Medical Developments International

ANNUAL REPORT

Financial Year ended 30 June 2022

Contents

A message from the Company Chair

On behalf of the Board of Directors of Medical Developments International, it is my pleasure to present to you our Annual Report for the year ended 30 June 2022.

FY22 Progress

I am pleased with the progress made by the Company in FY22 in executing our growth strategy.

In the year, the Company delivered strong revenue growth, in a COVID impaired environment, with our key segments of Pain Management and Respiratory performing well. We successfully established direct sales capability in Western Europe to accelerate the penetration of Penthrox®, with pleasing early results in France.

During the year, Brent made substantial changes to the leadership and capability of the organisation, including overhauling the executive compensation system to more directly align with shareholder interests. MVP is building foundations for successful strategy execution as a global healthcare company.

We achieved a significant milestone in the United States, with the FDA lifting the clinical hold on Penthrox® in March 2022, allowing a Phase III clinical trial to commence. This opens the door for the next phase of growth beyond Western Europe and represents a truly transformational opportunity for the Company. Planning for the trial is underway.

In August 2022 we successfully completed a $30 million capital raising. I was encouraged by the support we received from the market in difficult circumstances. This funding will allow us to aggressively pursue our international growth aspirations and build out our capability to do so.

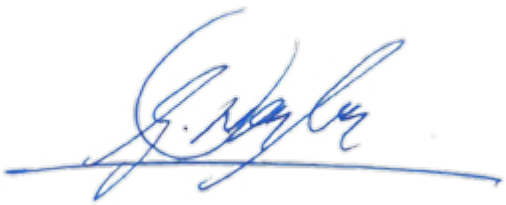
Board Changes

After more than 14 years as a non-executive director of the Company, Max Johnston will retire in October 2022. The Board and I would like to thank Max for his invaluable contribution since joining the Board in 2012, including time as interim CEO ahead of Brent's commencement, and wish him all the best for the future.

Thank You

On behalf of the Board of Directors, thank you to Brent and the entire Medical Developments team who have been outstanding during a challenging year.

Importantly, we thank you, our shareholders, for your continued support and investment.



Gordon Naylor Company Chair

CEO Update

In FY22 we delivered strong revenue growth and made considerable progress in transitioning the Company to support direct sales in key markets. This included building the leadership and functional capability to fulfill our growth aspirations. I am proud of our achievements, particularly given the challenging market backdrop we have operated in, and I remain excited about the opportunities we see ahead in FY23.

Group Performance

FY22 was an encouraging year for our business, despite significant disruptions arising from COVID. These included restrictions to hospitals, labour and supply chain disruption, and community lockdowns. Against this backdrop we performed well. Underlying revenue was up 37%, growing to $22.4 million.

Our Penthrox® segment delivered revenue growth of 29%. Direct sales in Australia and France grew strongly, and our distribution partner in the UK and Ireland delivered record results. A very encouraging outcome.

Our respiratory business grew more than 50% over last year, with good growth in the US. A great result for the team with its focus on that critical market.

Reported EBIT was a loss of $15.9 million, reflecting our continued investment in building the business. We have established direct sales capability in Europe, and we have enhanced our leadership and functional teams. We will leverage these investments as we drive penetration and increase volumes.

Strategy

Our strategic focus is to accelerate the penetration of Penthrox® in select European markets, and in Australia, through direct in-market capability and to grow our Respiratory segment through market share gains. In the longer-term, we aspire to deliver the next wave of growth for Penthrox® through entry into the US.

We have plans in place that we expect will grow our sales volumes significantly over time and that will transform us from an Australian company selling its products overseas, into a global healthcare Company, based in Melbourne.

We successfully established a European regional platform and deployed a sales team in France. This follows the reclamation of the Penthrox® distribution rights in Europe from Mundipharma in FY21, and our decision to pursue a direct sales approach in these markets. We believe a direct sales approach will speed our effort to realise the full potential of Penthrox®. Our success in France in FY22 affirms our approach.

I have transformed my leadership team and enhanced functional capability across the company. Having the right leadership and capability in place is critical to the delivery of our strategy. Assembling the right talent has been a key focus for me over the last year, and I am pleased with the team we now have in place.

I have made new appointments in the areas of finance, commercial, human resources, medical affairs, quality, operations and legal. I now have an experienced and capable team, with rich global experience and a record of performance. We will harness the experience and capabilities they bring to the Company to drive a performance driven culture that is collaborative and transparent.

We simplified our portfolio. We have exited the Veterinary segment and concluded the Continuous Flow Program. Our focus has narrowed to the growth segments of Penthrox® and Respiratory where we believe we can deliver significant value.

We strengthened our balance sheet. Our recent capital raise increased our cash reserves by approximately $28.5 million, providing us with nearly $50 million to execute our growth plans.

And finally, as we reported in March, we gained approval to commence Phase III clinical trials for Penthrox® in the United States.

So overall, a very encouraging year. We are building a solid foundation for continued growth.

Outlook

In respect of the outlook for the year ahead, we expect further progress in our strategy to underpin strong revenue growth. This will be driven by:

- Significant growth in France
- Penetration in Australian hospital emergency departments
- Continued growth in Australian ambulance segment
- Enhanced distributor engagement
- Further market share gains in Respiratory segment, primarily in the US

Thank You

I would like to take this opportunity to thank our shareholders for their continued support and confidence in the Company and to thank the Board of Directors for their support and guidance as we transform the Company and drive execution of our strategy.

I am excited about our future, and I look forward to updating you on further progress in the year ahead.

Brent MacGregor Chief Executive Officer

Company Overview

A leader in acute pain relief and respiratory products

Pain Management

A world leader in the supply of analgesia for acute trauma and procedural pain

The Company manufactures its unique inhaled analgesic, Penthrox® (the "Green Whistle"), at manufacturing facilities at Scoresby and Springvale in Victoria, Australia. Penthrox® is a fast onset, non-opioid analgesic indicated for pain relief by self-administration in patients with trauma and those requiring analgesia for surgical procedures. Penthrox® has been used safely and effectively for more than 40 years in Australia, and is now approved for sale in over 40 countries with approximately 8 million administrations globally.

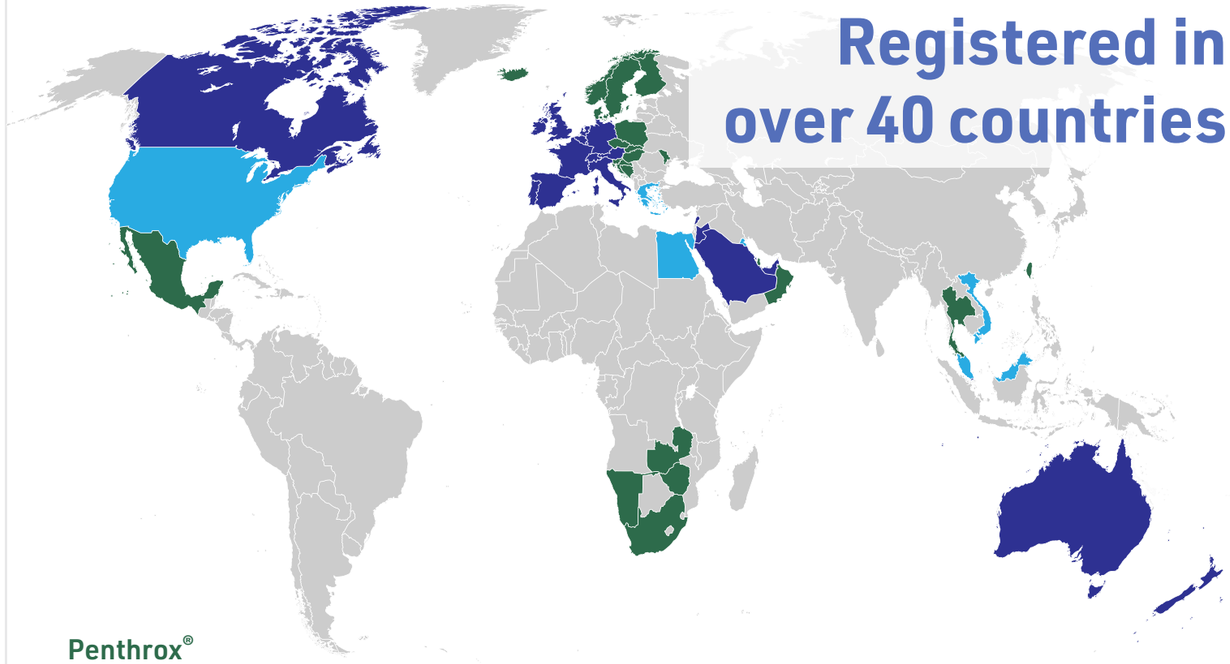
Respiratory

A leading supplier of respiratory products to assist patients manage asthma and chronic obstructive pulmonary disease (COPD)

The Company supplies pharmacies, medical clinics, and hospitals with a range of respiratory devices including space chambers, portable nebulisers and silicon face masks in Australia, the USA, Europe, and Asia, either directly or through partnership with leading distributors.

Strategy

The Company's strategic focus is to accelerate penetration of Penthrox® through direct in-market capability in Australia and Western Europe, and to grow its Respiratory segment through market share gains. Unconditional approval from the FDA to commence Phase III clinical trials for Penthrox® has opened the door for longer-term growth in the USA.



FY22 Highlights

Financial Overview

Revenue	Pain Management Revenue	Respiratory Revenue
$22.4m	$13.7m	$8.2m
+37%[1] (underlying)	+29%[1] (underlying)	+53%

Reported EBIT	NPAT	Cash at bank
$(15.9)m	$(12.4)m	$20.4m

1. Prior year excludes Mundipharma contract termination income of $8.9m

Key Achievements

- European regional platform established, and in-market sales team deployed in France, growth in FY22 affirms direct sales strategy
- Leadership team transformed - with strong international and industry experience providing a deeper focus on commercial execution
- Functional teams enhanced – bringing new ways of working and a stronger focus on operational excellence
- Business portfolio simplified – strategic focus narrowed to growth segments of Pain Management and Respiratory
- Doors opened to the USA - unconditional approval provided by FDA to conduct a Phase III clinical trial for Penthrox®
- Balance sheet strengthened – successful $30 million capital raise provides funding for growth

Review of Operations and Financial Performance

OVERVIEW

- Underlying revenue up 37% to $22.4 million (excluding $8.9 million of income recognised in the prior corresponding period (pcp)arising from the Mundipharma contract termination). On a reported basis, revenue was down 12% on the pcp ($25.3 million).
- Net loss after tax of $12.4 million, an improvement of 1.3% on the pcp ($12.6 million).
- Underlying EBITDA loss of $11.7 million, down 84.0% on the pcp ($6.4 million), reflecting increased investment in capability to underpin delivery of the Group's global growth strategy. Underlying EBIT loss of $14.7 million, down 44.9% on the pcp ($10.1million).
- Strong growth in Pain Management segment revenue, up 29% (excluding $8.9 million of income recognised in the pcp arising from the Mundipharma contract termination) driven by strong growth in Penthrox® volumes:
  - European growth strategy gaining momentum, with volumes up 28% driven by growth in France, the UK and Ireland
  - In-market capability in France well established and delivering solid growth following COVID disruptions, with record average volumes achieved in 4Q22
  - Pleasing volume momentum in the UK and Ireland, with the Galen partnership delivering record volumes for the year despite COVID setbacks, up 22% on the pcp
  - Strongly improved volumes in Australia, up 29%
- Respiratory revenue up 53%, reflecting a rebound in demand and market share growth
- Business portfolio simplified with strategic focus narrowed to growth segments of Pain Management and Respiratory
  - Veterinary exited, with impairment losses of $0.6 million recognised in the period
  - Continuous Flow API program concluded, with $0.6 million of concluding expenses recognised in the period
- Senior leadership team transformed with new appointments in the areas of Finance, Commercial, Quality, Medical Affairs, Clinical Development, Human Resources and Legal, bringing strong international and industry experience providing a deeper focus on commercial execution
- Outstanding progress achieved on the Company's strategy to accelerate penetration of Penthrox® in global markets
  - European regional team established, and in-market sales team fully deployed in France
  - Australian commercial capability enhanced, with in-market sales team to be deployed in 1H23
  - Distribution arrangement agreed with Paladin Labs in Canada, with supply to commence in FY23
  - Global branding and marketing initiatives to reposition Penthrox® in core segments commenced
  - Next generation product development ("Selfie") progressing well
  - Phase III clinical trials in the USA approved by the FDA, with the clinical hold lifted unconditionally. Planning for trials progressing
- Balance sheet strengthened, with successful capital raise in August 2022 enhancing cash reserves by approximately $28.5 million and providing up to $17 million additional capital by September 2024 (pending the exercise of attaching options). The capital raise will support delivery of the Group's growth strategy.

GROUP RESULTS

Revenue

$'000	2022	2021	Change %
Pain Management	**13,694**	10,593	29.3%
Respiratory	**8,220**	5,356	53.5%
Veterinary	**455**	380	19.7%
Underlying revenue	**22,369**	16,329	37.0%
Add: Mundipharma contract termination income[1]	**-**	8,943	
Reported revenue	**22,369**	25,272	(11.5%)

(1) To enhance comparability, segment revenue in the prior year excludes contract income of $8.9 million recognised in the Pain Management segment arising from the termination of the European distribution rights for Penthrox® previously held by Mundipharma.

Underlying revenue for the year of $22.4 million was 37.0% higher than the pcp. Volumes were up in all markets, despite continued COVID setbacks. The final quarter of the year, supported by the easing of COVID restrictions, delivered pleasing momentum, with record average in-market Penthrox® volumes in Europe, and record global Respiratory sales.

The Company discontinued its Veterinary segment during the year following a decision to narrow strategic focus to its growth segments of Pain Management and Respiratory. During the year, the Veterinary segment contributed revenue of $0.5 million.

Operating Performance

$'000	2022	2021	Change %
Underlying EBITDA[2]	**(11,724)**	(6,372)	(84.0%)
Depreciation and amortisation	**(2,945)**	(3,749)	
Underlying EBIT[3]	**(14,669)**	(10,121)	(44.9%)
Impairment losses – Pain Management segment	**-**	(4,250)	
Impairment losses – Respiratory segment	**-**	(4,706)	
Impairment losses – Veterinary segment	**(581)**	-	
Finalisation of costs for the CSIRO Continuous Flow technology program	**(600)**	-	
Mundipharma contract termination income	**-**	8,943	
European transition costs	**-**	(4,794)	
Underlying adjustments	**(1,181)**	(4,807)	
Net interest expense	**(58)**	(50)	
Income tax benefit	**3,501**	2,413	
Net loss after tax	**(12,407)**	(12,565)	1.3%

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

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

Net loss after tax was $12.4 million, an improvement of 1.3% on the pcp ($12.6 million). Underlying EBIT loss was $14.7 million, down 44.9% on the pcp ($10.1 million).

Earnings benefitted from higher volumes in both the Pain Management and Respiratory segments and higher Penthrox® margins, driven by growth in direct market sales. Operating costs were higher, mostly due to the discontinuation of the JobKeeper program in Australia ($1.5 million benefit in the pcp), higher freight and distribution costs arising from global freight disruption, and higher marketing and employee related expenses. Employee expenses reflect the investment phase the Group is in, with increased in-market capability in both Australia and Europe, a transformed leadership team, and deeper functional capability, which together will underpin the Group's growth strategy.

Depreciation and amortisation was down $0.8 million on the pcp.

Underlying adjustments include:

- Impairment losses recognised in the current year related to the Group's decision to discontinue the Veterinary business ($0.6 million).
- Impairment losses recognised in the prior year for Pain Management and Respiratory as a result of impairment testing performed.
- Contract income arising from the termination of the European distribution rights for Penthrox® previously held by Mundipharma.
- Transition costs incurred in terminating the Mundipharma distribution contract.

The Veterinary segment was effectively breakeven at an EBIT level in the current year compared to an EBIT of $0.1 million in the pcp.

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

Cash Flow

$'000	2022	2021	Change %
Net cash flows used by operating activities	**(10,777)**	(8,890)	(21.2%)
Payments for property, plant and equipment	**(1,199)**	(1,247)	3.8%
Payments for other intangible assets	**(4,015)**	(5,313)	24.4%
Proceeds from issue of shares (net of transaction costs)	**357**	36,347	(99.0%)
Other cashflows	**(160)**	(150)	(6.7%)
Net increase / (decrease) in cash and cash equivalents	**(15,794)**	20,747	(176.1%)

Net cash flows used in operating activities were $10.8 million, 21.2% higher than the pcp. The benefit of a tax refund of $2.7 million in the current period was offset by higher net payments, reflecting higher operating costs, as discussed in the Group Results section.

Payments for property, plant and equipment were $1.2 million for the year, broadly in line with the pcp, mostly related to the Company's manufacturing operations.

Payments for other intangible assets were $4.0 million, mostly related to trials and market registration activities.

Balance Sheet

Key Items - $'000	2022	2021	Change %
Cash	**20,398**	36,277	(43.8%)
Other current assets	**13,971**	11,110	25.8%
Property plant & equipment	**11,552**	11,704	(1.3%)
Intangible assets	**40,687**	38,847	4.7%
Deferred tax assets	**5,612**	2,237	150.9%
Total Assets	**92,220**	100,175	(7.9%)
Trade and other payables	**9,368**	6,002	56.1%
Employee benefit provisions	**1,052**	847	24.2%
Unearned income	**21,689**	21,975	(1.3%)
Lease liabilities	**2,813**	3,049	(7.7%)
Total Liabilities	**34,922**	31,873	9.6%
Net Assets	**57,298**	68,302	(16.1%)

Net change in cash for the period was $15.9 million. Following the end of the reporting period, the Company undertook a successful capital raise, which has increased cash reserves by approximately $28.5 million.

The movement in other current assets includes an increase in trade and other receivables of $3.4 million and an increase in inventories of $1.4 million, mostly reflecting higher overall volumes and the need to hold more raw material stock in response to significant disruptions in global supply chains.

The increase in property plant and equipment and intangible assets reflects purchases during the year as referred to above, net of depreciation and amortisation of $2.9 million and impairments of $0.6 million.

The increase in trade and other payments of $3.4 million mainly relates to higher inventory purchases. The increase in employee benefits provision mostly relates to higher headcount.

REVIEW OF OPERATIONS

Pain Management

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

$'000	2022	2021	Change %
Underlying revenue	**13,694**	10,593	29.3%
Underlying EBITDA	**(6,018)**	(2,266)	(165.6%)
Underlying EBIT	**(8,461)**	(5,425)	(56.0%)

Revenue for Pain Management of $13.7 million was 29.3% higher than the pcp. This excludes the contract income of $8.9 million recognised in the pcp arising from the termination of the European distribution rights for Penthrox® previously held by Mundipharma. Volume growth was delivered in all markets, with in-market unit volumes up 25%.

In Europe the Company's growth strategy gained momentum with in-market volumes up 28%, driven particularly by growth in France, the UK and Ireland.

In-market sales capability was fully deployed in France in 1H22 with eight Key Account Managers. While COVID related hospital shutdowns slowed sales growth here through much of the period, momentum returned in 4Q22, with record average volumes achieved. This is pleasing progress and has affirmed the Company's go-to-market strategy.

The Galen distribution partnership in the UK and Ireland delivered record volumes despite COVID setbacks, with in-market volumes up 22% versus the pcp. This reflects Galen's advocacy for the overall benefits of Penthrox® in both emergency department and ambulance settings.

In Australia, volumes were up strongly with growth of 29%, a solid result against a backdrop of continued COVID disruptions through much of the period.

Underlying EBIT loss for the year was $8.5 million. The benefit to earnings of higher volumes and improved margins, from growth in direct sales, was offset by higher costs. These costs were related mostly to the expansion of in-market capability in Australia and Europe, in line with strategy, the discontinuation of the JobKeeper program in Australia ($1.5 million benefit in pcp) and higher marketing costs.

Respiratory

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

$'000	2022	2021	Change %
Underlying revenue	**8,220**	5,356	53.5%
Underlying EBITDA	**262**	57	359.6%
Underlying EBIT	**27**	(158)	117.1%

Revenue for the Respiratory segment of $8.2 million for the year was $2.9 million (53.5%) higher than the pcp. The increase was driven by market share gains, particularly in the USA, and a rebound in demand.

In terms of earnings performance, the benefit of higher volumes was partly offset by the impact of higher freight and supply chain costs arising from global market disruption.

BUSINESS STRATEGY

The Group's nearer term strategic focus is to accelerate penetration of Penthrox® in existing markets through direct in-market capability in key Western European markets and in Australia, 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 Penthrox®, with particular focus on the USA.

Execution of strategy in FY22

The Group has made solid progress in building a platform to underpin the delivery of strategy. In FY22:

- The European regional team was established providing the infrastructure to support growth.
- An in-market sales team in France was deployed – with momentum in the French market during the period providing strong support for the direct sales strategy.
- Branding and marketing initiatives to reposition Penthrox® in core segments were commenced.
- The leadership team was transformed, bringing strong international and industry experience and a deeper focus on commercial execution.
- Functional teams were enhanced, bringing new ways of working to the Company and a stronger focus on operational excellence.
- The business portfolio was simplified – with the Group's strategic focus narrowed to the growth segments of Pain Management and Respiratory; and
- Unconditional approval was provided by the FDA to conduct a Phase III clinical trial for Penthrox® in the USA.

Strategic priorities in FY23

The Group will continue to build a platform for growth, with key priorities in FY23 including:

- Continued penetration of Penthrox® in France.
- Market entry planning for Germany, Italy and Spain.
- Investment in direct in-market sales capability in Australia to drive penetration of Penthrox® in hospital emergency departments and the ambulance segment.
- Further investment in platform capability to support growth.
- Growing market share in the Respiratory segment; and
- Planning for trials in the USA.

OUTLOOK

We expect strong revenue growth to continue in FY23. The following are expected to drive the growth trajectory:

- Significant growth in France.
- Penetration in Australian hospital emergency departments.
- Continued growth in the Australian ambulance segment.
- Enhanced distributor engagement; and
- Further market share gains in the Respiratory segment, primarily in the US.

OTHER EVENTS OF SIGNIFICANCE

Capital raising August 2022

On 4 August 2022 the Company announced a fully underwritten placement and entitlement offer to raise $30 million. The placement and institutional component of the entitlement offer was successfully completed on 8 August 2022, raising approximately $20 million. The retail entitlement offer closed on 25 August 2022. After fees, proceeds from the capital raising were approximately $28.5 million.

BUSINESS RISKS

There are various internal and external risks that may have a material Impact on the Group's future financial performance and economic sustainability. The Group makes every effort to identify material risks and to manage these effectively. Material risks that could adversely impact the Group's financial prospects are listed below. These risks are not to be interpreted as an exhaustive list of the risks the Group is exposed to, nor are they in order of significance.

People risk

Future financial and operational performance of the Group is significantly dependant on the performance and retention of key personnel, in particular Senior Management. The unplanned or unexpected loss of key personnel, or the inability to attract and retain high performing individuals to the business may adversely impact the Group's future financial performance.

The Group has implemented and developed initiatives to attract, develop and retain key people, including short and long-term incentive plans for senior executives and pay review processes to ensure alignment with market. To attract suitable high performing individuals, the Group uses specialist recruitment services where appropriate, and has recruitment processes in place that have the involvement of key personnel in the decision-making process.

Cyber risk

Data security is fundamental to protect privacy of information and to protect critical intellectual property. Advances in technology have resulted in an increased volume of data being stored electronically. There is an increasing risk of cyber-attacks and crime, which may lead to systems and data breaches, interruption to operations and an adverse effect on the Group's future financial performance.

To manage this risk, the Group has focused on cyber security training, enhanced back-up procedures, improved firewall and screening mechanisms and engaged third-party providers to advise on key risk areas.

Counterparty risk

As a manufacturing and distribution company, MVP is heavily reliant on its main customers, suppliers, and strategic partners.

Inputs for MVP's products consist of raw materials and packaging components and are purchased from various third-party suppliers. The loss of key suppliers or a significant disruption or interruption in the supply chain could have a material adverse effect on the manufacturing and packaging of MVP's 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.

In managing this risk, the Group maintains critical stock levels and seeks, where possible, to identify alternate sources of supply. The Group closely collaborates with key suppliers and undertakes regular forecasting of demand and supply needs.

The Group relies on distributors and other third parties in some of the markets in which it operates to distribute products to customers. There is a risk that these third parties do not perform to the Group's expectations. In managing this risk, the Group enters long term contractual arrangements with non-performance clauses.

Competitor risk

The pharmaceutical market is highly competitive. There is a risk that a new product renders the Company's products obsolete or inferior, or pricing, promotional or advertising activities of competitors creates a perception that the Company's products are inferior or are priced uncompetitively.

In managing this risk, the Company maintains focus on new product development and invests in experienced personnel with deep industry knowledge and an understanding of competitor dynamics.

Product safety and liability risk

Product safety or quality failures, actual or perceived, or allegations of product contamination, even when false or unfounded, could tarnish the image of the Group's brands and could cause consumers to choose other products. Allegations of contamination or other adverse commentary on product safety or suitability for use by a particular consumer, even if untrue, may require the Group to recall a product from all the markets in which the affected product was distributed.

In managing this risk, the Group maintains strict adherence to documented testing and production processes, undertakes third-party testing of batches prior to release and undertakes supplier audit processes and internal training.

Regulatory and legislative risk

The Group is subject to numerous laws and regulations in Australia and overseas. Changes in these laws and regulations, including their interpretation or enforcement, that affect, or will affect, the Company's business or products, including changes in accounting standards, tax laws and regulations, environmental or climate change laws, restrictions or requirements related to product content, labelling and packaging, regulations or accords, trade rules and customs regulations, could adversely affect the financial results of the Group.

In managing this risk, the Group has appointed a Group legal counsel, ensures all personnel have the requisite technical qualifications to perform in their role, and where required, seeks support from third-party advisers with requisite skills and experience.

Financial Reports

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 2022. This Consolidated Financial Report was issued in accordance with a resolution of the Directors on 26 August 2022.

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:

Contents

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 2022.

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, and was Chair of the Human Resources Committee from 1 September 2021 to 19 April 2022 and remains a member of the Committee.

Public company directorships in the past 3 years

Orica Limited (since 1 April 2022)

Mr D J Williams

B.Ec (Hons), M.Ec, FAICD

Non-Executive Director (since 16 September 2003)

Managing Director of Kidder Williams Ltd, with over 35 years experience in the investment banking sector. Mr Williams is also Chair of PolyNovo Ltd and RMA Global Limited.

Public company directorships in the past 3 years

Polynovo Limited (Chair) since 13 March 2014 and RMA Global Limited (Chair) since 27 November 2016

Mr R M Johnston

Non-Executive Director (since 5 November 2012)

Mr Johnston was Chair of Auscann Group Holdings Ltd and a former non-executive director and Chair of Probiotec Limited. He is also a former non-executive director of Enero Group Limited, Polynovo Limited and ProLife Foods New Zealand. For 11 years he was President and Chief Executive Officer of Johnson & Johnson Pacific and an Executive Director of Johnson & Johnson. Mr Johnston has also held several prominent industry roles as a past President of ACCORD Australasia Limited, a former Vice Chair of the Australian Food and Grocery Council and a former member of the board of ASMI. Mr Johnston has had extensive overseas experience during his career in leading businesses in Western and Central-Eastern Europe, Africa as well as Asia-Pacific. Mr Johnston was acting CEO of MVP from 5 June 2020 until 31 October 2020.

Public company directorships in the past 3 years

Polynovo Limited from 13 May 2014 to 13 November 2020, AusCann Group Holdings Ltd since 20 December 2019, Inoviq Limited since 17 June 2019 and Tissue Repair Ltd November since 7 October 2021

Mr L Hoare

AssocDipAppSc(Orth), GradDipBus, GAICD

Non-Executive Director (since 27 September 2013)

Mr Hoare is 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 ANZ (all divisions) until 2015, one of the Smith & Nephew's largest global subsidiaries outside the USA. He served as President of Smith & Nephew's Asia Pacific Advanced Wound Management (AWM) business for 5 years and was a member of the Global Executive Management for the AWM Division. In his 24 years with Smith & Nephew, he also held roles in Marketing, Divisional and General Management.

His career has also included a senior role at Bristol-Myers Squibb (medical devices), and as Vice-Chair of the board of Australia's peak medical device industry body, Medical Technology Association of Australia.

Mr Hoare is a member of the Human Resources Committee, and held the Chair from 19 April 2022.

Public company directorships in the past 3 years

Polynovo Limited since 27 January 2016

Ms C Emmanuel-Donnelly

B.Sci (Hons), M. ENT, FIPTA, MAICD

Non-Executive Director (since 26 May 2020)

Ms Emmanuel-Donnelly is an experienced patent and trademark attorney, and a business development professional having more than 30 years' experience locally and internationally. Ms Emmanuel-Donnelly is a former Executive Manager of Business Development and Commercial at the CSIRO, where she founded and led the management of CSIRO's IP team and managed the growth of 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) and Davies Collison Cave and Griffith Hack in Melbourne. She is also IP & Commercialisation manager at RMIT University, Vice President of the Council of Patent & Trademarks Attorneys of Australia and on the Life Sciences Council of SPE Australia.

Public company directorships in the past 3 years

Polynovo Limited since 13 May 2020

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 20 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 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.

Company Secretary

Ms T Eaton

Company Secretary (since 8 August 2022)

Ms Tara Eaton joined the Company from Australian Red Cross where she has been General Counsel since October 2018. Prior to her role at the Red Cross, Tara spent more than ten years in the pharmaceutical industry, including three years as Legal and Compliance Director at Gilead Sciences ANZ, and more than seven years as Legal Director at Merck & Co. Tara 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. Tara 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 Penthrox®, a fast acting trauma and emergency pain relief product, used in hospital emergency departments, ambulance services, sports medicine and for analgesia during short surgical procedures. MVP also distributes a range of respiratory devices for sufferers of asthma and COPD (chronic obstructive pulmonary disease).

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

A review of the operations and financial performance of the Group during the year and of the results of those operations is contained in the ASX announcement on 26 August 2022.

CHANGES IN STATE OF AFFAIRS

Other than as discussed in the "Review of Operations and Financial Performance" in the ASX announcement on 26 August 2022, there was no significant change in the state of affairs of the Company during the year.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 4 August 2022 the Company announced a fully underwritten placement and entitlement offer to raise $30 million. The placement and institutional component of the entitlement offer was successfully completed on 8 August 2022, raising approximately $20 million. The retail entitlement offer closed on 25 August 2022. After fees, proceeds from the capital raising were approximately $28.5 million.

Cash proceeds will be used to underpin the delivery of strategy to accelerate penetration of Penthrox® in global markets. For further details on the Company strategy refer to the "Review of Operations and Financial Performance" in the ASX announcement 26 August 2022.

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 2022 and elsewhere in the Annual Report.

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.

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

During the financial year, the Company insured the Directors of the Company (as named above) and all executive officers of the Company against a liability incurred as such a Director, Secretary or Executive Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

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).

	Board of Directors		Audit & Risk Commitee		Human Resources Commitee	
	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
Mr G Naylor	11	11	nm	nm	13	13
Mr D J Williams	11	10	nm	nm	nm	nm
Mr R M Johnston	11	11	4	4	13	12
Mr L Hoare	11	11	nm	nm	13	13
Ms C Emmanuel-Donnelly	11	11	4	4	nm	nm
Ms M Sontrop	11	11	2	2	nm	nm
Mr R Betts	11	10	4	4	nm	nm
Former Director						
Mr P J Powell [1]	4	4	2	2	nm	nm

nm - not a member of the relevant committee

[1] Mr Powell resigned as a Non-Executive Director on 27 October 2021

DIRECTORS' SHAREHOLDINGS

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

	Relevant Interest in Ordinary Shares
Mr G Naylor	630,815
Mr D J Williams	9,515,242
Mr R M Johnston	60,000
Mr L Hoare	38,244
Ms C Emmanuel-Donnelly	15,385
Ms M Sontrop	18,630
Mr R Betts	3,300

Directors hold no options over shares as at 30 June 2022 (2021: Nil).

AUDITED REMUNERATION REPORT

This Remuneration Report for the year ended 30 June 2022 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.

The Remuneration Report is presented under the following sections:

1. Introduction

The Remuneration Report details the remuneration arrangements for key management personnel (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 all Non-Executive Directors of the Board, the Chief Executive Officer Brent MacGregor and the Chief Financial Officer Anita James.

Key Management Personnel

Name	Position	Term as KMP in 2022
Non-Executive Directors (NEDs)		
Mr G Naylor	Non-Executive Chair	Full Year
Mr D J Williams	Non-Executive Director	Full Year
Mr R M Johnston	Non-Executive Director	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
Executive KMP		
Mr B MacGregor	Chief Executive Officer (CEO)	Full Year
Ms A James	Chief Financial Officer (CFO)	Appointed 16 May 2022
Former KMP		
Mr P J Powell	Former Non-Executive Director	Resigned 27 October 2021
Mr M Edwards	Former Chief Financial Officer	Resigned 27 May 2022

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

2. Governance

Human Resources Committee

During the year, the Human Resources Committee was re-formed and undertook a comprehensive review of compensation practices at the Company. The Committee comprises Mr Hoare, Mr Naylor and Mr Johnston.

One of the key outcomes was the introduction of a comprehensive system of short term incentives for senior employees where annual objectives are rigorously driven by business strategy and assessment is standardised across the business. In addition, a "bonus multiplier" was introduced which gives senior employees direct exposure to business performance against annual financial targets.

In addition, a new long term incentive programme has been developed. To be offered to select senior employees, the primary objective of the long term incentive programme is to align senior management interests with those of shareholders. It is also seen as key to attracting high calibre talent. Existing legacy arrangements will be forfeited on acceptance of the offer to join the new long term incentive programme.

The Committee sets the remuneration framework and monitors the activities listed below, including making recommendations and providing reports to the Board on the following:

- The salary package of the CEO and compensation of the non-executive directors (changes are approved by the Board as a whole);
- 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;
- Assess remuneration practices for internal and external alignment;
- Recruitment, retention and termination policies and practices for senior Management;
- Any other remuneration or human resources tasks referred to the Committee by the Board.

The Committee comprises at least three Non-Executive Directors and meet as often as the Committee members deem necessary to fulfil the Committee's obligations. The Committee Secretary is Ms Greer Lucas, Head of People & Culture.

Use of remuneration consultants

The Human Resources Committee may seek advice from independent remuneration advisors with respect to information and recommendations relevant to remuneration decisions.

During the financial year ended 30 June 2022, the Committee obtained remuneration advice from Mercer Consulting (Australia) in relation to the executive short term incentive plan and long term incentive plan design. The Company paid $31,000 for these services.

3. Executive remuneration arrangements

Remuneration policy

The Company's remuneration strategy seeks to appropriately reward, incentivise and retain senior executives. The Board aims to achieve this by setting competitive remuneration packages that include:

- Base salary, which is determined by reference to the market rate based on remuneration at similar sized companies in similar industries; and
- Performance incentives, which have two components – short term incentives based on achieving key performance indicators during the year which are payable in cash and equity, and long-term incentives which are payable in equity. The value is linked to designated share price targets, which aligns senior executive remuneration outcomes with the experience of shareholders over the medium to longer term.

The Board aims to ensure there is a strong link between company performance and remuneration and believes that the use of performance incentives ensures that the quantum of payments made to executives reflects company performance.

The below diagram illustrates the remuneration framework for the Company.

Executive Remuneration Approach
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

Reward framework components			
	Fixed annual remuneration (FAR)	**Short term incentive (STI) at risk**	**Long term incentive (LTI) at risk**
Performance link	Competitively set to reward, incentivise and retain senior executives, reflecting the role scope and accountabilities Determined based on market benchmarking	Reward for achieving key performance indicators during the year, payable in cash and equity. Determined by the achievement of Revenue, EBIT and other financial metrics	Long-term incentives are payable in equity. The value is linked to designated share price targets of the Company.
Remuneration components	Base salary, superannuation May include other benefits and cash allowances	Annual cash incentive Target opportunity • CEO 20% of base salary • CFO 30% of base salary (eligible from 1 July 2022) • Subject to Board discretion and approval	Options Refer to terms and conditions on page 26

The Executive Remuneration Approach oppostie outlines the components of KMP remuneration, the following table shows the target remuneration mix of each of those components for the year ended 30 June 2022[1]

	Fixed remuneration	STI	LTI
CEO	33%	6%	61%
CFO[2]	100%	-	-

[1] Target remuneration is calculated as Fixed Remuneration, plus STI at target, plus long term incentives at target (based on the fair value of the options at the grant date)

[2] The CFO will be eligible to join the STI and the new LTI program for the 2023 fiscal year

Details of STI plan

The CEO has a target opportunity of up to 20% of base salary based on the following key performance indicators (KPI):

KPI	Conditions
Revenue	Achievement of revenue budget
EBIT	Achievement of EBIT budget
Other financial metrics	Achievement of free cash flow budget and achievement of gross margin percentage

The CFO will be eligible to join the STI in the 2023 fiscal year, with a target opportunity of 30% of base salary

The determination and approval of any bonus is at the discretion of the Board

Details of LTI plan

CEO Option Plan

The CEO commenced employment with the Company on 1 November 2020. As part of his remuneration, to encourage his long-term commitment to the business, he was invited to participate in a long-term incentive plan. Under this plan, a sign on allocation (not an annual allocation) of 1,968,704 options over ordinary shares was granted to the CEO. All options have a nil exercise price and no entitlement to dividends over the vesting period.

The option issue is divided into four equal tranches, with the vesting criteria for each tranche as follows:

Vesting Conditions
25% vest on the achievement of a $8 daily VWAP for 30 consecutive trading days (vesting is also subject to the completion of a 4-year service period from the date of achieving the share price hurdle)
25% vest on the achievement of a $9 daily VWAP for 30 consecutive trading days (vesting is also subject to the completion of a 4-year service period from the date of achieving the share price hurdle)
25% vest on the achievement of a $10 daily VWAP for 30 consecutive trading days (vesting is also subject to the completion of a 4-year service period from the date of achieving the share price hurdle)
25% vest on the achievement of a $11 daily VWAP for 30 consecutive trading days (vesting is also subject to the completion of a 4-year service period from the date of achieving the share price hurdle)

The options are subject to a share price target which commences at the grant date of the option and ceases 7 years from grant date. Following achievement of the share price target, the CEO must complete a service period (as specified above). Each tranche vests at the end of the relevant service period. The service period condition is waived if the share price hurdle is achieved by the 5th anniversary of the options grant, for example, if the share price hurdle is met 4.5 years after grant, the options will vest at the 5th anniversary.

Following vesting and exercise, 50% of the shares will be subject to escrow for 24 months. If employment ceases for any reason prior to vesting, the unvested options are forfeited.

Executive Option Plans (KMP)

No options have been awarded to KMP during the current year under the Executive Option plan. However, awards were made to the CEO prior to the current year, that results in the recognition of a share-based payment expense in the Group's consolidated statement of profit or loss and other comprehensive income.

LTI awards are delivered in the form of options over shares which vest on the achievement of specific performance measures, typically including market based performance hurdles and non-market based performance hurdles, including service period targets and the achievement of specific Company objectives (for example, approval of Penthrox® in the USA or the Company receives an unconditional takeover offer worth more than $350 million).

The fair value of share options granted is estimated at the date of grant using either a Black Scholes Option Pricing Model or a Monte Carlo Simulation, taking into account the terms and conditions upon which the share options were granted including the option price, the life of the option, the share price of the underlying shares on grant date and the expected share price volatility. It also takes into account historical and expected dividends. There are no cash settlement alternatives for the employees.

All outstanding options will be cancelled if the employee leaves or is no longer employed by the Company for any reason. When the Long-Term Incentive Plan "LTIP" has met its vesting criteria and delivers an entitlement to an equity interest, the employee will typically have 3 months to exercise the relevant options, after which the relevant options will lapse. Each share option converts into one ordinary share of Medical Developments International Limited on exercise. No amounts are paid nor payable by the recipient on the receipt of the option nor are they tradeable at any time. The options carry neither rights to dividends or voting rights.

Ordinary shares under options

The table below shows the ordinary shares under option at the end of the financial year.

KMP[1][2]	Balance at 1 July 2021	Number granted	Number lapsed / forfeited	Balance at 30 June 2022	Vested at 30 June 2022	Unvested at 30 June 2022
Mr B MacGregor	1,968,704	-	-	1,968,704	-	1,968,704
Mr M Edwards	100,000	-	(100,000)	-	-	-

[1] The exercise price for the CEO Options held by Mr MacGregor is nil and there is no expiry date on the options, but they will lapse on ceasing to be an employee

[2] Mr Edwards forfeited 100,000 options during the year when he resigned on 27 May 2022

Service agreements

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

CEO Contractual terms	Conditions
Duration of contract	Permanent full time employment contract until notice given by either party
Notice period	Six months' notice by either party
Termination clauses	The contract provides for a termination payment of up to 12 months' salary if termination occurs without proper cause.

CFO Contractual terms	Conditions
Duration of contract	Permanent full time employment contract until notice given by either party
Notice period	Three months' notice by either party

4. Business performance

Throughout FY22 the Group has continued building a platform for global growth, including investing in infrastructure to support growth in direct sales in Europe, including the deployment of in-market sales resources in France. Here the Company made solid progress, despite COVID disruptions. The Group delivered strong growth in underlying revenue of 37% compared to the prior period, and Net Profit / (Loss) after Tax of ($12.4 million).

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

Performance measure	2018	2019	2020	2021	2022
Revenue ($000's)	17,461	20,876	22,535	25,272	22,369
Underlying revenue ($000s)[1]	17,461	20,876	22,535	16,329	22,369
Reported EBIT (000's)	440	1,174	99	(14,928)	(15,850)
Statutory net profit / (loss) after tax ($000's)	243	1,038	379	(12,565)	(12,407)
Share price at end of period	$5.80	$5.30	$6.98	$4.50	$1.46
Total dividends (cps)	4.00	4.00	2.00	-	-
Basic earnings / (loss) per share (cps)	0.41	1.61	0.58	(18.35)	(17.41)

[(1)] Underlying revenue in the prior year excludes contract income of $8.9 million arising from the termination of the European distribution rights for Penthrox® previously held by Mundipharma.

STI Outcomes

Performance of STI measures

Mr MacGregor received a performance based short term incentive equal to 20% of base salary for the achievement of key metrics in relation to the current financial year.

5. Executive KMP remuneration

The table below summarises remuneration to Executive KMP

Executive KMP		Short-term employee benefits			Post employment	Long-term employee benefits	Share based payments	Termination payments	Total	Remuneration linked to performance
		Base salary	STI	Other benefits[2]	Superannuation		Options[3]			
		$	$	$	$	$	$	$	$	%
Mr B MacGregor (CEO)	**2022**	**547,057**	**154,500[4]**	**80,195**	**23,568**	**1,645**	**1,183,396**	-	**1,990,361**	**67%**
	2021	350,537	-	-	14,463	266	784,608	-	1,149,874	68%
Ms A James (CFO)	**2022**	**43,790**	-	-	**4,379**	-	-	-	**48,169**	**-**
	2021	-	-	-	-	-	-	-	-	-
Former Executive KMP										
Mr R M Johnston (Interim CEO)	**2022**	-	-	-	-	-	-	-	-	-
	2021	181,126	-	-	17,207	-	-	-	198,333	-
Mr M Edwards (Former CFO)	**2022**	**205,325[1]**	**10,950**	-	**21,526[1]**	**6,680**	**(155,490)[5]**	**113,850[6]**	**202,841**	**3%[5]**
	2021	216,819	-	-	20,598	8,909	55,269	-	301,595	18%
Total Executive KMP remuneration	**2022**	**796,172**	**165,450**	**80,195**	**49,473**	**8,325**	**1,027,906**	**113,850**	**2,241,371**	
	2021	748,482	-	-	52,268	9,175	839,877	-	1,649,802	

(1) Base salary and superannuation for Mr Edwards has been disclosed in the table above based on his period as a designated KMP from the 1 July 2021 to 27 May 2022.

(2) Other benefits includes travel allowances for Mr MacGregor, inclusive of FBT payable by the Company on these benefits.

(3) Represents the amortisation of the grant date fair value of options issued to Executive KMP in prior periods (no options granted in the current year). The grant date fair value was determined by an independent valuer and is recognised as an expense in the statement of profit or loss and other comprehensive income over the relevant vesting period in accordance with AASB2 Share Based Payments.

(4) Mr MacGregor received $104,500 as a short term incentive for FY22, and $50,000 as a short term incentive in relation to performance in FY21.

(5) Mr Edwards forfeited 100,000 options on ceasing employment with the Company. The reversal of share based payment expense of $155,490 in the current year following the forfeiture of these options is disclosed in the table above. The impact of this reversal has been excluded from the percentage of remuneration linked to performance.

(6) Mr Edwards received an ex-gratia payment of $113,850 in relation to the current period.

The table above shows Executive KMP remuneration in accordance with statutory obligations and accounting standards. The following table, provides additional voluntary disclosure as the Directors believe this information is helpful to assist shareholders in understanding the cash benefits that the Executive KMP received during the financial year ended 30 June 2022.

The table below has not been prepared in accordance with Australian accounting standards.
The benefits disclosed below excludes the share based payment expense for options that are unvested.

	Fixed Remuneration[1]	STI[2]	Other benefits[3]	Termination payments[4]	Total
	$	$	$	$	$
Mr B MacGregor	570,625	154,500	81,840	-	806,965
Ms A James	48,169	-	-	-	48,169
Mr M Edwards	226,851	10,950	6,680	113,850	358,331

[1] Fixed remuneration includes salary, and superannuation contributions, calculated on the same basis as the remuneration table above.

[2] STI attributable to the year ended 30 June 2022 are calculated on the same basis as the remuneration table above, of which $50,000 is in relation to performance in FY21.

[3] Other benefits include long service leave for Mr MacGregor and Mr Edwards and a travel allowance for Mr MacGregor, both of which are calculated on the same basis as the remuneration table above.

[4] Mr Edwards received an ex-gratia payment of $113,850 in relation to the current period.

6. Non-Executive KMP remuneration

Remuneration policy

The Human Resources Committee seeks to attract and retain Non-Executive Directors (NEDs) of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The table below summarises payments made for NED fees.

Non-Executive KMP	Year	Short Term Benefits	Post-Employment Benefits	Total[1]
		Fees $	Superannuation $	$
Mr G Naylor	**2022**	**86,364**	**8,636**	**95,000**
	2021	58,409	5,549	63,958
Mr D J Williams	**2022**	**54,545**	**5,455**	**60,000**
	2021	69,444	6,597	76,041
Mr R M Johnston	**2022**	**54,545**	**5,455**	**60,000**
	2021	54,795	5,205	60,000
Mr L Hoare	**2022**	**57,273**	**2,727**	**60,000**
	2021	54,795	5,205	60,000
Ms C Emmanuel-Donnelly	**2022**	**54,545**	**5,455**	**60,000**
	2021	54,795	5,205	60,000
Ms M Sontrop	**2022**	**54,545**	**5,455**	**60,000**
	2021	18,265	1,735	20,000
Mr R Betts	**2022**	**54,545**	**5,455**	**60,000**
	2021	9,132	868	10,000
Former Non-Executive KMP				
Mr P J Powell	**2022**	**18,182**	**1,818**	**20,000**
	2021	54,795	5,205	60,000
Total Non-Executive KMP remuneration	**2022**	**434,544**	**40,456**	**475,000**
	2021	374,430	35,569	409,999

[1] The Chair of the Board receives fees of $95,000 (2021: $95,000), while remaining Board members receive fees of $60,000 (2021: $60,000). NEDs do not participate in any incentive programs.

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 2022

Number of shares	Balance 1 July 2021	Acquired	Disposals	Balance 30 June 2022
Mr G Naylor	266,615	364,200	-	630,815
Mr D J Williams	9,515,242	-	-	9,515,242
Mr R M Johnston	54,300	5,700	-	60,000
Mr L Hoare	31,244	7,000	-	38,244
Ms C Emmanuel-Donnelly	-	15,385	-	15,385
Ms M Sontrop	18,630	-	-	18,630
Mr R Betts	3,300	-	-	3,300
Mr B MacGregor	-	-	-	-
Ms A James	-	-	-	-
Former KMP				
Mr P J Powell	269,180	-	-	269,180[1]
Mr M Edwards	-	-	-	-[2]
	10,158,511	**392,285**	**-**	**10,550,796**

[1] The final shareholding of Mr Powell at 27 October 2021, the date he resigned as a Director.

[2] The final shareholding of Mr Edwards at 27 May 2022, the date he resigned as CFO.

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:

$	2022	2021
Tax Services	**29,000**	28,000
Total	**29,000**	28,000

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

DIRECTOR'S REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 35

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 2022

Deloitte.

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26 August 2022

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

Dear Board Members

Auditor's Independence Declaration to 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 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Travis Simkin
Partner
Chartered Accountants
Melbourne

Deloitte.

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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 2022, the consolidated statement of profit or 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 a summary of significant accounting policies and the directors' declaration.

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 2022 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the 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 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.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying value of the Pain Management cash generating unit *Refer to Note 2.3 Non-Current Assets* As at 30 June 2022, the carrying value of the Pain Management cash generating unit ("CGU") included $3.8 million of goodwill and $32.7 million of capitalised development costs associated with the registration of Penthrox in new markets such as the USA and China. Goodwill, indefinite life intangible assets and intangible assets not yet available for use are required to be assessed for impairment annually and whenever there is an indicator of impairment. The recoverable amount of the Pain Management CGU has been determined by management based on a fair value less cost to dispose ("FV") 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. 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. • Realising the market opportunity identified in France and broader Western Europe. • Achieving registration for Penthrox in the USA and China and realising the market opportunity identified.	Our audit procedures included, but were not limited to: • Understanding management's processes and controls related to the preparation of the FV model for the Pain Management CGU. • Agreeing forecast cash flows for FY23 to the latest Board approved budget, assessing the appropriateness of FY23 budget and growth rates applied over the forecast period and in the calculation of the terminal value, with reference to management's current business plans and expectations. • Evaluating the status of registration activities in the USA and China with respect to Penthrox through enquiries of management and review of relevant correspondence. • Assessing how management factored in estimation uncertainty in setting the FY23 budget and selecting key assumptions, by comparing the estimates to historical performance and other supporting evidence. • In conjunction with our valuation specialists, assessing the FV methodology used by management as well as comparing the discount rates and long term growth rates used to external benchmark data. • Performing sensitivity analysis on the impairment model by applying varied discount rates and growth projections to simulate alternative market conditions and outcomes. • Evaluating the appropriateness of the disclosures included in Note 2.3 to the financial statements.
Capitalisation of intangible assets *Refer to Note 2.3 Non-Current Assets* As at 30 June 2022, the Group holds $32.7 million of capitalised registration costs and $2.4 million of capitalised development costs. Accounting standards require management to use their judgement to determine: • Whether expenditure relates to development activities or research activities. • The technical feasibility of completing the intangible asset so that it will be available for use. • Whether the Group intends to complete the intangible asset and either use or sell it. • The probability of expected future economic benefits flowing to the Group. • The availability of resources to complete the development and to use or sell the intangible asset. • The expenditure attributable to the asset during its development. • Whether the useful life assigned to each asset is appropriate. Where expenditure does not meet the recognition criteria under accounting standards or has historically been capitalised and no longer meets the criteria, it should be expensed or impaired.	Our procedures included, but were not limited to: • Obtaining an understanding of the process undertaken by management to determine whether expenditure should be capitalised as an intangible asset. • Assessing the appropriateness of management's accounting policy and management's application of that policy with respect to current year additions to intangible assets. • For intangible assets in use, verifying that amortisation has commenced and that the useful lives assigned are reasonable. • Evaluating the appropriateness of the disclosures included in Note 2.3 to the financial statements.

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Other Information

The directors are responsible for the other information. The other information comprises the Chairman's and CEO's Report and the Directors' Report for the year ended 30 June 2022 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 of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view 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.

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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 7 to 15 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Medical Developments International Limited, for the year ended 30 June 2022, 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

DELOITTE TOUCHE TOHMATSU

T Simkin

Travis Simkin
Partner
Chartered Accountants
Melbourne

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 30 June 2022

$'000	Notes	2022	2021
Revenue	1.1	**22,369**	25,272
Raw materials and consumables used		**(6,735)**	(4,766)
Employee benefits expense		**(15,323)**	(8,025)
Distribution expenses		**(2,596)**	(1,308)
Regulatory and registration expenses		**(3,150)**	(2,498)
Occupancy, selling and administration expenses		**(6,889)**	(10,898)
Interest and other Income		**45**	71
Depreciation and amortisation expense		**(2,945)**	(3,749)
Impairment expense	1.1	**(581)**	(8,956)
Finance costs		**(103)**	(121)
Loss before income tax expense		**(15,908)**	(14,978)
Income tax benefit	1.3	**3,501**	2,413
Net loss for the year		**(12,407)**	(12,565)
Net loss attributable to equity holders of the parent entity		**(12,407)**	(12,565)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss, net of tax			
Foreign currency translation gains		**39**	15
Total comprehensive loss for the year		**(12,368)**	(12,550)
Total comprehensive loss attributable to equity holders of the parent entity		**(12,368)**	(12,550)
cents			
Basic earnings / (loss) per share	1.1	(17.41)	(18.35)
Diluted earnings / (loss) per share	1.1	(17.41)	(18.35)

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

Consolidated Statement of Financial Position

For the year ended 30 June 2022

$'000	Notes	2022	2021
CURRENT ASSETS			
Cash and cash equivalents		**20,398**	36,277
Trade and other receivables	2.1	**6,084**	2,648
Inventories	2.1	**7,105**	5,728
Current tax receivable	1.3	**162**	2,337
Prepayments		**620**	397
TOTAL CURRENT ASSETS		**34,369**	**47,387**
NON-CURRENT ASSETS			
Property, plant and equipment	2.3	**11,552**	11,704
Goodwill and other intangible assets	2.3	**40,687**	38,847
Deferred tax assets	1.3	**5,612**	2,237
TOTAL NON-CURRENT ASSETS		**57,851**	**52,788**
TOTAL ASSETS		**92,220**	**100,175**
CURRENT LIABILITIES			
Trade and other payables	2.1	**9,368**	6,002
Employee benefits provisions	4.1	**683**	553
Lease liabilities	2.5	**348**	337
Unearned income	2.2	**82**	68
TOTAL CURRENT LIABILITIES		**10,481**	**6,960**
NON-CURRENT LIABILITIES			
Employee benefits provisions	4.1	**369**	294
Unearned income	2.2	**21,607**	21,907
Lease liabilities	2.5	**2,465**	2,712
TOTAL NON-CURRENT LIABILITIES		**24,441**	**24,913**
TOTAL LIABILITIES		**34,922**	**31,873**
NET ASSETS		**57,298**	**68,302**
EQUITY			
Contributed equity	3.2	**76,992**	76,895
Reserves	3.2	**4,851**	3,545
Accumulated losses		**(24,545)**	(12,138)
TOTAL EQUITY		**57,298**	**68,302**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

$'000	Contributed equity	Accumulated losses	Share based payments reserve	CSIRO option reserve	Foreign currency translation reserve	Total equity
Year ended 30 June 2022						
As at 1 July 2021	**76,895**	**(12,138)**	**1,969**	**1,606**	**(30)**	**68,302**
Loss for the year	**-**	**(12,407)**	**-**	**-**	**-**	**(12,407)**
Other comprehensive gain / (loss)	**-**	**-**	**-**	**-**	**39**	**39**
Total comprehensive (loss) / income	**-**	**(12,407)**	**-**	**-**	**39**	**(12,368)**
Share based payments expense	**-**	**-**	**1,007**	**-**	**-**	**1,007**
Shares issued	**100**	**-**	**-**	**-**	**-**	**100**
Options issued as part of CSIRO agreement	**-**	**-**	**-**	**260**	**-**	**260**
Equity raising costs	**(3)**	**-**	**-**	**-**	**-**	**(3)**
Transactions with owners in their capacity as owners	**97**	**-**	**1,007**	**260**	**-**	**1,364**
Balance as at 30 June 2022	**76,992**	**(24,545)**	**2,976**	**1,866**	**9**	**57,298**
Year ended 30 June 2021						
As at 1 July 2020	40,954	427	802	1,200	(45)	43,338
Loss for the year	-	(12,565)	-	-	-	(12,565)
Other comprehensive gain / (loss)	-	-	-	-	15	15
Total comprehensive (loss) / income	**-**	**(12,565)**	**-**	**-**	**15**	**(12,550)**
Share based payments expense	-	-	1,167	-	-	1,167
Shares issued	36,668	-	-	-	-	36,668
Options issued as part of CSIRO agreement	-	-	-	406	-	406
Equity raising costs	(727)	-	-	-	-	(727)
Transactions with owners in their capacity as owners	**35,941**	**-**	**1,167**	**406**	**-**	**37,514**
Balance as at 30 June 2021	**76,895**	**(12,138)**	**1,969**	**1,606**	**(30)**	**68,302**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

$'000	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**18,566**	15,937
Payments to suppliers and employees		**(31,653)**	(24,775)
Receipts from government grants		**140**	44
Income tax (paid) / received		**2,265**	(21)
Interest paid		**(95)**	(75)
Net cash flows used in operating activities	3.1	**(10,777)**	**(8,890)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(1,199)**	(1,247)
Payments for other intangible assets		**(4,015)**	(5,313)
Interest received		**55**	82
Net cash flows used in investing activities		**(5,159)**	**(6,478)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares	3.2	**360**	37,074
Share issue transaction costs	3.2	**(3)**	(727)
Repayment of borrowings	3.5	**-**	(91)
Repayment of lease liabilities	3.5	**(215)**	(141)
Net cash flows generated from by financing activities		**142**	**36,115**
Net increase / (decrease) in cash and cash equivalents		**(15,794)**	20,747
Cash and cash equivalents at the beginning of the year		**36,277**	15,544
Effect of exchange rate changes on cash and cash equivalents		**(85)**	(14)
Cash and cash equivalents at the end of the year		**20,398**	**36,277**

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

NOTES TO THE FINANCIAL STATEMENTS

Section 1 – Performance

This section highlights the results and performance of the Group for the year ended 30 June 2022.

1.1 GROUP RESULTS

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

Reportable Segments	Products/Services	Countries of Operation	
Pain Management	The manufacture and sale of Penthrox®	• Australia • Europe • Middle East	• Asia • South Africa • United Kingdom
Respiratory	The sale of respiratory devices for use by sufferers of asthma and COPD	• Australia • Europe • Canada	• Asia • United Kingdom • USA
Veterinary discontinued during FY22	The sale of veterinary medical products	• Australia • Europe	• Asia

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

$'000	Pain Management	Respiratory	Veterinary[4]	Group costs	Total
Year ended 30 June 2022					
Underlying revenue	**13,694**	**8,220**	**455**	**-**	**22,369**
Underlying EBITDA[2]	**(6,018)**	**262**	**14**	**(5,982)**	**(11,724)**
Underlying EBIT[3]	**(8,461)**	**27**	**(13)**	**(6,222)**	**(14,669)**
Year ended 30 June 2021					
Underlying revenue[1]	10,593	5,356	380	-	16,329
Underlying EBITDA[2]	(2,266)	57	170	(4,333)	(6,372)
Underlying EBIT[3]	(5,425)	(158)	144	(4,682)	(10,121)

[1] Underlying revenue in the prior year excludes contract income of $8.9 million in the pain management segment arising from the termination of the European distribution rights for Penthrox® previously held by Mundipharma.

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

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

[4] The Group has elected to present the Veterinary business as a segment, and not as a discontinued operation, given the materiality of its financial performance and financial position relative to the consolidated group.

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 on the following page.

Revenue

Set out below is a reconciliation between underlying revenue and reported revenue as disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

$'000	Notes	2022	2021
Underlying revenue		**22,369**	16,329
Mundipharma contract termination income		**-**	8,943
Reported revenue		**22,369**	**25,272**

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	2022	2021
Underlying EBITDA		**(11,724)**	(6,372)
Depreciation and amortisation expense		**(2,945)**	(3,749)
Underlying EBIT		**(14,669)**	(10,121)
Impairment losses - Pain management segment		**-**	(4,250)
Impairment losses - Respiratory segment		**-**	(4,706)
Impairment losses - Veterinary segment		**(581)**	-
Finalisation of costs for the CSIRO Continuous Flow technology program		**(600)**	-
Mundipharma contract termination income		**-**	8,943
European transition costs		**-**	(4,794)
Total underlying adjustments		**(1,181)**	**(4,807)**
Reported EBIT		**(15,850)**	**(14,928)**
Net interest		**(58)**	(50)
Net loss before tax		**(15,908)**	**(14,978)**
Income tax benefit		**3,501**	2,413
Net loss after tax		**(12,407)**	**(12,565)**

Basic and diluted earnings per share

$'000	2022	2021
Earnings / (loss) per share (EPS) (cents) - Basic	**(17.41)**	(18.35)
Earnings / (loss) per share (EPS) (cents) - Diluted	**(17.41)**	(18.35)
Calculated using:		
• Net loss attributable to ordinary equity holders ($'000)	**(12,407)**	(12,565)
• Weighted average of ordinary shares (shares) - Basic	**71,277,791**	68,465,397
• Weighted average of ordinary shares (shares) - Diluted	**71,277,791**	68,465,397

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 employee share options and CSIRO options as disclosed in Note 5.3. As the Group generated a net loss in the current and prior year, there is no dilutive effect presented.

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	Veterinary	Unallocated	Total
Year ended 30 June 2022					
Australia	**7,428**	**3,197**	**196**	**-**	**10,821**
Europe	**3,953**	**1,675**	**-**	**-**	**5,628**
United States	**-**	**2,904**	**-**	**-**	**2,904**
Rest of the World	**1,887**	**444**	**259**	**-**	**2,590**
Revenue from contracts with customers[1] [2] [3] [4]	**13,268**	**8,220**	**455**	**-**	**21,943**
Other revenue [5]	**426**	**-**	**-**	**-**	**426**
Revenue	**13,694**	**8,220**	**455**	**-**	**22,369**
Year ended 30 June 2021					
Australia	**5,551**	**2,476**	**215**	**-**	**8,242**
Europe	**10,762**[4]	**878**	**-**	**-**	**11,640**
United States	**-**	**1,645**	**-**	**-**	**1,645**
Rest of the World	**3,155**[4]	**357**	**165**	**-**	**3,677**
Revenue from contracts with customers[1] [2] [3] [4]	**19,468**	**5,356**	**380**	**-**	**25,204**
Other revenue [5]	**68**	**-**	**-**	**-**	**68**
Revenue	**19,536**	**5,356**	**380**	**-**	**25,272**

[1] There are no sales between reportable segments.

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

[3] Revenue from contracts with customers is recognised on a point in time basis, with the exception of milestone income which is recognised on an overtime basis.

[4] Milestone income in the current period was nil (2021: $10.5 million in the Pain Management segment, $1.5 million in the Rest of World and $8.9 million in Europe. The latter relates to contract income arising from the termination of the European distribution rights for Penthrox® previously held by Mundipharma).

[5] Other revenue comprises of government grant income.

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.

Interest income

Interest income is recognised on a time proportionate basis that considers the effective yield on the financial asset.

1.3 TAXATION

Reconciliation of income tax benefit

$'000	2022	2021
Accounting loss before tax	**(15,908)**	(14,978)
Income tax calculated at 25% (2021: 26%)	**(3,977)**	(3,894)
Research and development benefit	**(105)**	(166)
Non-deductible expenses	**419**	1,584
Deferred tax expense relating to change in company tax rate	**77**	95
Adjustments in respect of previous years income tax	**-**	(15)
Effect of different tax rates of subsidiaries in other jurisdictions	**85**	(17)
Income tax benefit	**(3,501)**	**(2,413)**
Comprising of:		
Current year income tax benefit	**(203)**	**(453)**
Deferred income tax benefit	**(3,375)**	**(2,040)**
Deferred tax expense relating to change in company tax rate	**77**	**95**
Adjustments in respect of previous years income tax	**-**	**(15)**

The tax rate used in the above reconciliation is the corporate tax rate of 25% (2021 26%) applicable to base rate entities under Australian tax law.

Non-deductible expenses in FY22 primarily relates to Veterinary segment goodwill impairment charges and share based payment expenses.

Recognised current and deferred tax assets and liabilities

$'000	2022	2021
Deferred tax asset		
Temporary differences	**6,768**	7,010
Tax losses	**7,982**	4,187
	14,750	11,197
Deferred tax liabilities		
Temporary differences	**(9,138)**	(8,960)
Net deferred tax asset	**5,612**	2,237

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

$'000	Opening balance	Charged to income	Closing balance
Year ended 30 June 2022			
Deferred tax assets / (liabilities)			
Accrued expenses	116	85	201
Deferred revenue	5,714	(292)	5,422
Lease liabilities	793	(90)	703
Right of use assets	(658)	93	(565)
Other intangibles	(8,088)	(174)	(8,262)
Property, plant and equipment	(22)	(104)	(126)
Provisions	388	54	442
Brand names	(193)	8	(185)
	(1,950)	(420)	(2,370)
Year ended 30 June 2021			
Deferred tax assets / (liabilities)			
Accrued expenses	150	(34)	116
Deferred revenue	8,909	(3,195)	5,714
Lease liabilities	898	(105)	793
Right of use assets	(770)	112	(658)
Other intangibles	(9,084)	996	(8,088)
Property, plant and equipment	(16)	(6)	(22)
Provisions	225	163	388
Brand names	(221)	29	(193)
	90	(2,040)	(1,950)

Key Estimates and Judgements – Taxation

MVP is subject to income tax in Australia and foreign jurisdictions. Judgements and assumptions used by management in the calculation of the Group's tax charge are subject to risk and uncertainty, hence if final tax determinations or future actual results do not align with current judgements, this may have an impact to the carrying value of deferred tax balances and corresponding credits or charges to the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Financial Position.

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. Based on the Group's latest forecasts, it expects to generate future taxable income, sufficient to recover the carrying value of its deferred tax assets, including carry forward tax losses.

How MVP accounts for taxation

Income tax charges:

- 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.

1.4 DIVIDENDS

No interim or final dividend was paid in the current year (2021 nil).

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

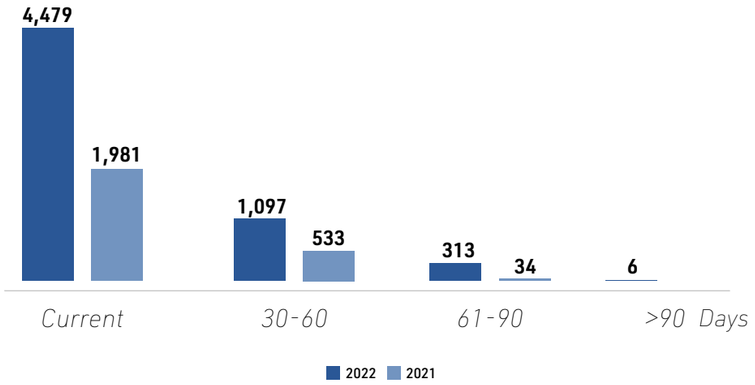
Trade and other receivables

Trade and other receivables at balance date comprise of:

$'000	2022	2021
Trade receivables[1]	**6,215**	2,839
Allowance for expected credit losses	**(320)**	(294)
Other receivables	**189**	103
Total current trade and other receivables	**6,084**	**2,648**

[1] 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.

At 30 June 2022, the Group had expected credit losses of $0.3 million (2021: $0.3 million). 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 2022.

In assessing expected credit losses, the Group has considered current economic conditions. Management considers the credit risks associated with the pandemic to be sufficiently mitigated due to the diversity and credit standing of the Group's customers. Accordingly, the Group has not experienced a significant increase in expected credit losses.

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.

Inventories

Inventories at balance date comprise of:

$'000	2022	2021
Raw materials	**2,027**	1,213
Work in progress	**2,599**	1,560
Finished goods	**2,479**	2,955
Total inventories	**7,105**	**5,728**

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 all 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	2022	2021
Trade payables	**5,174**	3,302
Other payables	**4,194**	2,700
Total current trade and other payables	**9,368**	**6,002**

The average credit period on purchase of goods is 30 days. No interest is charged on trade payables. The company 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 comprise of:

$'000	2022	2021
Revenue received in advance[1]	**21,245**	21,245
Unearned government grant income[2]	**444**	730
Total unearned income	**21,689**	**21,975**
Current	**82**	68
Non-current	**21,607**	21,907

[1] When the Group receives upfront payments in relation to licensing and distribution agreements for Penthrox®, for accounting purposes these non-refundable payments are deferred and amortised into profit or loss over the term of the agreement to which the payments relate. As at 30 June 2022, $21.2m (2021: $21.2m) remains unamortised, which relates to upfront payments received in connection with the China market, the registration process for which remains in progress.

[2] 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.

2.3 NON-CURRENT ASSETS

Property, plant and equipment

The key movements in property, plant and equipment over the year were:

$'000	Leasehold improvements	Plant and equipment	Right of use asset	Total
Estimated useful life	5-10 years	4-12 years	4-12 years	
Year ended 30 June 2022				
At 1 July 2021 net of accumulated depreciation	**209**	**8,963**	**2,532**	**11,704**
Additions	**26**	**1,173**	**-**	**1,199**
Depreciation charge for the year	**(77)**	**(1,003)**	**(271)**	**(1,351)**
At 30 June 2022 net of accumulated depreciation	**158**	**9,133**	**2,261**	**11,552**
Represented by:				
• at cost	**763**	**16,296**	**3,074**	**20,133**
• Accumulated depreciation	**(605)**	**(7,163)**	**(813)**	**(8,581)**
Year ended 30 June 2021				
At 1 July 2020 net of accumulated depreciation	113	8,865	2,803	11,781
Additions	145	1,102	-	1,247
Depreciation charge for the year	(49)	(1,004)	(271)	(1,324)
At 30 June 2021 net of accumulated depreciation	**209**	**8,963**	**2,532**	**11,704**
Represented by:				
• at cost	737	15,123	3,074	18,934
• Accumulated depreciation	(528)	(6,160)	(542)	(7,230)

Key Estimates and Judgements
Estimation of useful lives of assets

The estimation of the useful lives of assets, excluding the 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.

Right-of-use 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.

Right-of-use 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.

Goodwill and other intangibles

Goodwill and other intangible assets are comprised of the following:

$'000	Development	Patents and trademarks	Capitalised registration costs	Other[1] intangibles	Goodwill	Total
Year ended 30 June 2022						
At 1 July 2021 net of accumulated amortisation and impairment	**2,166**	**889**	**30,648**	**755**	**4,389**	**38,847**
Additions	**465**	**226**	**3,324**	**-**	**-**	**4,015**
Impairment[2]	**-**	**-**	**-**	**-**	**(581)**	**(581)**
Amortisation	**(220)**	**(116)**	**(1,258)**	**-**	**-**	**(1,594)**
At 30 June 2022 net of accumulated amortisation and impairment	**2,411**	**999**	**32,714**	**755**	**3,808**	**40,687**
Represented by:						
• At cost	**9,317**	**1,801**	**39,235**	**1,515**	**9,095**	**60,963**
• Accumulated amortisation and impairment	**(6,906)**	**(802)**	**(6,521)**	**(760)**	**(5,287)**	**(20,276)**
Year ended 30 June 2021						
At 1 July 2020 net of accumulated amortisation and impairment	**5,938**	**739**	**28,019**	**1,124**	**9,095**	**44,915**
Additions	**1,315**	**258**	**3,741**	**-**	**-**	**5,314**
Impairment[2]	**(4,250)**	**-**	**-**	**-**	**(4,706)**	**(8,956)**
Amortisation	**(837)**	**(108)**	**(1,112)**	**(369)**	**-**	**(2,426)**
At 30 June 2021 net of accumulated amortisation and impairment	**2,166**	**889**	**30,648**	**755**	**4,389**	**38,847**
Represented by:						
• At cost	**8,252**	**1,575**	**35,911**	**1,515**	**9,095**	**56,348**
• Accumulated amortisation and impairment	**(6,086)**	**(686)**	**(5,263)**	**(760)**	**(4,706)**	**(17,501)**

[1] Other intangibles include Brand names of $738,000 with an indefinite life (2021: $738,000)

[2] The impairment loss recognised in the current year relates to the Group's decision to discontinue the Veterinary business ($0.6 million). The impairment loss recognised in the prior year relates to the Group's Respiratory business as a result of impairment testing performed in the prior year.

[3] The carrying value for capitalised registration costs comprised:

- Registrations obtained $14.7 million (2021: $15.0 million)
- Registrations in progress $18.0 million, attributable to the USA market: $12.6 million, Chinese market: $4.8 million, other countries $0.6 million (2021: $15.7 million, attributable to the USA market: $11.2 million, Chinese market: $4.2 million, other countries $0.3 million)

Goodwill has been allocated to the following CGU's:

$'000	2022	2021
Pain Management	**3,808**	3,808
Respiratory	**-**	-
Veterinary	**-**	581
	3,808	4,389

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 Penthrox® 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.

If the recognition criteria set out above 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 Penthrox® , 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 (5 - 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.

MVP remains confident of achieving approval in the USA and Chinese markets based on its 40+ years of experience, the demonstrated safety profile of Penthrox® over that time, its ongoing clinical development program and recent achievements in getting Penthrox® approved for sale in more than 40 countries.

Product and technology development costs

Product and technology development costs principally include development costs associated with:

- The ongoing development of a new and enhanced Penthrox® inhaler; and
- Other respiratory devices

The development costs of the CSIRO Continuous Flow Technology programme were fully impaired in June 2021.

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 and other intangibles

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 material capitalised registration costs in relation to obtaining registration of Penthrox® in a number of jurisdictions (primarily the USA and China). Management tests 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.

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 for the year ended 30 June 2022 are set out below:

Pain Management

The recoverable amount for the Pain Management CGU was calculated as at 30 June 2022 using a 'fair value less costs to dispose' approach, which incorporates cash flow projections over five years and a terminal value, discounted to present value using a risk-adjusted post-tax discount rate. No impairment loss was identified as a result of impairment testing performed.

The recoverable amount for Pain Management represents an aggregation of:

- 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 2-5 and a long-term growth rate of 2.3% (2021: 2.0%). The estimate of future cash flows was then discounted using a post-tax discount rate of 11.5% (2021: 10.3%).

- an estimate of future cash flows expected to arise from the Chinese and US markets, allowing for expected costs to be incurred to achieve market approval, an estimate of sales volume, gross margin and operating costs and a long-term growth rate of 3.0% (2021: 3.0%). The estimate of future cash flows was then discounted using a post-tax discount rate of 20.3% (2021: 20.0%).

The cashflows attributable to the geographies in which the Group currently operates (principally Australia and Europe) reflect continued strong growth in the short to medium term. The Group expects its direct sales approach in key Western European markets and Australia will drive rapid penetration in hospital emergency departments and the ambulance segment.

Whilst revenue has been impacted by COVID-19 in FY22, the Group saw a recovery in volumes following the easing of COVID restrictions towards the end of the year in all markets. As COVID-19 continues to progress and evolve, it is extremely challenging to predict the full extent and duration of its impact on the Group's business activities. 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.

The Group remains confident of achieving approval and penetration in the United States of America and China markets, supported by the success of Penthrox® in existing markets. This success reflects the safety and efficacy profile of the product. During FY22 the clinical hold on methoxyflurane was lifted by the FDA in the United States of America, a critical milestone in the Group's efforts to achieve registration and presence in the market in the United States of America.

Veterinary

As part of an ongoing business review, the Group made the decision to undertake an orderly wind-up of the Veterinary segment in FY22. This decision resulted in a full impairment of goodwill associated with the veterinary CGU of $0.6m.

2.4 COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments

There were no material capital expenditure commitments at the end of the year (2021: 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:

$'000	2022	2021
Current	**348**	337
Non-current	**2,465**	2,712
	2,813	**3,049**

How MVP accounts for Leases

The Group recognises a right-of-use 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 right of use asset.

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	2022	2021
Net loss for the year	**(12,407)**	(12,565)
Non cash flows in the operating loss:		
Depreciation and amortisation	**2,945**	3,749
Interest received	**(55)**	(82)
Share based payments expense	**1,007**	1,167
Impairment and write-off expense	**581**	8,956
Net unrealised foreign exchange (gain) / loss	**142**	(64)
Changes in assets and liabilities:		
Decrease / (increase) in trade and other receivables	**(3,342)**	1,434
Decrease / (increase) in inventory	**(1,374)**	154
(Decrease) / increase in tax payable	**842**	(2,304)
Decrease / (increase) in net deferred tax assets and liabilities	**(2,041)**	(131)
Increase / (decrease) in trade and other payables	**2,944**	(9,400)
Increase in employee benefit provisions	**205**	177
Decrease / (increase) in other assets	**(224)**	19
Net cash flows used in operating activities	**(10,777)**	**(8,890)**

The Group has an overdraft facility of $200,000. As at 30 June 2022, this remains unused. The Group had no other borrowings as at 30 June 2022 (2021: 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.

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.

	2022		2021	
	Number of shares	$'000	Number of shares	$'000
Movements in contributed equity				
Ordinary shares:				
Beginning of the year	**71,264,672**	**76,895**	65,623,491	40,954
Issuance of shares				
Share placement	**15,385**	**100**	3,830,769	24,900
Share purchase plan	**25,000**	**-**	1,810,412	11,768
Share issuance costs	**-**	**(3)**	-	(727)
End of the year	**71,305,057**	**76,992**	**71,264,672**	**76,895**

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	2022	2021
Foreign currency translation reserve[1]	**9**	(30)
Share-based payments reserve[2]	**2,976**	1,969
CSIRO option reserve[3]	**1,866**	1,606
Total reserves	**4,851**	**3,545**

[1] The foreign currency translation reserve is used to record foreign exchange fluctuations arising from the translation of the financial statements of foreign subsidiaries. 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.

[2] The share-based payments reserve relates to share options granted by the Company to the CEO and Senior Management team under its employee share option plan.

[3] The CSIRO option reserve relates to 392,308 options (2021: 320,410) over ordinary shares of the Company. These options are in relation to the MVP/CSIRO Manufacturing Technologies Project announced on 5 June 2017. 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.

3.3 CAPITAL MANAGEMENT

The Group manages its capital 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 retained earnings.

The Board of Directors reviews the capital structure of the Group on a semi-annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

As at 30 June 2022 the Group had no borrowings, and was in a net cash position.

3.4 GOING CONCERN

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

At 30 June 2022 the Group had $20.4 million in cash holdings and undrawn overdraft facilities of $0.2 million. Net assets were $57.3 million. Subsequent to the end of the 2022 financial year, the Group successfully raised approximately $28.5 million through a share placement and entitlement offer.

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

- Continued investment in building the Penthrox® direct sales business, including continued growth in France, expansion in Australia into hospital emergency departments, and build-out of business leadership and functional capability; and

- Continued investment in the Group's manufacturing and development programs to underpin its growth strategy.

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:
- Interest rate risk;
- Liquidity risk;
- Credit risk; and
- Foreign currency risk.

Managing interest rate risk

The Group has no material exposure to interest rate risk on its net cash balances and lease liabilities.

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?

The risk that MVP cannot meet its obligations to repay its financial liabilities as and when they fall due.

How does MVP manage this risk?

- Maintaining adequate cash reserves and borrowing facilities.
- Continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Impact at 30 June 2022

The FY22 Financial statements have been prepared on a going concern basis. The Directors have assessed that the cash reserves at 30 June 2022, in addition to the cash inflows arising from the successful share placement and entitlement offer in August 2022, 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 financials liabilities based on contractual undiscounted payments:

$'000	Less than 1 year	1-5 year	More than 5 years	Total
Year ended 30 June 2022				
Financial liabilities				
Trade and other payables	**9,368**	**-**	**-**	**9,368**
Lease liabilities	**348**	**1,509**	**1,412**	**3,269**
	9,716	**1,509**	**1,412**	**12,637**
Year ended 30 June 2021				
Financial liabilities				
Trade and other payables	**6,002**	**-**	**-**	**6,002**
Lease liabilities	**337**	**1,461**	**1,807**	**3,605**
	6,339	**1,461**	**1,807**	**9,607**

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

$'000	1 July 2021	Cash Flows	Other Changes [1]	30 June 2022
Lease liabilities	**3,049**	**(215)**	**(21)**	**2,813**
Total liabilities from financing activities	**3,049**	**(215)**	**(21)**	**2,813**

$'000	1 July 2020	Cash Flows	Other Changes [1]	30 June 2021
Lease liabilities	**3,265**	**(141)**	**(75)**	**3,049**
Borrowings	**91**	**(91)**	**-**	**-**
Total liabilities from financing activities	**3,356**	**(232)**	**(75)**	**3,049**

[1] Other changes represent interest arising on lease liabilities during the year.

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.

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 2022*
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 Penthrox® 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 profit 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 2022 would not have a significant impact on equity and net profit 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.

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	2022	2021
Payroll and other employee benefits expense	**10,282**	6,803
Superannuation contributions	**973**	737
Share based payments expense	**1,007**	1,167
Contracted employee expense	**3,061**	802
Government subsidies	**-**	(1,484)
Total employee benefits expense	**15,323**	**8,025**

The Group's current employee benefits provisions relate to annual leave entitlements of $683,000 (2021: $553,000). The non-current employee benefits provisions relate to long service leave entitlements of $369,000 (2021: $294,000).

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

Total share based payments expense recognised in the current period for all plans was $1.0 million (2021: $1.2 million).

Executive Option Plans

Under the Executive Option Plans, awards are made to executives who have an impact on the Group's performance. Long Term Incentive awards are delivered in the form of options over shares which vest on the achievement of specific performance measures.

The fair value of share options granted is estimated at the date of grant using either a Black Scholes option pricing model or Monte Carlo Simulation Model, taking into account the terms and conditions upon which the share options were granted including the option price, the life of the option, the share price of the underlying shares on grant date and the expected share price volatility. It also takes into account historical and expected dividends. There are no cash settlement alternatives for the employees and the Group does not have a past practice of cash settlement for these awards.

All outstanding options will be cancelled if the employee leaves or is no longer employed by the Group for any reason. When the Long-Term Incentive Plan "LTIP" has met its vesting criteria and delivers an entitlement to an equity interest, the employee will have 3 months to exercise the relevant options, after which the relevant options will lapse.

Each share option converts into one ordinary share of Medical Developments International Limited on exercise. No amounts are paid or payable by the recipient on the receipt of the option nor are they tradeable at any time. The options carry neither rights to dividends or voting rights.

The options were independently valued to establish the fair value in accordance with AASB 2: Share Based Payments.

CEO Option Plan

During the current year, per his contractual conditions, no additional options were granted to the CEO. Refer to section 3 in the Remuneration Report for full details and vesting conditions of the CEO option plan.

Ordinary shares under option

The table below shows the ordinary shares under option for the following plans.

Option Plans[1][2]	Balance at 1 July 2021	Number granted	Number lapsed / forfeited	Balance at 30 June 2022	Vested at 30 June 2022	Unvested at 30 June 2022
CEO Option Plan	1,968,704	-	-	1,968,704	-	1,968,704
Executive option plans	645,000	-	(335,000)	310,000	-	310,000
	2,613,704	-	(335,000)	2,278,704	-	2,278,704

[1] The exercise price for the CEO Options held by Mr MacGregor is nil, and there is no expiry date on the options, but they will lapse on ceasing to be an employee

[2] The exercise price for the options held by members of senior management is $0.01, and there is no expiry date on the options

No options were exercised during the current year (2021: No options exercised).

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, based on the Group's estimate of options that will eventually vest with a corresponding increase in equity.

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	2022	2021
Short-term employee benefits	**1,476**	1,123
Post-employment benefits	**90**	88
Long-term employee benefits	**8**	9
Share based payments expense	**1,028**	840
Termination payments	**114**	-
Total compensation	**2,716**	**2,060**

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.

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

In the current year, the Group revised its presentation format for expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive income. Where necessary, comparatives were reclassified for consistency with the current period disclosure.

In the prior year, 'employee benefits expense' was disaggregated and presented by function and as part of cost of sales. In the current year, 'employee benefits expense' has been presented as a single line item along with 'raw materials and consumables used' and 'depreciation and amortisation expense'. This provides greater transparency for users of the Group's financial statement. There was no change in the prior period loss before tax expense of $15.0 million as a result of the change in presentation format.

5.2 RELATED PARTY DISCLOSURES

There were no related party transactions during the 2022 financial year (2021: 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.

5.3 PARENT ENTITY FINANCIAL INFORMATION

$'000	2022	2021
Current assets	**37,626**	49,890
Non-current assets	**56,844**	50,471
Total assets	**94,470**	**100,361**
Current liabilities	**10,025**	6,540
Non-current liabilities	**24,442**	24,924
Total liabilities	**34,467**	**31,464**
Net assets	**60,003**	**68,897**
Equity		
Issued capital	**76,992**	76,895
Reserves	**4,842**	3,575
Accumulated losses	**(21,831)**	(11,573)
Total equity	**60,003**	**68,897**
Loss of the Parent entity	**(10,260)**	(12,246)
Total comprehensive loss of the Parent entity	**(10,260)**	**(12,246)**

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 2022 are as follows:[1]

Australia

Medical Flow Technologies Pty Ltd	• Non-Operating

United Kingdom

Medical Developments UK Limited	• Distribution of pharmaceutical drug and respiratory products

Ireland

Medical Developments MD&P Limited	• Holder of European Penthrox® marketing authorisation

Netherlands

Medical Developments NED B.V.	• Operating

United States of America

Medical Developments USA Inc.	• Distribution of respiratory products

[1] All entities are wholly owned (2021: wholly owned)

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.

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:

$	2022	2021
Fees to Deloitte Touche Tohmatsu		
Fees for the audit or review of the statutory financial report of the group	**137,500**	132,000
Fees for taxation compliance services	**29,000**	28,000
Total fees to Deloitte Touche Tohmatsu	**166,500**	**160,000**

5.6 SEGMENT ASSETS AND SEGMENT LIABILITIES

Segment assets

$'000	2022	2021
Pain Management	**57,735**	51,193
Respiratory	**6,744**	5,688
Veterinary (discontinued)	**-**	962
Total Segment Assets	**64,479**	**57,843**
Reconciliation to total assets[1]:		
Cash and cash equivalents	**20,398**	36,277
Deferred tax assets	**5,612**	2,237
Current tax receivable	**162**	2,337
Other	**1,569**	1,481
TOTAL ASSETS	**92,220**	**100,175**

Segment liabilities

$'000	2022	2021
Pain Management	**7,432**	**5,930**
Respiratory	**2,380**	**795**
Veterinary (discontinued)	**-**	**7**
Total Segment Liabilities	**9,812**	**6,732**
Reconciliation to total liabilities[1]:		
Employee benefits provisions	**1,052**	**847**
Lease liabilities	**2,813**	**3,049**
Unearned income[2]	**21,245**	**21,245**
TOTAL LIABILITIES	**34,922**	**31,873**

[1] These reconciling items are managed centrally and not allocated to reportable segments
[2] Unearned income relating to registration activities in China is excluded from segment liabilities as activities are not yet complete (refer note 2.2)

5.7 SUBSEQUENT EVENTS

On 4 August 2022 the Company announced a fully underwritten placement and entitlement offer to raise $30 million. The placement and institutional component of the entitlement offer was successfully completed on 8 August 2022, raising approximately $20 million. The retail entitlement offer closed on 25 August 2022. After fees, proceeds from the capital raising were approximately $28.5 million.

Other than the 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.

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 consolidated entity;

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.

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 2022

Additional Stock Exchange Information

as at 7 September 2022

Number of holders of equity securities

Ordinary share capital

86,305,175 fully paid ordinary shares held by 12,564 individual shareholders. All issued ordinary shares carry one vote per share.

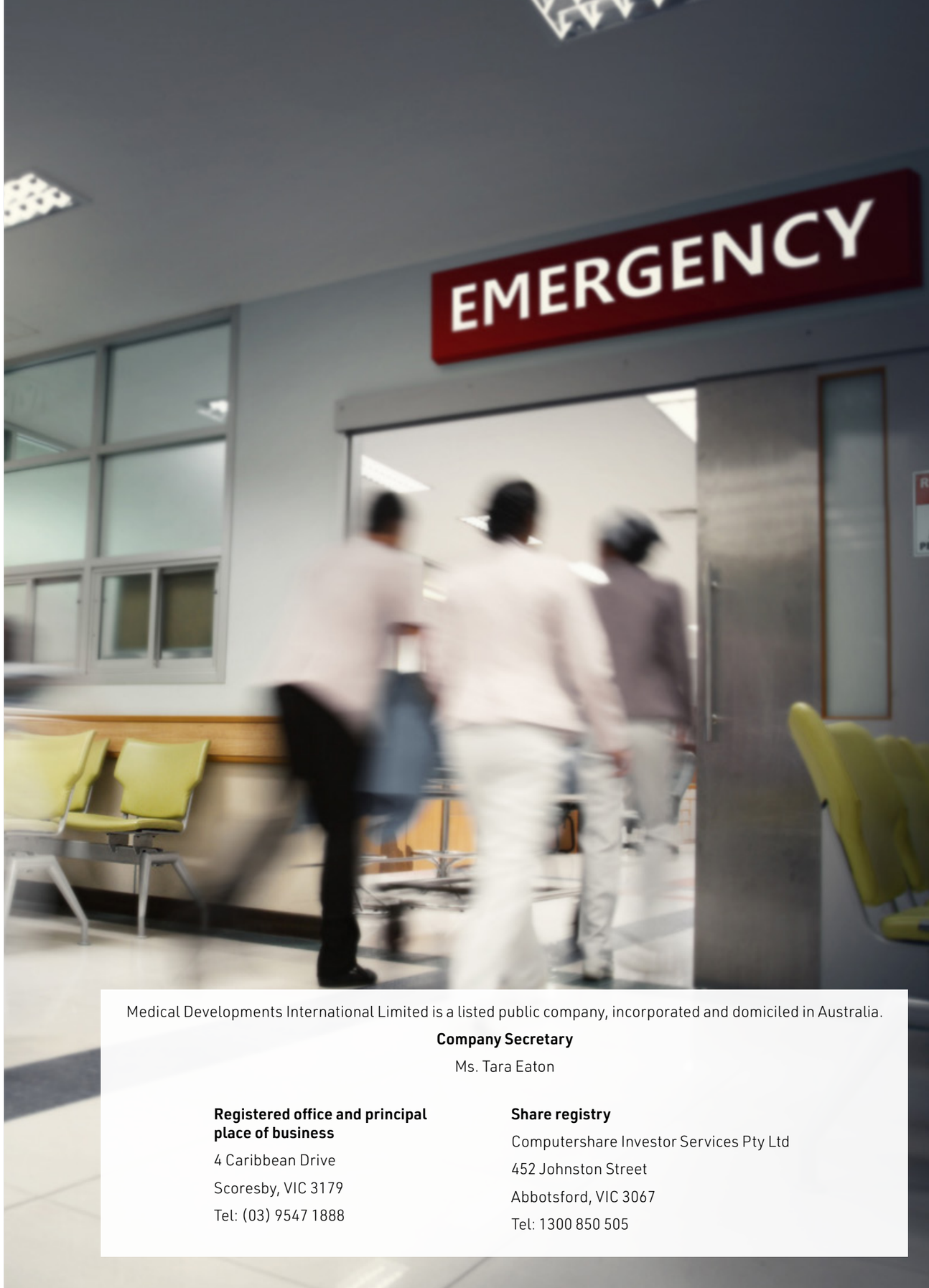
Distribution of holders of equity securities

Fully paid ordinary shares

1-1000	6,946
1,001-5,000	3,842
5,001-10,000	953
10,001-100,000	764
100,001 and over	59
	12,564
Holding less than a marketable parcel	3,226

Substantial Shareholders	Number	%
MR DAVID JOHN WILLIAMS	**9,515,242**	13.35
FIL LIMITED (and associated entities) (reported as of 15 August 2022)	**7,069,520**	8.71
SELECTOR FUNDS MANAGEMENT LIMITED (reported as of 15 August 2022)	**4,690,446**	5.78

Twenty largest holders of equity securities	Number	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,582,476	15.74
LAWN VIEWS PTY LTD <ANGELA WILLIAMS FAMILY A/C>	5,904,120	6.84
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,317,049	3.84
MOGGS CREEK PTY LTD <MOGGS CREEK SUPER A/C>	2,905,320	3.37
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	2,580,019	2.99
UBS NOMINEES PTY LTD	1,741,885	2.02
DR RUSSELL KAY HANCOCK	1,614,214	1.87
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	1,600,324	1.85
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	1,154,898	1.34
KIDDER PEABODY PTY LTD	1,042,945	1.21
MR DAVID WILLIAMS <WILLIAM STREET A/C>	861,817	1.00
NATIONAL NOMINEES LIMITED	839,373	0.97
CITICORP NOMINEES PTY LIMITED	790,092	0.92
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	737,814	0.85
NAYLOR-STEWART INVESTMENTS PTY LTD <NAYLOR-STEWART FAMILY A/C>	630,878	0.73
MR ALISTAIR DAVID STRONG	630,000	0.73
SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C>	585,539	0.68
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	554,219	0.64
JJ OPPERMAN SUPERANNUATION PTY LIMITED <OPPERMAN SUPER FUND A/C>	540,000	0.63
MRS VIRGINIA CATHERINE HANCOCK	518,487	0.60



Medical Developments International Limited is a listed public company, incorporated and domiciled in Australia.

Company Secretary

Ms. Tara Eaton

Registered office and principal place of business

4 Caribbean Drive

Scoresby, VIC 3179

Tel: (03) 9547 1888

Share registry

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452 Johnston Street

Abbotsford, VIC 3067

Tel: 1300 850 505

Medical
Developments
International