

Medical Developments International Limited Appendix 4D

Results for Announcement to the Market

The following information is provided in accordance with ASX Listing Rule 4.2C.3

	Half-year ended 31 Dec 2020 \$000	Half-year ended 31 Dec 2019 \$000	Percentage increase/ (decrease)
Revenue (gross) from the sale of goods	12,783	11,186	14.3%
Revenue (net) from the sale of goods	12,574	10,895	15.4%
Profit/(Loss) before Interest and Tax	(1,311)	215	(709.8%)
Net Profit/(Loss) After Tax	(1,137)	240	(573.8%)
Basic EPS (cents)	(1.73)	0.37	(567.6%)
Cash and Cash Equivalents	33,468	23,153	44.6%
Net Tangible Asset Per Share (cents)*	28.9	1.7	1,600%

** Net assets less goodwill, other intangible assets and deferred tax assets divided by the number of shares on issue at balance date*

Dividends

No interim dividend has been declared for the half year ended 31 December 2020.

No final dividend was declared or paid during the period in respect to the year ended 30 June 2020.

For a brief explanation of the figures above refer to the review of operations attached.

The Condensed Consolidated Financial Statements contained within the Consolidated Half-Year Report, upon which this report is based, have been reviewed by Deloitte.



26th February 2021

HALF-YEAR REPORT

Pursuant to listing rule 4.2A, please find following Medical Developments International Limited's Consolidated Half-Year Report and associated results announcement, which should be read in conjunction with the most recent annual financial report.

A handwritten signature in black ink, appearing to read "M Edwards", is positioned above the name of the signatory.

Mark Edwards
Company Secretary

Chief Executive Officer's and Company Chair's Report

Overview

Medical Developments International Limited (ASX: MVP) announced a Net Loss after Tax for the six months ended 31 December 2020 (H1FY21) of \$1.1m down from the Profit after Tax of \$0.2m recorded for the same period in 2019. Gross Revenue of \$12.8m grew 14% from the \$11.2m achieved in that comparable period.

The focus for the last half year has been navigating the many challenges presented by COVID-19 and transitioning our EU Penthrox business. As noted in our update in December 2020, the reduction in people movements, sporting events and ambulance call outs has reduced the number of trauma events and ambulance movements, adversely affecting Penthrox® sales in our key markets. Furthermore, respiratory product sales were depressed in the half year, a direct result of the milder than usual cold and flu season and again related to reduced community movement and ongoing improved community hygiene practices.

In December 2020 MVP completed a successful \$24.9m capital raise via a placement supported by new and existing institutional investors in Australia and offshore. This was followed by the successful completion in January 2021 of a Share Purchase Plan raising a further \$11.8m. The combined raisings solidify MVP's balance sheet with the proceeds to be primarily used to accelerate the commercialisation of Penthrox® in the EU, to strengthen the depth and breadth of the MVP team and to complete clinical and other key studies.

Key Updates



Europe Transition

Reclaiming the marketing and distribution rights in 27 European countries from Mundipharma is well advanced, with the majority of Marketing Authorisations already having cleared regulatory protocols. MVP has established its preliminary sales and distribution network for Penthrox® on the continent that will enable the company to ensure a smooth transition of sales activities in already launched European markets and to sell in its own right from March 2021.

In the coming months, MVP will build the Penthrox® brand and product awareness across the continent and grow Penthrox® as the preferred solution for patient trauma pain. Key Account Manager deployments are underway in France and Belgium. Focused launches in both Germany and Spain are targeted for later in 2021. Both markets represent key growth opportunities.

MVP has also agreed to terms on a distribution agreement with Medis in five Central European markets (Czech Republic, Slovakia, Slovenia, Hungary, and Croatia). Medis will

undertake a complete marketing and sales effort in Slovenia and Croatia, while its initial effort in the other three markets will be limited to third-party logistics support.

In the United Kingdom and the Republic of Ireland, MVP's partner, Galen, continues to make good progress. In-market sales grew 30% in the current period, with the UK being the key driver of this growth.

Over 170 hospitals have now approved Penthrox® and in excess of 700 customers are using the product in the UK and Ireland. Evaluations continue within the UK ambulance services and further penetration within the UK ambulance market setting is expected during CY21 to build on the recent successful addition of the Northern Ireland Ambulance Service in late 2020. Further evidence of Galen's in-market success includes recent launch orders from the St. John Ambulance service in England and the Scottish Ambulance service. This progress has resulted in both parties agreeing to renew the distribution agreement in the UK and Ireland for a further 5-year period.

MVP's partnership with Galen has now been extended into new markets with an agreement for the Nordic region (Finland, Sweden, Norway, Denmark, and Iceland). Galen is well-positioned to leverage key learnings and successes with Penthrox® in the UK and Ireland to build the existing business across these five additional markets.

Australia

From 1 December 2020, MVP took back the Australian distribution rights for Pentrox® from Mundipharma Australia. In the lead up to the transition, Mundipharma sold through its existing stock levels which created a gap in local sales – a primary reason for reported Pentrox® sales falling behind the prior year.

The transition process has ultimately been a seamless one and focus since has been to build on the GP and hospital gains made by Mundipharma last year. A number of new Key Account Managers have been appointed to drive further growth in the Australian market in ambulance, GP and hospital settings.

United States

MVP held a Type-C meeting with the FDA in January 2021. This meeting with the agency was constructive and the company is continuing with its plans around the completion of the studies required by the agency to lift the clinical hold.

China

MVP plans to submit two of the three required studies to the ethics committee in Q1 2021 and the third study to closely follow. The first patient in the clinical trial is planned for Q3 2021. The time invested in the start-up phase has provided quality management and documentation prior to the submission of these studies.

Respiratory

The last half year was a difficult period for Respiratory sales, due to COVID-19. However, the company anticipates growth for its Respiratory business following an initial order in the US from Walmart for their first private label spacer product range under the 'Equate' brand.

The second half of the financial year will see the launch of a new spacer into the Australian market, under the Breath-A-Tech® brand. It has already been accepted by Australia's largest pharmacy chain, My Chemist Warehouse Group.

Continuous Flow

Research has continued with the CSIRO developing alternative manufacturing methods for generic API's utilising the continuous flow platform technology. Lidocaine still stands as the most advanced process being developed under flow conditions, although access to specific equipment to support its scale-up has hindered progress. MVP expects several new targets moving into stage 3 during the second half of the financial year, with a focus on delivering API manufacturing process at a lower cost, with less carbon and physical footprint than traditional batch processing.

FY21 Half Year Financial Result

Sales and Gross Margins

Gross revenue was up 14%, driven by increased milestone revenue from the hand back by Mundipharma of the Pentrox® Europe distribution rights. The handback resulted in the accelerated recognition of the previously received monies. Gross Margins on product sales remain strong and largely consistent with the prior year.

Expenses

Operating expenses for the half year increased 56% over the comparable period primarily due to the investment in MVP's Pentrox® European sales and distribution infrastructure. Investment in the half totalled approximately \$4.3m, including approximately \$3.3m paid to Mundipharma to date for services associated with the transition activities. Outside Europe, expenses for the half were lower than the comparative period.



The smooth transition of the CEO and Chair's roles is a credit to the organisation, especially to David Williams as former Chair and Max Johnston as interim CEO. We look forward to continuing to work with David and Max, and the rest of the Board, to internationalise the company.

The last few months have been very challenging from a business perspective and we express much appreciation to the staff of MVP who kept the business running through the pandemic, including the Melbourne lockdowns.

Despite the continuing challenges of COVID-19 in key markets, we cautiously anticipate a stronger second half sales performance with positive effect from reclamation of the marketing authorisations in Europe, the signing of new agreements, the direct hiring of key account managers in France and Belgium, and the rolling out of MVP field personnel in Australia.

With the change of leadership of the company, a number of reviews and investments are underway to ensure that MVP is best positioned as a business for future strong international growth.

BRENT MACGREGOR
CHIEF EXECUTIVE OFFICER

GORDON NAYLOR
COMPANY CHAIR

Further Information:

MARK EDWARDS
COMPANY SECRETARY
03 9547 1888





ABN 14 106 340 667

Consolidated Half-Year Report

Half-Year Ended 31 December 2020

(Previous corresponding period: Half-year ended 31 December 2019)

Consolidated Half-Year Report for the Half-Year Ended 31 December 2020

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Directors' Report

The directors of Medical Developments International Limited ("MDI") herewith submit the financial report of Medical Developments International Limited and its subsidiaries (the "Group") for the half-year ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the directors' report as follows:

The names of the directors of the company during or since the end of the half year are:

- Mr Gordon Naylor (Non-Executive Company Chair since 18 December 2020)
- Mr David J Williams (Non-Executive Company Chair until 17 December 2020)
- Mr Robert M Johnston
- Mr Leon Hoare
- Mr Philip Powell
- Ms Christine Emmanuel

As announced to the ASX on 14 October 2020, Mr Gordon Naylor was appointed as a Non-Executive Director with immediate effect. Also announced to the ASX on 3 December 2020, Mr Naylor assumed the position of Non-Executive Chairman with effect from 18 December 2020, succeeding Mr David Williams who held the role since the company was first listed in 2003. Mr Williams will continue to serve on the board as a Non-Executive Director.

Having been appointed by the Board as an additional appointee, Mr Naylor will stand for election at the Company's Annual General Meeting in October 2021.

Review of Operations

A detailed review of the operations of the company during the half-year and the results of these operations is set out in the accompanying results announcement.

Auditor's Declaration of Independence

The auditor's independence declaration is included on page 3 of the Consolidated Half Year Report.

Rounding off of Amounts

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

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

On behalf of the Directors.



Gordon Naylor
Company Chair
Melbourne, 26 February 2021

26 February 2021

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

Dear Board Members

Medical Developments International Limited


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

As lead audit partner for the review of the financial statements of Medical Developments International Limited and its subsidiaries for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully


DELOITTE TOUCHE TOHMATSU


Travis Simkin
Partner
Chartered Accountants

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

Conclusion

We have reviewed the half-year financial report of Medical Developments International Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2020, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Directors' Responsibilities for the Half-year Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Travis Simkin

Travis Simkin

Partner

Chartered Accountants

Melbourne, 26 February 2021

Directors' Declaration

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors



Gordon Naylor
Company Chair
Melbourne, 26 February 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2020

	Half-year ended	
	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Gross revenue from sale of goods and contracts	12,783	11,186
Less discounts and claims	(209)	(291)
Net revenue from sale of goods and contracts	12,574	10,895
Cost of sales	(2,796)	(3,602)
Gross Profit	9,778	7,293
Other income (interest)	27	227
Distribution expenses	(651)	(633)
Marketing expenses	(946)	(1,357)
Occupancy expenses	(653)	(628)
Administration expenses	(2,853)	(1,976)
Regulatory and registration expenses	(1,830)	(1,664)
Finance Expenses	(65)	(69)
Other expenses	(4,157)	(820)
(Loss)/Profit before income tax expense	(1,350)	373
Income tax benefit/(expense)	213	(133)
(Loss)/Profit for the period	(1,137)	240
Items that may be reclassified subsequently to profit or loss, net of income tax		
Exchange differences on translating foreign operations	(13)	6
Total Comprehensive (Loss)/Income for the period	(1,150)	246
(Loss)/Profit attributable to:		
Owners of the parent	(1,137)	240
Total Comprehensive (Loss)/Income attributable to:		
Owners of the parent	(1,150)	246
(Loss)/Earnings per Share:		
Basic (cents per share)	(1.73)	0.37
Diluted (cents per share)	(1.73)	0.36

Notes to the financial statements are included on pages 11-16

Condensed Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current Assets			
Cash and cash equivalents		33,468	15,544
Trade and other receivables		2,627	4,082
Inventories		6,587	5,882
Current tax receivable		1,809	33
Other		501	416
Total Current Assets		44,992	25,957
Non-Current Assets			
Plant and equipment		11,315	11,781
Deferred tax asset	6	599	2,106
Goodwill	5	9,095	9,095
Other intangible assets	5	37,228	35,820
Total Non-Current Assets		58,237	58,802
Total Assets		103,229	84,759
Current Liabilities			
Trade and other payables		6,240	5,001
Provisions		457	401
Lease liability		332	326
Borrowings		91	91
Other	7	4,055	2,394
Total Current Liabilities		11,175	8,213
Non-Current Liabilities			
Provisions		274	269
Lease liability		2,827	2,939
Other	7	21,942	30,000
Total Non-Current Liabilities		25,043	33,208
Total Liabilities		36,218	41,421
Net Assets		67,011	43,338
Equity			
Issued capital	8	65,212	40,954
Reserves		2,509	1,957
Accumulated (losses)/earnings		(710)	427
Total Equity		67,011	43,338

Notes to the financial statements are included on pages 11-16

Condensed Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2020

Opening balance at 1 July 2020

Loss for the period	-
Exchange differences on translation of foreign operations	-
Total Comprehensive Loss	-
Share Based Payment	-
Options issued to the CSIRO	-
Share issue via capital raising	24,900
Equity raising costs	(642)

Closing balance at 31 December 2020

Half-year ended 31 December 2020					
Issued capital \$'000	Accumulated (losses)/ earnings \$'000	Employee equity settled benefits reserve \$'000	CSIRO Option Reserve \$'000	Foreign Currency Translation Reserve \$'000	Total \$'000
40,954	427	802	1,200	(45)	43,338
-	(1,137)	-	-	-	(1,137)
-	-	-	-	(13)	(13)
-	(1,137)	-	-	(13)	(1,150)
-	-	365	-	-	365
-	-	-	200	-	200
24,900	-	-	-	-	24,900
(642)	-	-	-	-	(642)
65,212	(710)	1,167	1,400	(58)	67,011

Opening balance at 1 July 2019

Profit for the period	-
Exchange differences on translation of foreign operations	-
Total Comprehensive Income	-
Share Based Payment	-
Dividends Paid	-
Dividends reinvested in the forms of shares	415
Options issued to the CSIRO	-
Equity raising costs	(9)

Closing balance at 31 December 2019

Half-year ended 31 December 2019					
Issued capital \$'000	Accumulated earnings \$'000	Employee equity settled benefits reserve \$'000	CSIRO Option Reserve \$'000	Foreign Currency Translation Reserve \$'000	Total \$'000
40,410	2,670	711	800	(3)	44,588
-	240	-	-	-	240
-	-	-	-	6	6
-	240	-	-	6	246
-	-	284	-	-	284
-	(1,310)	-	-	-	(1,310)
415	-	-	-	-	415
-	-	-	200	-	200
(9)	-	-	-	-	(9)
40,816	1,600	995	1,000	3	44,414

Notes to the financial statements are included on pages 11-16

Condensed Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2020

	Half-year ended 31 Dec 2020 \$'000	Half-year ended 31 Dec 2019 \$'000
<i>Cash flows from operating activities</i>		
Receipts from customers	7,528	11,355
Payments to suppliers and employees	(11,284)	(8,778)
Milestone and Upfront Payments	-	200
Other income	41	61
Receipts from Government grants	44	53
Interest paid - Leases	(57)	(60)
Income tax paid	(55)	(26)
Net cash (used in)/provided by operating activities	(3,783)	2,805
<i>Cash flows from investing activities</i>		
Interest received	45	271
Payment for plant and equipment	(207)	(554)
Payments for other intangible assets	(2,331)	(4,269)
Net cash (used in)/provided by investing activities	(2,493)	(4,552)
<i>Cash flows from financing activities</i>		
Dividends paid (net of DRP)	-	(896)
Proceeds from share issue	24,900	-
Proceeds from option issue	200	200
Share issue transaction costs	(642)	(8)
Lease repayments	(105)	(96)
Net cash (used in)/provided by financing activities	24,353	(800)
<i>Net (decrease)/increase in cash held</i>	18,077	(2,547)
<i>Cash at the beginning of the half-year</i>	15,544	25,620
Effects of exchange rate changes on the balance of cash held in foreign currencies	(153)	80
<i>Cash at the end of half-year</i>	33,468	23,153

Notes to the financial statements are included on pages 11-16

Notes to the Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

1. Significant accounting policies

Statement of Compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made by the Group during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Basis of Preparation

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

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2020, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period, as summarised below:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business.
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material.
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.
- AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions.

The adoption of these new and revised Standards and Interpretations did not impact the disclosures or amounts recognised in the Group's condensed consolidated financial statements.

2. Segment information

Products and services within each business segment

For management purposes, the company is organised into three business units – pharmaceuticals, medical devices and veterinary products. These units are the basis on which the company reports its primary segment information. The principal products and services of each of these divisions are as follows:

- Pharmaceuticals – the sale of Pentrox® primarily within Australia, New Zealand, Europe and UK, and some sales in Asia, the Middle East and South Africa
- Medical Devices – the sale of medical devices, particularly Space Chambers, masks and Breath-Alert Peak-Flow meters, primarily within Australia, Europe and North America and some sales in Asia, New Zealand and the Middle East
- Veterinary Products – the sale of veterinary products worldwide

Segment revenues and results

	Pharmaceuticals		Medical Devices		Veterinary		Unallocated		Total	
	Half-year ended		Half-year ended		Half-year ended		Half-year ended		Half-year ended	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenues:										
External revenue (gross)	3,513	5,442	2,673	4,375	156	160	-	-	6,341	9,977
Sales discounts and claims	-	-	(209)	(291)	-	-	-	-	(209)	(291)
Sales revenue (net)	3,513	5,442	2,464	4,083	156	160	-	-	6,132	9,686
Milestone and licence revenue*	6,442	1,209	-	-	-	-	-	-	6,442	1,209
Total revenue (net)	9,955	6,652	2,464	4,083	156	160	-	-	12,574	10,895
Profit before interest, income tax, depreciation & amortisation	2,316	2,565	77	699	76	46	(2,184)	(1,807)	285	1,503
Depreciation & Amortisation	(1,366)	(1,060)	(95)	(100)	(13)	(12)	(122)	(116)	(1,596)	(1,288)
(Loss)/Profit before interest and tax	950	1,505	(18)	599	63	34	(2,306)	(1,923)	(1,311)	215
Net interest							(39)	158	(39)	158
(Loss)/Profit before income tax							(2,345)	(1,765)	(1,350)	373
Income tax benefit/(expense)							213	(133)	213	(133)
Net (loss)/profit for the period from continuing operations							(2,132)	(1,898)	(1,137)	240
	Pharmaceuticals		Medical Devices		Veterinary		Unallocated		Total	
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets and Liabilities										
Assets	52,653	52,832	10,656	11,474	944	976	38,977	19,477	103,229	84,759
Liabilities	-	-	-	-	-	-	36,218	41,421	36,218	41,421
	Pharmaceuticals		Medical Devices		Veterinary		Unallocated		Total	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other Segment Information										
Acquisition of segment assets	2,313	4,463	179	237	19	19	26	104	2,538	4,823

*-Milestone and license revenue whilst non-cash, is included in determination of segment profit before interest, income tax, depreciation and amortisation.

Geographical Information	Sales revenue from external customers		Sales revenue from external customers	
	31 Dec 2020		31 Dec 2019	
	\$'000's	%	\$'000's	%
Australia	2,680	43.7%	5,825	60.1%
New Zealand	560	9.1%	580	6.0%
International	2,892	47.2%	3,281	33.9%
	6,132	100.0%	9,686	100.0%

2. Segment information (continued)

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the half-year.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment profit represents the profit earned by each segment without allocation of central administration costs, finance income and finance costs, and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

3. Items included in Profit and Loss

	31-Dec-20 \$'000	31-Dec-19 \$'000
Expense items included in profit and loss		
Depreciation of non-current assets		
- <i>Right of use asset</i>	136	136
- <i>Other fixed assets</i>	536	524
	<u>672</u>	<u>660</u>
Amortisation of intangible assets	924	628
Research and development costs	227	151
Europe transition and establishment costs	4,317	-
Share based payments	365	284
Government subsidies	(1,140)	-
Loss/(gain) on foreign currency transactions	96	(124)

During the half-year, the Group incurred expenses of \$4.317m related to the buyback of the distribution rights for its pain relief drug, Pentrox, in all 27 member states in the European Union and costs associated with establishing a European office to execute on the Group's strategy for the region. This amount is disclosed within 'Other Expenses' in the Statement of Profit or Loss.

4. Dividends

No interim dividend has been declared for the half year ended 31 December 2020.

No final dividend was declared or paid during the period in respect to the year ended 30 June 2020.

A fully franked dividend of 2 cents per share was paid in relation to the 31 December 2019 period.

5. Intangible assets

	31-Dec-20 \$'000	30-Jun-20 \$'000
Goodwill	9,095	9,095
Other Intangible Assets	37,228	35,820
	46,323	44,915

During the period, the Group identified an indicator of impairment with respect to the Pharmaceuticals and Medical Devices CGUs, due to under performance against FY21 budget arising from the effects of COVID-19 in respective markets served by the Group. In response, the Group performed an impairment test and concluded that no impairment was required as at 31 December 2020.

The recoverable amount for the respective CGUs was determined as follows:

- **Pharmaceuticals:** The recoverable amount was calculated 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.

The recoverable amount for Pharmaceuticals represents an aggregation of:

- 1) an estimate of future cash flows attributable to the geographies in which the Group currently operates, allowing for further growth and expansion, assuming an EBITDA growth rate in Year 2-5 of 20% p.a. and a long-term growth rate of 2%. The estimate of future cash flows was then discounted using a post-tax discount rate of 10.3%.
- 2) 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%. The estimate of future cash flows was then discounted using a post-tax discount rate of 25%.

The cash flows attributable to the geographies in which the Group currently operates (principally Australia and Europe) rely on continued growth in the short to medium term. The cash flows in these regions were subdued during the period to 31 December 2020 due to COVID-19 and related Government restrictions. The Group expect these impacts to continue in the short term, with demand increasing as restrictions are eased and activity levels within respective geographies begin to increase.

As announced to the ASX on 19 August 2020, the company has signed an agreement to take back the distribution rights for Pentrox in Europe from Mundipharma. This transition is to take place over a 6-month period from 1 September 2020 to 28 February 2021.

As announced to the ASX on 30 October 2020, the company has signed an agreement to take back the distribution rights for Pentrox in Australia from Mundipharma. The arrangement is effective from 1 December 2020.

The Group expect these actions to assist in realising the Group's market opportunity.

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

5. Intangible assets (continued)

- **Medical Devices:** The recoverable amount was calculated using a 'value in use' 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.

The recoverable amount for Medical Devices is based on management forecasts for Year 1, incorporating an allowance for growth and expansion in existing markets by assuming an EBITDA growth rate in Year 2-5 of 15% per annum and a long term growth rate of 2%. The estimate of future cash flows was then discounted using a post-tax discount rate of 10.3%.

The cash flows generated by the Medical Devices business were subdued during the period to 31 December 2020 due to COVID-19 and related Government restrictions. Whilst the Group saw an elevation in sales in 2020 arising from 'panic buying', demand for respiratory devices softened in the period to 31 December 2020 as activity levels fell. The Group expect these impacts to continue in the short term, with demand increasing as restrictions are eased and activity levels within respective geographies begin to increase.

The recoverable amount for the Medical Devices business is expected to be supported by growth opportunities, particularly in the US market. In August 2020, Walmart launched their 'equate' branded spacer range, manufactured by MVP. This was Walmart's first private label prescription product under the 'equate' brand, which will be available in all Walmart pharmacies (circa 4,600 stores in the USA). The Group are targeting further pharmacy chains in FY21 and expect to deliver significant sales growth in the USA in the years ahead.

As the global outbreak of 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, the uncertainty associated with COVID-19 and the long-term growth expectations of its respective businesses. Accordingly, the Group has concluded that no impairment is required based on expected future performance.

6. Deferred Tax Assets

	31-Dec-20 \$'000	30-Jun-20 \$'000
Deferred Tax Asset	599	2,106

The deferred tax asset as at 31 December 2020 has decreased as a result of the application of the 2020-21 Federal Budget temporary loss carry back legislation that will enable MVP to recoup a portion of the tax it paid in relation to the 30 June 2019 tax year, when it submits its 30 June 2021 tax return. These measures have resulted in \$1.705m being recognised as a tax receivable in the current period and thereby reducing the deferred tax asset attributed to tax losses.

7. Deferred revenue and grant income

	31-Dec-20 \$'000	30-Jun-20 \$'000
Revenue received in advance	25,233	31,640
Unearned government grant income	764	754
	<u>25,997</u>	<u>32,394</u>
Current	4,055	2,394
Non-current	<u>21,942</u>	<u>30,000</u>
	<u>25,997</u>	<u>32,394</u>

Revenue received in advance relates to unamortised upfront and milestone payments. For accounting purposes these payments are deferred and amortised into the income statement over the term of the agreement to which the payments relate.

The current period decrease in revenue received in advance relates to the amortisation of previously received upfront payments and the accelerated realisation of non-refundable amounts previously paid to the Group by Mundipharma associated with the European distribution rights for Pentrox, which were in the process of transitioning back during the half year period. The transitioning back of the distribution rights resulted in a termination of the contract with Mundipharma that resulted in the service period for the distribution rights being accelerated to expire on 28 February 2021. As at 31 December 2020, \$2.885m of this amount remains on balance sheet as a current liability, which will be realised as revenue in the period to the 28 February 2021.

8. Issued capital

MVP announced a capital raising on the 14 December 2020 comprising an Institutional Placement and Share Purchase Plan. The Placement resulted in the issue of 3,830,769 ordinary shares, raising \$24.9m and completed on the 18 December 2020 and the proceeds are therefore captured in the above financial statements.

9. Key management personnel

On the 1 November the Group issued 1,968,704 share options to the new CEO, Brent MacGregor, as part of his employment with the Group. These options are split into 4 equal tranches and vest based on market-based hurdles. Further details of the issue and other key terms of the CEO's employment are contained in the announcement made to the ASX on 14 October 2020.

10. Subsequent events

The Share Purchase Plan referred to in note 8 above, raised a further \$11.768m and as it was completed on 27 January 2021, the outcome has not been included in these financial statements.

Other than the completion of the Share Purchase Plan, there has not been any other matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future years.

11. Contingencies and commitments

There has been no significant changes to contingent liabilities, contingent assets or commitments since 30 June 2020.