

# Medlab Clinical

Trading update

## FY22 cash flows within our expectations

Medlab Clinical has released [its cash flow report](#) for Q422 and the full FY22 period. Net cash outflow from operating activities in FY22 was A\$9.0m, roughly in line with our estimate of A\$9.3m. The company reported cash operating revenues for the year of A\$6.2m, however it expects to record a A\$3.5m research and development grant post the period end (in September/October 2022). Total cash outflow for FY22 was A\$8.2m, which was lower than our estimate of A\$9.3m as the company received A\$750k and will receive A\$250k in November 2022 and is expected to receive A\$250k in November 2023 from the disposal of its nutraceuticals business. At end-FY22 Medlab had a gross cash position of A\$5.2m which, at the current Q422 burn rate of A\$3.4m, we estimate will fund operations into CY23 (second quarter of FY23). In the absence of full company accounts, we maintain our estimates for FY22–23 and will revisit these as more information becomes available. Our valuation of Medlab Clinical is unchanged at A\$239.8m or A\$0.70 per share.

Year end	Revenue (A\$m)	PBT* (A\$m)	EPS* (A\$)	DPS (A\$)	P/E (x)	Yield (%)
06/20	5.8	(13.5)	(0.06)	0.0	N/A	N/A
06/21	8.1	(12.4)	(0.04)	0.0	N/A	N/A
06/22e	6.5	(9.3)	(0.03)	0.0	N/A	N/A
06/23e	7.7	(10.1)	(0.03)	0.0	N/A	N/A

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Medlab is now fully utilising synthetic cannabidiol and Dronabinol (synthetic tetrahydrocannabinol) in the company's NanaBis formulation, which it is investigating for the treatment of cancer-related bone pain. Following the preparation of a drug master file for NanaBis during CY22, we expect Medlab to approach the FDA with an investigative new drug application in the second half of CY22. We believe the timely commencement of a Phase III trial represents a significant catalyst for the company.

In June 2022, Medlab announced that it will be [pursuing a dual listing on the US Nasdaq stock market](#), which was approved by shareholders at an emergency general meeting in [July 2022](#). Under the proposal, the company will consolidate existing shares 150:1 (adjusting all convertible securities and options as necessary) and issue up to 4m new securities when it lists on the Nasdaq. Management has communicated that it intends to use the proceeds of the potential IPO to further develop NanaBis in cancer bone pain, NanoCBD for stress and MDC2000 in depression. We note that at the time of writing, the company has no binding agreement with an underwriter.

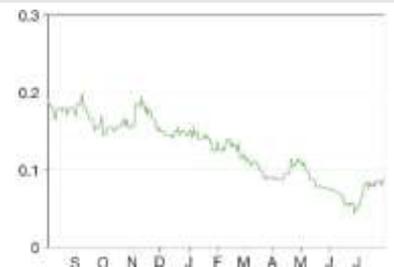
Pharma and biotech

2 August 2022

**Price** **A\$0.09**  
**Market cap** **A\$30m**

Estimated net cash (A\$m) at end-June 2022	4.20
Shares in issue	342.2m
Free float	69%
Code	MDC
Primary exchange	ASX
Secondary exchange	N/A

### Share price performance



### Business description

Based in Australia, Medlab Clinical is developing therapeutics using its proprietary delivery platform NanoCelle. Its most advanced programme is in cancer pain management with lead drug candidate NanaBis, a medicinal cannabis product for cancer-related bone pain.

### Analysts

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