

## APPENDIX 4E

### Preliminary Final Report

Name of entity:	<b>Medical Developments International Limited</b>
ABN:	<b>14 106 340 667</b>

Year ended (‘current period’)	Year ended (‘previous corresponding period’)
<b>30 June 2024</b>	<b>30 June 2023</b>

#### Results for announcement to the market

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

				<b>\$'000</b>
Revenue (net) and other income from ordinary activities <sup>(1)</sup>	Up	2%	to	33,551
Net profit / (loss) after tax from ordinary activities attributable to members	Down	631%	to	(40,992)
Net profit / (loss) for the period attributable to members	Down	631%	to	(40,992)

	Current period	Previous corresponding period
<b>Earnings / (loss) per share (cents)</b>	(47.50)	(6.66)
<b>Net tangible asset backing per ordinary share (cents) <sup>(2)</sup></b>	26.5	40.0

<sup>(1)</sup> Revenue (net) and other income from ordinary activities includes underlying revenue of \$33.2 million (2023: \$32.3 million) and interest and other income of \$0.4 million (2023: \$0.7 million). The prior year excludes contract termination revenue of \$18.9 million (refer to the Full Year Consolidated Financial Report).

<sup>(2)</sup> Net tangible assets excludes goodwill and other intangible assets, deferred tax assets and deferred tax liabilities (refer to notes 1.3 and 2.3 in the Full 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 Full Year Consolidated Financial Report.

#### Dividends

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

#### Annual Report

Pursuant to listing rule 4.3A, please see attached Medical Developments International Limited's audited Financial Report for the year ended 30 June 2024 and associated results announcement.



Tara Eaton  
**Company Secretary**

Dated: 26 August 2024

# REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

## MEDICAL DEVELOPMENTS INTERNATIONAL LTD

For the year ended 30 June 2024

### OVERVIEW

- Revenue<sup>(1)</sup> up 3% to \$33.2 million (pcp \$32.3 million).
  - Pain Management revenue up 4% driven by volume growth in Australia and Europe and improved pricing.
  - Respiratory revenue up 1%, with strong volume growth in the US offset by lower volume in other regions.
- Net loss after tax of \$41.0 million (pcp \$5.6 million loss).
- Underlying EBIT<sup>(2)</sup> improved by \$6.6 million at \$11.6 million loss (pcp \$18.2 million loss).
- Strongly improved margins, driven by pricing and business efficiencies.
- Free cash flow<sup>(3)</sup> improved by \$10.2 million.
- Continued penetration of Pentrox in global markets:
  - Record in-market volumes in Europe, up 6% on pcp, with pleasing momentum in the Nordics, continued growth in the UK, and growth in France despite the scale-back of in-market promotional activity.
  - Volume growth of 3% in Australia, with volume growth of ~30% in the hospital segment and solid demand from ambulance.
- Market share growth in the US Respiratory market with US sales up 37%.
- Transition to a capital-light operating model in Europe completed, with cost to serve significantly reduced.
- Successful paediatric clinical study outcome (MAGPIE), provides the potential to expand the addressable market for Pentrox to children in select markets outside of Australia.
- Extension of agreement for distribution of Pentrox in the UK / Ireland with improved economic terms.
- \$10 million capital raise completed in August 2024 provides funding to accelerate growth.
- Positive operating cashflow expected by the end of FY25.

### GROUP RESULTS

#### Revenue

\$'000	2024	2023	Change \$
Pain Management	21,296	20,448	848
Respiratory	11,853	11,720	133
Other	-	169	(169)
<b>Revenue<sup>1</sup></b>	<b>33,149</b>	32,337	812
Contract termination revenue	-	18,928	(18,928)
<b>Total</b>	<b>33,149</b>	51,265	(18,116)

Revenue for the period of \$33.2 million was 3% higher than the pcp.

Revenue in the Pain Management segment was up 4% driven by improved pricing, particularly in Australia.

European Pain Management revenue was up 11%, with growth in underlying demand of 6%. Revenue for Pentrox in Australia was up 28%, reflecting volume growth of 3% and higher prices. Revenue from Rest of World countries was down 41% mostly due to lower volumes to Canada following inventory stocking for the relaunch of Pentrox in the prior year. Milestone income was \$0.2 million (pcp \$0.7 million).

Revenue in the Respiratory segment was up 1% with strong volume growth in the US, supported by market share gains, offset by lower demand in Australia, due to lower prevalence of respiratory conditions, and lower demand from Europe, following inventory stocking in the prior period.

# REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

## Operating performance

\$'000	2024	2023	Change \$
Pain Management	(1,139)	(9,716)	8,577
Respiratory	974	1,498	(524)
Other <sup>4</sup>	(8,072)	(6,915)	(1,157)
<b>Underlying EBITDA<sup>5</sup></b>	<b>(8,237)</b>	<b>(15,133)</b>	<b>6,896</b>
Depreciation and amortisation	(3,394)	(3,113)	(281)
<b>Underlying EBIT<sup>2</sup></b>	<b>(11,631)</b>	<b>(18,246)</b>	<b>6,615</b>
Share-based payment expense arising from the cancellation of options	(5,136)	-	(5,136)
Impairment losses - capitalised registration costs	(15,804)	(6,709)	(9,095)
Impairment losses - plant & equipment	(571)	-	(571)
Contract termination revenue	-	18,928	(18,928)
Commercial market assessment costs	-	(1,930)	1,930
<b>Underlying adjustments</b>	<b>(21,511)</b>	<b>10,289</b>	<b>(31,800)</b>
<b>Reported EBIT</b>	<b>(33,142)</b>	<b>(7,957)</b>	<b>(25,185)</b>
Net interest income	216	465	(249)
Income tax benefit / (expense)	(8,066)	1,883	(9,949)
<b>Net loss after tax</b>	<b>(40,992)</b>	<b>(5,609)</b>	<b>(35,383)</b>

Note: Underlying EBITDA and Underlying EBIT as defined on page 6, are non-IFRS financial measures used by management to assess the performance of the business. Refer to Note 1.1 of the full year consolidated financial report for a reconciliation of Group Underlying EBITDA and Group Underlying EBIT by segment.

Underlying EBIT was \$11.6 million loss, improved \$6.6 million on the pcg (\$18.2 million loss).

Underlying EBIT benefitted from higher pricing in the Pain Management segment, higher Pentrox volumes in Australia and Europe, share growth in the US Respiratory market, and lower costs, driven by efficiency gains. This offset the impact to earnings of lower Pentrox volumes in Rest of World Markets, lower demand for respiratory products in Australia and Europe, non-capital costs associated with the review of the European operating model and US market entry, and inflationary impacts.

Depreciation and amortisation was up by \$0.3 million from the pcg.

Underlying adjustments before tax were a net \$21.5 million loss in the period, including:

- Share-based payment expense arising from the cancellation of options as part of the transition to new CEO remuneration arrangements (\$5.1 million). This is a non-cash adjustment; no benefit was received by the CEO.
- Impairment expense of \$16.4 million, including \$15.8 million for the impairment of capitalised development costs relating to the US market entry, and a \$0.6 million impairment in relation to redundant plant and equipment in the manufacturing operations.

Underlying adjustments of \$10.3 million gain in the prior period related to:

- Contract termination revenue arising from the termination of agreements for the distribution of Pentrox 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 (\$5.7 million), and in other countries where revenue opportunities are not being pursued (\$0.9 million). There was also a \$0.1 million impairment of patents and trademarks.
- Costs to complete a comprehensive commercial market assessment for Pentrox in the US (\$1.9 million).

Tax expense in the current period was \$8.1 million. Due to uncertainties with respect to the utilisation of tax losses in the future, the Group has derecognised from tax assets tax losses carried forward from prior periods of \$13.7 million and has not recognised current year tax losses of \$1.3 million as deferred tax assets. Notwithstanding de-recognition for accounting purposes at this time, tax losses remain available to the Group to be utilized against future taxable profits.

Net loss after tax for the period was \$41.0 million (pcg loss after tax of \$5.6 million).

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	2024	2023	Change \$
Net cash flows used in operating activities	(10,780)	(16,495)	5,715
Payments for property, plant and equipment	(793)	(1,784)	991
Payments for other intangible assets	(2,376)	(5,881)	3,505
Proceeds from the issue of shares (net of costs)	-	28,316	(28,316)
Other cashflows	(807)	(253)	(554)
Net increase / (decrease) in cash and cash equivalents	(14,756)	3,903	(18,659)

### Net cash flows used in operating activities

Net cash flows used in operating activities were \$10.8 million, \$5.7 million lower than the pcip. This reflects an improved underlying EBITDA performance of \$6.9 million in the period, partially offset by a \$1.3 million increase in working capital and other assets and liabilities utilised. This included one-off payments of \$2.7 million for a commercial market assessment of the US completed in FY23 and contract termination costs in France following the scale down in investment at the end of FY23. Excluding these payments, cash utilised in working capital was improved.

\$'000	2024	2023	Change \$
Underlying EBITDA <sup>5</sup>	(8,237)	(15,133)	6,896
Share based payment expense and other non-cash items <sup>5</sup>	1,127	718	409
Change in trade and other receivables	1,861	(2,870)	4,731
Change in inventory	(393)	(1,842)	1,449
Change in trade and other payables	(5,261)	2,900	(8,161)
Change in trade and other working capital	(3,793)	(1,812)	(1,981)
Change in other assets and liabilities	(93)	(733)	640
Interest received	302	560	(258)
Interest paid	(86)	(95)	9
<b>Net cash flows used in operating activities</b>	<b>(10,780)</b>	<b>(16,495)</b>	<b>5,715</b>

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, a decrease of \$1.0 million versus the pcip, primarily relate to the Group's manufacturing operations.

Payments for other intangible assets were \$2.4 million for the period, mostly related to trials and market registration activities, including the paediatric clinical study in the UK and market entry activity in the US (\$2.1 million), and other intangible assets (\$0.3 million).

# REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

## BALANCE SHEET

Key Items - \$'000	2024	2023	Change \$
Cash	9,735	24,661	(14,926)
Trade and other receivables	7,071	8,932	(1,861)
Inventories	8,771	8,378	393
Prepayments	565	791	(226)
Property plant & equipment	10,162	12,122	(1,960)
Intangible assets	22,857	38,317	(15,460)
Deferred tax assets	-	8,112	(8,112)
<b>Total Assets</b>	<b>59,161</b>	<b>101,313</b>	<b>(42,152)</b>
Trade and other payables	8,254	14,186	(5,932)
Employee benefit provisions	948	1,070	(122)
Unearned income	1,920	2,182	(262)
Deferred tax liabilities	19	-	19
Lease liabilities	2,286	2,560	(274)
<b>Total Liabilities</b>	<b>13,427</b>	<b>19,998</b>	<b>(6,571)</b>
<b>Net Assets</b>	<b>45,734</b>	<b>81,315</b>	<b>(35,581)</b>

Net change in cash for the period was a \$14.9 million decrease.

Trade and other receivables decreased by \$1.9 million, reflecting timing of customer deliveries and strong collections particularly in relation to large deliveries late in FY23 that were due for collection in the current period. Inventories increased \$0.4 million, reflecting growth in the US respiratory business.

The decrease in property plant and equipment and intangible assets of \$17.4 million includes an impairment of capitalised development costs relating to US market entry, including US market registration costs (\$13.9 million) and development costs for the next generation device (\$1.9 million), and an impairment of redundant plant and equipment (\$0.6 million). Additions were \$2.4 million, and depreciation and amortisation was \$3.4 million. Net tax asset and liabilities decreased by \$8.1 million, driven by the derecognition of prior period tax losses (\$13.7 million) due to uncertainties with respect to the utilization of tax losses in the future. Current period tax losses of \$1.3 million were also not recognised.

The decrease in trade and other payables of \$5.9 million reflects the payment of \$1.9 million for a comprehensive assessment of the commercial potential for Pentrox in the US, payment for capital expenditure \$0.9 million, and \$0.8 million for contract termination costs in France following the scale down of investment in the prior period. An additional \$2.3 million decrease in trade payables primarily relates to timing differences on inventory purchases and freight.

A decrease of \$0.3 million in unearned income relates to the amortisation of government grants and milestone income in the period. Unearned income of \$1.9 million remaining at the end of the period relates to unamortised income received for the distribution of Pentrox 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 Group manufactures its world leading inhaled analgesic, Pentrox (the "Green Whistle"), at manufacturing facilities at Scoresby and Springvale in Victoria, Australia. Pentrox is sold into domestic and international markets through distribution partnerships and direct in-market capability.

\$'000	2024	2023	Change \$
Revenue <sup>1</sup>	21,296	20,448	848
Underlying EBITDA <sup>5</sup>	(1,139)	(9,716)	8,577
Underlying EBIT <sup>2</sup>	(3,852)	(12,299)	8,447

Revenue for Pain Management was up 4% on the pcip at \$21.3 million.

Revenue in Europe was up 11%. In-market demand in Europe was up 6%, with strongly improved volume in the Nordics and continued momentum in the UK and Ireland. Volume in France was improved despite the scale-back of promotional activity in FY23.

Revenue in Australia was up 28%, reflecting volume growth of 3% and higher pricing. Demand from the ambulance segment remained solid. Volumes into hospital emergency departments were up 30%, reflecting progress in the commercial strategy to expand in this segment.

Revenue from Rest of World countries was down 41% mostly due to lower volumes to Canada following inventory stocking for the relaunch of Pentrox in the prior year.

Underlying EBIT for the period was a \$3.9 million loss, improved by \$8.4 million on the prior year. Earnings benefited from higher pricing, particularly in Australia, a reduction in the cost-to-serve in Europe following transition to a capital-light operating model, and other business efficiencies.

### Respiratory

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

\$'000	2024	2023	Change \$
Revenue	11,853	11,720	133
Underlying EBITDA <sup>5</sup>	974	1,498	(524)
Underlying EBIT <sup>2</sup>	762	1,250	(488)

Revenue for the Respiratory segment was up 1% at \$11.9 million.

Revenue in the US was stronger, up 37% on the pcip, reflecting continued growth through market share gain. Revenue in other regions was down, reflecting lower volumes, due in part to the lower prevalence of respiratory conditions during the period, and inventory stocking in Europe in the pcip.

Underlying EBIT at \$0.8m was \$0.5m lower, due to lower volume in Australia and Europe.

# REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

## BUSINESS STRATEGY

The Group's nearer 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 USA. Longer term, the Company seeks to enter new and attractive markets for Pentrox, including the US.

### Execution of strategy in FY24

The Company achieved good progress in delivering its strategic priorities in FY24. Key outcomes include:

- Strongly improved margins, delivered through pricing and operational efficiencies. Earnings benefits of \$7.2 million were delivered in the period, with additional savings of \$3-4 million to be realised in FY25 from initiatives implemented in FY24.
- Increased penetration of Pentrox in Australian hospital emergency departments. Volume growth of ~30% was delivered in the hospital segment in the period, with encouraging lead indicators. There have been 44 new protocol listings for Pentrox over the last 18 months, and the total number of purchasing hospitals in FY24 increased by 68 to 244.
- Record in-market Pentrox volumes in Europe, delivering 6% growth versus FY23.
- Transition to a "capital-light" operating model in Europe, with a significant reduction in the cost to serve. Partner negotiations were advanced for Pentrox distribution in France and in Switzerland.
- Extension of the Pentrox distribution agreement for the UK and Ireland, with improved economic terms.
- Successful paediatric clinical study outcome (MAGPIE), which provides the potential to expand the addressable market for Pentrox to children in select markets outside of Australia.
- Continued market share gains in the attractive US respiratory spacer market.
- Positive momentum in earnings and cashflow.
- Capital raise of \$10 million to accelerate growth and improve balance sheet strength completed in August 2024.

Following further evaluation of resourcing requirements and funding options to progress US market entry plans, the Group determined to pause 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.

### FY25 priorities

The Company will continue to drive momentum toward achieving positive operating cashflow by the end of FY25. Key priorities include:

- Improve margins through pricing and operational efficiency.
- Accelerate penetration of Pentrox in Australian hospital emergency departments.
- Grow Pentrox in global markets.
- Drive continued growth in Respiratory.

## OUTLOOK

### FY25 underlying EBIT

The Group expects 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.

### FY24 capital expenditure

Capital expenditure in FY25 is expected to reduce to around \$1.5-2.0 million.

## OTHER EVENTS OF SIGNIFICANCE

Other than mentioned above, there has not been any matter or circumstance that has arisen that has 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.

## NOTES

<sup>(1)</sup> In the prior year Revenue excludes Contract termination revenue arising from the termination of agreements for the distribution of Pentrox in China (\$18.5 million), and other countries where revenue opportunities are not being pursued (\$0.4 million).

<sup>(2)</sup> Underlying EBIT is a non-IFRS financial measure which is calculated as earnings before finance costs, net of interest income, tax and underlying adjustments

<sup>(3)</sup> Free cash flow is a non-IFRS financial measure which is calculated as net cash flow used in operating activities plus net cash flows used in investing activities.

<sup>(4)</sup> Other comprises unallocated costs associated with corporate overheads, and in the prior period minor costs in relation to the Veterinary business which was discontinued during the 2022 financial year.

<sup>(5)</sup> Underlying EBITDA is a non-IFRS financial measure which is calculated as Earnings before finance costs, net of interest income, tax, depreciation and amortisation and underlying adjustments.

<sup>(6)</sup> Share based payment expense and other non-cash items in the *Net cash flows used in operating activities* table on page 3 excludes the \$5.1 million accelerated share-based payment expense included in underlying adjustments.

# REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

## BUSINESS RISKS

Risk recognition and management are considered by the Company as integral to its objectives of creating and maintaining shareholder value, and execution of the Company's strategy. Effective risk management is key to operational activities and decision-making, strategic planning, resource allocation, compliance, accountability and good governance.

The Company operates in a constantly evolving environment of science, regulation and healthcare. We are exposed to risks inherent in the global pharmaceutical and medical devices industry, which includes research and development, supply chain and intellectual property.

The Company actively manages a range of risks with the potential to have a material impact on the Group and its ability to achieve its objectives. Identified risks, which are common to companies in the pharmaceutical and medical device industries, have been prioritised by the Company in order of risk and opportunity impact. These risks, which include global trends, have also formed the basis of response planning developed during the period.

While every effort is made to identify and manage material risks, additional risks not currently known or detailed below may also affect future performance. The Company's principal risks, and an explanation of our approach to managing them, are outlined below.

### Product quality

The Company's products must meet a wide range of regulatory requirements aimed at ensuring the quality and efficacy of its products and the safety of patients. The Company's financial performance and reputation could be adversely impacted if quality requirements are not met.

In managing this risk, the Company's manufacturing, product quality assurance and pharmacovigilance practices serve to deliver the highest standards of safety and the preservation of our reputation. We adopt and comply with a broad suite of internationally recognised standards through our quality management system, including good manufacturing practice (GMP), good distribution practice (GDP) and audits of third-party vendors and suppliers. Our processes and procedures also meet good pharmacovigilance practice (GPV) and we seek to ensure that product information is up-to-date and contains all relevant information to assist customers and healthcare practitioners to use our products. Auditing of compliance with these standards is frequently undertaken by independent regulatory authorities.

### Successful commercialisation

The Company's financial performance is dependent on its ability to develop and successfully commercialise our products. The Company will need to evolve and optimally develop its operating model to support growth. Successful commercialisation includes obtaining regulatory approvals, successful product launches into new markets, the ability to identify and onboard promotional partners, ability to use its products in a broader range of approved uses and maintaining adequate pricing for products. The Company faces risks in respect of its key product, Pentrox, including the ability of the Company to drive market growth and market penetration in key markets.

The Company implements short-, medium- and long-term strategies and near term objectives that are reviewed at least annually. Where appropriate the Company has adopted a different operating model considering commercialisation challenges.

### Financial risk

In addition to the financial impact arising from commercialisation risk, there are a variety of risks arising from the unpredictability of financial markets, including the cost and availability of funds to meet business needs and movements in market risks such as foreign exchange rates.

The Company implements financial risk management practices by managing exposure to financial risks including internal controls and cash flow management.

### Research & development

R&D risk involves understanding the uncertainties and potential challenges associated with innovative projects. There is an inherent risk in research and development activities that the outcome is not favourable, including that clinical endpoints are not met, required criteria is not met, clinical trials are unable to be recruited for, or that design iteration takes longer than anticipated. The Company's products may be at a clinical stage of development in unapproved markets and further development is necessary. If the Company's proposed products, data or design iterations are considered not to be safe or efficacious or ineffective for therapeutic purposes or the cost of commercial scale manufacture becomes too expensive, the value of the Company's technology and resulting value of its Shares may be materially harmed. To manage this risk, the Company has a dedicated Research & Development function and the Company closely monitors progress of development activities. The Company also dedicates resources to intellectual property protection.

### Supply chain

Having a sustainable and reliable supply chain is critical to the success of the Company's objectives, particularly to achieving a consistent, economical, and efficient supply of its products. The Company is reliant on third parties for the manufacture and supply of a substantial portion of its products. Disruptions to that supply chain, caused by an interruption to the availability of a key material or component, may result in unexpected disruption or interruption to our products. Increases in the costs of raw materials or other commodities may adversely affect the Company's profit margins if higher costs cannot be passed on in the form of price increases or unless the Company can achieve further cost efficiencies in its manufacturing and distribution processes.

The Company constantly monitors inventory and demand, maintains critical stock levels and seeks, where possible, to identify alternate sources of supply. Supply of materials were impacted by COVID, requiring the Company to implement risk mitigations, including increased ordering lead times and increased inventory holdings. Proactive supplier management and supplier audits are also important components of the Company's risk mitigation.

### Regulatory and legislative risk

The Group operates under a broad range of legal, regulatory and tax systems. The Company's financial strength may be impacted by specific regulatory regimes, changes in regulatory regimes, difficulty interpreting or complying with laws. Changes in laws and regulations, including their interpretation or enforcement, could affect the Company's business or products. For example, changes in reimbursement or accounting standards, tax laws and regulations, environmental or climate change laws, restrictions or requirements related to product content, labelling and packaging.



## REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

The Company and the development / commercialisation of its proposed products / technologies are subject to extensive laws and regulations, including but not limited to the regulation of human medical device products. A risk exists that the Company's products or data may not satisfy regulatory requirements in markets in which we are seeking approval and ultimately may not gain approval or authorisation, that the approval process may take longer than expected or at greater cost, or approvals are granted with restrictions. As a result, the Company may fail to commercialise or out-license its products. In addition to these, if the Company fails to remain compliant with various evolving regulatory requirements, there is a risk that the Company's financial performance could be adversely affected.

In managing this risk, the Group has a product regulatory compliance framework and a dedicated Regulatory team with inhouse expertise. The Company has developed and seeks to continuously improve its broader regulatory compliance framework. The Company is also actively risk managing the impact of clinical change regulation and potential impact on the supply chain of raw materials.

### Cyber risk

Increasing sophistication of external attackers demands an effective and up-to-date cyber security control environment to prevent significant organisational loss of systems, intellectual property and clinical data, damage to reputation and/or disruption to business. To manage this risk, the Company has focused on cyber security training, enhanced back up procedures, improved firewall and screening mechanisms.



# Medical Developments International Ltd

ABN: 14 106 340 667

## Full Year Consolidated Financial Report

Financial year ended 30 June 2024



# Full Year Consolidated Financial Report

## Introduction

This is the Consolidated Financial Report of Medical Developments International Ltd ("MVP" or the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 30 June 2024. This Consolidated Financial Report was issued in accordance with a resolution of the Directors on 26 August 2024.

Information is only included in Consolidated Financial Report to the extent the Directors consider it material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if, for example:

- the dollar amount is significant in size and / or by nature;
- the Group's results cannot be understood without the specific disclosure;
- it is critical to allow a user to understand the impact of significant changes in the Group's business during the year; and
- it relates to an aspect of the Group's operations that is important to its future performance.

Preparing this consolidated financial report requires management to make a number of judgements, estimates and assumptions to apply the Group's accounting policies. Actual results may differ from these judgements and estimates under different assumptions and conditions and may materially affect the financial results or the financial position reported in future periods. Key judgements and estimates, which are material to this report, are highlighted in the following notes:

- Note 1.3 Deferred tax assets
- Note 2.3 Property, plant and equipment
- Note 2.3 Goodwill and other intangibles
- Note 3.4 Going concern

To assist in identifying key accounting estimates and judgements, they have been highlighted as follows:



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# DIRECTORS' REPORT

The Directors of Medical Developments International Limited ("MVP" or the "Company") herewith submit the annual financial report of the Company and the entities it controlled ("Group") for the financial year ended 30 June 2024.

## BOARD OF DIRECTORS

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

### Non-Executive

**Mr G Naylor, BE (Hons), DipCompSc, MBA, CPA, GAICD, FTSE, MIE(Aust)**  
**Non-Executive Chair (since 18 December 2020)**

Mr Naylor has enjoyed a long and successful international business career. For over 30 years he was a key part of the internationalisation of CSL, holding a range of business and functional leadership roles including Chief Financial Officer. At the time of his retirement from CSL, he was the President of Seqirus where he led the 3-year turnaround of that business into one of the most successful vaccine companies in the world. Mr Naylor joined the MVP Board on 14 October 2020.

*Public company directorships in the past 3 years*

Orica Limited (since 1 April 2022)

**Mr L Hoare, AssocDipAppSc(Orth), GradDipBus, GAICD**  
**Non-Executive Director (since 27 September 2013)**

Mr Hoare is an accomplished commercial leader with expertise across multiple Life Science sectors. He is currently the Managing Director of Lohmann & Rauscher, Australia & New Zealand (ANZ), a private EU based medical device company. Previously, he was Managing Director of Smith & Nephew (S&N) ANZ, one of S&N's largest global subsidiaries outside the USA. He served as President of S&N's Asia Pacific Advanced Wound Management (AWM) business for 5 years and was a member of the Global Executive Management for the AWM Division (as one of three Regional Presidents). In his 24 years with S&N, he also held roles in marketing, divisional and general management. His career has also included a senior role at Bristol-Myers Squibb, and as Vice-Chair of the board of Australia's peak medical device industry body, Medical Technology Association of Australia. Mr Hoare is also the Chair of the Human Resources Committee.

*Public company directorships in the past 3 years*

Polynovo Limited (since 27 January 2016)

**Ms C Emmanuel-Donnelly, B.Sci (Hons), M. ENT, Cert.Int.Prop.Law, MAICD**  
**Non-Executive Director (since 26 May 2020)**

Ms Emmanuel-Donnelly is an experienced IP and business development professional having 35 years' experience locally and internationally. Ms Emmanuel-Donnelly is a former Executive Manager of Business Development and Commercial at the CSIRO, where she led the management of CSIRO's IP team and IP portfolio for 14 years and managed the CSIRO equity portfolio for over 5 years. Prior to this role, Ms Emmanuel-Donnelly was in-house IP Counsel for Unilever in the UK and practised as a patent and trademark attorney for Wilson Gunn (UK), Davies Collison Cave and Griffith Hack in Melbourne. Christine is also currently chairwoman of Impedimed Ltd and non-executive director of Polynovo Ltd, Pikcha Holdings Ltd, trading as Seminal. She was previously on the Board of the Institute of Patent & Trademarks Attorneys of Australia for 13 years.

*Public company directorships in the past 3 years*

Polynovo Limited (since 13 May 2020)

Impedimed Limited (since 28 September 2023)

**Ms M Sontrop, B.AppSci, Grad Dip Quality Mgt, Grad Dip Management (Health), MBA, FAICD**  
**Non-Executive Director (since 5 March 2021)**

Ms Sontrop has extensive international experience in the biopharmaceutical sector across manufacturing operations, quality, and business integration. During her 28 years with CSL Limited, Ms Sontrop was an integral part of CSL's globalisation through a series of major acquisitions. This included primary responsibility for the turnaround of unprofitable manufacturing operations. Subsequently as head of global plasma manufacturing, Ms Sontrop delivered a globally integrated manufacturing network spanning four countries. As head of CSL's Australia and New Zealand pharmaceutical business, Ms Sontrop and her team delivered Australia's most successful adolescent/adult immunisation program and achieved USFDA (US Food & Drug Administration) approval to manufacture and export CSL's seasonal and pandemic influenza vaccines. Ms Sontrop also has significant international governance experience.

*Public company directorships in the past 3 years*

IDT Australia Limited from 1 March 2017 to 16 November 2021

**Mr R Betts, B.Ec, ACA**  
**Non-Executive Director (since 11 May 2021)**

Mr Betts is an experienced executive who has held senior roles with ASX listed entities over 25 years. Mr Betts is currently Chief Financial Officer at Ridley Corporation Limited and was previously Chief Financial Officer at Pact Group Holdings Ltd for 6 years. Prior to that he held executive finance and general management roles at Orica Limited. These roles provided Mr Betts with a deep understanding of working in various jurisdictions, including North America, Europe and Asia. Mr Betts has extensive financial and governance experience within international manufacturing environments. Mr Betts is Chair of the Audit and Risk Committee.

# DIRECTORS' REPORT

## BOARD OF DIRECTORS (CONTINUED)

### **Dr R Basser**

**Non-Executive Director (since 1 September 2023)**

Dr Basser is a qualified physician, with over 30 years of international medical and biopharmaceutical experience. Dr Basser worked as a medical oncologist in Melbourne prior to joining CSL in 2001. During his 21 years at CSL, he held multiple global executive roles, including Head of Global Clinical Development, Chief Medical Officer and Senior VP of Research and Development for CSL Seqirus. Dr Basser has substantial expertise in international drug and vaccine development and spent several years based in the USA. Dr Basser currently serves as a Non-Executive Director on the Boards of Starpharma Holdings Limited and Doherty Clinical Trials. He has previously served on the Board of the ANZ Breast Cancer Trials Group and the Hadassah Australia Medical Research Collaboration.

*Public company directorships in the past 3 years*

Starpharma Holdings Limited (since 20 February 2023)

### **Company Secretary**

### **Ms T Eaton**

**Company Secretary (since 8 August 2022)**

Ms Eaton is an experienced General Counsel. Her previous roles include General Counsel at the Australian Red Cross, and prior to that more than ten years in the pharmaceutical industry. This included three years as Legal and Compliance Director at Gilead Sciences ANZ, and more than seven years as Legal Director at Merck & Co. Ms Eaton brings an impressive record of working with public and private stakeholders alike, pricing and business development transactions, and developing and managing compliance and risk frameworks. Ms Eaton also spent 5 years as a lawyer with Minter Ellison and Clayton Utz.

## PRINCIPAL ACTIVITIES

MVP delivers emergency medical solutions dedicated to improving patient outcomes in both domestic and international markets. The Company manufactures and distributes Pentrox®, 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 year and of the results of those operations is contained in the ASX announcement on 26 August 2024.

## CHANGES IN STATE OF AFFAIRS

Other than as discussed in the "Review of Operations and Financial Performance" in the ASX announcement on 26 August 2024, there was no significant change in the state of affairs of the Group during the year.

## SIGNIFICANT EVENTS AFTER BALANCE DATE

On 26 July 2024 the Group announced a fully underwritten capital raise of \$10 million comprising an institutional placement and non-renounceable entitlement offer to accelerate growth and improve balance sheet strength. The institutional component of the placement was completed on 30 July 2024 with gross proceeds of \$6.9m being received. The entitlement offer closed on 22 August 2024, with gross proceeds of \$3.1 million expected to be received on 27 August 2024.

Other than included above, there has not been any matter or circumstance that has arisen that has 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.

## FUTURE DEVELOPMENTS

Information regarding likely developments in the operations of the Group in future financial years is set out in the "Review of Operations and Financial Performance" in the ASX announcement on 26 August 2024.

## ENVIRONMENTAL REGULATIONS

The Group's operations are not subject to any particular and significant environmental regulation. The Group has not incurred any significant liabilities under any environmental legislation during the financial year.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

During the year the Group undertook an ESG readiness assessment which will inform development of the Group's ESG roadmap and preparations for mandatory reporting. Mandatory financial disclosures are expected to be required from FY28 onwards. The Group will develop and prioritise high-level initiatives pertaining to the development of the Group's ESG strategy and governance.



# DIRECTORS' REPORT

## DIVIDENDS

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

## INDEMNIFICATION OF OFFICERS AND AUDITORS

The Company's Constitution requires the Company to indemnify any person who is, or has been, an officer of the Company (including the Directors) to the extent permitted by law. This is reflected in the letter of appointment entered by the Company with each Director.

Consequently, the Company has entered into a Deed of Indemnity and Access with each Director. No Director has received benefits under an indemnity from the Company during or since the end of the year.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the Act for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with the leave of the court under section 237 of the Act.

## DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

	Scheduled Board Meetings		Extraordinary Board Meetings		Audit & Risk Committee		Human Resources Committee		Continuous Disclosure Committee	
	held	attended	held	attended	held	attended	held	attended	held	attended
Mr G Naylor	9	9	8	8	nm	nm	6	6	2	2
Mr L Hoare	9	9	8	8	nm	nm	6	6	nm	nm
Ms C Emmanuel-Donnelly	9	9	8	8	5	5	nm	nm	nm	nm
Ms M Sontrop	9	9	8	8	5	4	6	6	nm	nm
Mr R Betts	9	9	8	8	5	5	nm	nm	2	2
Dr R Basser <sup>(1)</sup>	8	8	6	5	nm	nm	1	-	nm	nm

nm - not a member of the relevant committee

<sup>(1)</sup> Dr R Basser was appointed as a Non-Executive Director effective from 1 September 2023

## DIRECTORS' SHAREHOLDING

The following table sets out each director's relevant interest in shares and options at the date of this report.

	Relevant Interest in	
	Ordinary shares	Options over shares
Mr G Naylor	950,573	105,502
Mr L Hoare	62,005	9,504
Ms C Emmanuel-Donnelly	56,475	16,435
Ms M Sontrop	20,591	784
Mr R Betts	23,383	8,032
Dr R Basser	15,873	-
	<b>1,128,900</b>	<b>140,257</b>

Directors hold 140,257 options over shares as at 30 June 2024 (2023: 140,257 options).

# DIRECTORS' REPORT - REMUNERATION REPORT

This Remuneration Report forms part of the Directors' Report.

## MESSAGE FROM THE HUMAN RESOURCES COMMITTEE (HRC)

On behalf of the Board of Directors, I am pleased to present MVP's Remuneration Report for the year ended 30 June 2024 (FY24).

### The year in review and FY24 executive remuneration outcomes

During FY24, under the leadership of Chief Executive Officer (CEO) Brent MacGregor, all employees worked hard to deliver progress on the Group's strategy in the year. 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.

The Group reported growth for Pentrox in Australia and Europe, and further respiratory market share gains in the US. While good progress has been made, we were disappointed that delivered revenue for the year was below target. A longer than expected sales cycle for Pentrox in the Australian hospital segment, where strong lead indicators are yet to be fully reflected in volume growth, and seasonal demand softness in the Australian Respiratory market, impacted financial outcomes in the year.

The Group reported lower than target results for EBIT and Free Cash Flow. This resulted in a Business Performance Multiplier of 88%. Incentive outcomes for FY24 reflect the below target performance.

The Group progressed several strategic projects in the year, including the transition to a new operating model in Europe, and planning for US market entry. Following further evaluation of resourcing requirements and funding options to progress US market entry plans, the Group has determined to pause the commencement of the next phase of US investment in favour of focusing on the underlying business.

### Key Management Personnel (KMP) changes during FY24

During the year Dr Russell Bassar joined the Board (effective 1 September 2023). Russell is a qualified physician, with over 30 years of international medical and biopharmaceutical experience. Russell's expertise is highly relevant to the Group's global expansion opportunities, including the US, as well as being complementary to the Board's membership and capabilities.

### Remuneration in FY24

Over the last few years, the Group has improved remuneration structures for executive employees to more closely align with the interests of shareholders. This included changes to remuneration for the CEO.

At the FY23 AGM shareholders approved changes to the CEO compensation structure. The principal objectives of the changes were to align the CEO's compensation more strongly with the interests of shareholders and increase the CEO's share ownership.

In transitioning to the new arrangements, the Group purchased 139,599 on-market shares for the CEO, equivalent in value to the CEO's FY23 short-term incentive award (STI) of \$109,725. The CEO also voluntarily purchased 61,794 shares, equivalent in value to the after-tax proceeds of his FY23 STI. Inclusive of previously held shares, the CEO held 226,393 shares in the Group at the end of the period. From FY24 the CEO has equity components included in both short-term and long-term incentive arrangements. The arrangements align with the structures in place for the rest of the executive team, and expectations of shareholders.

The CEO options program was cancelled upon transition to the new arrangements. The cancellation of the program resulted in the recognition of a non-cash share-based payment expense of \$5.1 million in the current year. This amount, included in the Executive KMP statutory remuneration table in Section 6 of this report, represents a non-cash accounting adjustment in accordance with AASB2 Share Based Payments. The amount does not reflect a benefit received by the CEO in the current year.

We are confident that these changes have strengthened the Company and are in the interests of the shareholders.



Leon Hoare  
Chair of Human Resources Committee

26 August 2024

# DIRECTORS' REPORT - REMUNERATION REPORT

## CONTENTS

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| 1. Key Management Personnel (KMP)   | 5. Business performance          |
| 2. Executive remuneration framework | 6. Statutory remuneration tables |
| 3. Executive remuneration structure | 7. Equity holdings of the KMP    |
| 4. Executive remuneration outcomes  | 8. Governance                    |

This Remuneration Report for the year ended 30 June 2024 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (*the Act*) and its regulations. This information has been audited as required by section 308(3C) of the Act.

### 1. Key Management Personnel (KMP)

The Remuneration Report details the remuneration arrangements of KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

For the purposes of this report, the term KMP includes the CEO, the CFO, and all Non-Executive Directors of the Board

Name	Position	Term as KMP in 2024
<b>Executive KMP</b>		
Mr B MacGregor	CEO	Full Year
Ms A James	CFO	Full Year
<b>Non-Executive Directors (NEDs)</b>		
Mr G Naylor	Non-Executive Chair	Full Year
Mr L Hoare	Non-Executive Director	Full Year
Ms C Emmanuel-Donnelly	Non-Executive Director	Full Year
Ms M Sontrop	Non-Executive Director	Full Year
Mr R Betts	Non-Executive Director	Full Year
Dr R Basser	Non-Executive Director	Appointed on 1 September 2023

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

### Executive KMP employment contracts

Remuneration and other terms of employment for the CEO and CFO are formalised in employment contracts. The material terms of the employment contracts for the Executive KMP are summarised in the table below.

	Contractual terms	Conditions
CEO	Duration of contract	Permanent fulltime employment contract until notice given by either party
	Notice period	Six months' notice by either party
	Termination clauses	From 1 July 2023 the termination clause has been amended to 12 months annual base salary averaged over the last 3 years.
CFO	Duration of contract	Permanent fulltime employment contract until notice given by either party
	Notice period	Three months' notice by either party



# DIRECTORS' REPORT - REMUNERATION REPORT

## 2. Executive remuneration framework

The Company's remuneration framework seeks to appropriately reward, incentivise and retain senior executives in alignment with the interests of shareholders. The remuneration framework includes traditional fixed annual remuneration components (including base salary, superannuation and other benefits), a STI and long-term incentive awards (LTI).

The remuneration framework for the Company is detailed below for FY24.

### Executive Remuneration Framework

Designed to drive Group Strategy and ensure that the interests of senior executives are aligned with those of shareholders.

### Governing principles of the remuneration framework

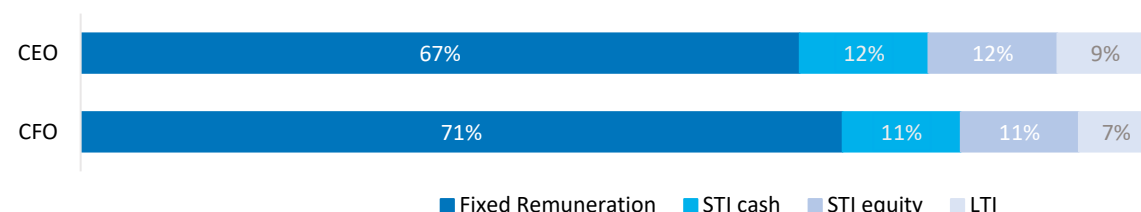
Aligns with the Group's purpose, culture and strategy	Attracts, retains and motivates capable talent	Complies with the Group's performance and risk management framework	Creation of shareholder value
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### Reward framework components

Annual remuneration	STI at risk	LTI at risk
<p>Cash salary, superannuation and other benefits, that are reviewed on an annual basis.</p> <p>Competitively set to reward, incentivise and retain senior executives, reflecting the role scope and accountabilities.</p> <p>Determined based on market benchmarking, individual and business unit performance and overall performance of the Group.</p>	<p>At risk annual rewards, entitlement to which is determined by the achievement of financial and individual goals against targets. These rewards align remuneration with the achievement of short-term strategic objectives and financial performance.</p> <p>The STI is measured as a % of fixed annual remuneration (the target), with payment range between 0% and 130% of target.</p> <p>To strengthen alignment with shareholders, the STI is paid in cash and equity (50/50) for Executive KMP and other senior executive participants, with the equity component subject to a 1 year holding lock.</p>	<p>At risk rewards, entitlement to which is based on the delivery of agreed shareholder returns over an extended period. These rewards align executive remuneration with delivery of long-term strategy and the creation of shareholder wealth.</p> <p>The Company introduced the LTI in FY23 for select senior executives including the CFO, which includes provision for the allocation of performance rights which vest as fully paid ordinary shares on the achievement of agreed shareholder returns over a 3-year period. The CEO joined the LTI in FY24 following shareholder approval at the 2023 Annual General Meeting.</p>

### Executive remuneration mix

The target remuneration mix of the above framework components (assuming STI at target and the face value of LTI) in FY24 would be as follows:



The Directors believe that this mix aligns rewards with the interests of our shareholders and drives performance against short term and long-term business objectives.

# DIRECTORS' REPORT - REMUNERATION REPORT

## 3. Executive remuneration structure

Detailed components of the remuneration structure are outlined below.

Annual Remuneration																						
Payment vehicle	<p>Fixed Annual Remuneration (FAR) comprising of cash salary and superannuation benefits.</p> <p>Other benefits, including travel and tax advice allowances, long service leave benefits and fringe benefits tax (FBT) benefits.</p>																					
STI																						
Payment vehicle	<p><b>CEO and CFO FY24:</b> 50% cash and 50% equity</p>																					
Opportunity	<p><b>CEO:</b> at target 35% of FAR (maximum opportunity of 45.5%), 50% payable in cash and 50% as fully paid shares)</p> <p><b>CFO:</b> at target 30% of FAR (maximum opportunity of 39%), 50% payable in cash and 50% as fully paid shares.</p>																					
Performance measures	<p>Achievement of EBIT, free cash flow (FCF) and operational and strategic objectives, and performance in alignment with Company values. The STI is calculated as follows:</p> <table><tr><td>FAR</td><td>X</td><td>STI Target</td><td>X</td><td>Business Performance Multiplier</td><td>X</td><td>Individual Performance Multiplier</td><td>=</td><td>STI total</td></tr></table> <p><b>Business performance multiplier (BPM)</b></p> <p>Based on achievement of the EBIT and FCF target calculated as follows:</p> <table><tr><th>EBIT and FCF compared to target</th><th>BPM (50% EBIT + 50% FCF)</th></tr><tr><td>\$3.5 million or greater below</td><td>70%</td></tr><tr><td>\$0.5-\$3.5 million below</td><td>Straight-line vesting 70-100%</td></tr><tr><td>Within \$0.5 million</td><td>100%</td></tr><tr><td>\$0.5-\$3.5 million above</td><td>Straight-line vesting 100-130%</td></tr><tr><td>\$3.5 million or greater above</td><td>130%</td></tr></table> <p>The Board may adjust from the EBIT and FCF outcomes the financial impact of non-operational or one-off events. An adjustment may also be made based on the quality of the financial result, management of risk and shareholder expectations.</p> <p>Target = BPM of 100%, Maximum = BPM of 130%, Minimum = BPM of 70%. Equal weighting is given to the achievement of the EBIT and free cash flow targets.</p> <p><b>Individual performance multiplier (IPM)</b></p> <p>Based on the participants performance rating across two dimensions, being the delivery of agreed business objectives and alignment with Company values.</p> <p>Target performance = IPM of 100%, Unsatisfactory performance = IPM of 0%, Outstanding performance = IPM of 130%</p>	FAR	X	STI Target	X	Business Performance Multiplier	X	Individual Performance Multiplier	=	STI total	EBIT and FCF compared to target	BPM (50% EBIT + 50% FCF)	\$3.5 million or greater below	70%	\$0.5-\$3.5 million below	Straight-line vesting 70-100%	Within \$0.5 million	100%	\$0.5-\$3.5 million above	Straight-line vesting 100-130%	\$3.5 million or greater above	130%
FAR	X	STI Target	X	Business Performance Multiplier	X	Individual Performance Multiplier	=	STI total														
EBIT and FCF compared to target	BPM (50% EBIT + 50% FCF)																					
\$3.5 million or greater below	70%																					
\$0.5-\$3.5 million below	Straight-line vesting 70-100%																					
Within \$0.5 million	100%																					
\$0.5-\$3.5 million above	Straight-line vesting 100-130%																					
\$3.5 million or greater above	130%																					
STI (equity component)	<p>Payable in fully paid ordinary MVP shares. The number of shares allocated is determined by dividing the amount payable in equity by the VWAP of MVP shares traded in the 5 trading days following announcement of the Company’s full year results. The shares are subject to a one year holding lock.</p>																					

# DIRECTORS' REPORT - REMUNERATION REPORT

## 3. Executive remuneration structure (continued)

LTI

Overview

The plan consists of performance rights granted annually. Under the plan, performance rights were granted to the CFO and select senior executives. The CEO was also granted performance rights for the first time in FY24. Details in relation to performance hurdles, vesting conditions and other terms and conditions are outlined below.

Opportunity

CEO: Maximum opportunity equivalent to 50% of FAR

CFO: Maximum opportunity equivalent to 20% of FAR

Senior Executives: Maximum opportunity ranging between the equivalent of 10-20% of FAR.

Instrument

Performance rights

Performance period

The performance period commences on the first day of the current fiscal year and is measured over a three-year vesting period. The first testing period will be for the year ended 30 June 2025 in relation to the FY23 grant, testing occurs only once.

Allocation approach

The number of performance rights allocated to each KMP is based on the following:

FAR

x

Individual target %

=

LTI participation

÷

Fair Value of each Performance Right

=

Performance Rights granted to KMP

The fair value of each right reflects the expected value of each right to the participant today, taking into consideration the current share price, the performance hurdle (minimum 33% share price growth), vesting conditions and the probability of various share price outcomes at the end of the performance period. The fair valuation has been performed by an independent valuer.

Performance hurdle

Vesting of rights is subject to achieving volume weighted average share price (VWAP) growth targets over a three-year performance period.

LTI Vesting Schedule

Vesting %

VWAP share price growth up to 33%

0%

VWAP share price growth between 33% and 100%

Straight line vesting on a pro rata basis

VWAP share price growth at 100% or above

100%

If no dividends are paid over the 3-year vesting period the minimum performance hurdle would be equivalent to delivering total shareholder return of 33%. Target performance would be equivalent to total shareholder return of 100%.

Cessation of Employment

If an executive resigns or is terminated for cause, any unvested LTI awards will be forfeited, unless otherwise determined by the Board. Any such performance rights will be subject to the original terms and conditions, and the discretion of the Board.

Rights attaching to performance rights

Performance rights do not carry any dividend or voting entitlements prior to vesting, or priority over any creditors of MVP upon liquidation or winding up of MVP. Shares allocated upon vesting of performance rights will carry the same rights as other ordinary shares.

Malus and Clawback

At the discretion of the Board LTI awards will be forfeited where there has been any fraud, dishonesty, or breach of obligations of the Group policies or codes of conduct.

Change of Control Provisions

In the event of change of control, or a scheme of arrangement, selective capital reduction or other transaction is initiated which has an effect similar to a full takeover bid for shares in the Company, then participants are entitled to accept the takeover bid or participate in the other transaction in respect of all or part of their awards other than exempt share awards notwithstanding that the restriction period in respect of such awards has not expired. The Board may waive any vesting conditions at their discretion.

# DIRECTORS' REPORT - REMUNERATION REPORT

## 4. Executive remuneration outcomes

### Actual remuneration received

The table below shows the remuneration the executive KMP actually received for FY24 (paid in cash or accrued), or in the case of equity awards, the value that vested in FY24. This table differs from the statutory table included in Section 6, in that the table below excludes remuneration from unvested share-based payments. The Directors believe this information is helpful to shareholders.

	Fixed annual Remuneration <sup>(1)</sup> \$	Other Benefits <sup>(2)</sup> \$	STI (cash) \$	STI (equity) \$	Other equity \$	Total \$
Mr B MacGregor	629,781	64,119	68,339	68,339	109,725	940,303
Ms A James	388,207	1,155	51,582	51,582	-	492,526

<sup>(1)</sup> Fixed remuneration comprises base salary and post-employment benefits as disclosed in the statutory remuneration table in Section 6.

<sup>(2)</sup> Other benefits comprises other short-term benefits and other long-term benefits as disclosed in the statutory remuneration table in Section 6.

### STI outcomes

STI awards are measured on the delivery of financial and business objectives approved by the Board at the start of the financial year with clear alignment to strategy.

STI awards are calculated using the STI Multiplier detailed above. KMP objectives and achievement against targets for the year are included in the table below.

Objectives	Measure	Target	Achieved	Achievement (0-130%)	Weighting	Weighted outcome
EBIT	\$million	(9.4)	(11.6)	83%	50%	41%
Free cashflow	\$million	(12.9)	(14.0)	94%	50%	47%
<b>Business Performance Multiplier</b>						<b>88%</b>
Grow Pentrox and Respiratory volume in key markets <sup>1</sup>	% growth	Various	Partially achieved	40%	35%	14%
Increase global Pentrox pricing	\$million	2.1	2.2	105%	20%	21%
Deliver operational improvements and efficiency	Various	Various	Achieved	100%	15%	15%
Deliver agreed strategic project milestones <sup>2</sup>	Various	Various	Partially achieved	70%	30%	21%
<b>Individual performance multiplier – Mr MacGregor</b>						<b>70%</b>
Individual business objectives		Various	Achieved	100%	100%	100%
<b>Individual performance multiplier – Ms James</b>						<b>100%</b>

<sup>(1)</sup> Includes increased penetration of Pentrox in Australia, and growth in the US Respiratory market.

<sup>(2)</sup> Specific disclosure of objectives, target milestones and achieved outcomes are not reported due to commercial sensitivity.

The tables below include details of the KMP STI outcomes for the current year.

	Maximum STI opportunity	STI Paid	STI earned % of maximum	STI forfeited % of maximum
Mr MacGregor	\$286,550	\$136,678	48%	52%
Ms James	\$151,401	\$103,164	68%	32%

The STI for Mr MacGregor and Ms James is payable in cash 50%; and 50% as fully paid shares.

# DIRECTORS' REPORT - REMUNERATION REPORT

## 4. Executive remuneration outcomes (continued)

The table below outlines the LTI plans that remain untested.

Plan	Grant date	Performance period	Performance measure	Outcome
FY22 LTI	22 December 2022	1 July 2022 to 30 June 2024	Share price growth from baseline share price of \$4.02	Not yet tested <sup>(1)</sup>
FY23 LTI	22 December 2022	1 July 2022 to 30 June 2025	Share price growth from baseline share price of \$1.72	Not yet tested
FY24 LTI	27 October 2023	1 July 2023 to 30 June 2026	Share price growth from baseline share price of \$0.898	Not yet tested

<sup>(1)</sup> Testing is due to occur at the end of September 2024, performance rights are not expected to vest.

The testing takes place at the end of the three-year vesting period and will be based on the VWAP of shares traded in MVP for the 20-day trading period commencing 5 trading days after the results announcement in the final year of the vesting period. Testing occurs only once.

## LTI outcomes

The table below outlines key details in relation to performance rights granted to KMP, and associated remuneration during the current year. Each LTI allocation has a vesting period of 3 years.

	Grant date	Performance rights Granted	Fair value of rights at grant date	Value of rights included in compensation for the year	Performance period
<b>Mr MacGregor</b>					
FY24 LTI	27 October 2023	617,620	\$271,753	<b>\$90,584</b>	1 July 2023 to 30 June 2026
<b>Ms James</b>					
FY24 LTI	27 October 2023	152,285	\$67,005	\$22,335	1 July 2023 to 30 June 2026
FY23 LTI	22 December 2022	84,930	\$57,752	\$19,251	1 July 2022 to 30 June 2025
				<b>\$41,586</b>	

## Options program (CEO)

All options granted to Mr MacGregor on commencement of his employment in FY21 were cancelled in the current year. No benefit was received by Mr MacGregor. Remuneration outcomes have been outlined in the Executive KMP statutory remuneration table in Section 6.

## 5. Business performance

The table below summarises key indicators of the performance of the Company and relevant shareholder returns over the past 5 financial years.

Performance measure	2020	2021	2022	2023	2024
Revenue (\$000s) <sup>1</sup>	22,535	16,329 <sup>2</sup>	21,943	32,337 <sup>2</sup>	33,149
Revenue growth %	7.9%	(27.5%)	34.4%	47.0%	2.5%
Underlying EBITDA (000's)	2,695	(6,372)	(11,724)	(15,133)	(8,237)
Underlying EBIT (000's) <sup>3</sup>	98	(10,121)	(14,669)	(18,246)	(11,631)
Reported EBIT (000's)	98	(14,928)	(15,850)	(7,957)	(33,142)
Statutory net profit / (loss) after tax (\$000's)	379	(12,565)	(12,407)	(5,609)	(40,992)
Share price at end of period	\$6.98	\$4.50	\$1.46	\$0.78	\$0.39
Total dividends (cps)	2.00	-	-	-	-
Basic earnings / (loss) per share (cps)	0.58	(18.35)	(17.41)	(6.66)	(47.50)

<sup>(1)</sup> Revenue and commentary on performance has been included above in the Review of Operations and Financial Performance.

<sup>(2)</sup> Excludes contract termination revenue in FY21 of \$8.9 million arising from the termination of the European distribution rights for Pentrox previously held by Mundipharma. Excludes contract termination revenue of \$18.9 million in FY23 arising from the termination of agreements for the distribution of Pentrox in China (\$18.5 million), and other countries where revenue opportunities are not being pursued (\$0.4 million).

<sup>(3)</sup> Underlying EBIT and commentary on performance has been included above in the Review of Operations and Financial Performance.

# DIRECTORS' REPORT - REMUNERATION REPORT

## 6. Statutory remuneration tables

### Executive KMP statutory remuneration

The table below summarises remuneration to Executive KMP.

	Year	Short term benefits			Other long term benefits <sup>(2)</sup>	Post employment benefits <sup>(3)</sup>	Share based payments (SBP)			Total excluding accelerated SBP expense	Accelerated charge for share based payments	Total	Remuneration linked to performance %
		Base salary	STI (cash)	Other benefits <sup>(1)</sup>			STI (equity)	Other equity	LTI				
Mr B MacGregor	2024	602,382	68,339	59,222	4,897	27,399	68,339 <sup>(4)</sup>	109,725 <sup>(5)</sup>	90,584 <sup>(6)</sup>	1,030,887	5,135,613 <sup>(8)</sup>	6,166,500	22% <sup>(8)</sup>
	2023	576,127	109,725	45,940	1,405	25,292	-	-	1,183,396 <sup>(7)</sup>	1,941,885	-	1,941,885	67%
Ms A James	2024	349,736	51,582	-	1,155	38,471	51,582 <sup>(4)</sup>	-	41,586 <sup>(6)</sup>	534,112	-	534,112	27%
	2023	338,182	56,054	-	560	35,509	56,053	-	19,251	505,609	-	505,609	26%
<b>Total Executive KMP remuneration</b>	2024	<b>952,118</b>	<b>119,921</b>	<b>59,222</b>	<b>6,052</b>	<b>65,870</b>	<b>119,921</b>	<b>109,725</b>	<b>132,170</b>	<b>1,564,999</b>	<b>5,135,613</b>	<b>6,700,612</b>	
	2023	914,309	165,779	45,940	1,965	60,801	56,053	-	1,202,647	2,447,494	-	2,447,494	

<sup>(1)</sup> Other benefits include allowances for travel and reimbursement for tax advice for Mr MacGregor, inclusive of FBT payable by the Company on these benefits.

<sup>(2)</sup> Represents the movement in the long service leave provision during the current period.

<sup>(3)</sup> Represents superannuation benefits paid to Mr MacGregor and Ms James.

<sup>(4)</sup> Represents a grant of fully paid shares to Mr MacGregor and Ms James, being 50% of their STI for the current year.

<sup>(5)</sup> Represents shares purchased by the Group on market for Mr MacGregor as part of the transition to new remuneration arrangements approved at the 2023 AGM.

<sup>(6)</sup> Represents the amortisation of the grant date fair value of performance rights granted to Mr MacGregor and Ms James. The performance rights valuation was performed by an independent valuer, and the expense was recognised in the FY24 statement of profit or loss and other comprehensive income over the relevant vesting period in accordance with AASB2 *Share Based Payments*.

<sup>(7)</sup> Represents the amortisation of the grant date fair value of options granted to Mr MacGregor in November 2020. The valuation was performed by an independent valuer, and the expense was recognised in the prior year statement of profit or loss and other comprehensive income over the relevant vesting period in accordance with AASB2 *Share Based Payments*.

<sup>(8)</sup> Represents the share-based payment expense arising on the cancellation of all options granted under the CEO options program (options granted to Mr MacGregor at the commencement of his employment). The options were cancelled upon Mr MacGregor's transition to new CEO remuneration arrangements in FY24 and approved at the 2023 AGM. The expense recognised in the period is the accelerated amortisation of the unamortised fair value as at 30 June 2023, which has not been recognised in the statement of profit and loss and other comprehensive income in prior periods. This is a non-cash adjustment required under AASB2 *Share Based Payments* and does not represent a benefit to Mr MacGregor. No options under the CEO options program vested. The remuneration included in the calculation of "Remuneration linked to performance percentage" excludes this expense.

# DIRECTORS' REPORT - REMUNERATION REPORT

## 6. Statutory remuneration tables (continued)

### Non-Executive KMP remuneration

The Human Resources Committee seeks to attract and retain Non-Executive Directors (NEDs) of the highest calibre, who have the appropriate experience and expertise to oversee the governance of MVP and provide direction to senior management on the running of the Company. NED fees are set with reference to their responsibilities, time commitment and contribution to committees, whilst incurring a cost that is acceptable to shareholders. NEDs do not participate in any incentive plans.

The table below summarises payments made for NED fees.

	Year	Short term benefits	Post-employment benefits	Total <sup>(1)</sup>
		Fees	Superannuation	
Mr G Naylor	2024	85,586	9,414	95,000
	2023	85,973	9,027	95,000
Mr L Hoare	2024	58,513	1,487	60,000
	2023	60,000	-	60,000
Ms C Emmanuel-Donnelly	2024	54,054	5,946	60,000
	2023	54,299	5,701	60,000
Ms M Sontrop	2024	54,054	5,946	60,000
	2023	54,299	5,701	60,000
Mr R Betts	2024	54,054	5,946	60,000
	2023	54,299	5,701	60,000
Dr R Bassar (appointed 1 September 2023)	2024	45,045	4,955	50,000
	2023	-	-	-
<b>Former Non-Executive KMP</b>				
Mr D J Williams (resigned 26 April 2023)	2024	-	-	-
	2023	45,249	4,751	50,000
Mr R M Johnston (resigned 27 October 2022)	2024	-	-	-
	2023	18,100	1,900	20,000
<b>Total Non-Executive KMP remuneration</b>	2024	<b>351,306</b>	<b>33,694</b>	<b>385,000</b>
	2023	372,219	32,781	405,000

<sup>(1)</sup> The Chair of the Board receives fees of \$95,000 (2023: \$95,000), while remaining Board members receive fees of \$60,000 (2023: \$60,000).

# DIRECTORS' REPORT - REMUNERATION REPORT

## 6. Statutory remuneration tables (continued)

### KMP performance rights holdings

The table below shows the movement in KMP performance rights holdings during the year, and the balance of vested and unvested rights at the end of the financial year.

	Balance at 1 July 2023	Number Granted	Balance at 30 June 2024	Vested at 30 June 2024	Unvested at 30 June 2024
CEO	-	617,620	617,620	-	617,620
CFO	84,930	152,285	237,215	-	237,215
	84,930	769,905	854,835	-	854,835

## 7. Equity holdings of KMP

The following table shows the respective shareholdings of KMP (directly and indirectly) and any movements during the year ended 30 June 2024

Number of shares	Balance 1 July 2023	Acquired	Allocated through employee remuneration schemes	Balance 30 June 2024
Mr G Naylor	894,573	56,000	-	950,573
Mr L Hoare	62,005	-	-	62,005
Ms C Emmanuel-Donnelly	56,475	-	-	56,475
Ms M Sontrop	20,591	-	-	20,591
Mr R Betts	23,383	-	-	23,383
Dr R Bassar	-	15,873	-	15,873
Mr B MacGregor	25,000	61,794 <sup>(1)</sup>	139,599	226,393
Ms A James	-	-	62,982	62,982
	<b>1,082,027</b>	<b>133,667</b>	<b>202,581</b>	<b>1,418,275</b>

<sup>(1)</sup> Mr MacGregor volunteered to purchase additional shares in the Company equivalent in value to the after-tax proceeds of his FY23 STI.

### KMP ordinary shares under options

The following table shows the number of options held over ordinary shares by KMP (directly and indirectly) and any movements during the year ended 30 June 2024

Number of options	Balance 1 July 2023	Acquired	Forfeited	Balance 30 June 2024 <sup>(2)</sup>
Mr G Naylor	105,502	-	-	105,502
Mr L Hoare	9,504	-	-	9,504
Ms C Emmanuel-Donnelly	16,435	-	-	16,435
Ms M Sontrop	784	-	-	784
Mr R Betts	8,032	-	-	8,032
Dr R Bassar	-	-	-	-
Mr B MacGregor	1,978,704	-	(1,968,704) <sup>(1)</sup>	10,000
	<b>2,118,961</b>	<b>-</b>	<b>(1,968,704)</b>	<b>150,257</b>

<sup>(1)</sup> On acceptance by Mr MacGregor of an invitation to join the Company LTI program in the current year, options he previously held were cancelled. These remuneration arrangements were approved at the 2023 AGM.

<sup>(2)</sup> Options attaching to shares acquired by KMP in the capital raising completed in August 2022.



# DIRECTORS' REPORT - REMUNERATION REPORT

## 8. Governance

The following represents MVP's remuneration governance framework.

MVP Board	
<p>The Board takes overall accountability for the company and is committed to the highest standard of corporate governance. To assist in the execution of these responsibilities the Board has established the following committees:</p> <ul style="list-style-type: none"><li>• Human Resources Committee (HRC)</li><li>• Audit and Risk Committee (ARC)</li><li>• Continuous Disclosure Committee (CDC)</li></ul> <p>Responsibilities of the Board include reviewing the terms and conditions of the CEO's remuneration and ongoing performance as well as oversight of all matters associated with the organisation's human resources. The Board reviews, and when appropriate, approves recommendations from the HRC in relation to the remuneration of the CEO and executives. The Board also reviews, and when appropriate approves recommendations from the ARC in relation to audit and risk matters.</p>	
Human Resources Committee	Audit and Risk Committee
<p>The HRC works on behalf of the MVP Board to oversee the Group's human resources and remuneration strategy in the best interests of MVP shareholders. The Committee provides an objective review and oversight of people and remuneration policies and frameworks so that they:</p> <ul style="list-style-type: none"><li>• Align with the Group's purpose, culture and strategy.</li><li>• Comply with the Group's remuneration framework.</li><li>• Comply with legal and regulatory requirements.</li><li>• Remain appropriate to changing market conditions.</li></ul> <p>The Committee sets the remuneration framework and monitors the activities listed below, including making recommendations and providing reports to the Board on the following:</p> <ul style="list-style-type: none"><li>• The salary package of the CEO and compensation of the non-executive directors (changes are approved by the Board as a whole and shareholders if required)</li><li>• Annual remuneration for senior executives and all other staff including, but not limited to, fixed remuneration, short-term incentives, and long-term incentives, aligned to business strategy in the interests of shareholders.</li><li>• Assess remuneration practices for internal and external alignment.</li><li>• Recruitment, retention and termination policies and practices for senior management.</li></ul> <p>Any other remuneration or human resources tasks referred to the Committee by the Board.</p>	<p>The ARC works on behalf of the MVP Board to assist in fulfilling its corporate governance and oversight responsibilities in relation to the following:</p> <ul style="list-style-type: none"><li>• The integrity of MVP's financial reporting.</li><li>• The effectiveness of MVP's systems of financial risk management and internal control.</li><li>• The integrity of the external audit process.</li><li>• MVP's risk profile and risk policy.</li><li>• The effectiveness of MVP's risk management framework and supporting risk management systems, including work health and safety.</li></ul>
Continuous Disclosure Committee	
<p>The CDC acts as a delegated authority of the Board to:</p> <ul style="list-style-type: none"><li>• Review and consider the materiality of potentially disclosable information it receives to determine whether that information is market sensitive;</li><li>• Make recommendations to the Board as to the content of the information to be disclosed; and</li><li>• Approve certain disclosures on behalf of the Board as set out in the Continuous Disclosure Policy.</li></ul>	
External remuneration advice	
<p>External remuneration advice is sought by the HRC and Board where necessary. The nature of the external advice and the amounts paid to remuneration consultants are disclosed annually in the Remuneration Report.</p>	

The HRC comprises at least three Non-Executive Directors and meet as often as the members deem necessary to fulfil the Committee's obligations. The HRC comprises of the following Directors, Mr Hoare (Chair), Mr Naylor and Ms Sontrop.

### External remuneration advice received in FY24

During the year the HRC did not obtain remuneration advice or recommendations from external remuneration consultants.

# DIRECTORS' REPORT

## NON-AUDIT SERVICES

During the year, the Company's auditor, performed other assignments in addition to their statutory audit responsibilities.

Details of the amounts paid or payable for non-audit services provided during the year are as follows:

\$	2024	2023
Tax services	49,300	38,180
Other	48,828	-
<b>Total</b>	<b>98,128</b>	38,180

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors do not believe that the nature of these services compromises the general principles relating to auditor's independence, as set out by the Chartered Accountants Australia and New Zealand.

## CORPORATE GOVERNANCE STATEMENT

A copy of the Company's Corporate Governance statement can be found at [www.medicaldev.com/investors-media/corporate-governance/](http://www.medicaldev.com/investors-media/corporate-governance/)

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 18.

## 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 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. 298(2) of the *Corporations Act 2001*:

On behalf of the directors



Gordon Naylor  
**Company Chair**

26 August 2024

26 August 2024

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

Dear Board Members

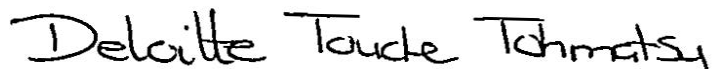
## **Auditor's Independence Declaration - Medical Developments International Limited**

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.

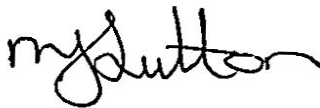
As lead audit partner for the audit of the financial report of Medical Developments International Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Melanie Sutton  
Partner  
Chartered Accountants

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

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Medical Developments International Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information and other explanatory information, the directors' declaration and the consolidated entity disclosure statement.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the Group for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>Capitalisation of intangible assets</b></p> <p><i>Refer to Note 2.3 Non-Current Assets and Note 1.1 Group Results</i></p> <p>As at 30 June 2024, the Group holds \$16.0 million of capitalised registration costs and \$1.0 million of capitalised development costs. \$13.9 million of capitalised registration costs and \$1.9 million of capitalised development costs were impaired during the year due to no longer meeting the criteria to be capitalised.</p> <p>Accounting standards require management to use their judgement to determine:</p> <ul style="list-style-type: none"> <li>• Whether expenditure relates to development activities or research activities.</li> <li>• The technical feasibility of completing the intangible asset so that it will be available for use.</li> <li>• Whether the Group intends to complete the intangible asset and either use or sell it.</li> <li>• The probability of expected future economic benefits flowing to the Group.</li> <li>• The availability of resources to complete the development and to use or sell the intangible asset.</li> <li>• The expenditure attributable to the asset during its development.</li> <li>• Whether the useful life assigned to each asset is appropriate.</li> </ul> <p>Where expenditure does not meet the recognition criteria under accounting standards or has historically been capitalised and no longer meets these criteria, it should be expensed or impaired.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the process undertaken by management to determine whether expenditure should be capitalised as an intangible asset.</li> <li>• Assessing the appropriateness of management’s accounting policy for capitalisation and management’s application of that policy with respect to current year additions to intangible assets.</li> <li>• Assessing all capitalised intangible assets not yet available for use and a sample of capitalised intangible assets in use at balance date to determine whether it is probable that expected future economic benefits attributable to those assets will flow to the Group.</li> <li>• Assessing management’s identification of intangible assets no longer meeting the recognition criteria under accounting standards.</li> <li>• Reviewing the listing of capitalised intangible assets at balance date to verify that: <ul style="list-style-type: none"> <li>◦ Amortisation has commenced on intangible assets that are in use, and</li> <li>◦ The useful lives assigned to assets in use are appropriate.</li> </ul> </li> <li>• Evaluating the appropriateness of the disclosures included in Note 1.1 and 2.3 to the financial statements.</li> </ul>
<p><b>Carrying value of the Pain Management cash generating unit</b></p> <p><i>Refer to Note 2.3 Non-Current Assets</i></p> <p>As at 30 June 2024, the carrying value of the Pain Management group of cash generating units (“CGU”) included \$3.8 million of goodwill. Goodwill and intangible assets not yet available for use are required to be assessed for impairment annually and whenever there is an indicator of impairment.</p> <p>The recoverable amount of the Pain Management CGU has been determined by management based on a value in use (“ViU”) model, which incorporates significant judgement related to the estimation of future cash flows, short term growth rates, long term growth rates and an appropriate discount rate.</p> <p>The Group’s estimate of recoverable amount for the Pain Management CGU is based on future cash flows which are contingent upon the Group continuing to grow in established markets such as Australia and the United Kingdom in the short to medium term.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understanding management’s processes and controls related to the preparation of the value in use models for the Pain Management CGU.</li> <li>• Agreeing forecast cash flows to the latest Board approved budget for FY25 and the Group’s longer term business plans, assessing the reasonableness of the forecast cash flows with reference to current performance and drivers of expected future performance.</li> <li>• In conjunction with our valuation specialists, assessing the ViU methodology used by management, testing the mathematical integrity of management’s ViU model, as well as comparing the discount rates and long-term growth rates used to external benchmark data.</li> <li>• Performing sensitivity analysis on the impairment model by applying varied discount rates and growth projections to simulate alternative market conditions and outcomes.</li> <li>• Evaluating the appropriateness of the disclosures included in Note 2.3 to the financial statements.</li> </ul>

## Liquidity

As disclosed in Note 3.4 the Group had a cash balance of \$9.7 million at 30 June 2024, and net operating cash outflows of \$10.8 million. Subsequent to year-end, the Group announced a fully underwritten capital raise of approximately \$10 million comprising an institutional placement and non-renounceable entitlement offer to accelerate growth and improve balance sheet strength. The institutional component of the placement was completed on 30 July 2024 with gross proceeds of \$6.9 million being received. The entitlement offer closed on 22 August 2024, with gross proceeds of \$3.1 million expected to be received on 27 August 2024.

The Group continues to closely manage its ongoing liquidity as disclosed in Note 3.4 to the financial statements. This requires the achievement of cash flow forecasts which are subject to variation due to factors which are outside the control of the Group, to enable the Group to continue to meet its operating cash commitments.

Our procedures included:

- Comparing the Group's forecast cash flows against the FY25 Board approved budget and testing the accuracy of the model.
- Challenging the key assumptions in management's forecast cash flows for the 12 months following approval of the financial report.
- Assessing the capital raise undertaken subsequent to year-end by reading and understanding the key terms of the underwriting agreement, examining market announcements made by the Group and vouching the gross proceeds net of costs from the institutional placement to the Group's bank statement.
- Assessing consistency between the forecasts used to test the Group's going concern basis and those used in management's annual impairment testing.
- Performing sensitivity analysis on the cash flow forecast for a range of reasonable possible scenarios.

We also assessed the adequacy of the disclosures included in Note 3.4 to the financial statements.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporation Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

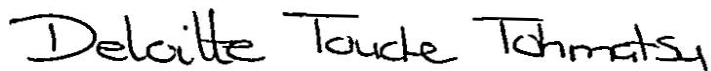
### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 6 to 16 of the Directors' Report for the year ended 30 June 2024.

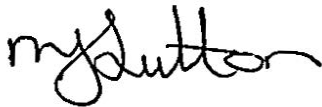
In our opinion, the Remuneration Report of Medical Developments International Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



DELOITTE TOUCHE TOHMATSU



Melanie Sutton

Partner

Chartered Accountants

Melbourne, 26 August 2024



# FINANCIAL REPORT

## Consolidated Statement of Profit or Loss and other Comprehensive Income For the year ended 30 June 2024

\$'000	Notes	2024	2023
<b>Revenue</b>	<b>1.1, 1.2</b>	<b>33,149</b>	<b>32,337</b>
Contract termination revenue	1.1, 1.2	-	18,928
Raw materials and consumables used		(8,783)	(10,125)
Employee benefits expense <sup>1</sup>		(23,472)	(21,615)
Distribution expenses		(2,822)	(3,825)
Regulatory and registration expenses		(2,472)	(2,969)
Occupancy, selling and administration expenses		(9,073)	(10,963)
Interest and other income		402	657
Depreciation and amortisation expense		(3,394)	(3,113)
Impairment expense	1.1	(16,375)	(6,709)
Finance costs		(86)	(95)
<b>Loss before income tax expense</b>		<b>(32,926)</b>	<b>(7,492)</b>
Income tax (expense) / benefit	1.3	(8,066)	1,883
<b>Net loss for the year</b>		<b>(40,992)</b>	<b>(5,609)</b>
<b>Net loss attributable to equity holders of the parent entity</b>		<b>(40,992)</b>	<b>(5,609)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss, net of tax</b>			
Foreign currency translation (losses) / gains		78	(75)
<b>Total comprehensive loss for the year</b>		<b>(40,914)</b>	<b>(5,684)</b>
<b>Total comprehensive loss attributable to equity holders of the parent entity</b>		<b>(40,914)</b>	<b>(5,684)</b>
<b>cents</b>			
Basic earnings / (loss) per share	1.1	(47.50)	(6.66)
Diluted earnings / (loss) per share	1.1	(47.50)	(6.66)

<sup>(1)</sup> Employee benefits expense includes \$5.1 million share-based payment expense in the current year in relation to the cancellation of options granted to the CEO on commencement of his employment in FY21. The cancellation of options was approved at the 2023 AGM as part of the transition to new remuneration arrangements for the CEO. The expense recognised in the year is the unamortised amount of the fair value of the equity instruments (valued at the date the instruments were granted) that has not been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in prior periods. This is a non-cash adjustment and does not represent a benefit to the CEO.

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

# FINANCIAL REPORT

## Consolidated Statement of Financial Position

For the year ended 30 June 2024

\$'000	Notes	2024	2023
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		9,735	24,661
Trade and other receivables	2.1	7,071	8,932
Inventories	2.1	8,771	8,378
Prepayments		565	791
<b>TOTAL CURRENT ASSETS</b>		<b>26,142</b>	<b>42,762</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	2.3	10,162	12,122
Goodwill and other intangible assets	2.3	22,857	38,317
Deferred tax assets	1.3	-	8,112
<b>TOTAL NON-CURRENT ASSETS</b>		<b>33,019</b>	<b>58,551</b>
<b>TOTAL ASSETS</b>		<b>59,161</b>	<b>101,313</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	2.1	8,254	14,186
Employee benefits provisions	4.1	639	727
Lease liabilities	2.5	371	352
Unearned income	2.2	283	283
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,547</b>	<b>15,548</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits provisions	4.1	309	343
Unearned income	2.2	1,637	1,899
Lease liabilities	2.5	1,915	2,208
Deferred tax liabilities	1.3	19	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,880</b>	<b>4,450</b>
<b>TOTAL LIABILITIES</b>		<b>13,427</b>	<b>19,998</b>
<b>NET ASSETS</b>		<b>45,734</b>	<b>81,315</b>
<b>EQUITY</b>			
Contributed equity	3.2	105,729	105,729
Reserves	3.2	2,864	5,740
Accumulated losses		(62,859)	(30,154)
<b>TOTAL EQUITY</b>		<b>45,734</b>	<b>81,315</b>

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

# FINANCIAL REPORT

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

\$'000	Contributed equity	Accumulated losses	Share based payments reserve	CSIRO options reserve	Foreign currency translation reserve	Total equity
<b>Year ended 30 June 2024</b>						
<b>As at 1 July 2023</b>	<b>105,729</b>	<b>(30,154)</b>	<b>3,940</b>	<b>1,866</b>	<b>(66)</b>	<b>81,315</b>
Loss for the year	-	(40,992)	-	-	-	(40,992)
Other comprehensive gain / (loss)	-	-	-	-	78	78
<b>Total comprehensive (loss) / income</b>	<b>-</b>	<b>(40,992)</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>(40,914)</b>
Share based payments expense	-	-	5,866 <sup>1</sup>	-	-	5,866
Shares acquired by Employee Share Trust	-	-	(533) <sup>2</sup>	-	-	(533)
Transfer from reserves to equity	-	8,287	(8,287)	-	-	-
<b>Transactions with owners in their capacity as owners</b>	<b>-</b>	<b>8,287</b>	<b>(2,954)</b>	<b>-</b>	<b>-</b>	<b>5,333</b>
<b>Balance as at 30 June 2024</b>	<b>105,729</b>	<b>(62,859)</b>	<b>986</b>	<b>1,866</b>	<b>12</b>	<b>45,734</b>
<b>Year ended 30 June 2023</b>						
<b>As at 1 July 2022</b>	<b>76,992</b>	<b>(24,545)</b>	<b>2,976</b>	<b>1,866</b>	<b>9</b>	<b>57,298</b>
Loss for the year	-	(5,609)	-	-	-	(5,609)
Other comprehensive gain / (loss)	-	-	-	-	(75)	(75)
<b>Total comprehensive (loss) / income</b>	<b>-</b>	<b>(5,609)</b>	<b>-</b>	<b>-</b>	<b>(75)</b>	<b>(5,684)</b>
Share based payments expense	-	-	964	-	-	964
Shares issued	30,000	-	-	-	-	30,000
Equity raising costs	(1,684)	-	-	-	-	(1,684)
Tax on equity raising costs	421	-	-	-	-	421
<b>Transactions with owners in their capacity as owners</b>	<b>28,737</b>	<b>-</b>	<b>964</b>	<b>-</b>	<b>-</b>	<b>29,701</b>
<b>Balance as at 30 June 2023</b>	<b>105,729</b>	<b>(30,154)</b>	<b>3,940</b>	<b>1,866</b>	<b>(66)</b>	<b>81,315</b>

<sup>(1)</sup> During the current year the CEO joined the Group's long term incentive (LTI) program that was established in FY23, and was granted 617,620 performance rights with a target hurdle aligned to share price growth over a three year period. On acceptance of the invitation to join the LTI program, options previously held by the CEO were cancelled. These remuneration arrangements were approved at the 2023 AGM. The Group has recorded a \$5.1 million share-based payment expense in the current year in relation to this cancellation. The expense recognised in the year is the unamortised amount of the fair value of the equity instruments (valued at the date the instruments were granted) that has not been recognised in the Statement of Profit or Loss and Other Comprehensive Income in prior periods. This is a non-cash adjustment and does not represent a benefit to the CEO. On cancellation, the total fair value of the options recognised in the share-based payment reserve of \$8.3 million was transferred to accumulated losses. An additional share-based payment expense of \$0.8 million was recognised in the year for other incentive programs and remuneration arrangements for the CEO and select executives who participate in these programs.

<sup>(2)</sup> During the current year the Group purchased its own shares on market at a value of \$0.5 million for the purpose of allocating these shares to eligible employees under the Group's incentive plans and arrangements. As at 30 June 2024, all shares purchased on market have been issued to eligible employees.

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

# FINANCIAL REPORT

## Consolidated Statement of Cash Flows For the year ended 30 June 2024

\$'000	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		34,762	29,075
Payments to suppliers and employees		(45,746)	(46,259)
Receipts from government grants		34	218
Income tax paid		(46)	-
Interest received		302	566
Interest paid		(86)	(95)
<b>Net cash flows used in operating activities</b>	<b>3.1</b>	<b>(10,780)</b>	<b>(16,495)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		(793)	(1,784)
Payments for other intangible assets		(2,376)	(5,881)
<b>Net cash flows used in investing activities</b>		<b>(3,169)</b>	<b>(7,665)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from the issue of shares	3.2	-	30,000
Payment for shares acquired by the employee trust		(533)	-
Share issue transaction costs	3.2	-	(1,684)
Repayment of lease liabilities	3.5	(274)	(253)
<b>Net cash flows (used in) / generated by financing activities</b>		<b>(807)</b>	<b>28,063</b>
Net increase / (decrease) in cash and cash equivalents		(14,756)	3,903
Cash and cash equivalents at the beginning of the year		24,661	20,398
Effect of exchange rate changes on cash and cash equivalents		(170)	360
<b>Cash and cash equivalents at the end of the year</b>		<b>9,735</b>	<b>24,661</b>

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

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## Section 1 – Performance

This section highlights the results and performance of the Group for the year ended 30 June 2024

### 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	Regions of Operation	
• Pain Management	• The manufacture and sale of Pentrox®	• Australia • Europe • Middle East • Canada	• Asia • South Africa • United Kingdom
• Respiratory	• The sale of respiratory devices for use by sufferers of asthma and chronic obstructive pulmonary disease (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 <sup>(3)</sup>	Total
<b>Year ended 30 June 2024</b>				
Revenue	21,296	11,853	-	33,149
Underlying EBITDA <sup>(1)</sup>	(1,139)	974	(8,072)	(8,237)
Underlying EBIT <sup>(2)</sup>	(3,852)	762	(8,541)	(11,631)
<b>Year ended 30 June 2023</b>				
Revenue <sup>(4)</sup>	20,448	11,720	169	32,337
Underlying EBITDA <sup>(1)</sup>	(9,716)	1,498	(6,915)	(15,133)
Underlying EBIT <sup>(2)</sup>	(12,299)	1,250	(7,197)	(18,246)

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

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

<sup>(3)</sup> Other comprises unallocated costs associated with corporate overheads, and in the prior period minor costs in relation to the Veterinary business which was discontinued during the 2022 financial year.

<sup>(4)</sup> Excludes Contract termination revenue arising from the termination of agreements for the distribution of Pentrox in China (\$18.5 million), and other countries where revenue opportunities are not being pursued (\$0.4 million).

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.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 1.1 GROUP RESULTS (CONTINUED)

### Net loss after tax

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

\$'000	Notes	2024	2023
<b>Underlying EBITDA</b>		<b>(8,237)</b>	<b>(15,133)</b>
Depreciation and amortisation expense		(3,394)	(3,113)
<b>Underlying EBIT</b>		<b>(11,631)</b>	<b>(18,246)</b>
Share based payment expense arising from cancellation of options <sup>(1)</sup>		(5,136)	-
Impairment losses - Capitalised registration costs <sup>(2)</sup>		(15,804)	(6,709)
Impairment losses - Plant & equipment <sup>(3)</sup>		(571)	-
Contract termination revenue - Pain Management segment <sup>(4)</sup>		-	18,928
Commercial Market Assessment Costs <sup>(5)</sup>		-	(1,930)
<b>Total underlying adjustments</b>		<b>(21,511)</b>	<b>10,289</b>
<b>Reported EBIT</b>		<b>(33,142)</b>	<b>(7,957)</b>
Net interest		216	465
<b>Net loss before tax</b>		<b>(32,926)</b>	<b>(7,492)</b>
Income tax (expense) / benefit		(8,066)	1,883
<b>Net loss after tax</b>		<b>(40,992)</b>	<b>(5,609)</b>

<sup>(1)</sup> Share-based payment expense arising from the cancellation of options as part of the transition to new CEO remuneration arrangements approved by shareholders at the 2023 AGM. This is a non-cash adjustment and does not represent a benefit to the CEO.

<sup>(2)</sup> Impairment of capitalised development costs relating to US market entry, including US market registration costs (\$13.9 million) and development costs for the next generation device (\$1.9 million), in the Pain Management segment. The prior year impairment charges relate to the cessation of registration activity in China (\$5.7 million), and other countries (\$0.9 million) where revenue opportunities are no longer being pursued. There was also a \$0.1 million impairment in relation to patents and trademarks.

<sup>(3)</sup> Impairment of redundant plant & equipment in the Pain Management segment.

<sup>(4)</sup> Contract termination revenue arising from the termination of agreements for the distribution of Pentrox in China (\$18.5 million), and other countries where revenue opportunities are not being pursued (\$0.4 million).

<sup>(5)</sup> Costs to complete a comprehensive commercial market assessment for Pentrox in the US.

### Basic and diluted earnings per share

	2024	2023
<b>Earnings / (loss) per share (EPS) (cents) - Basic</b>	<b>(47.50)</b>	<b>(6.66)</b>
<b>Earnings / (loss) per share (EPS) (cents) - Diluted</b>	<b>(47.50)</b>	<b>(6.66)</b>
Calculated using:		
• Net loss attributable to ordinary equity holders (\$'000)	(40,992)	(5,609)
• Weighted average of ordinary shares (shares) - Basic	86,305,215	84,274,349
• Weighted average of ordinary shares (shares) - Diluted	86,305,215	84,274,349

Earnings per share is calculated by dividing the net 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 performance rights granted, CSIRO options and options granted to the CEO (until cancelled in the current year).

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 1.2 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 <sup>(4)</sup>	Total
<b>Year ended 30 June 2024</b>				
Australia	12,290	3,074	-	15,364
Europe	6,145	1,272	-	7,417
United States	-	6,278	-	6,278
Rest of the World	2,861	1,229	-	4,090
Revenue <sup>(1) (2) (3)</sup>	21,296	11,853	-	33,149
<b>Year ended 30 June 2023</b>				
Australia	9,649	3,806	169	13,624
Europe	5,656	2,337	-	7,993
United States	-	4,590	-	4,590
Rest of the World	5,143	987	-	6,130
Revenue <sup>(1) (2) (3)</sup>	20,448	11,720	169	32,337
Contract termination revenue <sup>(5)</sup>	18,928	-	-	18,928
Total	39,376	11,720	169	51,265

<sup>(1)</sup> There are no sales between reportable segments.

<sup>(2)</sup> The Group has no individual customers who contributed 10% or more to total revenue in the 2024 fiscal year (2023: nil).

<sup>(3)</sup> Revenue from customers with contracts in the Pain Management segment includes deferred revenue from upfront and milestone payments (ROW) of \$0.2 million (2023: \$0.7 million, including ROW \$0.5 million and Europe \$0.2 million).

<sup>(4)</sup> Other comprises the Veterinary business which was discontinued during the 2022 financial year.

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

#### How MVP accounts for revenue

##### Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred control of the product to the buyer. The sole performance obligation relates to the delivery of the product with no after sales service embedded or attached to the underlying sale. Settlement and volume discounts granted to customers are accounted for as offsets against sales.

##### Upfront and milestone income

Revenue from upfront and milestone payments is recognised as deferred revenue (revenue received in advance) and amortised to profit or loss over the underlying contract term. As the performance obligation represents the provision of a time-based right for the Groups' partners to exclusively sell product in a specific market, the consumption of the right and benefit occurs evenly over the contract period. If the agreement to which the payments relate is terminated or distribution is otherwise ceased, and there is no obligation to refund any of the amounts received, the deferred revenue will be recognised immediately in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 1.3 TAXATION

### Reconciliation of income tax benefit \$'000

	2024	2023
<b>Accounting loss before tax</b>	<b>(32,926)</b>	(7,492)
Income tax benefit calculated at 25% (2023: 25%)	<b>(8,232)</b>	(1,873)
Research and development benefit	<b>(59)</b>	(106)
Non-deductible expenses <sup>(1)</sup>	<b>1,437</b>	294
Current year tax losses not recognised	<b>1,279</b>	-
Derecognition of prior period tax losses <sup>(2)</sup>	<b>13,734</b>	-
Adjustments in respect of income tax of previous years	<b>(65)</b>	(124)
Effect of different tax rates of subsidiaries in other jurisdictions	<b>(28)</b>	(74)
<b>Income tax expense / (benefit)</b>	<b>8,066</b>	<b>(1,883)</b>
<b>Comprising of:</b>		
Current year income tax expense	<b>(2,008)</b>	741
Deferred income tax benefit	<b>(3,595)</b>	(2,500)
Derecognition of prior period tax losses	<b>13,734</b>	-
Adjustments in respect of income tax of previous years	<b>(65)</b>	(124)

The tax rate used in the above reconciliation is the corporate tax rate of 25% (2023: 25%) applicable to base rate entities under Australian tax law.

<sup>(1)</sup> Non-deductible expenses in the current year primarily relates to share based payment expenses

<sup>(2)</sup> Due to uncertainties with respect to the utilisation of tax losses in the future, the Group has derecognised from tax assets tax losses carried forward from prior periods of \$13.7 million and has not recognised current year tax losses of \$1.3 million as deferred tax assets.

### Recognised deferred tax assets and liabilities

\$'000	2024	2023
<b>Deferred tax assets</b>		
Temporary differences	<b>2,606</b>	2,551
Tax losses	<b>2,008</b>	13,734
	<b>4,614</b>	16,285
<b>Deferred tax liabilities</b>		
Temporary differences	<b>(4,633)</b>	(8,173)
<b>Net deferred tax (liability) / asset</b>	<b>(19)</b>	8,112

At the reporting date, the group has unused tax losses of \$17.0 million available for offset against future profits. A deferred tax asset has been recognised in respect of \$2.0 million of such losses to the extent they offset future taxable temporary differences. A deferred tax asset has not been recognised for the remaining unused tax losses of \$15.0 million due to uncertainties with respect to the utilisation of tax losses in the future. The tax losses can be carried forward indefinitely.

Set out below are the deferred tax assets and liabilities recognised by the Group and movements during the year:

\$'000	Opening balance	Charged to income	Closing balance
<b>Year ended 30 June 2024</b>			
<b>Deferred tax assets / (liabilities)</b>			
Accrued expenses	1,086	112	1,198
Deferred revenue	546	(66)	480
Lease liabilities	640	(68)	572
Right of use assets	(497)	67	(430)
Other intangibles	(7,466)	3,473	(3,993)
Property, plant and equipment	(25)	-	(25)
Provisions	279	77	356
Brand names	(185)	-	(185)
Tax losses	13,734	(11,726)	2,008
	<b>8,112</b>	<b>(8,131)</b>	<b>(19)</b>
<b>Year ended 30 June 2023</b>			
<b>Deferred tax assets / (liabilities)</b>			
Accrued expenses	201	885	1,086
Deferred revenue	5,422	(4,876)	546
Lease liabilities	703	(63)	640
Right of use assets	(565)	68	(497)
Other intangibles	(8,262)	796	(7,466)
Property, plant and equipment	(126)	101	(25)
Provisions	442	(163)	279
Brand names	(185)	-	(185)
Tax losses	7,982	5,752	13,734
	<b>5,612</b>	<b>2,500</b>	<b>8,112</b>



# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 1.3 TAXATION (CONTINUED)



### Key Estimates and Judgements - Taxation

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will eventuate to enable recovery of the asset, or to the extent that the entity has sufficient taxable temporary differences. In assessing the recoverability of deferred tax assets in respect of tax losses, the Group considers the pattern of historical tax losses, and profit forecasts. The Group continues to recognise a deferred tax asset or deferred tax liability in relation to timing differences.

### How MVP accounts for taxation

Income tax expense / benefit:

- Comprise of current and deferred income tax charges and represent the amounts expected to be paid to and recovered from the taxation authorities in the jurisdictions that MVP operates.
- Are recorded in Equity when the underlying transaction that the tax is attributable to is recorded within Other Comprehensive Income.

MVP uses the tax laws in place or those that have been substantively enacted at reporting date to calculate income tax. For deferred income tax, MVP also considers whether these tax laws are expected to be in place when the related asset is realised or liability is settled. Management periodically re-evaluate their assessment of their tax positions, in particular where they relate to specific interpretations of applicable tax regulation.

Deferred tax assets and liabilities are recognised on all assets and liabilities that have different carrying values for tax and accounting, including those arising from a single transaction, except for the initial recognition of goodwill,

Specifically, for deferred tax assets:

- They are recognised only to the extent that it is probable that there are sufficient future taxable amounts to be utilised against. This assessment is reviewed at each reporting date.
- They are offset against deferred tax liabilities in the same tax jurisdiction, when there is a legally enforceable right to do so.

Research and development (R&D) tax credits receivable as compensation for expenses or losses already incurred by the Group with no future related costs are recognised in profit or loss in the period in which they are quantified and become receivable. The Group applies the income tax approach for the accounting and presentation of the R&D tax credit. Accordingly, the tax benefit is presented as a reduction of income tax expense in the Statement of Profit or Loss and Other Comprehensive Income. The Group is not currently in the scope of the Pillar Two top up tax being implemented in Australia.

### Deferred tax assets

Due to uncertainties with respect to the utilisation of tax losses in the future, the Group has derecognised \$13.7 million of unused historical tax losses from prior periods and have not recognised \$1.3 million of current year tax losses. The Group continues to recognise a deferred tax asset or deferred tax liability in relation to temporary differences and tax losses to the extent they offset future taxable temporary differences.

## 1.4 DIVIDENDS

No interim or final dividend was paid in the current year (2023: nil).

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## Section 2 – Operating Assets and Liabilities

This section highlights the primary operating assets used and liabilities incurred to support the Group's operating activities.

### 2.1 WORKING CAPITAL

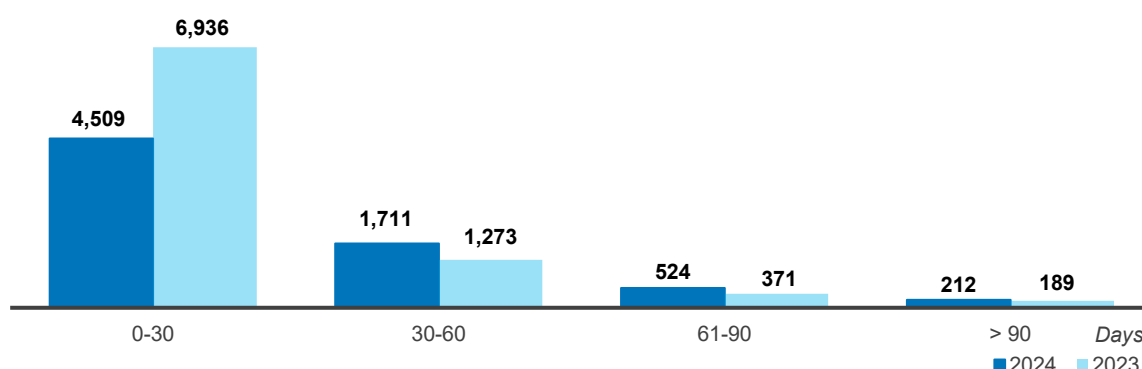
#### Trade and other receivables

Trade and other receivables at balance date comprise of:

\$'000	2024	2023
Trade receivables <sup>(1)</sup>	6,973	8,769
Allowance for expected credit losses	(17)	-
Other receivables	115	163
<b>Total current trade and other receivables</b>	<b>7,071</b>	<b>8,932</b>

<sup>(1)</sup> Below is a breakdown of the ageing of trade receivables:

Ageing of trade receivables as at 30 June (\$'000)



The average credit period on sales of goods to domestic customers is 30 days, international customers 60 days. No interest is charged on trade receivables.

The Group has a number of mechanisms in place which assist in minimising financial losses due to customer non-payment. These include:

- all customers who wish to trade on credit terms are subject to strict credit verification procedures, which may include an assessment of their independent credit rating, financial position, past experience and industry reputation;
- individual risks limits, which are regularly monitored in-line with set parameters; and
- monitoring receivable balances on an ongoing basis.

#### Expected credit loss model

Information about the credit risk exposure on the Group's trade receivables using a provision matrix has not been disclosed due to the immaterial amount of expected credit losses as at 30 June 2024.

#### How MVP accounts for trade and other receivables

MVP's trade receivables are non-interest bearing, are initially recorded at fair value and include Goods and Services Tax (GST). Trade receivables are subsequently measured at amortised cost using the effective interest method, less and allowance for expected credit losses.

The Group assesses the expected credit losses associated with its trade and other receivables on a forward-looking basis. The Group applies the simplified approach to measuring expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade and other receivables that share similar credit risk characteristics and days past due are grouped and then assessed for collectability as a whole.

The Group continues to assess the risk of non-recoverability or expected credit loss on its receivables to be very low. Trade receivables are typically collected within a 30-90-day period and despite the occasional debtor being slow paying, empirical evidence suggests there has been a very low level of credit losses in previous years.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 2.1 WORKING CAPITAL (CONTINUED)

### Inventories

Inventories at balance date comprise of:

\$'000	2024	2023
Raw materials	1,889	2,414
Work in progress	1,451	2,932
Finished goods	5,431	3,032
<b>Total inventories</b>	<b>8,771</b>	<b>8,378</b>

#### How MVP accounts for inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory (all being valued on a first in first out basis). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### Trade and other payables

Current trade and other payables at balance date comprise of:

\$'000	2024	2023
Trade payables	8,254	13,324
Other payables	-	862
<b>Total current trade and other payables</b>	<b>8,254</b>	<b>14,186</b>

There is no interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

#### How MVP accounts for trade and other payables

Trade and other payables are carried at their principal amounts, are not discounted and include GST. They represent amounts owed for goods and services provided to the Group prior to, but were not paid for, at the end of the financial year. The amounts are generally unsecured and are usually paid within 30 – 90 days of recognition.

## 2.2 UNEARNED INCOME

Unearned income at balance date comprises of:

\$'000	2024	2023
Revenue received in advance <sup>(1)</sup>	1,595	1,792
Unearned government grant income <sup>(2)</sup>	325	390
<b>Total unearned income</b>	<b>1,920</b>	<b>2,182</b>
Current	283	283
Non-current	1,637	1,899

<sup>(1)</sup> Unearned income represents upfront unamortised payments in relation to licensing and distribution agreements for Pentrox®. 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.

<sup>(2)</sup> Unearned government grant income represents funds received through the Commercial Ready Programme from the Federal Government, Futures Industries Manufacturing Program of the Victorian State Government and various other government funding initiatives.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 2.3 NON-CURRENT ASSETS

### Property, plant and equipment

The key movements over the year were as follows:

\$'000	Leasehold improvements	Plant and equipment <sup>(1)</sup>	Right of use asset	Total
Estimated useful life	5 – 10 years	4 – 12 years	4 – 12 years	
<b>Year ended 30 June 2024</b>				
At 1 July 2023 net of accumulated depreciation	196	9,936	1,990	12,122
Additions	3	447	-	450
Impairment	-	(571)	-	(571)
Depreciation charge for the year	(36)	(1,531)	(272)	(1,839)
<b>At 30 June 2024 net of accumulated depreciation</b>	<b>163</b>	<b>8,281</b>	<b>1,718</b>	<b>10,162</b>
Represented by:				
• At cost	354	19,276	3,074	22,704
• Accumulated depreciation	(191)	(10,995)	(1,356)	(12,542)
<b>Year ended 30 June 2023</b>				
At 1 July 2022 net of accumulated depreciation	158	9,133	2,261	11,552
Additions	10	2,113	-	2,123
Transfers	62	(62)	-	-
Depreciation charge for the year	(34)	(1,248)	(271)	(1,553)
<b>At 30 June 2023 net of accumulated depreciation</b>	<b>196</b>	<b>9,936</b>	<b>1,990</b>	<b>12,122</b>
Represented by:				
• At cost	351	18,829	3,074	22,254
• Accumulated depreciation and impairment	(155)	(8,893)	(1,084)	(10,132)

<sup>(1)</sup> Includes capital works in progress of \$0.3 million (2023: \$1.6 million).



#### Key Estimates and Judgements – Estimation of useful lives of assets

The estimation of the useful lives of assets, excluding the right-of-use (ROU) assets, is based on historical experience. In addition, the condition of the assets is assessed each reporting period and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

The estimation of the useful lives of ROU assets is based on the non-cancellable period of the lease plus renewal options when the exercise of the option is considered to be reasonably certain.



#### Key Estimates and Judgements – Recoverability of property, plant and equipment

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, social, economic and political environments and future product expectations. If an impairment trigger exists, the recoverable amount of the asset is determined to assess if any impairment is required.

#### How MVP accounts for property plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the item and subsequent costs incurred to replace parts that are eligible for capitalisation. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.

ROU assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives;
- any initial direct costs; and
- estimated restoration costs.

ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, with depreciation recognised on a straight-line basis over the lease term.

The Group assesses at each reporting date whether there is an indication that an asset with a finite life may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset generates cash inflows that are largely dependent on those from other assets or groups of assets and the asset's value in use cannot be estimated to approximate its fair value. In such cases the asset is tested for impairment as part of the CGU to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amounts are estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 2.3 NON-CURRENT ASSETS (CONTINUED)

### Goodwill and other intangibles

Goodwill and other intangible assets are comprised of the following:

\$'000 Notes	Development	Patents and trademarks	Capitalised registration costs <sup>(1)</sup>	Other <sup>(2)</sup> intangibles	Goodwill	Total
<b>Year ended 30 June 2024</b>						
At 1 July 2023 net of accumulated amortisation and impairment	2,848	1,053	29,853	755	3,808	38,317
Additions	321	319	1,259	-	-	1,899
Impairment <sup>(3)</sup>	(1,851)	-	(13,953)	-	-	(15,804)
Amortisation	(313)	(123)	(1,119)	-	-	(1,555)
<b>At 30 June 2024 net of accumulated amortisation and impairment</b>	<b>1,005</b>	<b>1,249</b>	<b>16,040</b>	<b>755</b>	<b>3,808</b>	<b>22,857</b>
Represented by:						
At cost	10,315	2,409	46,180	755	9,095	68,754
Accumulated amortisation and impairment	(9,310)	(1,160)	(30,140)	-	(5,287)	(45,897)
<b>Year ended 30 June 2023</b>						
At 1 July 2022 net of accumulated amortisation and impairment	2,411	999	32,714	755	3,808	40,687
Additions	673	298	4,928	-	-	5,899
Impairment <sup>(4)</sup>	-	(112)	(6,597)	-	-	(6,709)
Amortisation	(236)	(132)	(1,192)	-	-	(1,560)
<b>At 30 June 2023 net of accumulated amortisation and impairment</b>	<b>2,848</b>	<b>1,053</b>	<b>29,853</b>	<b>755</b>	<b>3,808</b>	<b>38,317</b>
Represented by:						
At cost	9,994	2,090	44,921	755	9,095	66,855
Accumulated amortisation and impairment	(7,146)	(1,037)	(15,068)	-	(5,287)	(28,538)

<sup>(1)</sup> The carrying value for capitalised registration costs across regions comprises: Europe \$15.9 million, other countries \$0.1 million (2023: Europe \$16.2 million, USA \$13.5 million, other countries \$0.2 million)

<sup>(2)</sup> Other intangibles include Brand names of \$738,000 with an indefinite life (2023: \$738,000)

<sup>(3)</sup> The Group announced in April 2024 it is pausing activity on US market entry, however, there remains a strategic intent to pursue market entry in the future. Subsequently the Group has recognised an impairment of capitalised development costs in the current year relating to the US market entry, including US market registration costs (\$13.9m) and development costs for the next generation device (\$1.9m). The impairment loss was recognised in the Pain Management segment.

<sup>(4)</sup> The impairment loss recognised in the prior year relates to the write down of capitalised registration costs in the Pain Management segment after the Group ceased registration activity in China (\$5.7 million), and other countries (\$0.9 million), and a \$0.1 million impairment in relation to patents and trademarks.

Goodwill has been allocated to the following CGUs:

\$'000	2024	2023
Pain Management	3,808	3,808
Respiratory	-	-
	<b>3,808</b>	<b>3,808</b>

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 2.3 NON-CURRENT ASSETS (CONTINUED)

### Goodwill and other intangibles (continued)

#### How MVP accounts for intangible assets

##### *Goodwill*

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable net assets acquired, is recognised as an asset and not amortised but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment loss is recognised immediately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and is not subsequently reversed.

##### *Patents, trademarks, and licenses*

Patents, trademarks, and licenses are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives of 10 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period. The carrying value of patents, trademarks and licenses is reviewed at each reporting date for indicators of impairment. Any impairment loss is recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

##### *Registration costs*

Registration costs relate to costs incurred to obtain registration for Pentrox in a geographic region.

Registration costs are recognised as an intangible asset if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to reliably measure the expenditure attributable to the asset during its development.

An assessment is made at each reporting date as to whether the key recognition criteria is met. If the recognition criteria is not met, development expenditure is expensed as incurred. Expenditure on research activities is also expensed as incurred.

Methoxyflurane, which is the active ingredient in Pentrox, has been used for acute analgesia in Australia for more than 40 years. The Group has successfully registered methoxyflurane in over 40 countries, requiring varying levels of documentation and clinical evidence to meet the requirements of regulatory bodies. The Group has historically capitalised registration costs as an intangible asset on the basis that it is seeking registration for a product with an established history of use in Australia and various International markets, which supports the Group in meeting the recognition criteria under AASB 138 Intangible Assets, in particular the technical feasibility of achieving registration and the probability of generating future economic benefits.

The amounts capitalised comprise directly attributable costs, including:

- The cost of preclinical and clinical trials (principally external costs)
- Employee benefits directly attributable to achieving registration within a geographic region

Registration costs are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life of the asset (10 years), commencing from the date that registration is achieved and the Group commences generating economic benefits from the relevant geography. Costs capitalised for registrations in progress are not amortised and are assessed for impairment annually or when an indicator of impairment is identified.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 2.3 NON-CURRENT ASSETS (CONTINUED)

### Goodwill and other intangibles (continued)

#### How MVP accounts for intangible assets (continued)

##### *Product and technology development costs*

Product and technology development costs principally include developments costs associated with the development of new devices.

Product and technology development costs are recognised as an intangible asset if, and only if, they meet the recognition criteria under AASB 138 Intangible Assets, as set out above in the accounting policy for "registration costs". If the recognition criteria is not met, development costs are expensed as incurred. Expenditure on research activities is also expensed as incurred.

Product and technology development costs are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life of the asset (5 - 10 years), commencing from the date that development activities are completed and the Group commences generating economic benefits. Developments in progress are not amortised.

##### *Brand names*

Brand names arising on acquisition of a business are initially recognised at Fair Value and subsequently carried at cost less any applicable impairment charge (if any). They are not amortised but subject to annual tests for impairment. For the purposes of impairment testing, brand names are allocated to the relevant cash generating unit to which they relate. Any impairment loss is recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.



#### **Key Estimate and Judgement – Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated. The recoverable amount calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value of those cash flows.



#### **Key Estimate and Judgement – Impairment of intangible assets not yet available for use**

The Group has capitalised registration costs in relation to obtaining registration of Pentrox in a number of jurisdictions. Management test these capitalised costs for impairment annually and where an impairment indicator is identified. The recoverability of these costs is ultimately contingent upon achieving registration in these jurisdictions.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 2.3 NON-CURRENT ASSETS (CONTINUED)

### Impairment of capitalised registration costs

During the year the Group completed a review of the carrying value of assets in accordance with the Group's accounting policy and accounting standards. As a result, the Group recognised an impairment of capitalised development costs relating to US market entry, including US market registration costs of \$13.9 million and development costs for the next generation device of \$1.9 million. The write-down of US market entry development costs followed the Company announcement in April 2024 to pause investment in US expansion plans. The Group currently does not meet the criteria under *AASB 138 Intangible assets* to maintain the capitalised development costs as an asset in the Statement of Financial Position. The Director's view the impairment charge does not reflect the inherent value of the work completed to date, and it may be reversed when development is re-commenced.

### Annual impairment testing

Goodwill and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In estimating the recoverable amount of an asset (or cash-generating unit), its estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income immediately. An impairment of goodwill is not subsequently reversed.

Where an impairment loss (other than goodwill) subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

The results of the Group's impairment testing (now excluding the US region) for the year ended 30 June 2024 are set out below:

### Pain Management

The recoverable amount for CGUs in the Pain Management segment was calculated using a 'value in use' approach, which incorporates cash flow projections over ten years, and a terminal value, discounted to present value using a risk-adjusted post-tax discount rate. The Group has modelled cash flow over a period greater than 5 years given the scale-up phase the Group is in. This approach enables the Group to model expected growth before it reaches a level of maturity in its terminal value. No impairment loss was identified as a result of impairment testing performed.

The recoverable amount for Pain Management represents an estimate of future cash flows attributable to the geographies in which the Group currently operates, allowing for further growth and expansion, using the Board approved Budget for year 1, revenue growth in accordance with the business operating plan for years 2-10 and a terminal growth rate of 2.0% (2023: 2.0%). The estimate of future cash flows was then discounted using a post-tax discount rate of 17.6% (2023: 15.0%).

No future cash flows have been included for the US region following the decision in April to pause investment in US market entry.

The cashflows attributable to the geographies in which the Group currently operates (principally Australia and Europe) reflect continued growth.

The Group believes that the assumptions adopted in the recoverable amount calculations reflect an appropriate balance between the Group's experience to date and the Group's long-term growth expectations for the Pain Management business.



# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 2.4 COMMITMENTS AND CONTINGENCIES

### Capital expenditure commitments

There were no material capital expenditure commitments at the end of the year (2023: nil)

### Contingencies

The Group is not party to any legal proceedings that are expected, individually or in the aggregate, to have a material adverse effect on its business, financial position or operating results.

#### How MVP accounts for provisions and contingencies

Provisions are recognised when the following three criteria are met:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

When these criteria cannot be met, a contingency may be recognised.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

## 2.5 LEASES

The lease liabilities included in the consolidated statement of financial position are:

<b>\$'000</b>	<b>2024</b>	<b>2023</b>
Current	<b>371</b>	352
Non-current	<b>1,915</b>	2,208
	<b>2,286</b>	2,560

#### How MVP accounts for leases

The Group recognises a ROU asset and corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low value assets. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Each lease payment is allocated between the lease liability and finance costs. The finance cost is charged to profit or loss over the period of the lease to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The carrying amount of a lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. inflation-linked payments or market rate rent reviews). A corresponding adjustment is made to the ROU asset.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## Section 3 – Capital Structure

This section details specifics of the Groups' capital structure. When managing capital, Management's objective is to ensure that the Group continues as a going concern as well as to provide optimal returns to shareholders and other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group. Primary responsibility for identification and control of capital and financial risks rests with the Board of Directors.

### 3.1 NET CASH

#### Reconciliation of net loss for the year to net cash flows from operations

\$'000	2024	2023
<b>Net loss for the year</b>	<b>(40,992)</b>	<b>(5,609)</b>
<b>Non cash flows in the operating loss:</b>		
Depreciation and amortisation	3,394	3,113
Share based payments expense	5,943	964
Impairment expense	16,375	6,709
Contract termination revenue	-	(18,928)
Net unrealised foreign exchange (gain) / loss	320	(246)
<b>Changes in assets and liabilities:</b>		
Decrease / (increase) in trade and other receivables	1,861	(2,870)
Increase in inventory	(393)	(1,842)
Decrease / (increase) in net deferred tax assets and liabilities	8,131	(1,883)
(Decrease) / increase in trade and other payables	(5,261)	4,830
(Decrease) / increase in employee benefit provisions	(122)	18
Decrease / (increase) in other assets	226	(172)
Deferred revenue realised	(262)	(579)
<b>Net cash flows used in operating activities</b>	<b>(10,780)</b>	<b>(16,495)</b>

The Group had no borrowings as at 30 June 2024 (2023: nil) and was in a net cash position.

#### How MVP accounts for cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and on hand and short-term deposits with a maturity of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdraft balances. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Consolidated Statement of Financial Position. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 3.2 CONTRIBUTED EQUITY AND RESERVES

### 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.

	2024		2023	
	Number of shares	\$'000	Number of shares	\$'000
<b>Movements in contributed equity</b>				
Ordinary shares:				
Beginning of the year	86,305,175	105,729	71,305,057	76,992
Share placement options exercised	44 <sup>(1)</sup>	-	-	-
<b>Issuance of shares</b>				
Share placement	-	-	15,000,118 <sup>(1)</sup>	30,000
Share issuance costs	-	-	-	(1,684)
Tax effect share issuance costs	-	-	-	421
<b>End of the year</b>	<b>86,305,219</b>	<b>105,729</b>	<b>86,305,175</b>	<b>105,729</b>

<sup>(1)</sup> 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. Under the placement, 5,999 options were offered to investors (one free option for every 2.5 shares). On 3 August 2023 a total of 44 options were exercised and converted to fully paid shares at a price of \$2.80.

### How MVP accounts for contributed equity

Issued and paid up capital is classified as contributed equity and recognised at the fair value of the consideration received by the entity. Incremental costs directly attributable to the issue of new shares or options are shown in contributed equity as a deduction, net of tax, from the proceeds.

### Reserves

\$'000	2024	2023
Foreign currency translation reserve <sup>(1)</sup>	12	(66)
Share-based payments reserve <sup>(2)</sup>	986	3,940
CSIRO option reserve <sup>(3)</sup>	1,866	1,866
<b>Total reserves</b>	<b>2,864</b>	<b>5,740</b>

<sup>(1)</sup> The foreign currency translation reserve is used to record foreign exchange fluctuations arising from the translation of the financial statements of foreign subsidiaries (based in the United Kingdom and Netherlands). Exchange differences arising on the translation from functional currencies to the Group's presentation currency (Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

<sup>(2)</sup> The share-based payments reserve relates to performance rights granted by the Company to the CEO and select senior executives, and the equity settled component of the short term incentive plan for the CEO and select senior executives.

<sup>(3)</sup> The CSIRO option reserve relates to 392,308 options (2023: 392,308) over ordinary shares of the Company. These options are in relation to the MVP/CSIRO Manufacturing Technologies Project announced on 5 June 2017, the final grant of options under this project was completed in the prior year. Options are exercisable for no consideration when a developed technology has been proven to be commercially viable. The share options granted to the CSIRO carry no rights to dividends and no voting rights.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 3.3 CAPITAL MANAGEMENT

The Board of Directors manages the capital of the Group to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The Group does not enter into trade financial instruments, including derivatives, for speculative purposes.

The capital structure of the Group consists of net cash as detailed in note 3.1 and the equity of the Group (comprising issued capital, reserves and accumulated losses).

As at 30 June 2024 the Group had no borrowings, and was in a net cash position.

## 3.4 GOING CONCERN

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the current year the Group incurred a net loss after tax of \$41.0 million, used net cash in operating activities of \$10.8 million and used net cash in investing activities of \$3.2 million.

As at 30 June 2024 the Group had \$9.7 million of cash (30 June 2023: \$24.7 million), net current assets of \$16.6 million (30 June 2023: \$27.2 million), and net assets of \$45.7 million (30 June 2023: \$81.3 million).

Subsequent to year-end, the Group announced a fully underwritten capital raise of \$10 million comprising an institutional placement and non-renounceable entitlement offer to accelerate growth and improve balance sheet strength. The institutional component of the placement was completed on 30 July 2024 with gross proceeds of \$6.9m being received. The entitlement offer closed on 22 August 2024, with gross proceeds of \$3.1 million expected to be received on 27 August 2024.

The Group's nearer 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 USA. Longer term the Group seeks to enter new and attractive markets for Pentrox.

The Group has prepared a cash flow forecast that supports the ability of the Group to continue as a going concern. The Group expects operating cashflows in FY25 to be improved on FY24, driven by higher pricing and operational efficiencies of \$3-4 million from initiatives implemented in FY24.

The Directors 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 the financial report was approved.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 3.5 MANAGING OUR FINANCIAL RISKS

There are a number of financial risks the Group is exposed to that could adversely affect the achievement of future business performance. The Group's risk management program seeks to mitigate risks and reduce volatility in the Group's financial performance. Financial risk management is managed by the Audit and Risk Committee.

The Group's principal financial risks are:

- Liquidity risk;
- Credit risk; and
- Foreign currency risk.

### Managing liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's ability to meet its obligations to repay these financial liabilities as and when they fall due. The Group has a range of liabilities at balance date that will be required to be settled at some future date.

What is the risk?	How does MVP manage this risk?	Impact at 30 June 2024
The risk that MVP cannot meet its obligations to repay its financial liabilities as and when they fall due.	<ul style="list-style-type: none"> <li>• Maintaining adequate cash reserves and borrowing facilities.</li> <li>• Continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.</li> </ul>	The FY24 Financial statements have been prepared on a going concern basis. The Directors have assessed that the cash reserves at 30 June 2024, in addition to the cash inflows arising from the completion of the successful share placement and entitlement offer in August 2024, will provide the Group sufficient capacity to meet 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 (refer note 3.4).

The Group's financial instruments comprise cash, trade and other receivables, trade and other payables and lease liabilities. The Group does not hold any financial instruments that are measured subsequent to initial recognition at fair value.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

\$'000	Less than 1 year	1–5 year	More than 5 years	Total
<b>Year ended 30 June 2024</b>				
<b>Financial liabilities</b>				
Trade and other payables	8,254	-	-	8,254
Lease liabilities	371	1,609	582	2,562
	<b>8,625</b>	<b>1,609</b>	<b>582</b>	<b>10,816</b>
<b>Year ended 30 June 2023</b>				
<b>Financial liabilities</b>				
Trade and other payables	14,186	-	-	14,186
Lease liabilities	359	1,558	1,004	2,921
	<b>14,545</b>	<b>1,558</b>	<b>1,004</b>	<b>17,107</b>

The following table represents the changes in financial liabilities arising from financing activities:

\$'000	1 July 2023	Cash flows	30 June 2024
Lease liabilities	2,560	(274)	2,286
<b>Total liabilities from financing activities</b>	<b>2,560</b>	<b>(274)</b>	<b>2,286</b>
	1 July 2022	Cash flows	30 June 2023
Lease liabilities	2,813	(253)	2,560
<b>Total liabilities from financing activities</b>	<b>2,813</b>	<b>(253)</b>	<b>2,560</b>

### Managing credit risk

Credit risk represents the loss that would be recognised if counterparties failed to meet their obligations under a contract or arrangement. The Group has adopted a policy that customers who wish to trade on credit terms, will be subject to strict credit verification procedures (refer note 2.1).

The Group's exposure is continually monitored, with trade receivables consisting of a large number of customers. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low as its customers are located in several jurisdictions and industries and operate in largely independent markets.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 3.5 MANAGING OUR FINANCIAL RISKS (CONTINUED)

### Managing foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates to the Group's (i) operating activities which are denominated in a different currency from the entity's functional currency and (ii) net investments in foreign subsidiaries.

The Group currently operates through entities in three countries outside of Australia, with the following functional currencies:

Country of domicile	Functional currency
• United Kingdom	GBP
• Netherlands	EURO
• USA	USD

As the Group has an Australian dollar (AUD) presentation currency, which is also the functional currency of its Australian entities, this exposes the Group to foreign exchange rate risk.

What is the risk?	How does MVP manage this risk?	Impact at 30 June 2024
If transactions are denominated in currencies other than the functional currency of the operating entity, there is a risk of an unfavourable financial impact to earnings if there is an adverse currency movement.	The Group does not currently consider its exposure to foreign currency to be significant and as such forward contracts and currency swap agreements are not used. The Group expects to become increasingly exposed to the Euro as it's Pentrox European expansion progresses in coming years and will monitor the exposure accordingly.	Sensitivity analysis of the foreign currency net transactional exposures was performed to movements in the Australian dollar against the relevant foreign currencies, with all other variables held constant. This analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.  This analysis showed that a 10% movement in its major trading currencies would not materially impact net loss after tax.
As MVP has entities that do not have an Australian dollar (AUD) functional currency, if currency rates move adversely compared to the AUD, then the amount of AUD-equivalent profit would decrease, and the balance sheet net investment value would decline.	The Group does not currently consider its exposure to foreign currency to be significant. The Group expects to expand in countries outside of Australia in future years and will monitor its exposure accordingly.	Sensitivity analysis performed by management showed that a 10% +/- movement in its major translational currencies as at 30 June 2024 would not have a significant impact on equity and net loss before tax.

### How MVP accounts for foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency of the individual entity by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at reporting date.

Non-monetary items that are measured at:

- Historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.
- Fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of the controlled entities with non-Australian dollar functional currencies are translated into the presentation currency of MVP at the rate of exchange at the reporting date and their statements of comprehensive income are translated at the weighted average exchange rate for the year (where appropriate).

The exchange rate differences arising on the translation to presentation currency are taken directly to the foreign currency translation reserve, in equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Consolidated Statement of Comprehensive Income.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## Section 4 – Remunerating Our People

This section provides financial insight into employee reward and recognition designed to attract, retain, reward and motivate high performing individuals so as to achieve the objectives of the Group, in alignment with the interests of its shareholders.

This section should be read in conjunction with the Remuneration Report, contained within the Directors Report, which provides specific details on the setting of remuneration for Key Management Personnel.

### 4.1 EMPLOYEE BENEFITS

The Group's employee benefits expenses for the year were as follows:

\$'000	2024	2023
Payroll and other employee benefits expense	15,001	14,177
Superannuation contributions	1,306	1,427
Share based payments expense <sup>(1)</sup>	5,866	964
Contracted employee expense	1,299	5,047
<b>Total employee benefits expense</b>	<b>23,472</b>	<b>21,615</b>

<sup>(1)</sup> Share based payments expense includes \$5.1 million in the current year in relation to the cancellation of options granted to the CEO on commencement of his employment in FY21. The cancellation of options was approved at the 2023 AGM as part of the transition to new remuneration arrangements for the CEO. The expense recognised in the year is the unamortised amount of the fair value of the equity instruments (valued at the date the instruments were granted) that has not been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in prior periods. This is a non-cash adjustment and does not represent a benefit to the CEO.

The Group's current employee benefits provisions relate to annual leave entitlements of \$639,000 (2023: \$727,000). The non-current employee benefits provisions relate to long service leave entitlements of \$309,000 (2023: \$343,000).

#### How MVP accounts for employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Benefits expected to be settled within twelve months of the reporting date are classified as current and are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Under this method consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds (except for Australia where high quality corporate bond rates are used in accordance with the standards) with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

### 4.2 SHARE BASED PAYMENTS

#### Long term incentive plan

During the current period the CEO joined the Group's long-term incentive (LTI) program and was granted 617,620 performance rights. On acceptance of the invitation to join the LTI program, options previously held by the CEO were cancelled. Select senior executives also participate in the program, in total they were granted 1,031,743 performance rights during the year. The program has a performance hurdle linked to growth in the share price over a three year vesting period. Details in relation to performance hurdles and vesting conditions are outlined in section 3 of the 2024 Remuneration Report.

The rights were independently valued to establish fair value in accordance with AASB 2 Share Based Payments. The key assumptions used in the independent valuation are outlined in the table below.

Share price at valuation date	\$0.85
Volatility	60%
Risk free rate	4.27%
Expected dividend yield	Nil
Fair value per right	\$0.44
Model used	Monte Carlo Simulation

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 4.2 SHARE BASED PAYMENTS (CONTINUED)

### Performance rights

The table below shows the movement in performance rights holdings during the year, and the balance of vested and unvested rights at the end of the financial year.

	Balance at 1 July 2023	Number granted	Balance at 30 June 2024	Vested at 30 June 2024	Unvested at 30 June 2024
CEO	-	617,620	617,620	-	617,620
CFO	84,930	152,285	237,215	-	237,215
Executives	339,828	879,458	1,219,286	-	1,219,286
	424,758	1,649,363	2,074,121	-	2,074,121

### Ordinary shares under option

The table below shows the movement for ordinary shares under option during the current year.

Option Plans	Balance at 1 July 2023	Number forfeited	Balance at 30 June 2024
CEO	1,968,704	(1,968,704)	-

No options were exercised during the current year (2023: No options exercised). On acceptance of the invitation to join the LTI program, options previously held by the CEO were cancelled.

#### How MVP accounts for share based payments

Equity-settled share-based payments granted are measured at fair value at the date of grant.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. On the cancellation of equity instruments, the remaining unamortised amount of the fair value of the equity instruments will be expensed in the period in which the cancellation occurs.

At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest and the - impact of any revision on the original estimates is also recognised in the profit and loss.

## 4.3 KEY MANAGEMENT PERSONNEL

### Compensation of Key Management Personnel (KMP) of the Group

The amounts disclosed in the table below are the amounts recognised as an expense during the year relating to KMP:

\$'000	2024	2023
Short-term employee benefits	1,483	1,498
Post-employment benefits	100	93
Long-term employee benefits	6	2
Share based payments expense	5,497	1,259
<b>Total compensation</b>	<b>7,086</b>	<b>2,852</b>



# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## Section 5 – Other Disclosures

This section includes additional financial information that is required by the accounting standards and the *Corporations Act 2001*.

### 5.1 BASIS OF PREPARATION

#### Basis of preparation and compliance

This financial report:

- Comprises the financial statements of Medical Developments International Ltd, being the ultimate parent entity, and its controlled entities as specified in Note 5.4.
- Is a general purpose financial report.
- Has been prepared in accordance and complies with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.
- Complies with International Financial Reporting Standards (IFRS) and Interpretations as issued by the International Accounting Standards Board.
- Has been prepared on a historical cost basis.
- Has revenues, expenses and assets recognised net of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case GST is recognised as part of the acquisition of the asset or as part of the expense item to which it relates. The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.
- Is presented in Australian dollars with all values rounded to the nearest \$1,000, unless otherwise stated, in accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 1 April 2016.
- Has all intercompany balances, transactions, income and expenses and profit and losses resulting from intra-group transactions eliminated in full.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

The Group will adopt the new and amended standards and interpretations that are issued, but not yet effective, at the date they become effective. The Groups results and disclosures will not be materially impacted by these standards.

#### Comparatives

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

### 5.2 RELATED PARTY DISCLOSURES

There were no related party transactions during the 2024 financial year (2023: nil). Balances and transactions between the Company and its subsidiaries which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note.

Please also refer to note 4.3 for details of Key Management Personnel compensation.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 5.3 PARENT ENTITY FINANCIAL INFORMATION

\$'000	2024	2023
Current assets	23,068	40,646
Non-current assets	33,019	56,220
<b>Total assets</b>	<b>56,087</b>	<b>96,866</b>
Current liabilities	8,671	13,607
Non-current liabilities	3,861	4,451
<b>Total liabilities</b>	<b>12,532</b>	<b>18,058</b>
<b>Net assets</b>	<b>43,555</b>	<b>78,808</b>
<b>Equity</b>		
Issued capital	105,729	105,729
Reserves	2,852	5,806
Accumulated losses	(65,026)	(32,727)
<b>Total equity</b>	<b>43,555</b>	<b>78,808</b>
Loss of the Parent entity	(40,586)	(10,896)
<b>Total comprehensive loss of the Parent entity</b>	<b>(40,586)</b>	<b>(10,896)</b>

The above is a summary of the individual financial statements for Medical Developments International Ltd at balance date. Medical Developments International Ltd:

- is the ultimate parent of the Group;
- is a for-profit company limited by shares;
- is incorporated and domiciled in Australia;
- has its registered office at 4 Caribbean Drive, Scoresby, Victoria, Australia; and
- is listed on the Australian Stock Exchange (ASX) and its shares are publicly traded.

### How MVP accounted for information within parent entity financial statements

The financial information for the Company has been prepared on the same basis as the consolidated financial statements, except as set out below:

- Investments in subsidiaries are accounted for at cost less any impairment in the financial statements of Medical Developments International Ltd.

## 5.4 CONTROLLED ENTITIES

The Group's subsidiaries at 30 June 2024 are as follows:<sup>(1) (2)</sup>

### UNITED KINGDOM

Medical Developments UK Limited

- Distribution of pharmaceutical drug and respiratory products

### IRELAND

Medical Developments MD&P Limited

- Holder of Pentrox marketing authorisation for Ireland

### NETHERLANDS

Medical Developments NED B.V.

- Distribution of pharmaceutical products

### UNITED STATES OF AMERICA

Medical Developments International USA Inc.

- Distribution of respiratory products

<sup>(1)</sup> All entities are wholly owned (2023: wholly owned)

<sup>(2)</sup> Medical Flow Technologies Pty Ltd was a non-operating Australian subsidiary that was deregistered during prior year

### How MVP accounts for controlled entities

Controlled entities are fully consolidated when the Group obtains control and cease to be consolidated when control is transferred out of the Group. The Group controls an entity when it:

- is exposed, or has the rights, to variable returns from its involvement with the investee;
- and has the ability to affect those returns through its power over the entity, for example has the ability to direct the relevant activities of the entity, which could affect the level of profit the entity makes.

# FINANCIAL REPORT – NOTES TO THE FINANCIAL STATEMENTS

## 5.5 AUDITORS REMUNERATION

During the year, the following fees were paid or payable for services provided by Medical Developments International Ltd's external auditors Deloitte Touche Tohmatsu:

\$	2024	2023
<b>Fees to Deloitte Touche Tohmatsu</b>		
Fees for the audit or review of the statutory financial report of the group	<b>235,000</b>	187,500
Fees for taxation compliance services	<b>49,300</b>	38,180
Fees for other services	<b>48,828</b>	-
<b>Total fees to Deloitte Touche Tohmatsu</b>	<b>333,128</b>	<b>225,680</b>

## 5.6 SEGMENT ASSETS AND SEGMENT LIABILITIES

### Segment assets

\$'000	2024	2023
Pain Management	<b>39,898</b>	58,891
Respiratory	<b>8,262</b>	7,947
<b>Total Segment Assets</b>	<b>48,160</b>	<b>66,838</b>
<b>Reconciliation to total assets<sup>(1)</sup>:</b>		
Cash and cash equivalents	<b>9,735</b>	24,661
Deferred tax assets	-	8,112
Other	<b>1,266</b>	1,702
<b>TOTAL ASSETS</b>	<b>59,161</b>	<b>101,313</b>

### Segment liabilities

\$'000	2024	2023
Pain Management	<b>5,994</b>	11,997
Respiratory	<b>2,260</b>	2,579
<b>Total Segment Liabilities</b>	<b>8,254</b>	<b>14,576</b>
<b>Reconciliation to total liabilities<sup>(1)</sup>:</b>		
Employee benefits provisions	<b>948</b>	1,070
Deferred tax liabilities	<b>19</b>	-
Lease liabilities	<b>2,286</b>	2,560
Unearned income	<b>1,920</b>	1,792
<b>TOTAL LIABILITIES</b>	<b>13,427</b>	<b>19,998</b>

<sup>(1)</sup> These reconciling items are managed centrally and not allocated to reportable segments

## 5.7 SUBSEQUENT EVENTS

On 26 July 2024 the Group announced a fully underwritten capital raise of \$10 million comprising an institutional placement and non-renounceable entitlement offer to accelerate growth and improve balance sheet strength. The institutional component of the placement was completed on 30 July 2024 with gross proceeds of \$6.9m being received. The entitlement offer closed on 22 August 2024, with gross proceeds of \$3.1 million expected to be received on 27 August 2024.

Other than included above, there has not been any matter or circumstance that has arisen that has 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.

# Consolidated Entity Disclosure Statement

## For the year ended 30 June 2024

Disclosed in the table below are company details of the parent entity Medical Developments International Ltd, and each subsidiary entity:

Entity name <sup>(1)</sup>	Entity type	Place of incorporation	Share capital held	Tax residency
Medical Developments International Limited	Body Corporate	Australia	N/A	Australia
Medical Developments UK Limited	Body Corporate	United Kingdom	100%	United Kingdom
Medical Developments MD&P Limited	Body Corporate	Ireland	100%	Ireland
Medical Developments NED B.V.	Body Corporate	Netherlands	100%	Netherlands <sup>(1)</sup>
Medical Developments International USA Inc.	Body Corporate	United States	100%	United States

<sup>(1)</sup> The Group are currently reviewing the tax residency of Medical Developments NED B.V. to determine if it meets the criteria of an Australian tax resident. This will include making a submission to the Australian Taxation Office, so a formal assessment of tax residency can be achieved.

## 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;
- 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 Group;
- c) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 5.1 of the financial statements; and
- d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.
- e) In the directors' opinion the attached Consolidated Entity Disclosure Statement is true and correct

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Gordon Naylor  
**Company Chair**

Dated 26 August 2024