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Notice of 2022 Annual General Meeting

Notice is given that the 2022 Annual General Meeting of Mayne Pharma Group Limited will be held on Wednesday 30 November 2022 at 9:00am (Melbourne time)

NOTICE OF ANNUAL GENERAL MEETING

Mayne Pharma Group Limited ACN 115 832 963

The annual general meeting of shareholders (**Shareholders**) of Mayne Pharma Group Limited (**Company** or **Mayne Pharma**) will be held at 9.00am (Melbourne time) on Wednesday, 30 November 2022 as a hybrid meeting (**AGM**). Shareholders, proxyholders and interested parties can participate in the AGM by attending in person at MinterEllison, Level 20, Collins Arch, 447 Collins St, Melbourne, VIC 3000 or online at <https://meetnow.global/MQVYTUF>.

Further information on how to participate in the AGM is provided in this Notice of AGM and in the online [AGM Meeting Guide](#) which you can access at maynepharma.com/investor-relations/annual-general-meeting/. If you cannot attend the AGM in person or online at the scheduled time, you can participate in the AGM by appointing a proxy to attend and vote on your behalf. Details on how to appoint a proxy are contained in this Notice of AGM.

This Notice of AGM is being distributed electronically and is available to view and download at maynepharma.com/investor-relations/annual-general-meeting/. Copies of the Chair's address will be available on both the ASX website at asx.com.au and Mayne Pharma's website maynepharma.com.

PARTICIPATION AT THE AGM

Attend in person or watch and participate live online

Shareholders are invited to watch and participate in the AGM by either:

- participating in person at MinterEllison, Level 20, Collins Arch, 447 Collins St, Melbourne, VIC 3000; or
- participating virtually by entering the following URL in your browser: <https://meetnow.global/MQVYTUF>. To do this you will need a computer or mobile/tablet device with internet access.

Participation in the meeting in person and online enables shareholders to view the AGM live, ask questions and cast votes during the meeting. All Shareholders will have an equal opportunity to participate in the online meeting regardless of their physical location. Shareholders, once verified, will be taken to be present at the AGM for all purposes, until either the meeting ends or (for those participating online) the Shareholder exits the online platform. It is important that Shareholders participating online are connected to the internet at all times during the AGM in order to vote.

Voting options

Voting on all Resolutions will be conducted by a poll. Shareholders who are attending in person can cast votes during the meeting. Shareholders who are attending online can watch the AGM and cast votes using the Computershare online platform. Non-Shareholders will be able to attend the AGM in person or watch the AGM via the Computershare online platform by registering as a guest but will not be able to vote or ask questions.

Questions

Shareholders who are attending in person can ask questions during the meeting.

Shareholders are encouraged to lodge questions prior to the AGM by submitting questions to ir@maynepharma.com.

Shareholders participating via the Computershare online platform will be able to ask questions by following the prompts in the online platform.

It may not be possible to respond to all questions. However, Shareholders as a whole will have a reasonable opportunity to ask questions about or make comments on the management of the Company.

BUSINESS

1. Financial statements and reports

To receive and consider the Directors' Report, Financial Statements and the Independent Auditor's Report for the year ended 30 June 2022.

Note: There is no vote on this item.

2. Election and Re-election of Directors

This year there are three Directors standing for election: Ms Ann Custin, Dr Kathryn MacFarlane and Mr David Petrie, and one Director standing for re-election: Professor Bruce Robinson.

Resolution 1 – Election of Ms Ann Custin

To consider and, if thought fit, to pass the following ordinary resolution:

'That Ms Ann Custin, who was appointed to the Board since the last Annual General Meeting and who retires in accordance with the Company's constitution and, being eligible and having signified her candidature for office, be elected as a Director.'

Resolution 2 – Election of Dr Kathryn MacFarlane

To consider and, if thought fit, to pass the following ordinary resolution:

'That Dr Kathryn MacFarlane, who was appointed to the Board since the last Annual General Meeting and who retires in accordance with the Company's constitution and, being eligible and having signified her candidature for office, be elected as a Director.'

Resolution 3 – Election of Mr David Petrie

To consider and, if thought fit, to pass the following ordinary resolution:

'That Mr David Petrie, who was appointed to the Board since the last Annual General meeting and who retires in accordance with the Company's constitution and, being eligible and having signified his candidature for office, be re-elected as a Director.'

Resolution 4 – Re-election of Professor Bruce Robinson

To consider and, if thought fit, to pass the following ordinary resolution:

'That Professor Bruce Robinson, who retires by rotation in accordance with the Company's constitution and, being eligible and having signified his candidature for office, be re-elected as a Director.'

3. Remuneration report

Resolution 5 – Adoption of Remuneration Report

To consider and, if thought fit, pass the following ordinary resolution:

'That, for the purposes of section 250R(2) of the Corporations Act, the Remuneration Report that forms part of the Directors' Report of the Company for the financial year ended 30 June 2022 be adopted.'

Note: In accordance with section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors.

4. Remuneration for Chief Executive Officer (CEO) and Managing Director

Resolution 6 – Issue of Performance Rights under the Employee Performance Rights and Option Plan (PROP) to the Chief Executive Officer and Managing Director

To consider and, if thought fit, pass the following ordinary resolution:

‘That for the purposes of ASX Listing Rule 10.14.1 and all other purposes, approval be given to the issue to the CEO and Managing Director, Mr Shawn Patrick O’Brien, of Performance Rights under the PROP on the terms summarised in the Explanatory Information.’

5. Capital Management

Resolution 7 – Proposed return of capital to shareholders

To consider and, if thought fit, pass the following ordinary resolution:

‘That approval is given for the purposes of section 256C(1) of the Corporations Act and for all other purposes for the Company to reduce its share capital by up to \$65.5 million by way of an equal capital return, on the terms and conditions set out in the Explanatory Notes.’

Resolution 8 - Share consolidation

To consider and, if thought fit, pass the following ordinary resolution:

‘That, for the purposes of section 254H of the Corporations Act and all other purposes, effective immediately after the Record Date the issued capital of the Company be consolidated on the basis that every twenty (20) Shares be consolidated into one (1) Share and any resulting fractions of a Share be rounded down to the nearest whole number of Shares or zero, as applicable, on the terms set out in the Explanatory Notes.’

VOTING RESTRICTIONS

Voting exclusion for Resolution 5

The Company will disregard any votes cast on Resolution 5:

- by or on behalf of a member of the Company’s KMP named in the Remuneration Report for the year ended 30 June 2022 or their closely related parties (regardless of the capacity in which the vote is cast); or
- as a proxy by a person who, at the date of the meeting, is a member of the Company’s KMP or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Resolution 5:

- in accordance with a direction on the proxy form, or
- by the Chair of the meeting pursuant to an express authorisation in the proxy form to exercise the proxy as the Chair sees fit, even though Resolution 5 is connected with the remuneration of members of the KMP.

Voting exclusion for Resolution 6

The Company will disregard any votes cast on Resolution 6:

- that are cast in favour of the item by or on behalf of Mr Shawn Patrick O’Brien or a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the PROP (regardless of the capacity in which the vote is cast); or
- that are cast as a proxy or attorney by a person who, at the date of the meeting, is a member of the Company’s KMP or their closely related parties,

unless the vote is cast as proxy or attorney for a person entitled to vote on Resolution 6:

- in accordance with a direction on the proxy form or power of attorney,
- by the Chair of the meeting pursuant to an express authorisation in the proxy form or power of attorney to exercise the proxy or attorney (as applicable) as the Chair sees fit, even though Resolution 6 is connected with the remuneration of a member of the KMP, or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

PROXIES AND SHAREHOLDER INFORMATION

IMPORTANT: Shareholders are urged to direct their proxy on how to vote by clearly marking the relevant box for each Resolution on the proxy form.

Proxies

1. A Shareholder entitled to attend and vote at the meeting has the right to appoint a person (who does not need to be a Shareholder of the Company) as the Shareholder's proxy to attend and vote at the meeting.
2. If a Shareholder is entitled to cast two or more votes they may appoint two proxies (but no more) provided that an appointment of two proxies will have no effect unless each proxy is appointed to represent a specified proportion of the Shareholder's voting rights aggregating to no more than 100% of that Shareholder's voting rights. If the Shareholder appoints two proxies, neither proxy may vote on a show of hands.
3. The proxy form must be signed by the Shareholder or their attorney. Proxies given by corporations must be signed by a Director and company secretary or two Directors or a sole Director/secretary or its duly authorised attorney.
4. If the proxy form is signed but is blank in all other material respects, it will be taken to mean that it is in favour of the Chair of the meeting for full voting rights and the Chair will vote in favour of the Resolution on a poll (subject to the voting exclusions set out in this Notice).
5. A proxy may decide whether to vote on any motion, except where the proxy is required by law, the ASX Listing Rules or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as they think fit.
6. If proxy holders vote, they must cast all directed proxies as directed. Any directed proxies which are not voted will automatically default to the Chair of the meeting, who must vote the proxies as directed.
7. The proxy form accompanying this Notice contains detailed instructions regarding how to complete the proxy form if a Shareholder wishes to appoint the Chair as his or her proxy. You should read those instructions carefully.
8. Except where paragraph 9 immediately below applies, in relation to Resolution 5 and 6 a proxy must not vote if:
 - (a) they are a KMP or a Closely Related Party of a KMP; and
 - (b) their appointment as proxy does not specify the way they are to vote on the Resolution.
9. By appointing the Chair of the meeting as your proxy in relation to Resolution 5 and 6, you expressly authorise the Chair to vote in favour of that Resolution unless:
 - (a) you direct the Chair to vote against or to abstain from voting on that Resolution; or
 - (b) you are a member of the KMP, or a Closely Related Party of a KMP.

10. Subject to any voting exclusions, the Chair of the meeting intends to exercise all open proxies by voting in favour of all Resolutions.
11. Proxies may be lodged in the following way:
 - Mail** Computershare Investor Services Pty Limited
 GPO Box 242
 Melbourne VIC 3001
 - Facsimile:** (within Australia) 1800 783 447
 (outside Australia) +61 3 9473 2555
 - Online** www.investorvote.com.au
 (by following the instructions set out on the website)
 Custodian voting – For Intermediary Online subscribers only please visit
 www.intermediaryonline.com to submit your voting intentions
12. Enquiries can be made at 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.30pm (Melbourne time), Monday to Friday.

Entitlement to vote

13. The Company has determined that the persons entitled to attend and vote at the Annual General Meeting will be those persons set out in the register of Shareholders as at 7:00 pm (Melbourne time) on Monday, 28 November 2022.

Voting by attorney

14. A Shareholder may appoint an attorney to vote on their behalf. For an appointment to be effective for the AGM, the instrument effecting the appointment (or a certified copy of it) must be received at the address listed above for the receipt of proxy appointments at least 48 hours before the commencement of the AGM.

Voting by corporate representative

15. A body corporate which is a Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the AGM. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should ensure that a copy of their appointment, including any authority under which it is signed, has been provided to the Computershare before the AGM.

EXPLANATORY INFORMATION

1. Financial statements and reports

At the AGM, Shareholders will be given an opportunity to ask questions and comment on the Directors' Report, Financial Statements and Independent Auditor's Report for the financial year ended 30 June 2022.

Shareholders can view or download a copy of the 2022 Annual Report from the Company's website at maynepharma.com.

The Company's auditor will be available to answer questions as to the conduct of the audit and the Independent Auditor's Report.

Shareholders should note that the sole purpose of tabling the Directors' Report, Financial Statements and Independent Auditor's Report of the Company at the Annual General Meeting is to provide Shareholders with the opportunity to ask questions or discuss matters arising from them. It is not the purpose of the meeting that the Directors' Report, Financial Statements and Independent Auditor's Report be accepted, rejected or modified in any way. Further, as it is not required by the Corporations Act, no resolution to adopt, receive or consider the Company's Directors' Report, Financial Statements and Independent Auditor's Report will be put to Shareholders at the meeting.

2. Election and Re-election of Directors

Under rule 3.3 of the Constitution, any Director appointed by the Board since the last annual general meeting automatically retires at the next annual general meeting and is eligible for election at that general meeting. Appropriate background checks were completed before Ms Ann Custin, Dr Kathryn MacFarlane and Mr David Petrie were appointed to the Board.

Under rule 3.6 of the Constitution, at each annual general meeting one third (or if that is not a whole number, the whole number nearest to one third) of the Company's Directors (excluding the CEO and any Directors appointed since the last Annual General Meeting) must retire from office and are eligible for re-election.

Resolution 1 – Election of Ms Ann Custin

Resolution 1 seeks approval for the election of Ms Ann Custin as a Director with effect from the end of the Annual General Meeting.

Ms Custin was appointed to the Board on 23 March 2022.

Ms Custin, a US resident, has almost 40 years of experience in the healthcare sector. Most recently, Ms Custin was Board Director and CFO of Siemens Medical Solutions (now Siemens Healthineers), a leading medical technology company with EUR€20 billion in revenues. Previously, she was Chief Operating and Financial Officer of Scient'x Group and President and CEO of USA Draeger Medical Systems. Ms Custin is a director of two women's health focused companies – ASX-listed Volpara Health and NASDAQ-listed Establishment Labs. She has a Bachelor of Accounting from Queens College.

Ms Custin is Chair of the Company's Audit & Risk Committee.

The Board has determined that Ms Custin is an independent Director.

Resolution 2 – Election of Dr Kathryn MacFarlane

Resolution 2 seeks approval for the election of Dr Kathryn MacFarlane as a Director with effect from the end of the Annual General Meeting.

Dr Kathryn MacFarlane was appointed to the Board on 1 February 2022.

Dr MacFarlane, a US resident, has more than 30 years of experience in the pharmaceutical industry. She is currently Founder and Managing Partner of SmartPharma LLC, offering commercial and strategic consulting services to pharmaceutical companies. Previously, she was Chief Commercial Officer at Agile Therapeutics, Vice President at Women's Health Care Marketing, Sales and New Product Planning at Warner Chilcott and Senior Director of Marketing at ParkeDavis (now Pfizer). Dr MacFarlane is a former Director of RespireRx Pharmaceuticals, Inc., a member of the Purdue University School of Pharmacy Dean's Advisory Council and a Founding Member and Advisor to IphO. She also serves on the Board of Directors for INMED Partnerships for Children, an NGO. She has a Bachelor of Science and Doctor of Pharmacy from Purdue University and completed a Postdoctoral Fellowship with Rutgers University and Hoffmann- LaRoche.

Dr MacFarlane is a member of the Company's Science, Technology and Medical Committee and the Nominations Committee.

The Board has determined that Dr MacFarlane is an independent Director.

Resolution 3 – Election of Mr David Petrie

Resolution 3 seeks approval for the election of Mr David Petrie as a Director with effect from the end of the Annual General Meeting.

Mr Petrie was appointed to the Board on 1 September 2022.

Mr Petrie is an accomplished M&A executive with over 30 years of advisory experience in public and private mergers and acquisitions, capital management and debt and equity raisings. He is currently Principal at Stratford Advisory Group, an independent corporate and financial advisory firm. Previously, he spent 23 years at Merrill Lynch/Bank of America including Managing Director and Head of Investment Banking Melbourne. He has extensive transactional experience across a range of market sectors including healthcare. Mr Petrie has a Bachelor of Commerce (Honours) and Bachelor of Law (Honours) from the University of Melbourne. He has been a CPA for 30 years and is admitted as Barrister and Solicitor of the Supreme Court of Victoria.

Mr Petrie is a member of the Company's Audit & Risk Committee and the Remuneration and People Committee.

The Board has determined that Mr Petrie is an independent Director.

Resolution 4 – Re-election of Professor Bruce Robinson

Resolution 4 seeks approval for the re-election of Professor Bruce Robinson as a Director with effect from the end of the Annual General Meeting.

The Board appointed Professor Robinson as a Director of the Company on 26 August 2014.

Professor Robinson, a practising Endocrinologist at Sydney's Royal North Shore Hospital, is Former Dean of University of Sydney's Medical School. Professor Robinson has been the head of the Cancer Genetics Unit at the Kolling Institute of Medical Research, Royal North Shore Hospital since 1989. Since 2001, Professor Robinson has been Chair of Hoc Mai Foundation, a major program in medical and health education and exchange with Vietnam. He is a Non-Executive Director of Cochlear Limited, Ecofibre and Qbiotics Group Limited. He is a Board Member of the Woolcock Institute, is Chair of Northern Sydney Health District and Chair of the Medical Benefits Review Taskforce.

Professor Robinson is Chair of the Company's Science, Technology and Medical Committee and a member of the Nominations Committee.

The Board has determined that Professor Robinson is an independent Director.

The Board (with the relevant Director in relation to their own election or re-election abstaining) recommends that Shareholders vote in favour of Resolutions 1, 2, 3 and 4.

3. Resolution 5 – Adoption of Remuneration Report

The Annual Report for the financial year ended 30 June 2022 contains a Remuneration Report, which forms part of the Director’s Report and sets out the remuneration policy for the consolidated entity comprising the Company and its controlled entities and reports on the remuneration arrangements in place for its KMP.

Mayne Pharma’s executive remuneration framework is focused on aligning Shareholder and management interests by adopting a remuneration policy with a significant weighting to at-risk remuneration including equity-based incentives.

The challenges faced by Mayne Pharma have been reflected in the financial results of the Company and ultimately in the remuneration outcomes for senior executives. Over the last 5 years, no long-term incentives (LTIs) have been exercised by KMPs and more than 90 million LTI’s issued to employees have expired or been forfeited. Furthermore, at 30 June 2022, no LTIs were in the money and could be exercised, which demonstrates the strong alignment of the LTI program with our Shareholders’ interests. While 147m LTI instruments remain outstanding at the end of August, representing theoretical dilution of 8%, the actual dilution to Shareholders is 0%.

Over the last 3 years, a number of structural changes have been made to the LTI scheme to lower its cost. These include increasing TSR hurdles to 8% for minimum vesting (previously 5%) and 15% for maximum vesting (previously 10%), reducing the number of instruments that vest at the minimum performance hurdle to 20% of a tranche vesting (previously 50%), the introduction of performance rights and raising the base test price to make achieving the vesting conditions more challenging.

The Remuneration Report includes further details on the elements of remuneration that are performance based, the performance conditions that apply and the methodology used to assess satisfaction of those performance conditions.

The vote on Resolution 5 to adopt the Remuneration Report relates to the Company’s remuneration policy and outcomes for the 2022 financial year.

During this item, there will be an opportunity for Shareholders at the meeting to comment on and ask questions about the Remuneration Report, and Shareholders are asked to adopt the Remuneration Report.

The vote on the Resolution in this item is advisory and will not bind the Directors. The Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies of the Company.

The Board recommends that Shareholders vote in favour of Resolution 5.

4. Grant of Performance Rights to the Chief Executive Officer and Managing Director

Mr Shawn Patrick O’Brien commenced as CEO and Managing Director of Mayne Pharma on 1 October 2022. A summary of Mr O’Brien’s FY23 remuneration was released to the market when his appointment was announced.

Mr O’Brien’s FY23 remuneration comprises fixed annual remuneration (FAR), a short-term incentive (STI) and a LTI. Beginning in FY24, two thirds of Mr O’Brien’s overall remuneration is at risk with up to 50% of the STI and 100% of the LTI deferred into performance rights.

The non-executive Directors consider that Mr O’Brien’s remuneration package is reasonable and appropriate having regard to the circumstances of the Company, his global responsibilities as CEO and being permanently resident in the US.

Resolution 6 – Issue of Performance Rights to the Chief Executive Officer and Managing Director

Under ASX Listing Rule 10.14, shareholder approval is required in order for a Director to be issued securities under an employee incentive scheme. Accordingly, Shareholders are asked to approve the issue of Performance Rights under the Employee Performance Rights and Option Plan (PROP) to the CEO and Managing Director, Mr Shawn Patrick O’Brien.

Broadly, Performance Rights will give participants an interest in the value of underlying Shares, subject to the satisfaction of key vesting conditions. Performance Rights are eligible for vesting over a period of three years, subject to the achievement of the specified vesting condition hurdles. The Board believes that equity-based long-term incentives are important to ensure an appropriate part of the executive’s reward is linked to generating long-term returns for Shareholders.

Mr O'Brien has not previously been issued with any securities under the PROP.

The PROP participants currently include the CEO, CFO and select senior management. It is not intended that non-executive Directors will participate in the PROP.

An overview of the key terms of the proposed PROP grant to the CEO and Managing Director is set out below.

Grant value	The grant value, or target opportunity, of Mr O'Brien’s LTI is equivalent to 150% of Mr O'Brien’s base salary of US\$600,000 as at 1 October 2022, being US\$900,000. The grant value will be converted to Australian dollars at the grant date.
Number and price of Performance Rights	The number of Performance Rights allocated is determined by dividing the grant value (in Australian dollar terms) by the 5-day VWAP of Shares at the grant date of the Performance Rights.
Date of allocation	If Shareholders approve Resolution 6, it is expected that Performance Rights will be allocated no later than 90 days after the 2022 AGM. The issue of the Performance Rights is expected to occur following the proposed capital return and share consolidation.
Other key terms of PROP	<p>It is proposed that Mr O'Brien will be issued with Performance Rights under the PROP. If the vesting criteria are met:</p> <ol style="list-style-type: none"> 1. the Performance Rights will be automatically exercised at the date they vest; and 2. the Company’s intention is to settle the Performance Rights by providing Mr O'Brien with one fully paid ordinary share for each vested Performance Right, with Mr O'Brien expected to sell a portion of these Shares to meet withholding tax obligations. Alternatively, the Company may “net settle” with Mr O'Brien, so that the Company pays the relevant tax directly to the tax authorities and provides Mr O'Brien with the after-tax number of Shares. <p>Mr O'Brien will not have any voting rights or rights to dividends from a Performance Right, unless and until they are exercised and satisfied by the provision of Shares.</p>
Performance Conditions	<p>Performance Rights issued to Mr O'Brien will vest where an absolute TSR growth condition is met over the three years.</p> <p>20% of the Performance Rights will vest for compound annual absolute TSR growth of 8%. All of the Performance Rights will vest for compound annual absolute TSR growth of 15%. Vesting will occur on a straight-line basis for performance between these two points.</p> <p>The Board chose Performance Rights and the absolute TSR growth targets to align executive reward with what the Board considers to be acceptable levels of return to Shareholders (ie between 8% and 15% compound annual growth).</p> <p>The TSR growth may be adjusted in the event of certain corporate actions (in a manner to be determined by the Board). Such corporate actions include a share dividend, share consolidation or share split, spin-off/demerger, rights issue and a convertible note conversion.</p> <p>The Board considered the use of a relative performance condition but does not consider that there are a sufficient number of appropriate comparator pharmaceutical companies (ie of similar size) listed in Australia.</p>
Performance Period	<p>If the performance conditions are met, the Performance Rights will vest at the end of 3 years.</p> <p>The test date for the Performance Rights has been set at 1 September 2025.</p>

Trading restrictions	<p>The Performance Rights are not able to be sold or transferred by Mr O'Brien.</p> <p>The Performance Rights do not give Mr O'Brien any rights to a Share unless and until the vesting conditions for the Performance Rights are met and Shares are allocated on exercise.</p> <p>Disposal of Shares allocated on exercise of Performance Rights are subject to the Company's Security Trading Policy while Mr O'Brien is an employee.</p>
Cessation of employment	<p>If Mr O'Brien ceases employment the treatment of unvested Performance Rights depends on a range of factors, such as the reason for Mr O'Brien's departure and his tenure. For example, if Mr O'Brien ceases employment by reason of retirement, redundancy or another 'Good Leaver' category determined by the Board, Mr O'Brien will retain all vested Performance Rights and a pro-rated portion of unvested Performance Rights based on the time served against the performance period. Such Performance Rights will be subject to the original terms and conditions of the award, including testing and expiration dates. Remaining unvested awards will lapse and be forfeited unless the Board determines that the individual is able to retain a higher proportion.</p> <p>To the extent permitted by law, the Board may elect to settle any Performance Rights vesting by way of a cash payment (rather than Shares).</p>
Change of control	<p>If a change of control occurs and the Company's share price has increased according to the growth targets outlined in the 'Performance Conditions' section above, any Performance Rights will vest in the proportions set out above (eg if the Company's share price had achieved 8% growth per annum, 20% of any unvested Rights would vest on the change of control). If any Rights do not automatically vest, the Board may otherwise determine that some of all of those Rights vest.</p>

Details of any securities issued under the PROP will be published in the annual report of the Company relating to the period in which the securities were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14 as required.

ASX Listing Rule 10.15.4 requires this Notice of Meeting to include details (including the amount) of Mr O'Brien's current total remuneration. Details of remuneration for the year ended 30 June 2023 is set out below.

Fixed annual Remuneration	US\$600,000 (pro-rated for commencement date on 1 October 2022)
Short Term Incentive	<p>Eligible to receive a target STI of up to 50% of FAR if specified annual performance objectives determined by the Board are met. STI delivered 50% in cash and 50% in deferred equity, with the deferred equity subject to continuing employment for a one-year period.</p> <p>In FY23, the STI will be pro-rated for the commencement date with 50% of the pro-rated amount guaranteed and the other 50% based on the achievement of performance objectives determined by the Board.</p>
Long Term Incentive	150% of fixed annual remuneration on a face value basis

Any persons covered by ASX Listing Rule 10.14 and not named in this Notice may not participate in the PROP until approval is obtained for them under ASX Listing Rule 10.14.

If Shareholders do not approve this Resolution, the Performance Rights will not be issued.

The Board (with Mr O'Brien abstaining) considers the issue of Performance Rights to the Chief Executive Officer and Managing Director appropriate in all the circumstances and recommends that Shareholders vote in favour of Resolution 6.

5. Capital Management

Summary

On 4 October 2022, Mayne Pharma completed the sale of Metrics Contract Services to Catalent Pharma Solutions Inc. for US\$475 million. In determining the timing and quantity of funds to return to Shareholders, and the method to be used, the Board has had regard to a variety of factors including retaining a strong balance sheet and flexibility to pursue potential growth investment opportunities. After repaying the syndicated debt facility and following a detailed review of Mayne Pharma's future capital management requirements, the Board determined that up to \$113 million of the proceeds should be returned to Shareholders by way of:

- a special fully franked dividend of approximately \$47.3 million (2.72 cents per Share) (Special Dividend). As this dividend does not require Shareholder approval, it does not form part of the Resolutions for the AGM; and
- a capital return of up to \$65.5 million, subject to Shareholder approval and the Australian Tax Office (ATO) confirming that any such payment will not be treated as a dividend for Australian income tax purposes. Any capital return would be given to Shareholders by way of cash payment of up to approximately 3.8 cents per Share (Capital Return), before any share consolidation or buy-back and cancellation of forfeited and unallocated Employee Loan Shares under the ESLS (**Employee Share Loan Scheme**).

Resolution 7 – Proposed return of capital to shareholders

What are the reasons for the Capital Return?

In the opinion of the Board, Mayne Pharma has capital in excess of its funding requirements for the medium-term. Consistent with the Board's strategy to reduce excess capital, while maintaining sufficient cash to support the Company's remaining ongoing operations, the Board intends to distribute a proportion of the proceeds from the sale of Metrics Contract Services (less certain transaction costs and other amounts) to Shareholders by way of the Capital Return.

What is the effect of the Capital Return on Mayne Pharma?

If the Capital Return is implemented, Mayne Pharma's issued capital will be reduced by up to \$65.5 million, being approximately 3.8 cents per fully paid Share (pre share consolidation and before any buy-back and cancellation of forfeited and unallocated Employee Loan Shares).

The Board considers that the Capital Return will not adversely affect Mayne Pharma's capacity to fund or pursue existing business and growth opportunities.

The potential return of capital would constitute an equal reduction of Mayne Pharma's share capital for the purposes of the Corporations Act. This is because it relates only to Shares, it applies to each holder of Shares in proportion to the number of Shares they hold, and the terms of the reduction are the same for each holder of Shares.

Accordingly, Directors (as Shareholders) will participate in the Capital Return (and Special Dividend) on the same basis as all other Shareholders.

No Shares will be cancelled in connection with the Capital Return. Accordingly, the Capital Return will not affect the number of Shares held by each Shareholder, nor will it affect the control of Mayne Pharma.

An equal capital reduction must comply with the following requirements of section 256B(1) the Corporations Act:

- the reduction must be fair and reasonable to Shareholders as a whole;
- the reduction must not materially prejudice the Company's ability to pay its creditors; and
- the reduction must be approved by Shareholders under section 256C of the Corporation Act.

The Board is satisfied that these requirements will be met, noting that the Capital Return applies equally and will be paid out of surplus capital.

If the Capital Return is implemented, Shares are likely to trade at a lower share price than they would have if the Capital Return had not been made. This is due to the return of funds to Shareholders and the consequent reduction in Shareholders' funds held by the Company. This is likely to occur from the 'ex' date, being the day that Shares trade without an entitlement to participate in the Capital Return.

The Capital Return and Capital Reduction are proposed to be implemented in accordance with the indicative timetable set out below.

Tax implications

No adverse tax consequences are expected to arise for Mane Pharma as a result of the Capital Return.

A 'Class Ruling' request has been submitted by the Company to the Australian Tax Office (**ATO**) requesting confirmation of the Australian income tax implications for Shareholders who hold their Shares on capital account for tax purposes. The 'Class Ruling' is expected to confirm that:

- no part of the proposed Capital Return will be treated as a dividend for income tax purposes; and
- instead, the cost base for each Share will be reduced by the amount of the proposed Capital Return for the purposes of calculating any capital gain or loss on the ultimate disposal of that Share. An immediate capital gain will arise for Shareholders where the cost base of a share is less than the amount of the proposed Capital Return.

The above is subject to confirmation or change in any 'Class Ruling' issued by the ATO. The Company will make the 'Class Ruling' available on its website as soon as reasonably practicable after it is issued, which will be before the Capital Return is implemented.

The information in this notice of meeting does not take into account the individual circumstances of each shareholder and does not constitute tax advice. Accordingly, Shareholders should seek their own professional advice in relation to their tax position.

Shareholders who are not residents of Australia for tax purposes should seek specific advice in relation to the taxation consequences arising under the laws of their country of residence.

No other material information

As required by the Corporations Act, Mayne Pharma has set out in these Explanatory Notes all information known to Mayne Pharma that is material to the decision on how to vote on Resolution 7.

Resolution 8 – Share Consolidation

Background

The Directors are seeking Shareholder approval to consolidate its share capital through the consolidation of every twenty (20) shares in the Company into one (1) share in the Company (**Share Consolidation**) effective immediately after the Record Date. If Resolution 8 is passed, the number of Shares on issue will be reduced from 1,739,815,508 to 86,990,275 (subject to rounding and before any buy-back and cancellation of forfeited and unallocated Employee Loan Shares).

Regulatory requirements

Pursuant to section 254H(1) of the Corporations Act and clause 32.3(c) of the Constitution, the Company may convert all or any of its Shares into a larger or smaller number of Shares by ordinary resolution passed at a general meeting. The result of the Share Consolidation is that the number of Shares held by each Shareholder will be reduced to 5% of its current number.

In compliance with the information requirements of Listing Rule 7.20, Shareholders are advised of the information below.

Purpose of proposed Resolution

The Directors propose the Share Consolidation will result in a more appropriate and effective capital structure for the Company and a Share price more appealing to a wider range of investors, particularly institutional investors, globally.

The Company currently has 1.74 billion Shares on issue, which for a company of its size, is a very large number and subjects Shareholders to several disadvantages, including:

- poor market perception as investors equate the low Share price with the perception of a troubled or poorly performing company;
- less efficient pricing of a stock as share trading on the ASX is in 0.5 cent increments for stocks priced between 10c and \$2.00;
- vulnerability to speculative day-trading and short selling, which generates Share price volatility;
- the large number of Shares on issue is disproportionate to that of comparable companies; and
- discouraging quality, long term institutional investors, equity funds and lending institutions seeking stability and long-term growth.

The Board believes these factors can be minimised by the Share Consolidation.

Effect of the Share Consolidation

If this Resolution is approved, every twenty (20) Shares on issue will be consolidated into one (1) Share (subject to rounding). Overall, this will result in the number of Shares on issue reducing from 1,739,815,508 to approximately 86,990,275 (subject to rounding and before any buy-back and cancellation of forfeited and unallocated Employee Loan Shares).

As the Share Consolidation applies equally to all Shareholders, individual Shareholdings will be reduced in the same ratio as the total number of Shares (subject to rounding). Accordingly, subject to rounding of fractional entitlements, the Share Consolidation will have no effect on the percentage interest in the Company of each Shareholder.

Employee Options, Rights and Loan Shares

As at the date of this Notice of Meeting, the Company has 16,706,827 Options, 59,051,842 Rights and 69,797,880 Employee Loan Shares on issue to employees under the PROP and ESLS. If the Share Consolidation is approved, the Options, Rights and Employee Loan Shares will also be reorganised in accordance with the terms and conditions of the PROP, ESLS and the ASX Listing Rules. The number of Options, Rights and Employee Loan Shares will be consolidated in the same ratio as the Shares and the exercise price of Options and Employee Loan Shares will be amended in inverse proportion to that ratio.

The Company intends to buy-back and cancel approximately 24 million forfeited and unallocated Employee Loan Shares following the AGM and before the Capital Return and Share Consolidation is implemented.

Fractional entitlements

Where the Share Consolidation results in an entitlement to a fraction of a Share, that fraction will be rounded down to the nearest whole number of Shares or zero, as applicable. Each member's proportional interest in the Company's issued capital will, however, remain unchanged as a result of the Share Consolidation (other than minor variations resulting from rounding). Where a Shareholder's holding would be less than one (1) Share as a result of the Share Consolidation (or less than 20 pre-Share Consolidation), no Shares will be held by that Shareholder after the Share Consolidation.

Holding statements

Taking effect from immediately after the Record Date, all existing holding statements will cease to have any effect. New holding statements will be issued to all the Company's security holders, who are encouraged to check their holdings after the Record Date.

Taxation

The Share Consolidation should not result in a capital gains tax event for Australian tax residents. The cost base of the Shares held after the Share Consolidation will be the sum of the cost bases of the original Shares pre-Share Consolidation. The acquisition date of Shares held after the Share Consolidation will be the same as the date on which the original Shares were acquired.

This Explanatory Statement does not however consider the tax implications in respect of Shares or other securities held on revenue account, as trading stock or by non-resident Shareholders. Shareholders should consider their own circumstances and seek their own professional advice in relation to their tax position. Neither the Company nor any of its officers or employees assumes any liability or responsibility for advising Shareholders or other security holders about the tax consequences of the proposed Share Consolidation.

Indicative timetable

If approved by Shareholders, the proposed Capital Return and Share Consolidation (and Special Dividend, which is not subject to Shareholder approval) is expected to be implemented in accordance with the following indicative timetable (which is subject to change):

Event	Date
Annual General Meeting - Capital Return and Share Consolidation are voted on	30 November 2022
Effective date of Share Consolidation and Capital Return	16 January 2023
Last date for trading in pre-Share Consolidation Shares and to be entitled to the proposed Capital Return and Special Dividend.	17 January 2023
Ex-date: Shares traded from this date will not be entitled to the proposed Capital Return and Special Dividend. Trading in post-Share Consolidation Shares commences on a deferred settlement basis.	18 January 2023
Record Date for determining entitlement to participate in Capital Return and Special Dividend and Share Consolidation	19 January 2023
Dispatch of holding statements	24 January 2023
Normal trading starts	25 January 2023
Payment date for Capital Return and Special Dividend	27 January 2023

Directors Interests

As at the date of this Notice of Meeting, Directors have the following direct or indirect interests in Shares:

Director	Shares
Frank Condella	755,549
Patrick Blake	260,000
Bruce Robinson	634,895

No other material information

As required by the Corporations Act, Mayne Pharma has set out in these Explanatory Notes all information known to it that is material to the decision on how to vote on Resolution 8.

The Board recommends that Shareholders vote in favour of Resolution 7 and 8.

A handwritten signature in black ink, appearing to read "Laura Loftus".

By order of the Board

Laura Loftus
Company Secretary
28 October 2022

GLOSSARY

In this Notice:

Annual General Meeting or **Meeting** or **AGM** means the annual general meeting of the Company to be held on 30 November 2022 at 9.00am (Melbourne time).

Annual Report means the annual report of the Company in respect of the financial year ended 30 June 2022.

ASX means ASX Limited or the financial market operated by it, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

Board means the board of Directors of the Company or, where the relevant powers or authorities delegated by the board to a sub-committee of the board, that sub-committee.

Chair means the chair of the Board.

Closely Related Party means any of the following:

- (a) a spouse, child or dependant of the member;
- (b) a child or dependant of the member's spouse;
- (c) anyone else who is one of the member's family and may be expected to influence, or be influenced by, the member in the member's dealings with the Company;
- (d) a company the member controls; or
- (e) a person prescribed by regulations (as at the date of this notice, no additional persons have been prescribed by regulation)

Company or **Mayne Pharma** means Mayne Pharma Group Limited ACN 115 832 963.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth) and includes any regulations made under that Act and any exemption or modification to that Act which applies to the Company.

Director means a director of the Company.

ESLS means the Company's Executive Share Loan Scheme.

Explanatory Information means this explanatory notes attaching to and forming part of the Notice of Meeting.

KMP means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly and includes its Directors and certain senior executives.

Notice of Meeting or Notice means this notice of meeting and Explanatory Information.

PROP means the Company's Performance Rights and Option Plan.

Record Date means 7pm (Sydney time) on 19 January 2023.

Resolution means a resolution referred to in this Notice of Meeting.

Share means a fully paid ordinary share in the Company.

Shareholder or **Member** means a holder of at least one Share.