

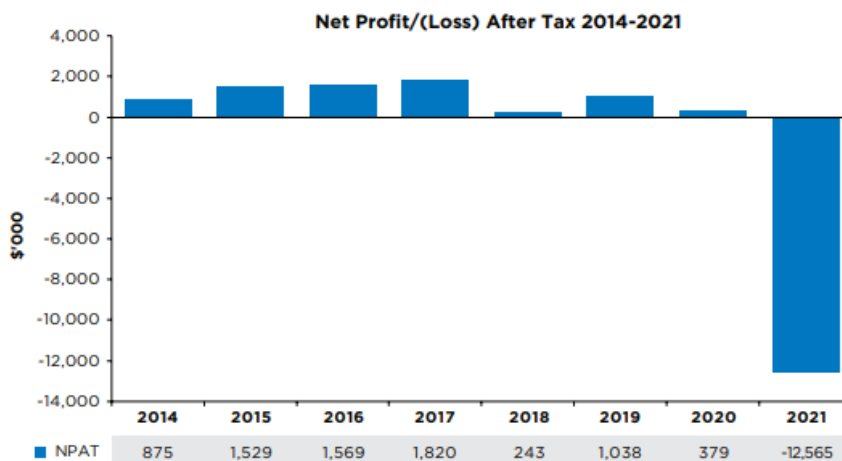


Company	Medical Developments International
Code	MVP
Meeting	AGM
Date	28 October 2021
Venue	Virtual
Monitor	Jason Cole (proxy collector)

Number attendees at meeting	40
Number of holdings represented by ASA	20
Value of proxies	\$414,760
Number of shares represented by ASA	87,873
Market capitalisation	\$340m – on day of meeting
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	No

Challenging Year Results in a First Strike

Financial Year 20/21 (FY21) was a challenging year for MVP as the below chart showing NPAT for the previous 8 years illustrates. Covid-19 related impacts on product sales and impairments after a comprehensive assessment of the balance sheet, resulted in NPAT for FY21 being -\$12.6m. The address given to shareholders by the chair and CEO is available on the [ASX website](#).



Source: 2021 MVP Annual Report (p27)

The recorded result, alongside several Key Management Personnel (KMP) changes, are likely to have contributed to the company receiving 28.96% of votes AGAINST the remuneration report and a resultant first strike. Another factor was the exclusion of votes held by KMP on this item, as the former chair David Williams holds over 13% of the company's shares. The ASA voted against the remuneration report with the reasons discussed below.

Remuneration however was not the focus of shareholder questions, with the handful asked relating to the progression and development timeline of the company's various products.

Specifically, shareholders were interested in the status of the Pentrox application in the USA. The clinical trial for this product is currently on hold. The company expects to take the next step toward hopefully lifting this hold, by submitting a formal response to the Food and Drug Administration (FDA) by the end of this year. An answer from the FDA is then expected by the end of January 2021.

All 4 directors spoke to their election and were comfortably elected with at least 99.7% of votes in their favour.

A summary of the ASA considerations in informing its vote on the items is provided below.

Summary of ASA voting

Item 2 – Remuneration Report

- The CEO remuneration split is 32% Fixed (FAR) and 68% at risk (STI & LTI).
- Using the 20/21 Godfrey Remuneration Report as a benchmark, the FAR sits in the bottom quartile. However, the total package sits within the top quartile of companies with a similar market capitalisation.
- The key metrics used for the STI are Revenue, Free Cash Flow and NPAT. No disclosure of the performance hurdles, weightings used, or outcomes achieved is provided. Instead, the STI is at the discretion of the Board. No STIs were paid in 2021.
- LTI awards are delivered in the form of options and based on market-based performance hurdles and non-market-based performance hurdles.
- The Fair value of share options granted is estimated at the time of grant, using either a Monte-Carlo simulation or Black-Scholes Pricing Model.
- For the CEO, the option issue is divided into 4 equal tranches with 25% vesting on the achievement of an \$8, \$9, \$10 and \$11 daily VWAP for 30 consecutive trading days.
- The options are subject to these share price targets which commence at the grant date of the option and cease 7 years from grant date.
- There is also a separate LTIP agreed to in 2018, whereby certain senior management were granted options with a strike price of \$0.01. These will vest on the earlier of FDA approval of Pentrox for sale in the USA or, the company receiving an unconditional takeover offer worth more than \$350m.

The ASA did not support the remuneration report as it was considered the current remuneration structure for both the STI and LTI were not sufficiently aligned with ASA guidelines. Specifically, the STI does not disclose the performance hurdles used or provide outcomes achieved, whilst the ASA requires that Total Shareholder Return (TSR) be used as a metric for the LTI.

Items 3A / 3B / 3C /3D – Election of Directors

There has been significant change and disruption to KMP and the board over the past 2 years. Key changes include

- The board expanding from 6 members in 2019 to 8 in 2021.
- Female representation has increased from 0% in 2019 to 25% (6/8) in 2021.
- David Williams, chair since 2003, stepped down as chair on 17 Dec 2020.
- Gordon Naylor commenced as chair on 18 Dec 2020.
- Previous CEO John Sharman resigned on 5 June 2020.
- Non-executive director (NED) Max Johnston was acting CEO of MVP from 5 June 2020 to 31 October 2020. ASA guidelines support interim appointments of this type.
- Brent MacGregor was appointed CEO on 1 November 2020.

Max Johnston stood for re-election, whilst Gordon Naylor, Mary Sontrop and Richard Betts were required to be elected having been appointed since the previous AGM. The ASA supported the election / re-election of all Directors with all being appropriately aligned with ASA guidelines.

Item 4 – Allocation of Ordinary Shares to Christine Emmanuel

- MVP completed a \$25m capital raise in December 2020 via a combination of an institutional placement and a share purchase plan to existing investors.
- ASX listing rules require shareholder approval to issue equity securities to a related party.
- At the time of the capital raise \$15,385 ordinary securities were set aside to allow NED Christine Emmanuel to participate at \$6.50 each.
- At the time this represented a 5.2% discount to the 5-day VWAP and 8.5% discount to the closing price on 9/12/20.
- The MVP share price as at the date of the AGM is \$4.73.

The ASA voted open proxies in favour of this resolution.