

28 October 2021

ASX ANNOUNCEMENT

Company Chair and CEO's Address to Shareholders

Address by Company Chair – Mr. Gordon Naylor

It would be fair to say that the last year has been challenging for MVP. Your Board, and the executive, have worked hard to respond to these challenges.

Almost all businesses have been rocked by the COVID19 pandemic and MVP is no exception. Operationally, the executive has dealt with remote working and supply chain challenges to keep the organisational wheels turning and critical products flowing to our customers. Our respiratory and emergency care sales have been significantly disrupted by the public health measures taken by governments globally to protect their citizens.

The major setbacks of the Mundi organisation, with whom MVP was working to internationalise the Pentrox business, was a major setback. Brent has picked up from Max to completely swing to a new global distribution model, based on a mixture of our own people and local partners. Brent has brought deep, recent international commercial experience that allowed this to happen quickly.

In under a year, Brent has made excellent progress in more generally re-tooling MVP for successful international business. Change is always disruptive, but under these circumstances, especially so. The art is to drive necessary change without allowing the core business of producing high quality, reliable products for our customers to be impeded.

I am pleased to say that Brent has got that balance right and we're seeing signs of a return to pre-pandemic outcomes and indeed growth in key markets.

We cannot say that the changes are complete – but nor can we say that about our growth and the opportunities that lie ahead.

Financially, the successful capital raising led by David has allowed us to weather the storm financially with a strong balance sheet. Naturally, we'd like to see a higher valuation of the company by the market, but that will ultimately only come with improved business performance.

I have also been pleased with how closely the Board has worked with Brent and the executive through these challenges. Your Board has Directors with valuable skills, who don't mind rolling up their sleeves as needed, but who also step back and think about governance and the big picture. The Board itself has also adapted – Zoom calls are now a regular feature for us as well – although we try for as much face time as possible!

I'll hand over to Brent now to give you a more granular view of the business and its prospects.

Address by CEO – Mr. Brent MacGregor

Thank you Gordon.

I want to make a few remarks about FY21, and then spend a little time on what has been transpiring in FY22, particularly considering we are past the first quarter, and headed toward the half-year.

FY21 was a challenging year on a range of fronts to which many of you are aware.

The good news – we were taking back our marketing authorisations in Europe, in Canada, and here at home in Australia from Mundipharma / Purdue where their market challenges had ultimately limited their performance. Whilst there were some accomplishments during that period, for the most part we were left to pick up the pieces and move forward in a new direction.

The challenge for the company was indeed to seamlessly reclaim our product rights, which meant doing so in a manner that was not disruptive to our customers; we did this. I'm proud of the effort undertaken by a cross-functional team in systematically ensuring we could at least build off of the business in place.

At the same time, and as we continued to address the negative impact on our Pentrox business, as well as our respiratory business, of COVID, we also commenced a transformation of our organisation toward becoming a global healthcare company that is equipped to aggressively grow its business throughout the world. This is different from simply being an Australian company selling its products abroad. It required the structuring of a team that understands the unique features of different global markets, while also building process capabilities in our business to support our aspiration.

So, what have we done thus far in this transformation?

The focus of the transformation work was heavily on our commercial capability initially. Here in Melbourne, most of the commercial team in place has been succeeded by new colleagues with deep experience in the pain or respiratory segments, but of equal importance, in the customer channels where our success will come. This includes a new Head of Commercial Operations for ANZ, and international region, ex Europe.

Speaking of Europe, our team of 1 on the continent is now 14 strong, including a significant presence in France, and a regional team of 4. We have also rolled out our hybrid plan in Europe around a mantra of focus: in the EU4 markets of France, Germany, Italy and Spain, our intent is a direct approach, and we have executed this plan in France with 9 Key Account Managers in the field.

In those markets where we don't envision a direct presence, and where potential partners have expressed interest and a sound business plan for growth, we have signed agreements with partners: Medis in six central and eastern European markets, and Galen in the Nordic region. Speaking of Galen, we have continued the relationship with them in the UK and Ireland, which is now more than five years old. Last point here – where the markets in Europe don't offer a clear pathway to meaningful results, we will devote no effort.

So, what were our plans for FY22?

As you will have heard from the FY21 full-year results announcements, we landed at \$25 million in revenue, which included \$10 million of contract income associated with our separation from Mundipharma. We will not have that income this fiscal year now that the relationship is over. Nonetheless, we still intend to grow our revenue in FY22 to exceed our FY21 landing.

This is particularly true for our Pentrox business. Where do we anticipate generating such growth? France will figure prominently in this plan: hence the 9 Key Account Managers I mentioned earlier. Our intention is to grow the French business almost fourfold in FY22 over last year, and more than double where it was pre-COVID. The UK and Ireland markets, managed through our alliance with Galen, is expected to continue its upward trajectory, including greater penetration into the hospital market. Also, Galen is launching its Pentrox business in the Nordic region, following from that new agreement.

Here at home, we intend to grow our Pentrox business beyond its pre-COVID level this year. Of course, the lockdowns we have suffered during these past months have the potential to hinder our performance going forward.

In the US, our new team has placed a particular focus on understanding the mechanisms of generating growth for our respiratory business. Simply having our products in Walmart and Walgreens doesn't guarantee success, as evidenced by the low sales that had been generated. Our target this year is a fourfold increase over last year.

Now that we are past the first quarter, I can say that the business is on plan in our key markets. Nonetheless we have much still to accomplish in the months ahead, alongside uncertainty about market conditions and the speed of recovery.

In Australia, constant lockdowns were not helping our plan for Pentrox, nor for respiratory; but our team's efforts have allowed for us to land slightly ahead of plan for the first quarter.

Our Pentrox unit sales in France hit a new record in the month of September. Of course, we will need our 9 colleagues in the field to continue setting records as we go forward!

With Galen UK, Pentrox unit sales are also tracking to plan. Stefaan and his regional team maintain ongoing dialogue with the Galen team, both in the UK and Ireland, as well as in the Nordics, to mutually support that business.

Lastly, we are ahead of plan with our respiratory sales in the US. Much of this initial performance is coming from Walmart, but we are also gaining traction with some new independent buying groups. A good start, but we have much work still to do in the months ahead.

For the longer-term growth projection of the business, we are continuing to advance our key projects.

In the US, we have put considerable effort into the guidance we received from FDA, in April, on a pathway to hopefully lifting the clinical hold on our Pentrox IND. We are on track to submit a formal Clinical Hold response to the FDA, before year-end, and will hear their response in January.

In China, we remain on track to commence our pharmaco-kinetic study in the coming two months, to be followed by first patient recruitment of the trauma and bone marrow biopsy studies.

We also continue to advance to final engineering stage of our next generation inhaler device, internally named 'Selfie'.

I also want to say a quick word about Flow as we are routinely asked our intentions, particularly off the back of the impairment announcement in June. We remain keen to explore what commercial pathways may exist for our Flow technology. Of course, the technology works for us with the manufacture of our active ingredient – methoxyflurane. It remains to be seen whether we can identify commercial pathways that generate incremental revenue for our company down the road. We will keep evaluating.

In conclusion, we have an aggressive plan in place for this fiscal year, the first full year with the return of our marketing authorisations. We have delivered a decent first quarter performance for our business, even in the face of COVID lockdown headwinds here at home.

While we have much to accomplish ahead, I am enthused about the talent we have brought on board to upskill our organisation as a global healthcare company. We will continue to hold ourselves to a standard that is required to deliver on our aggressive goals.

I look forward to updating you all again at the half-year.

Authorised for release by MVP Company Secretary, Mark Edwards