APPENDIX 4D
Half-Year Report

Name of entity:	**Medical Developments International Limited**
ABN:	**14 106 340 667**

Half-year ended ('current period')	Half-year ended ('previous corresponding period')
31 December 2022	**31 December 2021**

Results for announcement to the market

The following information is provided in accordance with ASX listing rule 4.3C.2

				$'000
Revenue (net) and other income from ordinary activities[1]	Up	47%	to	14,123
Net profit / (loss) after tax from ordinary activities attributable to members	Up	136%	to	2,658
Net profit / (loss) for the period attributable to members	Up	136%	to	2,658

	Current period	Previous corresponding period
Basic earnings / (loss) per share (cents)	3.23	(10.35)
Net tangible asset backing per ordinary share (cents) [2]	52.8	25.3

[1] Revenue (net) and other income from ordinary activities includes underlying revenue of $13.9 million and interest income of $0.2 million. It excludes contract termination revenue of $18.9 million (refer to the Half-Year Consolidated Financial Report). Total reported revenue inclusive of contract termination revenue is $33.1 million, an increase of 243% on the previous corresponding period.

[2] Net tangible assets excludes goodwill and other intangible assets and deferred tax assets (refer to the Half-Year Consolidated Financial Report).

For commentary on the financial performance and any other significant information needed by an investor to make an informed assessment of the results for Medical Developments International Limited please refer to the accompanying Half-Year Consolidated Financial Report.

Dividends

No dividends were declared in respect of the current period. No dividends were declared in respect of the previous corresponding period.

Half-Year Report

Pursuant to listing rule 4.2A, please see attached Medical Developments International Limited's Half-Year Consolidated Financial Report and associated results announcement.

Tara Eaton
Company Secretary

Dated: 24 February 2023

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

MEDICAL DEVELOPMENTS INTERNATIONAL LTD

For the half-year ended 31 December 2022

OVERVIEW

- Revenue up 45% to $13.9 million (pcp $9.6 million).
  - Pain Management revenue up 27% driven by volume growth and improved pricing.
  - Respiratory revenue up 81%, with strong volume growth in all regions.
- Net profit after tax of $2.7 million (pcp $7.4 million loss).
- Net gain (before tax) from underlying adjustments of $11.5 million, mostly relating to the cessation of clinical trial preparations in China.
- Underlying EBITDA improved 7.2% at $6.6 million loss (pcp $7.1 million loss). Underlying EBIT improved 4% at $8.1 million loss (pcp $8.5 million loss).
- Continued penetration of Penthrox in global markets:
  - Volume growth of 24% delivered in France against a challenging economic backdrop.
  - Encouraging results in the UK and Ireland with in-market sales up 29%.
  - Penthrox relaunched in Canada.
  - Field team deployed in Australia to accelerate penetration of Penthrox in hospital emergency departments.
  - Preparation of clinical trials in China discontinued, greater focus on key growth opportunities in Australia, Europe and the USA.
  - Planning for USA market entry advancing.
  - Next generation product development ("Selfie") progressing in line with plan.
- Pleasing progress in growing market share in the Respiratory segment, sales in the USA up 100%.
- Cash on hand of $37.1 million.

GROUP RESULTS

Revenue

$'000	Dec 2022	Dec 2021	Change %
Pain Management	**7,635**	6,006	27.1%
Respiratory	**6,154**	3,410	80.5%
Unallocated	**136**	181	
Revenue[(1)]	**13,925**	9,597	45.1%

[(1)] Excludes Contract termination revenue arising from the termination of agreements for the distribution of Penthrox in China ($18.5 million), and other countries where revenue opportunities are not being pursued ($0.4 million).

Revenue for the period of $13.9 million was 45.1% higher than the pcp.

Revenue in the Pain Management segment was up 27.1% driven by higher volumes in Rest of World markets, France, the Nordics and Central Europe, and improved pricing, mostly reflecting increases across all Penthrox products in Australia. In-market volumes in the UK were up, however delivered volumes were below the pcp due to the deferment of a shipment to the 2nd half. Volumes in Australia were generally in line with the pcp. Other income was up $0.6 million, mostly reflecting deferred milestone income in the current period.

Revenue in the Respiratory segment was up 80.5%, with strong volume growth in most markets, particularly the USA, supported by market share gains, a higher prevalence of respiratory conditions during winter, and the pass-through of inflationary impacts in pricing.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

Operating performance

$'000	Dec 2022	Dec 2021	Change %
Underlying EBITDA[1]	**(6,565)**	(7,073)	7.2%
Depreciation and amortisation	**(1,584)**	(1,444)	
Underlying EBIT [2]	**(8,149)**	(8,517)	4.3%
Contract termination revenue	**18,928**	-	
Impairment losses - Capitalised registration costs	**(7,406)**	-	
Impairment losses – Veterinary segment	**-**	(581)	
Finalisation of costs for the CSIRO Continuous Flow technology program	**-**	(326)	
Underlying adjustments	**11,522**	(907)	
Reported EBIT	**3,373**	(9,424)	
Net interest expense	**149**	(26)	
Income tax benefit	**(864)**	2,072	
Net profit / (loss) after tax	**2,658**	(7,378)	136.0%

(1) Earnings before finance costs, net of interest income, tax, depreciation and amortisation and underlying adjustments.

(2) Earnings before finance costs, net of interest income, tax and underlying adjustments.

Net profit after tax was $2.7 million, improved on a loss after tax of $7.4 million in the pcp. Underlying EBIT was $8.1 million loss, improved 4.3% on the pcp ($8.5 million loss).

Underlying EBIT benefitted from higher volumes in both the Pain Management and Respiratory segments and higher Penthrox margins, driven by growth in direct market sales and improved pricing.

Operating costs were higher, mostly due to inflationary impacts, and higher marketing and employee related expenses. Marketing costs included spend to support Penthrox expansion in Australia and Europe and to grow share in the Respiratory segment. Higher employee expenses reflect an increase in in-market resources in Australia to support the penetration of Penthrox in hospital emergency departments, and higher costs associated with leadership and functional team changes implemented in the 2nd half of FY22. Enhanced leadership and functional capability is supporting the Group's transformation and growth strategy. Partly offsetting these costs were lower share-based payment expenses, resulting from the forfeiture of historic share-based incentive plans following the implementation of a new Long Term Incentive Plan for the senior leadership team (excluding the CEO). The new plan better aligns employee incentives with shareholder interests.

Depreciation and amortisation were up $0.1 million on the pcp.

Underlying adjustments were a net $11.5 million gain in the period, including:

- Contract termination revenue arising from the termination of agreements for the distribution of Penthrox in China ($18.5 million), and other countries where revenue opportunities are not being pursued ($0.4 million).
- Impairment of capitalised registration costs following the cessation of market activities in China of $6.5 million, and an additional $0.9 million in other countries where revenue opportunities are not being pursued.

Underlying adjustments of $0.9 million loss in the prior period related to:

- Impairment losses recognised following the Group's decision to discontinue the Veterinary business ($0.6 million).
- Finalisation costs for the CSIRO Continuous Flow technology program.

Further detail on revenue and earnings in each of the Group's operating segments is contained in the Review of Operations below.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

CASHFLOW

Key Items - $'000	Dec 2022	Dec 2021	Change %
Net cash flows used in operating activities	**(8,978)**	(4,987)	(80.0%)
Payments for property, plant and equipment	**(765)**	(547)	(39.9%)
Payments for other intangible assets	**(2,066)**	(2,493)	17.1%
Proceeds from the issue of shares (net of costs)	**28,358**	98	-
Other cashflows	**81**	(64)	226.6%
Net increase / (decrease) in cash and cash equivalents	**16,630**	(7,993)	308.1%

Net cash flows used in operating activities

Net cash flows used in operating activities were $9.0 million, $4.0 million higher than the pcp. This reflects an EBITDA loss of $6.6 million in the period and investment in working capital of $1.5m to support growth as detailed below:

$'000	Dec 2022	Dec 2021	Change $
Underlying EBITDA	**(6,565)**	(7,073)	508
Non-cash share-based payments expense	**(25)**	802	(827)
Cash EBITDA	**(6,590)**	(6,271)	(319)
Change in trade and other receivables	**324**	(357)	681
Change in inventory	**(3,477)**	(570)	(2,907)
Change in trade and other payables	**1,662**	2,030	(368)
Change in trade and other working capital	**(1,491)**	1,103	(2,594)
Change in other assets and liabilities	**(897)**	181	(1,078)
Net cash flows used in operating activities	**(8,978)**	(4,987)	(3,991)

Commentary relating to the movement in working capital and other assets and liabilities in the period is provided in the Balance Sheet section below.

Net cash flows used in investing activities

Payments for property, plant and equipment were $0.8 million for the period, broadly in line with the pcp, mostly related to the Company's manufacturing operations.

Payments for other intangible assets were $2.1 million, mostly related to trials and market registration activities in the UK, USA and China.

Proceeds from the issue of shares (net of costs)

In August 2022 the Company successfully raised $28.4 million net of costs through a fully underwritten placement and entitlement offer.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

BALANCE SHEET

Key Items - $'000	Dec 2022	Jun 2022	Change %
Cash	**37,121**	20,398	82.0%
Trade and other receivables	**5,990**	6,084	(1.5%)
Inventories	**10,582**	7,105	48.9%
Prepayments	**945**	620	52.4%
Property plant & equipment	**11,542**	11,552	(0.1%)
Intangible assets	**37,961**	40,687	(6.7%)
Tax assets	**4,870**	5,774	(15.7%)
Total Assets	**109,111**	92,220	18.3%
Trade and other payables	**14,601**	9,368	(55.9%)
Employee benefit provisions	**1,048**	1,052	0.4%
Unearned income	**2,294**	21,689	89.4%
Lease liabilities	**2,690**	2,813	4.4%
Total Liabilities	**20,633**	34,922	40.9%
Net Assets	**88,378**	57,298	54.2%

Net change in cash for the period was a $16.7 million increase. Early in the period the Company undertook a successful capital raise, which increased cash reserves by approximately $28.4 million. This has been partly offset by operating and investing activities as detailed in the Cashflow above.

Trade and other receivables decreased $0.1 million, reflecting improved customer collections. Inventories increased $3.5 million, reflecting higher overall volumes and the trajectory of growth in both the Pain Management and Respiratory segments, a deferred delivery of Penthrox to the UK, and the need to hold more raw material stock in response to significant disruptions in global supply chains.

The increase in property plant and equipment and intangible assets reflects purchases during the year of $2.8 million as referred to above, capital accruals of $3.6 million, depreciation and amortisation of $1.6 million and impairments of $7.4 million.

The increase in trade and other payables of $5.2 million includes $3.6 million for capital accruals, and $1.6 million increase in trade payables relating to inventory purchases not yet paid.

The decrease in unearned income relates to the recognition of $18.9m as income following the termination of agreements for the distribution of Penthrox in China ($18.5 million), other smaller markets ($0.4 million), and amortisation of government grants and milestone income in the period. Unearned income of $2.3 million remaining at the end of the period relates to unamortised income received for the distribution of Penthrox in Vietnam and Thailand, and Government Grants.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

REVIEW OF OPERATIONS

Pain Management

The Pain Management segment is a world leader in the supply of analgesia for acute and procedural pain. The Company manufactures its world leading inhaled analgesic, Penthrox (the "Green Whistle"), at manufacturing facilities at Scoresby and Springvale in Victoria, Australia. Penthrox is sold into domestic and international markets through distribution partnerships and direct in-market capability.

$'000	Dec 2022	Dec 2021	Change %
Revenue[(1)]	**7,635**	6,006	27.1%
Underlying EBITDA	**(3,717)**	(4,000)	7.1%
Underlying EBIT	**(5,031)**	(5,198)	3.2%

[(1)] Excludes Contract termination revenue arising from the termination of agreements for the distribution of Penthrox in China ($18.5 million), and other countries where revenue opportunities are not being pursued ($0.4 million).

Revenue for Pain Management was up 27.1% on the pcp at $7.6 million.

Revenue in Australia was up 5% at $4.0 million. Volumes were generally in line with the prior year, with solid demand from the ambulance sector continuing. Pricing was improved, with price rises implemented across all products by the end of the period. During the period, recruitment of an in-market sales team was completed, and a new Penthrox creative campaign was launched. Both initiatives will underpin future growth beyond the ambulance sector, with a focus on penetrating hospital emergency departments.

European in-market volumes were up 31%, with stronger demand in all markets despite challenging economic conditions throughout the period. Delivered sales were down 25% by volume due to timing of deliveries to the Group's distribution partner in the UK, with a shipment deferred to the 2nd half. Despite this, revenue for Europe was up 2% on the pcp at $1.8 million, driven by improved pricing and favourable country mix.

Further progress was made in the Company's strategy to drive increased penetration of Penthrox in France through direct in-market capability, though momentum was slowed by challenging market conditions during the period. Several emergency departments were closed in key metropolitan areas and gaining access to hospitals was difficult. Despite these challenges, volumes were up 24% on the pcp at 29,000 units.

Revenue from Rest of World markets was up 75% at $1.9 million, driven by higher volumes, including the first delivery to Canada under the new distribution arrangement supporting the relaunch of Penthrox in that market.

Underlying EBIT for the period was a $5.0 million loss, slightly improved on the pcp. Earnings benefited from higher volumes and improved margins, with the implementation of price increases in Australia and growth in direct sales in France having a positive impact. Costs were higher, reflecting investment to drive penetration in hospital emergency departments in Australia through in-market capability, in line with strategy, and higher marketing costs to support growth.

Respiratory

The Respiratory segment is a leading supplier of respiratory products including asthma and COPD (chronic obstructive pulmonary disease) space chambers, peak flow meters, portable nebulisers and silicone face masks. Respiratory supplies into Australia, the USA, Europe and Asia through partnership with leading distributors.

$'000	Dec 2022	Dec 2021	Change %
Revenue	**6,154**	3,410	80.5%
Underlying EBITDA	**480**	72	566.7%
Underlying EBIT	**341**	(55)	720.0%

Revenue for the Respiratory segment was up 75.2% at $6.3 million. A pleasing result that reflects solid market share gains, particularly in the USA, and stronger underlying demand due to an increased prevalence of respiratory conditions during winter. Pricing was improved, with the pass through of inflationary impacts.

Underlying EBIT at $0.3m was improved, reflecting the benefit of higher volumes offset by higher costs associated with marketing activity to support growth.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

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

OTHER EVENTS OF SIGNIFICANCE

China clinical trials discontinued

On 18 January 2023 the Company announced that it had discontinued the preparation of clinical trials for Penthrox in China. This followed extended delays to the anticipated timeline for clinical trial outcomes and consequently the commercial launch of Penthrox in the market, primarily due to the challenging regulatory environment and COVID restrictions. The financial statements reflect Underlying Adjustments (before tax) of $11.5 million relating to the recognition of deferred, non-refundable, upfront payments (received in a prior period) for distribution in China, and other countries where revenue opportunities are no longer being pursued, and the impairment of related capitalised registration costs.

The decision to discontinue in China was made by the Board prior to balance date. At balance date negotiations with the Group's distribution partner were at an advanced stage, with formal agreement reached on 18 January 2023.

Medical Developments International

Medical Developments International Ltd

ABN: 14 106 340 667

Consolidated Half-Year Report

Half-year ended 31 December 2022

HALF-YEAR FINANCIAL REPORT

Consolidated Half-Year Financial Report
For the period ended 31 December 2022

This is the Consolidated Half-Year Financial Report of Medical Developments International Ltd ("MVP" or the "Company") and its subsidiaries (together referred to as the "Group") for the period ended 31 December 2022. This Consolidated Half-Year Financial Report was issued in accordance with a resolution of the Directors on 24 February 2023.

This Consolidated Half-Year Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2022 and any public announcements made by MVP during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Contents

DIRECTORS REPORT

The Directors of Medical Developments International Limited ("MVP" or the "Company") herewith submit the financial report of the Company and the entities it controlled ("Group") for the half-year ended 31 December 2022.

DIRECTORS

The following persons were Directors of the Company from their date of appointment up to the date of this report, unless otherwise stated:

Non-Executive

Mr G Naylor (Non-Executive Chair)
Mr D J Williams
Mr L Hoare
Ms C Emmanuel-Donnelly
Ms M Sontrop
Mr R Betts
Mr R M Johnston (resigned 27 October 2022)

PRINCIPAL ACTIVITIES

MVP delivers emergency medical solutions dedicated to improving patient outcomes in both domestic and international markets. The Company manufactures and distributes Penthrox®, a fast acting trauma and emergency pain relief product, used in hospital emergency departments, ambulance services, sports medicine and for analgesia during short surgical procedures. MVP also distributes a range of respiratory devices for sufferers of asthma and COPD *(chronic obstructive pulmonary disease)*.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

A review of the operations and financial performance of the Group during the half-year and of the results of those operations is contained in the ASX announcement on 24 February 2023.

DIVIDENDS

No dividends were declared in respect of the current period. No dividends were declared in respect of the previous corresponding period.

SIGNIFICANT EVENTS AFTER BALANCE DATE

There have been no material matters or circumstance that have arisen between 31 December 2022 and the date of this report, that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 4.

ROUNDING

The Company is a company of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that Corporate Instrument, amounts in the Directors' Report and half-year financial report are rounded to the nearest $1,000, unless otherwise stated.

Signed in accordance with a resolution of the Board of Directors made pursuant to s. 306(3) of the Corporations Act 2001:

On behalf of the directors

Gordon Naylor
Company Chair

24 February 2023

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

24 February 2023

Board of Directors
Medical Developments International Limited
4 Caribbean Drive
Scoresby VIC 3179

Dear Board Members,

Auditor's Independence Declaration - Medical Developments International Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Medical Developments International Limited.

As lead audit partner for the review of the half year financial report of Medical Developments International Limited and its subsidiaries for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Travis Simkin
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

Independent Auditor's Review Report to the members of Medical Developments International Limited

Conclusion

We have reviewed the half-year financial report of Medical Developments International Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Deloitte.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001.*

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

T Simkin

Travis Simkin
Partner
Chartered Accountants

Melbourne, 24 February 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the period ended 31 December 2022

$'000	Notes	Dec 2022	Dec 2021
Revenue	1.1, 1.3	**13,925**	**9,597**
Contract termination revenue	1.1, 1.3	**18,928**	-
Raw materials and consumables used		**(4,036)**	(3,080)
Employee benefits expense		**(9,087)**	(7,109)
Distribution expenses		**(1,814)**	(1,175)
Regulatory and registration expenses		**(1,323)**	(2,108)
Occupancy, selling and administration expenses		**(4,230)**	(3,524)
Interest and other income		**198**	27
Depreciation and amortisation expense		**(1,584)**	(1,444)
Impairment expense	1.1, 2.1	**(7,406)**	(581)
Finance costs		**(49)**	(53)
Profit / (Loss) before income tax expense		**3,522**	**(9,450)**
Income tax (expense) / benefit		**(864)**	2,072
Net profit / (loss) for the year		**2,658**	**(7,378)**
Net profit / (loss) attributable to equity holders of the parent entity		**2,658**	**(7,378)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss, net of tax			
Foreign currency translation gains		**89**	26
Total comprehensive income / (loss) for the year		**2,747**	(7,352)
Total comprehensive income / (loss) attributable to equity holders of the parent entity		**2,747**	(7,352)
cents			
Basic earnings / (loss) per share	1.1	**3.23**	(10.35)
Diluted earnings / (loss) per share	1.1	**3.00**	(10.35)

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position
As at 31 December 2022

$'000	Notes	Dec 2022	Jun 2022
CURRENT ASSETS			
Cash and cash equivalents		**37,121**	20,398
Trade and other receivables		**5,990**	6,084
Inventories		**10,582**	7,105
Current tax receivable		**-**	162
Prepayments		**945**	620
TOTAL CURRENT ASSETS		**54,638**	**34,369**
NON-CURRENT ASSETS			
Property, plant and equipment		**11,542**	11,552
Goodwill and other intangible assets	2.1	**37,961**	40,687
Deferred tax assets		**4,870**	5,612
TOTAL NON-CURRENT ASSETS		**54,373**	**57,851**
TOTAL ASSETS		**109,011**	**92,220**
CURRENT LIABILITIES			
Trade and other payables		**14,601**	9,368
Employee benefits provisions		**627**	683
Lease liabilities		**341**	348
Unearned income		**82**	82
TOTAL CURRENT LIABILITIES		**15,651**	**10,481**
NON-CURRENT LIABILITIES			
Employee benefits provisions		**421**	369
Unearned income	2.2	**2,212**	21,607
Lease liabilities		**2,349**	2,465
TOTAL NON-CURRENT LIABILITIES		**4,982**	**24,441**
TOTAL LIABILITIES		**20,633**	**34,922**
NET ASSETS		**88,378**	**57,298**
EQUITY			
Contributed equity	2.4	**105,350**	76,992
Reserves		**4,915**	4,851
Accumulated losses		**(21,887)**	(24,545)
TOTAL EQUITY		**88,378**	**57,298**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity
For the period ended 31 December 2022

$'000	Contributed equity	Accumulated losses	Share based payments reserve	CSIRO option reserve	Foreign currency translation reserve	Total equity
Period ended 31 December 2022						
As at 1 July 2022	**76,992**	**(24,545)**	**2,976**	**1,866**	**9**	**57,298**
Profit for the year	**-**	**2,658**	**-**	**-**	**-**	**2,658**
Other comprehensive income	**-**	**-**	**-**	**-**	**89**	**89**
Total comprehensive income	**-**	**2,658**	**-**	**-**	**89**	**2,747**
Share based payments expense	**-**	**-**	**(25)**[1]	**-**	**-**	**(25)**
Shares issued	**30,000**	**-**	**-**	**-**	**-**	**30,000**
Equity raising costs	**(1,642)**	**-**	**-**	**-**	**-**	**(1,642)**
Transactions with owners in their capacity as owners	**28,358**	**-**	**(25)**	**-**	**-**	**28,333**
Balance as at 31 December 2022	**105,350**	**(21,887)**	**2,951**	**1,866**	**98**	**88,378**
Period ended 31 December 2021						
As at 1 July 2021	76,895	(12,138)	1,969	1,606	(30)	68,302
Loss for the year	-	(7,378)	-	-	-	(7,378)
Other comprehensive income	-	-	-	-	26	26
Total comprehensive (loss) / income	**-**	**(7,378)**	**-**	**-**	**26**	**(7,352)**
Share based payments expense	-	-	803	-	-	803
Shares issued	100	-	-	-	-	100
Options issued as part of CSIRO agreement	-	-	-	151	-	151
Equity raising costs	(2)	-	-	-	-	(2)
Transactions with owners in their capacity as owners	**98**	**-**	**803**	**151**	**-**	**1,052**
Balance as at 31 December 2021	**76,993**	**(19,516)**	**2,772**	**1,757**	**(4)**	**62,002**

(1) During the period the Group introduced a new long term incentive (LTI) program where select executives excluding the CEO were granted performance rights with the target hurdle aligned to share price growth over a three year period. On acceptance of the new LTI program, executives forfeited all options previously held which resulted in a write back to share based payment expense of $0.7 million. There have been no changes to the LTI incentive arrangements for the CEO.

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows
For the period ended 31 December 2022

$'000	Notes	Dec 2022	Dec 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**13,577**	9,203
Payments to suppliers and employees		**(22,694)**	(14,286)
Receipts from government grants		**188**	140
Interest paid		**(49)**	(44)
Net cash flows used in operating activities		**(8,978)**	**(4,987)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(765)**	(547)
Payments for other intangible assets		**(2,066)**	(2,493)
Interest received		**205**	31
Net cash flows used in investing activities		**(2,626)**	**(3,009)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		**30,000**	100
Share issue transaction costs		**(1,642)**	(2)
Repayment of lease liabilities		**(124)**	(95)
Net cash flows generated from by financing activities		**28,234**	**3**
Net increase / (decrease) in cash and cash equivalents		**16,630**	(7,993)
Cash and cash equivalents at the beginning of the year		**20,398**	36,277
Effect of exchange rate changes on cash and cash equivalents		**93**	(9)
Cash and cash equivalents at the end of the year		**37,121**	**28,275**

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Section 1 – Performance

This section highlights the results and performance of the Group for the period ended 31 December 2022.

1.1 GROUP RESULTS

MVP's chief operating decision maker is the Group's CEO. The Group's CEO monitors results by reviewing the Group's reportable segments from a product perspective as outlined in the table below:

Reportable segments	Products/services	Countries of Operation	
• Pain Management	• The manufacture and sale of Penthrox®	• Australia • Europe • Middle East	• Asia • South Africa • United Kingdom
• Respiratory	• The sale of respiratory devices for use by sufferers of asthma and COPD	• Australia • Europe • Canada	• Asia • United Kingdom • USA

The financial information below reflects the segment results reported to and monitored by the CEO:

$'000	Pain Management	Respiratory	Other[4]	Total
Period ended 31 December 2022				
Revenue[1]	**7,635**	**6,154**	**136**	**13,925**
Underlying EBITDA[2]	**(3,717)**	**480**	**(3,328)**	**(6,565)**
Underlying EBIT[3]	**(5,031)**	**341**	**(3,459)**	**(8,149)**
Period ended 31 December 2021				
Revenue	6,006	3,410	181	9,597
Underlying EBITDA[2]	(4,000)	72	(3,145)	(7,073)
Underlying EBIT[3]	(5,198)	(55)	(3,264)	(8,517)

[1] Excludes Contract termination revenue arising from the termination of agreements for the distribution of Penthrox in China ($18.5 million), and other countries where revenue opportunities are not being pursued ($0.4 million).

[2] Earnings before finance costs, net of interest income, tax, depreciation and amortisation and underlying adjustments.

[3] Earnings before finance costs, net of interest income, tax and underlying adjustments.

[4] Other comprises the Veterinary business which was discontinued during the 2022 financial year as well as unallocated costs associated with corporate overheads.

A reconciliation between the Group's segment information (which excludes underlying adjustments) and reported financial information as disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income is presented below.

1.1 GROUP RESULTS (CONTINUED)

Net loss after tax

Set out below is a reconciliation between underlying EBITDA and net profit after tax as disclosed in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income:

$'000	Notes	Dec 2022	Dec 2021
Underlying EBITDA		**(6,565)**	(7,073)
Depreciation and amortisation expense		**(1,584)**	(1,444)
Underlying EBIT		**(8,149)**	**(8,517)**
Contract termination revenue - Pain Management segment[1]		**18,928**	-
Impairment losses - Capitalised Registration Costs[2]		**(7,406)**	-
Impairment losses - Veterinary segment		**-**	(581)
Finalisation of costs for the CSIRO Continuous Flow technology program		**-**	(326)
Total underlying adjustments		**11,522**	**(907)**
Reported EBIT		**3,373**	**(9,424)**
Net interest		**149**	(26)
Net profit / (loss) before tax		**3,522**	**(9,450)**
Income tax benefit		**(864)**	2,072
Net profit / (loss) after tax		**2,658**	**(7,378)**

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

[2] Impairment of capitalised registration costs in the Pain Management segment after the Company ceased registration activity in China ($6.5 million), and other countries ($0.9 million) where revenue opportunities are no longer being pursued.

Basic and diluted earnings per share	Dec 2022	Dec 2021
Earnings / (loss) per share (EPS) (cents) - Basic	**3.23**	(10.35)
Earnings / (loss) per share (EPS) (cents) - Diluted	**3.00**	(10.35)
Calculated using:		
• Net profit / (loss) attributable to ordinary equity holders ($'000)	**2,658**	(7,378)
• Weighted average of ordinary shares (shares) - Basic	**82,276,634**	71,267,699
• Weighted average of ordinary shares (shares) - Diluted	**88,634,767**	71,267,699

Earnings per share is calculated by dividing the net profit / (loss) for the year attributable to ordinary equity holders of MVP by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to include the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive shares. This includes employee options and CSIRO options.

1.2 OPERATING CASH FLOW

Reconciliation of net profit / (loss) for the year to net cash flows from operations

$'000	Dec 2022	Dec 2021
Net profit / (loss) for the year	**2,658**	**(7,378)**
Non cash flows in the operating loss:		
Depreciation and amortisation	**1,584**	1,444
Interest received	**(205)**	(31)
Share based payments expense	**(25)**	803
Impairment expense	**7,406**	581
Finalisation of costs for the CSIRO Continuous Flow technology program	**-**	326
Contract termination revenue	**(18,928)**	-
Net unrealised foreign exchange (gain) / loss	**(89)**	(17)
Changes in assets and liabilities:		
Decrease / (increase) in trade and other receivables	**324**	(357)
Decrease / (increase) in inventory	**(3,477)**	(570)
Decrease / (Increase) in tax assets and liabilities	**908**	(2,071)
Increase / (decrease) in trade and other payables	**1,662**	2,216
Increase / (decrease) in other liabilities	**131**	235
Decrease / (increase) in other assets	**(324)**	(168)
Deferred revenue realised	**(603)**	-
Net cash flows used in operating activities	**(8,978)**	**(4,987)**

1.3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is an overview of revenue from contracts with customers based on their geographic location:

Disaggregation of revenue from contracts with customers

$'000	Pain Management	Respiratory	Other	Total
Period ended 31 December 2022				
Australia	**4,012**	**2,471**	**136**	**6,619**
Europe	**1,945**	**1,131**	**-**	**3,076**
United States	**-**	**2,473**	**-**	**2,473**
Rest of the World	**1,625**	**79**	**-**	**1,704**
Revenue from contracts with customers(1) (2) (3)	**7,582**	**6,154**	**136**	**13,872**
Other revenue (4)	**53**	**-**	**-**	**53**
Revenue	**7,635**	**6,154**	**136**	**13,925**
Contract termination revenue(5)	**18,928**	**-**	**-**	**18,928**
Total	**26,563**	**6,154**	**136**	**32,853**

$'000	Pain Management	Respiratory	Other	Total
Period ended 31 December 2021				
Australia	3,837	1,639	181	5,657
Europe	1,734	413	-	2,147
United States	-	1,214	-	1,214
Rest of the World	400	144	-	544
Revenue from contracts with customers(1) (2) (3)	5,971	3,410	181	9,562
Other revenue (4)	35	-	-	35
Revenue	6,006	3,410	181	9,597

(1) There are no sales between reportable segments.

(2) The Group has no individual customers who contributed 10% or more to the Group's December 2022 revenue (December 2021: nil).

(3) Revenue from customers with contracts in the Pain Management segment includes deferred revenue from upfront and milestone payments of $0.6 million, including ROW $0.4 million and Europe $0.2 million (December 2021: nil).

(4) Other revenue comprises of government grant income, and the Group's Veterinary business which was exited in the 2022 fiscal year.

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

1.4 DIVIDENDS

No interim dividend has been declared for the half year ended 31 December 2022 (31 December 2021 nil). No final dividend was declared or paid during the period in respect to the year ended 30 June 2022.

Section 2 – Other Disclosures

2.1 GOODWILL AND OTHER INTANGIBLES

Goodwill impairment indicator assessment

The Group has performed an assessment of impairment indicators at the end of the reporting period, following the full impairment testing that was conducted at 30 June 2022. It has concluded that no indicators of impairment are present for the Pain Management segment as at 31 December 2022.

As disclosed in Note 1.1, the Pain Management segment generated an EBITDA and EBIT loss in the current period, however the Group expect the business to return to profitability in the near term, supported by enhanced demand in established markets (correlated with the easing of COVID-19 restrictions) and the realisation of the market opportunity present in Europe. Further, the Group remains confident of achieving regulatory approval in the US market based on its 40+ years of experience, the demonstrated safety profile of Penthrox over that time, its ongoing clinical development program and achievements in getting Penthrox approved for sale in more than 40 counties around the world.

Impairment of capitalised registration costs

On 18 January 2023 the Company announced that it has discontinued the preparation of clinical trials for Penthrox in China. This follows extended delays to the anticipated timeline for clinical trial outcomes and consequently the commercial launch of Penthrox in the market, primarily due to the challenging regulatory environment and COVID restrictions. Given market registration in China is not being pursued, an impairment expense of $6.5 million has been recognised in relation to capitalised registration costs held within the Pain Management segment. An impairment loss was also recognised for other countries where revenue opportunities are no longer being pursued ($0.9 million).

2.2 UNEARNED INCOME

Amortisation of unearned income

Unearned income represents upfront unamortised payments in relation to licensing and distribution agreements for Penthrox®. These non-refundable payments are deferred and amortised over the term of the agreement to which the payments relate, or immediately if the agreement is terminated or distribution is otherwise ceased. During the current period unearned income relating to distribution of Penthrox in China ($18.5 million), and other countries ($0.4 million) was realised as revenue following the termination of relevant distribution agreements (refer note 1.1).

2.3 COMMITMENTS AND CONTINGENCIES

There are no contingent liabilities or contingent assets as at 31 December 2022. There are no material changes in capital expenditure commitments since 30 June 2022.

2.4 CONTRIBUTED EQUITY

Terms, conditions and movements of contributed equity

Ordinary shares are classified as equity. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

	Dec 2022		Jun 2022	
	Number of shares	$'000	Number of shares	$'000
Movements in contributed equity				
Ordinary shares:				
Beginning of the year	**71,305,057**	**76,992**	71,264,672	76,895
Issuance of shares				
Share placement	**15,000,118[(1)]**	**30,000**	15,385	100
Share purchase plan	**-**	**-**	25,000	-
Share issuance costs	**-**	**(1,642)**	-	(3)
End of the year	**86,305,175**	**105,350**	**71,305,057**	**76,992**

[(1)] On 4 August 2022 the Company announced a fully underwritten placement and entitlement offer to raise $30 million. The placement and entitlement offer was successfully completed in August 2022.

2.5 GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

At 31 December 2022 the Group had $37.1 million in cash holdings and undrawn overdraft facilities of $0.2 million. Net assets were $88.4 million. The Group successfully raised approximately $28.5 million after costs through a share placement and entitlement offer that was completed in August 2022.

The Director's are satisfied that the Group's cash position will enable the Group to pay its debts as and when they fall due for a period of no less than 12 months from the date these financial statements were approved.

The cash position of the Group will enable:

- Continued investment in building the Penthrox direct sales business, including continued growth in France, expansion in Australia into hospital emergency departments, and build-out of business leadership and functional capability; and
- Continued investment in the Group's manufacturing and development programs to underpin its growth strategy.

The Group has no committed or significant planned capital investment activities in relation to entering the US market, and intends to seek a partner or other third party funding arrangements prior to commencing the next stage of investment.

2.6 BASIS OF PREPARATION

Statement of Compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191, accordingly amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2022, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group adopted all relevant new and amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are effective for annual reporting periods beginning on or after 1 July 2022. None of the new standards or amendments to standards that are mandatory for the first time materially affected any of the amounts recognised in the current period or any prior period.

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current period disclosure.

Presentation of expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2022, the Group revised its presentation format for expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive income to align it with the presentation format adopted in the Group's financial report for the year ended 30 June 2022. The comparatives within this half year financial report have been reclassified for consistency with the current period disclosure.

2.7 SUBSEQUENT EVENTS

Other than disclosed above in note 2.1 in relation to clinical trial preparations for Penthrox in China, there have been no material matters or circumstance that have arisen between 31 December 2022 and the date of this report, that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

Directors' Declaration

The directors declare that:

a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

…………………………………..

Gordon Naylor
Company Chair

Dated 24 February 2023