financially in establishing a very sustainable base for our business going forward.

Even as you've heard that we are investing further in FY26, these are very prudent investments, very targeted investments. We are going to continue to manage the business in a sustainable way for the long term as we continue to embed that behavioural change, embed Pentrox as a standard of care. That journey has begun and that journey will continue.

We're going to continue to generate evidence as we go forward. We are expanding, as Anita mentioned, by a few heads, three, in fact, not more and more commercial promotional spend as well, but again in a very prudent manner.

We feel very good about the platform we've built for ourselves and the manner by which we are going to manage the business going forward. I hope that came through for all of you. We thank you very much for coming on the call and we'll close the call at this point. Thank you all.

Operator: That does conclude our conference for today. Thank you for participating. You may now disconnect.

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