

26 August 2022

Manager, Company Announcements
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Via E-Lodgement

Mayne Pharma Group Limited Media release for the year ended 30 June 2022

In accordance with the Listing Rules, I attach a market release, for immediate release to the market.

Mayne Pharma will host an investor and analyst webcast and teleconference commencing at 9.00am (AEST) on 26 August 2022. A link to the webcast is provided below. A replay of the presentation will also be available on the maynepharma.com website from approximately 1pm AEST.

For the purposes of ASX Listing Rule 15.5, Mayne Pharma confirms that this document together with the FY22 Results Presentation have been authorised for release to the market by the Board.

Link to the webcast: <https://ccmediaframe.com/?id=tfq77Pno>

Yours faithfully



Laura Loftus
Company Secretary

For further information, please contact

Lisa Pendlebury
VP Investor Relations & Communications
Phone: +61 419 548 434
Email: lisa.pendlebury@maynepharma.com



Mayne Pharma Group Limited
ABN 76 115 832 963
maynepharma.com

T +61 8 8209 2666 F +61 8 8281 0284
1538 Main North Road, Salisbury South, SA 5106 Australia
PO Box 700, Salisbury, SA 5108 Australia



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MAYNE PHARMA REPORTS FY22 RESULTS

Results overview

- Reported revenues of \$424.8m, up 6% on FY21
- Reported EBITDA of \$87.4m, up 32% on FY21 affected by the non-cash NEXTSTELLIS® deferred consideration reassessment, stock write-downs and returns on discontinued, unprofitable retail generic products, transaction and restructuring costs
- Reported net loss after tax of \$263.3m driven by intangible asset impairments and deferred tax assets write-downs
- Underlying EBITDA¹ of \$45.7m, down 28% on FY21
- Underlying EBITDA of \$89.7m excluding NEXTSTELLIS®, up 24% on FY21

Operational performance

- Branded Products revenue up 40% on FY21 and direct contribution (\$46.7m) impacted by commercial investments into the US launch of NEXSTELLIS®
- Portfolio Products revenue flat on pcp with direct contribution down 27%. Dermatology performed strongly benefiting from twelve product launches offset by continued erosion and underperformance of retail generics
- International revenue up 27% and direct contribution up 166% on FY21
- Metrics Contract Services (Metrics) revenue up 11% and direct contribution up 14% on FY21

Mayne Pharma's CEO, Mr Scott Richards said, "At a group level, we reported annual revenue growth for the first time in five years. Excluding retail generics, the remaining businesses which represent more than 80% of reported gross profit grew 27% on the prior corresponding period (pcp). At the underlying EBITDA line, our results have been impacted by the commercial investments made into the US launch of NEXTSTELLIS® and continued erosion of the retail generics business. Metrics, International and our dermatology portfolio delivered double digit earnings growth versus pcp. At the bottom line, we reported a net loss after tax which was impacted by a non-cash intangible asset impairment and a reduction of the carrying value of deferred tax assets due to reduced expectations around future taxable profit with the proposed sale of Metrics being a significant factor."

"Whilst we are behind where we expected to be with NEXTSTELLIS® due to the longer time for physician and patient activation and COVID impacting the sales team and physician access, we saw solid growth in the key performance metrics across the second half of FY22. We recently launched the direct-to-consumer (DTC) campaign after achieving our targets in terms of the number of prescribers, insurance coverage and healthcare professional (HCP) awareness. The key focus going

¹ Adjustments to EBITDA in FY22 include \$81.6m non-cash credit arising from the decrease in fair value of earn-out and deferred consideration liabilities, \$19.6m of stock write-downs and returns on discontinued, unprofitable retail generic products following a strategic decision to rationalise the US portfolio with continued competition and pricing pressure, \$9.9m of transaction costs related to the proposed sale of Metrics, \$5.0m of restructuring costs, \$6.0m LEXETTE® supply chain disruption, \$3.7m credit for the sale of land, \$2.9m of legal costs and \$0.2m to remove Inhibitor Therapeutics, Inc. (INTI) losses attributable to members.

forward is building consumer awareness, which is critical as patients play an active role in choosing their contraceptive method.”

Mayne Pharma’s Chair Mr Frank Condella said, “We are extremely pleased to have announced the sale of Metrics to Catalent which is a key part of the Board’s transformation agenda to reposition Mayne Pharma for growth. The transaction strengthens our balance sheet, unlocks value for shareholders creating a leaner and more focused business, with financial flexibility to pursue its strategic priorities. After repaying the syndicated debt facility and allowing for capital to support business growth, the Company intends to return surplus capital to shareholders in an efficient way. The Board continues to work with management to focus the business on opportunities with the greatest potential for near-term value creation. Whilst NEXTSTELLIS® is the most significant single commercial opportunity, the Company has a number of other high-quality assets including US dermatology and the International business which have both delivered strong earnings growth this year. Retail generics continues to be a challenge but represents a smaller proportion of the business.”

“In terms of the FY22 results, having regard to the competitive environment and outlook, the Company has taken a number of steps to better position the business for the future. These include:

- aggressively rationalising the retail generic portfolio to focus on more sustainable products and channels resulting in significant one-off adjustments for stock write-downs and returns;
- restructured the TOLSURA® (SUBA®-itraconazole) business model and discontinued direct promotion as this product failed to meet expectations;
- reduced the value of NEXTSTELLIS® earn-out liabilities given the slower uptake; and
- write-downs of intangible assets largely relating to retail generics, SUBA®-itraconazole in Basal Cell Carcinoma Nevus Syndrome (BCCNS) and LEXETTE® (halobetasol).”

Operating Performance

Branded Products Division (BPD)

BPD’s revenue was \$10.6m, up 40% on FY21, gross profit was \$8.4m, up 29% and direct contribution was a loss of \$46.7m due to the investment in the NEXTSTELLIS® US commercial launch. NEXTSTELLIS® revenue was \$5.8m and operating expenses were \$48.3m. TOLSURA® and SOLTAMOX® (tamoxifen) sales were \$4.7m, up 26% on pcp. In May 2022, the Company restructured the TOLSURA® and SOLTAMOX® business model which has led to positive direct contribution across the last two months of FY22.

Portfolio Products Division (PPD)

PPD operating segment’s revenue was \$269.1m, flat on pcp, gross profit was \$97.2m, down 19% on pcp and direct contribution was \$63.5m down 27% on pcp. PPD performance was impacted by ongoing pricing pressure and additional competition across the retail generic portfolio. The Company aggressively rationalised the retail generic portfolio discontinuing unprofitable products which led to abnormal stock write-downs and returns.

Dermatology revenue was \$116.0m up 82% on pcp and direct contribution was up 94% on pcp to \$46.8m. Dermatology benefited from the launch of 12 products with generic ABSORICA®, gEPIDUO® FORTE and gACZONE® becoming top ten US products by sales in the FY22.

International

The International operating segment's revenue was \$54.4m, up 27% on FY21, gross profit was \$17.7m, up 34% on pcp and direct contribution was up 166% to \$8.1m. All business lines delivered double digit growth with Australian product revenue up 14% to \$19.9m, benefiting from the launch of SOLARAZE® (diclofenac) gel to treat actinic keratoses and a PBS price increase on erythromycin. CDMO² and international product revenue grew 36% to \$34.5m benefiting from new formulation development contracts and growing sales of KAPANOL®/KADIAN® (morphine) capsules in Canada and Switzerland.

Metrics Contract Services (Metrics or MCS)

The Metrics operating segment reported revenue was up 11% on pcp to \$90.8m, gross profit was up 14% and direct contribution was up 14% to \$42.2m. Metrics benefited from new commercial manufacturing and formulation development revenues which both grew 20% on pcp.

Debt and Cash Flow

The Company ended the year with net debt of \$317.0m. Cash on hand was \$96.7m at 30 June 2022 and the Company had borrowings of \$413.7m. The Company remains compliant with all bank covenants, with interest cover 5.1x (covenant >3x), shareholders' funds of \$562m (covenant >\$400m) and liquidity (cash and undrawn debt) of \$122m (covenant >\$65m) at the end of the period.

The Company had net operating cash flow of (\$7.2m). Excluding the movement in working capital and tax, net operating cashflow was \$12.3m. Significant cash flow items during the period include earnout payments of \$21.8m, \$15.5m in gross R&D spend, \$10.0m in capital expenditure and \$26.8m increase in working capital to support the launch of NEXTSTELLIS® and the new dermatology products.

Outlook

Mayne Pharma's success and performance will be heavily influenced by the effective execution of its strategic priorities and will depend on several factors including payer coverage and reimbursement across the US commercial portfolios, competitive intensity in key product families, and the impact of inflation and movements in the US dollar.

The Company expects FY23 to be a transitional year, focused on resetting the business for future growth. In FY23, Mayne Pharma's underlying earnings will exclude Metrics and associated transaction items. Following completion of the sale of Metrics, Mayne Pharma will be restructured to right-size its operations and become a more streamlined and agile business, in line with the go forward strategy. The Company will maintain a conservatively structured balance sheet and pursue shareholder accretive business development opportunities while driving improved profitability and cash flow. A key priority is to broaden the women's health portfolio with complementary products that have strong growth potential which can leverage existing commercial infrastructure.

NEXTSTELLIS® remains the Company's most significant commercial opportunity, participating in the US\$3.2b short-acting combined hormonal contraceptive (CHC) market in the US and the

² Contract Development and Manufacturing Organisation



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A\$60m CHC market in Australia³. FY23 is expected to be an investment year with sales momentum to accelerate following the recently launched DTC campaign in the US. The Company's objective for NEXTSTELLIS[®] is to achieve underlying demand of more than 350,000 cycles⁴ in FY23.

The Company expects to continue to broaden the US dermatology portfolio, which today has one of the leading dermatology offerings in the market and pursue a market leading position with the Australian based specialty pharmaceutical and CDMO business. The Company anticipates continued pressure in retail generics.

Whilst the US market remains the world's largest, external forces are challenging the traditional pharma model creating market inefficiencies. Consumers and prescribers are being marginalised due to rising costs, reduced access, less choice, reduced insurance coverage and greater administration. Mayne Pharma intends to create a differentiated end-to-end market solution that helps patients seek treatments with a trusted HCP that is frictionless, transparent, and cost effective.

Further information

Additional details about Mayne Pharma's results are included in the Company's financial statements, investor presentation slides and webcast, all of which can be found on Mayne Pharma's website www.maynepharma.com. For further information contact:

Lisa Pendlebury +61 419 548 434, lisa.pendlebury@maynepharma.com

About Mayne Pharma

Mayne Pharma is an ASX-listed specialty pharmaceutical company focused on commercialising branded and generic pharmaceuticals, offering patients better, safe and more accessible medicines. Mayne Pharma also provides contract development and manufacturing services to more than 100 clients worldwide.

Mayne Pharma has a 40-year track record of innovation and success in developing new oral drug delivery systems and these technologies have been successfully commercialised in numerous products that continue to be marketed around the world.

Mayne Pharma has two facilities based in Salisbury, Australia and Greenville, USA with expertise in the formulation of complex oral and topical dose forms including potent compounds, modified-release products and poorly soluble compounds.

ABSORICA[®], ACZONE[®], EPIDUO[®] FORTE, NEXTSTELLIS[®], SOLARAZE[®] and SOLTAMOX[®] are trademarks of third parties.

Important information

This announcement contains forward-looking statements that involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to the Company. These forward-looking statements use words such as 'potential', 'expect', 'anticipate', 'intend', 'plan' and 'may', and other words of similar meaning. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company). Actual future events may vary materially from the forward-looking statements and the assumptions on which the forward-looking statements are based. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Subject to the Company's continuous disclosure obligations at law and under the listing rules of the Australian Securities Exchange, the

³ IQVIA MAT Sales, June 2022

⁴ A cycle is equivalent to 1 unit or 28 days



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Company disclaims any obligation to update or revise any forward-looking statements. The factors that may affect the Company's future performance include, among others: changes in economic conditions; changes in applicable legal and regulatory regimes that affect manufacturing, distribution, pricing, reimbursement, access or tax; litigation or government investigations; decisions by regulatory authorities including approval of our products as well as their decisions on label claims; competitive developments affecting our products; changes in behaviour of major customers, suppliers and competitors; interruptions to manufacturing or distribution; acquisitions and divestitures; the success of research and development activities and research collaborations and the Company's ability to protect its intellectual property.