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MAYNE PHARMA REPORTS 1H FY24 RESULTS WITH A 43% INCREASE IN REVENUE TO A\$188 MILLION AND \$8 MILLION UNDERLYING EBITDA

- Achieved four of five FY24 goals by midyear: NEXTSTELLIS® break even run rate, all three business units delivering positive contribution, positive group underlying EBITDA and US\$10m cost reduction program
- Reported revenue of A\$188m, up 43% on 2HFY23 reflects strong performance in US Women's Health (formerly BPD) and Dermatology (formerly PPD) segments
- Women's Health sales up 45% to US\$47.3m (A\$72.4m) vs 2HFY23, with NEXTSTELLIS® achieving break even run rate in December 2023 and growth contribution from ANNOVERA®, IMVEXXY® and BIJUVA®
- Dermatology sales up 70% vs 2HFY23 to US\$52.9m (A\$80.9m) with improved performance of core portfolio and a strong contribution from launches of authorised generic ORACEA® and RHOFADÉ®
- Direct Contribution of A\$40.6m with Women's Health, Dermatology and International all delivering positive results
- Underlying EBITDA of A\$8.0m, a material gain compared to 2HFY23 loss of A\$25.9m
- Closing cash (including marketable securities) of A\$146.8m, with cash outflow of A\$73.3m in the period including:
 - A\$19.2m outflow relating to continuing operations including an investment of \$25.7m of net working capital to support growth
 - A\$36.4m outflow on investing and financing including repayment of receivables facility, RHOFADÉ® investment, and on-market buyback
 - A\$13.8m outflow to close out discontinued operations liabilities
- New Orange Book listed patent granted for NEXTSTELLIS®, with expiration date of 2036

Group Financial Overview¹

A\$ million	1H FY23	2H FY23	1H FY24	Change vs 2H FY23
Reported Revenue	\$52.2	\$131.4	\$187.9	\$56.5
Reported Gross Profit	\$15.1	\$68.4	\$105.8	\$37.4
Direct Contribution	(\$45.6)	\$3.8	\$40.6	\$36.8
Reported EBITDA	(\$87.2)	(\$14.8)	(\$21.9)	(\$7.1)
Underlying EBITDA ²	(\$69.4)	(\$25.9)	\$8.0	\$33.9
Reported Net Loss After Tax	(\$113.8)	(\$203.6)	(\$70.5)	\$133.1

1. Net Loss After Tax and EBITDA are attributable to members of the Company. EBITDA is considered by the Directors to be a meaningful measure of the operating earnings and performance of the Group.
2. Refer to FY23 and 1H FY24 Results Presentations for adjustments from Reported to underlying EBITDA.

Mayne Pharma's CEO, Mr Shawn Patrick O'Brien said "We have made meaningful progress during the first half of FY24 across our entire business, and already delivered four out of five year-end goals. We achieved positive direct contribution in each of our three segments, positive underlying EBITDA, a breakeven run rate in December for NEXTSTELLIS® and executed on cost reductions."

"We delivered growth in our US Women's Health and Dermatology businesses and our International business is showing operational improvement. Our US\$10m cost reduction program commenced in Q2 and has delivered ~US\$5m cost reductions to date, principally in our Women's Health business. We have undertaken significant work to simplify our business and increased operating and financial discipline through the implementation of new systems to manage our co-pay and other channel liabilities, which has led to increased transparency and reduced volatility in the financial performance of our businesses. We have also made material progress in managing the residual liabilities associated with our discontinued operations."

"Our revenue increased by 43% on the second half of FY23 ("2HFY23"), which is the appropriate comparable period as it includes the contribution from the additional Women's Health products (ANNOVERA®, IMVEXXY®, BIJUVA® and pre-natal vitamins) licenced in December 2022, and marketed by Mayne Pharma from January 2023. Direct Contribution improved materially to \$40.6m (from A\$3.8m in 2HFY23) and underlying EBITDA increased to A\$8.0m, a A\$33.9 turnaround on the comparable period loss of A\$25.9m."

Financial and Operational Summary

Women's Health (formerly Branded Products Division)

- Revenue increased by 45% to US\$47.3m (A\$72.4m) vs 2HFY23 revenue of US\$32.7m (A\$48.5m)
- Gross profit of US\$38.3m (A\$58.7m) is up 32% on the US\$29.1m delivered in 2HFY23 (A\$43.2m), with margin at 81% reflecting the anticipated go forward segment profile
- Direct Contribution of US\$11.8m (A\$18.1m) is a material improvement on the US\$1.2m loss delivered in 2HFY23 (-A\$1.7m). Performance was improved by lower direct operating expenses, which declined by 13% over 2HFY23, as a result of the announced cost cutting program which saw ~\$US5m cost reductions achieved in the second quarter.

This increase was driven by a material lift in sales of NEXTSTELLIS® to US\$13.8m vs 2HFY23 of US\$7.1m, with the prior period impacted by one off accounting changes and a lower net selling price. The product achieved its targeted break even run rate in December 2023 reflecting the 33% increase in cycles over the half, restoration and improvement in net selling price and lower cost apportionment including direct cost savings through lower marketing and sales expense achieved as part of the US\$10m cost cutting program.

The performance of ANNOVERA®, IMVEXXY®, BIJUVA® and pre-natal vitamins was also improved with steady sales growth and a normalisation of accrual provisioning to reflect ongoing co-pay and other liabilities based on greater visibility in the sales channel. Progress has been made to resolve and improve supply chain and distribution issues.

During the period Mayne Pharma received notification of issue of a new patent granted by the United States Patent and Trademark Office that provided additional patent protection to the NEXTSTELLIS® formulation. This Orange Book listed patent provides additional patent protection to 2036.

Dermatology (formerly Portfolio Products Division)

- Revenue increased by 71% to US\$52.9m (A\$80.9m) vs 2HFY23 sales of US\$30.9m (A\$45.8m)
- Gross profit of US\$23.9m (A\$36.6m) increased by 134% over 2HFY23 of US\$10.2m (A\$15.2m), reflecting improvement in core portfolio profitability through active co-pay management initiatives as well as the impact of new product launches
- Direct contribution of US\$11.8m (A\$18.1m) is a material improvement on 2HFY23 of US\$0.96m (A\$1.5m), reflecting disciplined cost control with incremental cost of US\$2.8m incurred to support growth, compliance activities and the pilot launch with GoodRx

Sales growth reflected continued performance of the core portfolio assisted by operating discipline and improved management of channel and co-pay liabilities, and the contribution of new product launches. Mayne Pharma's leading sales and distribution capability in the dermatology market and our ability to manage the specialty pharmacy channel with a relatively low proportion of covered products provides a significant advantage. During the period good progress was made on ensuring co-pay compliance which has increased visibility and improved financial performance across the portfolio. Inventory management also remains disciplined, noting that there was a build in working capital to support new product launches during the period.

New product launches during the period contributed strongly to revenue, margin and direct contribution. After the issues encountered in 2HFY23 around unplanned channel inventories, authorised generic ORACEA[®] has established a positive cadence in the market. The acquisition of RHOFADÉ[®] from Novan, Inc. and EPI Health, LLC which launched in October drove strong incremental sales as our sales team was able to effectively market the return to availability of this in demand product.

The strength of the Dermatology franchise and the strategy to deliver growth was clearly demonstrated by the addition of RHOFADÉ[®] to the portfolio. This product was largely out of stock under prior ownership, but our sales team was confident in the latent demand opportunity. The strength of sales and the accretive contribution have proved the acquisition case. These bolt on or capital light transactions remain attractive, and the Company has a portfolio of smaller new product launches planned for the remainder of FY24.

Progress was made on the Company's disintermediation strategy with a pilot program launched with GoodRx during the period. Physicians in the US can now prescribe any Mayne Pharma product via a GoodRx platform, and patients will be triaged to a partner pharmacy that delivers their product at the lowest out of pocket cost based on their insurance coverage. If a Mayne Pharma product is not covered via insurance, patients are offered the option to utilise Adelaide Apothecary to acquire products directly for a cash price.

Provider and patient feedback from the trial was positive, and a national rollout has commenced.

International

- Revenue declined 7% to A\$34.6m vs 2HFY23 sales of A\$37.1m
- Gross profit improved to A\$10.5m (5% increase on 2HFY23)
- Direct contribution up by 10% to A\$4.4m, driven by shift in customer mix, product pricing, production timing as well as some operating efficiency gains

KAPANOL[®], ASTRIX[®] and SUBA[®]-itraconazole contributed to growth as well as the Salisbury site supplying product to Dr Reddy's post the sale of the Retail Generics business. NEXTSTELLIS[®] sales (in Australia) grew by 140% compared to 2HFY23.

Operational performance has improved significantly with a 70% uptick in supply reliability. Initiatives around supply chain efficiency and cost are also starting to yield positive results.

Progress continues sourcing new business, with a new 2-year agreement signed for the supply of BETADINE[®] during the period. The expansion of KAPANOL[®] / KADIAN[®] into Canada, Europe and Asia is progressing. The capital investment project and systems modernisation projects continue in line with plan.

Cash Flow

Closing cash and marketable securities ("cash") was A\$146.8m. This is down A\$73.3m on the A\$220.1m held at 30 June 2023. Cash at the end of the first quarter was A\$163 million, so cash outflow slowed to \$16.2m in the second quarter.

The Company recorded cash outflow from operating activities of A\$28.7m in the half. This is an improvement on the A\$32.5m outflow reported at the first quarter update. The Company remains focused on delivering positive operating cash flow from continuing operations in FY24. Cash outflow from continuing operations during the period was A\$19.2m when adjusting for A\$9.5m of cash outflow related to discontinued operations. The A\$19.2m outflow was driven by an increase in net working capital in support of future growth, primarily inventory for new product launches and vendor deposits and pre paid.

Half of the cash, A\$36.4m, was deployed in investing and financing activities including A\$13m for the acquisition of RHOFADÉ[®]; A\$11m to close out the remaining outstanding balance in the receivable's facility; and A\$10.9 which was used to purchase shares under the current 15% on-market share buyback program.

A\$13.8m of cash was deployed on closing out liabilities related to discontinued operations, including the A\$9.5m noted above as well as A\$4.3m for earn out payments. An additional A\$3.9m was spent during the period on earnout payments on continuing operations.

Mayne Pharma continues to adopt a conservative capital structure. Management is focused on delivering operational and financial performance improvements across the business whilst closing out remaining outstanding liabilities and actively managing working capital as revenue continues to grow.

Outlook

Following a positive first half, second half revenue and earnings are expected to deliver growth on the first half, driven by:

- Women's Health portfolio:
 - continued growth across all Women's Health brands in 2H, continued operational changes
 - continued evaluation of ROI on marketing expenditure

- Dermatology
 - maintenance of margin profile via more volumes from branded products, continuous pricing management
 - additional new product launches across 2H to further build out portfolio and grow revenues
 - unique prescriber patient fulfilment process transition from pilot to fully scaled operation
- Continued revenue growth with improving cost leverage and discipline
- Deliver positive operating cash flow from continuing operations

Further information

Additional details about Mayne Pharma's results are included in the Company's 1HFY24 Financial Report, Investor Presentation slides and webcast, all of which can be found on Mayne Pharma's website www.maynepharma.com.

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Authorised for release to the ASX by the Board.

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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', 'target' 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 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 the legal and regulatory regimes in which the Company operates; 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.