14 September 2023

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

Via E-Lodgement

Dear Sir/Madam

Mayne Pharma Group Limited
Final Report and accompanying announcement

Please find attached the following documents relating to the results for the year ended 30 June 2023.

- Appendix 4E
- Annual Financial Statements

This announcement comprises the information required by ASX Listing Rule 4.3A.

Yours faithfully,
Mayne Pharma Group Limited



Laura Loftus
Company Secretary

RESULTS FOR ANNOUNCEMENT TO THE MARKET
APPENDIX 4E – PRELIMINARY FINAL REPORT

	% CHANGE	30 JUNE 2023 $'000	RESTATED 30 JUNE 2022 [1] $'000
Revenue from ordinary activities	16.8%	183,586	157,147
Profit / (loss) from continuing operations before income tax expense		(269,698)	(145,587)
Profit / (loss) from continuing operations after income tax expense		(317,443)	(220,088)
Profit / (loss) from discontinued operations after income tax expense		434,600	(71,805)
Profit / (loss) after income tax		117,157	(291,893)
Attributable to:			
Equity holders of the parent		117,249	(281,286)
Non-controlling interests		(92)	(10,607)
		117,157	**(291,893)**
Other comprehensive profit/(loss) after income tax expense		15,122	52,941
Total comprehensive profit/(loss) for the period		**132,279**	**(238,952)**
Attributable to:			
Equity holders of the parent		132,959	(228,077)
Non-controlling interests		(680)	(10,875)
		132,279	**(238,952)**
Net tangible assets per ordinary share [2] [3]		$0.21	$1.35

	2023 $	2022 $
Basic earnings per share	1.42	(3.42) [3]
Diluted earnings per share	1.41	(3.42) [3]
Final dividend in respect of the financial year ended 30 June per share	Nil	Nil

A special fully franked dividend of 54 cents per share (post consolidation basis, 2.72 cents per share on a pre-consolidation basis) was declared in relation to the period ended 31 December 2022 following the sale of the Metrics Contract Services (MCS) business and was paid on 27 January 2023. No final dividend has been declared in relation to the period ended 30 June 2023.

Refer to the Review of Operations and Likely Developments and the accompanying ASX announcement dated 31 August 2023 for a brief commentary on the results.

During the reporting period, Mayne Pharma incorporated two new US entities – Mayne Holdings US Inc and Ricky DivestCo Inc. Ricky DivestCo Inc was sold as part of the MCS sale on 4 October 2022.

Mayne Pharma ceased to hold control of Inhibitor Therapeutics Inc (INTI) effective 14 December 2022.

1. 30 June 2022 has been restated – refer Note 1F relating to a restatement and Note 6 for the impact of restatement for discontinued operations
2. Includes right-of-use lease assets
3. Impacted by the 20:1 share consolidation



Financial Report 2023

MAYNE PHARMA GROUP LIMITED
ABN 76 115 832 963

FOR THE YEAR ENDED 30 JUNE 2023
(PRIOR CORRESPONDING PERIOD: YEAR ENDED 30 JUNE 2022)

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DIRECTORS' REPORT

The Directors of Mayne Pharma Group Limited ('the Company') present their report together with the financial report of the Company and its controlled entities (collectively the 'Group' or 'Consolidated Entity' or 'Mayne Pharma') for the year ended 30 June 2023 and the Auditor's Report thereon. The information set out below is to be read in conjunction with the Remuneration Report set out on pages 15 to 24, which forms part of this Directors' Report.

DIRECTORS

The Directors of the Company during the financial year and up to the date of this report are set out below. Directors were in office for this entire period unless otherwise noted.

Mr Frank Condella, Chair
Mr Shawn Patrick O'Brien, Managing Director and CEO (appointed 1 October 2022)
Mr Patrick Blake
Ms Ann Custin
Dr Kathryn MacFarlane
Dr Carolyn Myers (resigned 31 July 2023)
Mr David Petrie (appointed 1 September 2022)
Prof Bruce Robinson, AC

Mr Ian Scholes (resigned 30 September 2022)
Mr Scott Richards, (former Managing Director and CEO, resigned 1 October 2022)

The Directors' qualifications, other listed company directorships, experience and special responsibilities are detailed on pages 10 and 11 of this report. The qualifications and experience of the Company Secretary are detailed on page 11 of this report.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the 2023 financial year are:

	BOARD		AUDIT & RISK COMMITTEE		NOMINATION COMMITTEE		REMUNERATION & PEOPLE COMMITTEE		SCIENCE, TECHNOLOGY & MEDICAL COMMITTEE	
	HELD[1]	ATTENDED[2]	HELD[1]	ATTENDED[2]	HELD[1]	ATTENDED[2]	HELD[1]	ATTENDED[2]	HELD[1]	ATTENDED[2]
Mr F Condella[3]	20	20	-	8	1	1	10	10	-	-
Mr I Scholes	4	3	3	3	-	-	4	3	-	-
Mr S Richards[4, 5]	4	2	-	-	-	-	-	2	-	-
Mr S O'Brien[3,4, 5]	16	14	-	9	-	-	-	5	-	3
Mr P Blake	20	19	14	14	-	-	10	10	-	-
Ms A Custin	20	18	14	14	-	-	-	-	-	-
Dr K MacFarlane	20	20	-	-	1	1	-	-	3	3
Dr C Myers	20	17	-	-	-	-	-	-	-	-
Mr D Petrie	17	17	11	11	-	-	7	7	-	-
Prof B Robinson	20	18	-	-	1	1	-	-	3	3

1. This column shows the number of meetings held during the period the Director was a member of the Board or Committee.
2. This column shows the number of meetings attended.
3. Mr Condella and Mr O'Brien are not members of the Audit and Risk Committee however they attend meetings at the Chair's invitation.
4. Mr Richards and Mr O'Brien are not members of the Remuneration and People Committee however they attend meetings at the Chair's invitation.
5. Mr O'Brien is not a member of the Science, Technology & Medical Committee however he attends meetings at the Chair's invitation.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

- On 4 October 2022, Mayne Pharma completed the sale of the Metrics Contract Services (MCS) business to Catalent Pharma Solutions, Inc. Following completion and after allowing for reinvestment needs, the Company used the net proceeds to repay the syndicated debt facility and to pay a dividend to shareholders.

- The Group completed an exclusive licence agreement effective 31 December 2022 to license products from TherapeuticsMD, Inc. (TXMD). These assets have been added to the Women's Health portfolio and CGU alongside NEXTSTELLIS®. In conjunction with the licence agreement the Group issued US$27.95m of convertible notes.

- The Group completed the sale of the Retail Generics business to Dr. Reddy's Laboratories on 7 April 2023.

The Company also completed a 20:1 share consolidation in January 2023.

These changes are discussed in the Principal Activities, Review of Operations and Likely Developments sections of this report.

PRINCIPAL ACTIVITIES

Mayne Pharma is an ASX-listed specialty pharmaceutical company focused on commercialising branded women's health and dermatology pharmaceuticals.

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 a product development and manufacturing facility based in Salisbury, Australia with expertise in the formulation of complex oral

and topical dose forms including modified-release products and poorly soluble compounds.

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

Summary of financial performance

Set out below is a summary of the financial performance attributable to Mayne Pharma shareholders for the 2023 financial year (FY23) compared to the prior corresponding period (pcp). The summary includes Mayne Pharma's share of Inhibitor Therapeutics Inc (INTI) for the period during which Mayne Pharma held control (i.e. up to 14 December 2022).

This summary includes non-IFRS financial information that is stated excluding certain non-operating income and expense items. The results are set out this way as the Directors consider them to be a meaningful comparison from period to period. Key measures of earnings considered by management in operating the business and assessing performance are earnings before interest, tax, depreciation, amortisation and impairment ('EBITDA') and Adjusted EBITDA.

SALES AND PROFIT	2023 $M	RESTATED 2022 $M	CHANGE ON PCP $M
Reported Revenue continuing operations	**183.6**	**157.1**	**26.5**
Reported Gross profit continuing operations	**83.5**	**71.6**	**11.9**
Reported Gross profit %	*45.5%*	*45.6%*	
Adjusted EBITDA	(95.3)	(59.6)	(35.7)
Adjustments[1]	(6.7)	68.6	(75.3)
Reported EBITDA continuing operations	**(102.0)**	**9.0**	**(111.0)**
Impairments	(69.2)	(68.3)	(0.9)
Depreciation / Amortisation	(65.4)	(55.1)	(10.3)
Reported Profit / (Loss) Before Interest and Tax continuing operations	**(236.5)**	**(114.4)**	**(122.2)**
Net interest	(3.7)	(15.9)	12.2
Foreign exchanges gains/(losses) financing activities	(11.0)	0.8	(11.8)
Earn-out & deferred consideration liabilities discount unwind	(18.4)	(16.1)	(2.3)
Reported Profit / (Loss) Before Tax continuing operations	**(269.7)**	**(145.6)**	**(124.1)**
Income tax credit / (expense)	(47.7)	(74.5)	26.8
Reported Net Profit / (Loss) After Tax attributable to Mayne Pharma shareholders continuing operations	**(317.4)**	**(220.1)**	**(97.3)**

1. Current year adjustments are included in the table below.
2. Restated to present the MCS and Retail Generics businesses as discontinued operations and for the restatement of the 30 June 2022 financial statements as disclosed in Note 1(f). Amounts throughout this Directors Report have been restated for the impacts of these items where required.

The reconciliation of reported results (from continuing operations) and adjusted results for the current year is as follows:

SALES AND PROFIT	REPORTED ATTRIBUTABLE TO MEMBERS JUNE 2023[1] $M	EARN-OUT REASSESSMENTS[2] $M	RESTRUCTURING[3] $M	DOUBTFUL DEBT[4] $M	SUPPLY CHAIN DISRUPTION[5] $M	ASSET IMPAIRMENTS[6] $M	INSURANCE RECOVERY[7] $M	DERIVATIVE FAIR VALUE ADJUSTMENT[8] $M	INTI[9] $M	LITIGATION[10] $M	ADJUSTED JUNE 2023 $M
Revenue	183.6				3.7						**187.3**
Gross profit	83.5				3.1						**86.6**
Gross profit %	*45.5%*										*46.2%*
EBITDA	**(102.0)**	(23.9)	12.1	7.8	3.1		(3.4)	2.7	3.2	5.1	**(95.3)**
Depreciation / Amortisation	(65.4)										(65.4)
Asset impairments	(69.2)					69.2					--
PBIT	**(236.5)**	(23.9)	12.1	7.8	3.1	69.2	(3.4)	2.7	3.2	5.1	**(160.7)**

1. The values in the above table are values attributable to members of Mayne Pharma and hence include only Mayne Pharma's share of INTI. The Consolidated Statement of Profit or Loss and Other Comprehensive Income and supporting notes such as Note 5 for income tax include 100% of INTI and hence differ from the above values.
2. Non-cash credit arising from the decrease in earn-out and deferred consideration liabilities with the majority related to NEXTSTELLIS® and the TXMD liability.
3. Restructuring costs related to organisational transformation to simplify the operating model.
4. One significant doubtful debt.
5. LEXETTE® supply chain disruption.
6. Non-cash impairments relate to intangible assets.
7. Business interruption insurance recovery (Other income) relating to the Salisbury location
8. Fair value adjustment relating to the convertible notes derivative
9. Mayne Pharma's share of INTI's EBITDA loss and Mayne Pharma's loss on disposal
10. Drug pricing and health care investigations, US Department of Justice and related litigation costs.

The non IFRS financial information is unaudited.

Review of operations

In contrast to the above tables which are based on financial performance attributable to Mayne Pharma shareholders, the following information is provided on a total group basis and hence includes 100% of the revenues and expenses incurred by Inhibitor Therapeutics Inc (INTI) where applicable.

Mayne Pharma held control 53.5% of INTI and consolidated 100% of INTI for the period during which Mayne Pharma held control (ie up to 14 December 2022), in accordance with accounting standards, into the financial statements following this Directors' Report.

During the period the Group announced the following transactions:

- On 4 October 2022, Mayne Pharma announced the completion of the sale of the Metrics Contract Services (MCS) business to Catalent Pharma Solutions, Inc. The results include adjustments to reflect movements related to the sale as part of discontinued operations and to adjust FY22 results in this report to a comparable basis.

  The Group completed an exclusive licence agreement effective 31 December 2022 to license products from TherapeuticsMD, Inc. (TXMD).

These assets are added to the Women's Health portfolio and CGU alongside NEXTSTELLIS®. FY23 results include operating, financing and investing cash flows related to this transaction and establishment of opening balance figures for the transaction including intangible assets and net working capital items purchased.

- The Group completed the sale of the Retail Generics business to Dr. Reddy's Laboratories on 7 April 2023. The results include adjustments to reflect movements related to the sale as part of discontinued operations and to adjust FY22 results in this report to a comparable basis.

The Group recorded revenue for continuing operations of $183.6m, up 17% on the prior comparative period (pcp) and gross profit for continuing operations was $83.5m, up 17% on pcp.

Gross profit margin for continuing operations as a percentage of revenue was 45.5% (2022: 45.6%) which reflects the impact of the challenges faced during the year for the Dermatology business.

The reported loss before tax from continuing operations was $269.7m and the net loss after tax was $317.4m which includes $69.2m of asset impairments and a recoverable value adjustment of the deferred tax asset of $101.9m.

The impact of exchange rate movements on the Company's balance sheet is recognised in the Foreign Currency Translation Reserve (FCTR) which increased by $17.0m during the year.

Expenses

Net research, development medical and regulatory affairs expense (total costs less amounts qualifying for capitalisation) were $15.7m, an increase in the expense of $1.5m on the pcp.

	JUNE 2023 $M	JUNE 2022 $M
Total R&D, medical and regulatory affairs costs incurred	16.1	16.0
Development costs capitalised	0.4	1.8
R&D, medical and regulatory affairs expensed (includes discontinued operations)	15.7	14.2

Marketing and distribution expenses increased by $33.6m to $125.9m due to the continued investment in the US commercial launch of NEXTSTELLIS® and the addition of the TXMD women's health products.

Finance costs of $39.9m (2022: $31.7m) include the unwinding of discounts associated with earn-out liabilities and deferred liabilities which increased to $18.4m from $16.0m in the pcp. Included in finance costs are foreign exchange losses relating to financing activities of $11.0m (2022: $0.8m gain)

Impairments of $69.2m (2022: $68.3m) for continuing operations were recognised following a detailed review of the Company's assets at 31 December 2022 and 30 June 2023. The reviews considered the current and projected US market dynamics for the portfolio and the industry. Mayne Pharma participates in markets that are potentially exposed to rapidly changing industry dynamics. These issues have been addressed in the impairment review on the basis of known facts and circumstances, incorporating best estimates from information available to date, as described in Note 14.

The impairments included the Cash Generating Unit (CGU) impairments totalling $68.4m (International $8.5m, PPD Dermatology $59.9m) plus specific impairments of $0.8m.

Administration and other expenses increased by $45.0m to $142.5m. This category includes non-cash and other non-operating items such as:

- Amortisation of intangible assets which was $56.6m (2022: $47.8m);
- Share based payments expense of $6.8m which include $3.0m related to restructuring and exiting the MCS business (2022: $4.6m);
- Drug pricing investigations and related litigation costs $5.1m (2022: $2.9m);
- A specific doubtful debt of $7.8m;
- Fair value movement on derivative $2.7m;
- Loss on disposal of INTI $3.1m; and
- Restructuring expenses were $9.1m (2022: $5.0m).

Excluding these items, administration and other expenses increased by $14.7m to $51.3m. Of this increase $2.7m relates to FX translation of US costs (FY23 rate 0.6733 versus 0.7256 for FY22). Other components of the increase include audit fees ($1.2m) and external costs to administer gross to net programs ($1.2m). Part of the change in other administration costs relate to costs which were previously cross-charged to the MCS business ($3.3m). These costs have effectively been partially recouped via the transitional services agreement (disclosed as other income in Note 3 Transitional service income $2.7m).

Tax

Tax expense of $47.7m for continuing operations and tax expense of $6.3m for discontinued operations comprised:

- Current period income tax benefit for the year to 30 June 2023 of $1.7m;
- An increase in current year tax expense in respect of prior years of $2.4m; and
- Deferred income tax expense of $53.3m.

Financial position

Set out below is a summary of the financial position as at 30 June 2023 compared to the position as at 30 June 2022.

BALANCE SHEET EXTRACT	2023 $M	2022 $M	CHANGE ON PCP $M	CHANGE ON PCP %
Cash	92.6	96.7	(4.1)	(4)
Marketable securities	127.5	-	127.5	n/a
Receivables	194.9	268.2	(73.3)	(27)
Inventory	82.7	108.9	(26.2)	(24)
Income tax receivable	14.6	14.1	0.5	4
PP&E	43.7	218.4	(174.7)	(80)
Intangible assets including goodwill	617.3	427.5	189.8	44
Other assets	74.1	154.1	(80.0)	(52)
Total assets	**1,247.4**	**1,287.9**	**(40.5)**	**(3)**
Interest-bearing debt (including lease liabilities)	47.5	413.7	(366.2)	(89)
Trade and other payables	246.5	187.6	58.9	31
Other financial liabilities	296.2	126.1	170.1	135
Other liabilities	22.8	22.3	0.5	2
Total liabilities	**613.0**	**749.7**	**(136.7)**	**(18)**
Equity	**634.4**	**538.2**	**96.2**	**18**

The material changes to the operating assets and liabilities of the business were as follows:

Cash

Cash decreased by $4.1m compared to 30 June 2022. In addition to cash, the Company also holds marketable securities of $127.5m. The increase in funds held was driven by the receipt of proceeds for the sale of the MCS and Retail Generics businesses. Major outflows included the acquisition of the TXMD assets, the repayment of the syndicated debt facility and the special dividend paid to shareholders.

Inventory, receivables and trade payables

With the sale of the MCS and Retail Generics businesses, partially offset by the acquisition of the additional women's health products, there were significant changes to working capital. Inventory decreased by $26.2m and receivables decreased by $73.3m. Trade and other payables increased by $58.9m compared to the prior period.

Intangible assets and goodwill

Intangible assets increased by $189.8m compared to the balance at 30 June 2022. The movement comprised of:

- An increase of $0.4m for capitalised development costs;
- An increase of $363.5m for the TXMD intangible additions;
- Other intangibles additions of $1.5m;
- A decrease of $60.2m for amortisation;
- A decrease of $62.7m due to the sale of the MCS and Retail Generics businesses;
- A decrease of $74.3m for impairments; and
- An increase of $21.6m due to foreign currency translation as the AUD / USD exchange rate decreased from 0.6892 at 30 June 2022 to 0.6640 at 30 June 2023.

Property, plant & equipment

Property, plant and equipment decreased by $174.7m compared to the balance at 30 June 2022. The movement comprised of:

- An increase of $4.8m for net additions;
- A decrease of $175.1m due to the sale of the MCS business;
- A decrease of $8.6m for depreciation; and
- An increase of $4.1m due to foreign currency translation.

Interest bearing liabilities

Interest bearing liabilities (excluding lease liabilities) decreased to $39.3m from $405.4m at 30 June 2022. The syndicated loan facility was repaid in full in October 2022. Following the sale of the Retail Generics business, the receivables finance facility decreased to $10.8m from $63.1m at 30 June 2022. Convertible notes were issued in December 2022 to support the acquisition of the TXMD licensed assets.

Other financial liabilities

The major items included in other financial liabilities as at 30 June 2023 were the earn-out liabilities and deferred consideration for the NEXTSTELLIS® distribution rights and the TXMD earn-out and deferred consideration liabilities.

Other financial liabilities increased by $170.1m from 30 June 2022 due to:

- An increase of $18.4m due to the unwinding of the discount for the various earn-out liabilities and deferred consideration liabilities including $10.1m relating to the NEXTSTELLIS® deferred consideration liability and $6.9m relating to the TXMD earn-out liabilities;
- An increase of $176.9m relating to the TXMD asset acquisition ($156.9m) and the Catalent overhead recovery liability ($20.0m);
- A decrease of $24.3m due to re-assessments which included the NEXTSTELLIS® liability which was reassessed downwards by $9.3m and the TXMD liabilities which were reassessed downwards by $15.7m;

- A decrease of $21.6m due to payments made;
- An increase of $12.4m with the inclusion of the derivative portion of the convertible notes; and
- An increase relating to foreign currency translation of $8.2m.

Equity

Shareholder equity movements include the current year profit (including discontinued operations) of $117.2m and other comprehensive income of $15.1m for a net movement of $132.3m. Other equity movements included the net dividend paid ($45.3m), the share buy-back of ($6.2m), share based payments reserve increase $7.0m and the deconsolidation of non-controlling interests relating to INTI $8.3m.

Cash flow

A summary of the net operating cash flows is as follows:

	2023 $M	2022 $M
Net operating cash flows before income tax receipts / (payments) and before working capital movements	(184.1)	(5.6)
Net income tax receipts / (payments)	(4.0)	7.3
Working capital (investments) / releases	145.4	(8.9)
Net Operating cash flows	(42.7)	(7.2)

Net operating cash for FY23 was an outflow of $42.7m after including $4.0m of net tax payments and $145.4m net working capital release. Transaction costs, litigation costs and restructuring costs included in the operating cash outflows totalled $38.9m.

Other notable cash flows during the period included:

- Earn-out and deferred settlement payments totalling $21.6m;
- Acquisition of TXMD licences and working capital $226.0m;
- Proceeds from the sale of MCS $722.5m;
- Proceeds from the sale of the Retail Generics business $132.7m;
- Net debt repayments of $376.0m;
- Payment of special dividend $45.3m;
- Payments for share buy-backs of $6.2m; and
- $4.8m in capital expenditure (net of government grant received) across the Group.

Cash on hand plus marketable securities total $220.1m at 30 June 2023 representing an increase of $123.4m from 30 June 2022 for the reasons outlined above.

Reporting Segments

The Consolidated Entity operates in three operating segments being International, Branded Products (BPD) and Portfolio Products Division (PPD). During the current period, the Consolidated Entity sold the MCS segment and the Retail Generics business and has therefore included MCS and Retail Generics in discontinued operations (refer Note 6). The Retail Generics business was previously reported as part of the Portfolio Products Division (PPD) segment which also included Dermatology. Following the Retail Generics sale, the segment is now Dermatology only. The segment note in the financial statements (Note 2) shows the sales, gross margin (GM), direct operating expenses (opex) and the direct contribution (being the GM less direct opex) for each segment.

PPD (Dermatology)

	2023 $M	RESTATED 2022 $M	CHANGE %
Revenue	57.0	92.2	(38.2)
Gross profit	10.7	45.4	(76.4)
Gross profit %	19%	49%	
Direct opex (including lease depreciation)	(31.6)	(25.2)	(25.4)
Direct contribution	(21.0)	20.2	

Nature of operations

The Portfolio Products Division distributes established dermatology products in the US.

FY23 performance

The PPD reporting segment's sales were $57.0m down 38% on FY22. Gross profit was $10.7m, down 76% on FY22 and direct contribution decreased $41.2m compared to the pcp to -$21.1m. PPD performance was impacted by challenges in the dermatology business related to price and distribution channel inventories driven by competition on key products primarily in the first half year. The performance of the business improved during the second half in line with normalisation in the sales channel and an increase discipline across the business with some contribution from newly launched products.

BPD

	2023 $M	2022 $M	CHANGE %
Revenue	61.9	10.6	485.7
Gross profit	53.9	8.4	539.9
Gross profit %	87%	80%	
Direct opex (including lease depreciation)	(81.6)	(55.1)	(48.1)
Direct contribution	(27.7)	(46.7)	40.7

Nature of operations

The Branded Products Division distributes medically differentiated specialty products in the US. This division includes branded Women's Health products including NEXTSTELLIS® with ANNOVERA®, IMVEXXY® and BIJUVA® added to the segment during the period with the acquisition of licences from TXMD.

FY23 performance

The BPD reporting segment's sales were $61.9m, up 486% on FY22, gross profit was $53.9m, up 540% on FY22 and direct contribution was -$27.7m an improvement of $19.0m on the pcp. The sales performance of NEXTSTELLIS® improved significantly during the year as a result of refreshed sales leadership and marketing strategies. The second half saw a step change in the segment performance with the revenue and gross profit contribution of the newly licenced women's health products providing a larger base to offset the ongoing marketing and distribution expenses of NEXTSTELLIS®. Additional expense was added to support the new portfolio.

International

	2023 $M	2022 $M	CHANGE %
Revenue	64.7	54.4	19.0
Gross profit	18.9	17.7	6.7
Gross profit %	29%	33%	
Direct opex	(12.1)	(9.6)	26.5
Direct contribution	6.9	8.1	(14.8)

Nature of operations

International's revenues and gross profit are derived principally from the Australian manufacture and sale of branded and generic pharmaceutical products globally (ex-US) and the provision of contract development and manufacturing services to third party customers.

FY23 performance

The International reporting segment's revenues were $64.7m, up 19% on FY22, gross profit was $18.9m, up 7% on FY22 and direct contribution decreased 15% to $6.9m. The increase in direct opex is a result of the launch of NEXTSTELLIS® in Australia with increased sales staff and marketing activities. A business improvement program was initiated during the second half which will focus on improving operating efficiency as well as identifying new commercial opportunities to drive growth. Following the sale of the US Retail Generics business, there was an increase in third party contract manufacturing volumes.

Strategy

The Company's core strategic priorities include the following:

KEY PRIORITIES	ACTIVITIES
• Deliver profit potential of US women's health	• Accelerate NEXTSTELLIS® growth to profitability by successfully implementing new commercial strategy in the US and Australia • Deliver on the full profit potential of the Women's Health franchise
• Improve Margins and Access	• US channel strategy to improve margins in dermatology and women's health and provide better patient access
• Business development	• Broaden portfolio with complimentary products that leverage existing commercial infrastructure in dermatology and women's health by acquiring accretive assets
• Accelerate International segment growth	• Re-focus marketing spend on women's health (NEXTSTELLIS®) therapeutic categories • Drive organic growth • Expansion of contract development service and client base, develop and promote track record of Salisbury facility while utilising existing capability and capacity

Material business risks

The Board accepts that taking and managing risk is central to building shareholder value and that the Board is responsible for the Group's risk management strategy. Management is responsible for implementing the Board's strategy and for developing a control infrastructure designed to identify and mitigate risks across operations.

The Company has implemented a Risk Management Policy with a detailed, structured approach to systematically identify, rank, mitigate, and monitor risks. This effort, led by the Compliance and Risk function, is additive to ongoing risk management responsibilities that all employees engage in as they accomplish their daily tasks according to Company requirements. The Company maintains a risk register and material risks are regularly reported on and discussed with management, the Audit & Risk Committee and the Board. Further details of the Company's approach to risk identification and management are outlined in its Corporate Governance Statement.

The following table details some of the material risks that could affect Mayne Pharma's business and operations but are not the only risks Mayne Pharma faces. Other risks besides those detailed below could adversely affect Mayne Pharma's business and operations.

RISK	NATURE OF THE RISK	ACTIONS/PLANS TO MITIGATE
Business and strategy	• Lack of market acceptance of NEXTSTELLIS® • Unsuccessful implementation of dermatology distribution channel • Inability to meet educational and scientific engagement needs of the healthcare community for our full portfolio • Inherent competition risk to portfolio • Future acquisitions, licences, and investments could negatively affect operating results, dilute equity ownership, increase debt, or cause significant expense • Inability to drive accretive growth effectively • Healthcare policy changes and legislative reform in the US healthcare system	• Appropriate staffing of experienced personnel and business partners • Disciplined and risk balanced product selection process • Strong systems and processes to monitor and manage the performance of each product and customer relationship • Conduct detailed due diligence of acquisitions and engage third parties for expert advice where appropriate • Preparation of detailed operational/integration plans and ongoing monitoring of acquisitions following completion • Developing business models and systems to move closer to patients • Diversify channels to market
Regulatory compliance	• Loss of regulatory compliance certification for production facilities • Noncompliance with legal or regulatory requirements	• Recruitment of experienced personnel in Quality, Production, and Compliance • Establishment of a robust control environment with relevant policies, procedures, and monitoring
Privacy and cybersecurity	• Noncompliance with privacy and data security laws, regulations, and guidance • Cyber security breach, data theft, or data leakage	• Recruitment of experienced IT personnel • Implementation of protective measures such as firewalls, antivirus, data encryption, routine back-ups, system audits and disaster recovery procedures
Third parties	• Quality or compliance failure in product manufacturing by third party suppliers • Noncompliance of our consultants or commercial partners with regulatory standards and requirements • Supply issues for key products due to reliance on third party suppliers • Inventory challenges at specialty pharmacies • Reliance on third parties for key financial or business intelligence data • Significant disruption to third party technology systems	• Risk-based audit process for suppliers, consultants, and commercial partners • Back-up supply of key raw materials • Robust systems and processes to manage supply chain • Regular improvements to internal financial and business intelligence data management • Business continuity planning
Financial condition and capital requirements	• Inability to access financing in an acceptable form or acceptable terms when needed • Cost inflation • Asset impairments • Changes to value or use of net operating losses and deferred tax assets • Adverse global market economic conditions (e.g., recession) • Adverse movements in exchange rates	• Strengthening of bank relationships • Exclusive supply arrangements, where appropriate • Distribution arrangements with partners allow for rising input costs to be passed through to customers • Robust and comprehensive testing environment • Assets are tested regularly for impairment • Capitalization policies and useful lives of assets are reviewed by external auditors • Hedging of balance sheet and net receipts in accordance with Company policy
Organisational and commercial operations	• Loss of or inability to attract and retain key personnel • Unexpected or continuing litigation or legal proceedings, which could be expensive, time consuming, and unsuccessful • Serious adverse event with patients and potential liability risks in marketing and use of products • Loss of buildings or key equipment • Inability to collect inappropriate gross-to-net chargebacks or discounts taken	• Establishment and maintenance of systems to track medical information, pharmacovigilance and quality • Allocate or share risk with distribution partners where appropriate • Contingency plans to move production if facilities become unavailable • Appropriate insurance coverage
Intellectual property	• Ineffective management of loss(es) of exclusivity • Inability to enforce our licence agreements	• Implementation of robust intellectual property strategy • Allocate or share risks with manufacturing partners where appropriate
Environmental and climate concerns	• Noncompliance of manufacturing operations with local laws and regulations, including special safety, packaging, distribution, and reporting requirements • Injury to employees or contractors • Failure to safely and appropriately handle hazardous and toxic materials	• Environmental, Health and Safety (EHS) systems have defined policies, procedures and work practices for the elimination or mitigation of EHS hazards and risks

The above list does not represent an exhaustive list and it may be subject to change based on underlying market events and developments.

Outlook

The Company expects to complete integration of the in-licensed women's health assets in FY24 with a focus on improved net selling prices. The Company is pursuing a growth strategy with the expected launch of low strength BIJUVA® and by leveraging our salesforce scale and effectiveness. For NEXTSTELLIS® the Company is targeting a profitable run rate in 1HFY24, with continued growth throughout FY24.

For Dermatology, the Company plans to continue to enter into capital light, accretive business arrangements and drive commercial excellence in FY24. We are further developing our channel strategy and leveraging our ability to drive market share to expand partnerships. Improved profitability is a clear objective for the Dermatology business.

For International, the Company is pursuing targeted investment and new manufacturing revenue streams. The Company plans to continue to drive specialty and generic product sales including driving growth in NEXTSTELLIS® in Australia and will continue to invest in a targeted manner in the Salisbury facility to improve our productivity and capabilities.

With all 3 business units contributing positive direct contribution, the Company expects to return to positive EBITDA and cash generation in FY24.

DIVIDENDS

A special fully franked dividend of 2.72 cents per share (pre-consolidation basis, 54 cents post 20:1 consolidation basis) was declared in relation to the period ended 31 December 2022 following the sale of the Metrics Contract Services (MCS) business and was subsequently paid on 27 January 2023.

No final dividend has been declared in relation to the period ended 30 June 2023.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The Company announced the acquisition of RHOFADE® on 4 September 2023 for cash consideration of US$8m.

No other matter or circumstance has arisen since the reporting date which is not otherwise reflected in this report that significantly affected or may significantly affect the operations of the Group.

DIRECTORS' EXPERIENCE AND SPECIAL RESPONSIBILITIES

MR FRANK CONDELLA, BSPharm, MBA
Chair
Independent Non-Executive Director
Age 69
Appointed 30 May 2018

Mr Condella, a US resident, has over 30 years of experience in senior executive roles in the global pharmaceutical industry. His operating experience includes Chief Executive Officer of Juniper Pharmaceuticals, a US publicly-listed CDMO and specialty pharmaceutical company, which was subsequently sold to Catalent. Previously he served as Chief Executive Officer of Skyepharma Plc, President of European operations at IVAX (Teva), Chief Executive Officer of Faulding Pharmaceuticals, Vice President of Specialty Care Products at Roche and Vice President and General Manager of the Lederle Standard Products (Pfizer). Mr Condella's previous board experience includes Chairman of Skyepharma Plc until it merged with Vectura, Vice Chairman of Vectura Plc, Independent Director of Prosonix ltd, Independent Director of Fulcrum Pharma plc, Independent Director of Fertin Pharma A/S, Independent Director of Palladio Biosciences Inc and Chairman of the PKD Foundation.

Mr Condella is Chair of the Remuneration and People Committee and Chair of the Nomination Committee.

MR SHAWN PATRICK O'BRIEN, BSc
CEO and Managing Director
Age 64
Appointed 1 October 2022

Mr O'Brien has more than 35 years of global pharmaceutical industry experience building successful enterprises. He was a founding partner of Key BioPharma Partners providing advice to life science companies and capital providers. He was previously the Chairman and CEO of Genomind Inc., a personalised mental health platform company, and CEO of publicly listed Cipher Pharmaceuticals Inc., a specialty pharmaceutical company with a portfolio of commercial stage dermatology products. He has also been President and CEO of three private biotechs including AltheRx Pharmaceuticals, Profectus BioSciences and Solstice Neurosciences. Mr O'Brien held multiple senior leadership roles at AstraZeneca, one of the largest global pharmaceutical companies. At AstraZeneca he was responsible for key brands such as FASLODEX®, SYMBICORT®, PULMICORT® and SEROQUEL® which all became billion-dollar brands.

MR PATRICK BLAKE, MBA
Independent Non-Executive Director
Age 60
Appointed 28 June 2018

Mr Blake, a US resident, has over 30 years of global healthcare industry experience including more than 20 years at McKesson Corporation, one of the largest healthcare services and information technology companies globally, and more than 10 years at Baxter Healthcare Corporation. Most recently, he was Executive Vice President of McKesson Corporation and Group President of McKesson Technology Solutions which services the health IT needs of hospitals and health systems, payers, physicians, homecare agencies, retail pharmacies and manufacturers, a position he held from 2009 until 2017. Previously, he was President of McKesson Specialty Health, a business focussed on the US specialty/biotech sector which was McKesson's fastest growing business for three years during his leadership. He was also President of Customer Operations for McKesson Pharmaceutical (US) from 2000 to 2006, leading commercial sales and operations for the wholesale distribution of branded, specialty and generic pharmaceuticals and other related products.

Mr Blake is a member of the Audit and Risk Committee and the Remuneration and People Committee.

MS ANN CUSTIN, CPA
Independent Non-Executive Director
Age 63
Appointed 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 EUR20b 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 Non-Executive Director of Volpara Health Technologies Limited (ASX:VHT) and Establishment Labs Holdings Inc (NASDAQ:ESTA), Audit Committee Chair for both companies and a member of the Compensation Committee for Establishment Labs.

Ms Custin is Chair of the Audit and Risk Committee.

DR KATHRYN MACFARLANE PharmD
Independent Non-Executive Director
Age 58
Appointed 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 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 member of the of the Science, Technology and Medical Committee and the Nomination Committee.

DR CAROLYN MYERS, Ph.D, MBA
Non-Executive Director
Age 65
Appointed 4 October 2021, Resigned 31 July 2023

Dr Myers, a US resident, is an experienced pharmaceutical executive having held senior leadership roles at Allergan, Forest Labs, Mylan (now Viatris) and Pharmacia (now Pfizer). She has 30 years of experience in the pharmaceutical industry and is currently CEO of FendX technologies, a medical technology company formed to develop and commercialise products using a unique pathogen repelling technology. She is also Principal of BioEnsemble, providing consulting services to small and mid-size pharma, biotech and medical technology companies. Previously, she was Vice President of Global Alliance Management and International Business Development at Allergan, Vice President of Marketing at Forest Laboratories, President of Dey Laboratories and President of Mylan Technologies. Dr Myers was nominated by Mayne Pharma's 9.6% shareholder, Mithra Pharmaceuticals SA, as required under the licence and supply agreement to commercialise NEXTSTELLIS® oral contraceptive in the US.

MR DAVID PETRIE B Comm (Hons), B Law (Hons), CPA
Non-Executive Director
Age 57
Appointed 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 worked on more than 100 transactions across a range of market sectors including healthcare.

Mr Petrie is a member of the Audit and Risk Committee and the Remuneration and People Committee.

PROF BRUCE ROBINSON, AC, MD, MSC, FRACP, FAAHMS, FAICD
Independent Non-Executive Director
Age 67
Appointed 26 August 2014

Professor Robinson, a practising Endocrinologist at Sydney's Royal North Shore Hospital, is Former Dean of University of Sydney's Sydney 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 Chairman 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, Lorica and QBiotics Group Limited. He is a Board Member of the Woolcock Institute, is Chair of National Health and Medical Research Council and Chair of the Medical Benefits Review Taskforce.

Prof Robinson is Chair of the Science, Technology and Medical Committee and a member of the Nomination Committee.

COMPANY SECRETARY

Ms Laura Loftus was appointed as the Company Secretary on 26 March 2020. Ms Loftus has been with Mayne Pharma since May 2014 and is an experienced commercial lawyer with more than twelve years of experience. Prior to joining Mayne Pharma, Ms Loftus was a solicitor at global law firm DLA Piper. Ms Loftus holds a BCom (Accounting) degree and LLB (Hons) degree from Monash University and is a Graduate member of the Australian Institute of Company Directors.

DIRECTORS' INTERESTS IN SHARE CAPITAL AND OPTIONS

The relevant interest of each Director in the share capital of the Company as at the date of this report is as follows:

	FULLY PAID ORDINARY SHARES
Mr F Condella	58,775
Mr S O'Brien	-
Mr P Blake	22,097
Ms A Custin	9,075
Dr K MacFarlane	20,000
Mr D Petrie	-
Prof B Robinson	31,745

UNISSUED SHARES UNDER OPTION

As at the date of this Directors' Report there were 0.7m employee options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

SHARE OPTIONS GRANTED

No employee options were granted during the financial year.

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

No shares were issued during the year as a result of option exercises.

NON-AUDIT SERVICES

The Company's auditor, EY Australia (EY), provided the non-audit services listed below. The Directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

EY received or is due to receive the following amounts for the provision of non-audit services. Refer to Note 26 to the financial statement for details of all amounts received by or due to EY for both assurance and non-audit services.

	2023 $	2022 $
Taxation services	1,550,722	551,973
Other assurance	-	18,535
Total	1,550,722	570,508

INDEMNIFICATION AND INSURANCE OF OFFICERS AND INDEMNIFICATION OF AUDITORS

The Company's constitution (rule 11.1(a)) requires the Company to indemnify every officer of the Company and its wholly owned subsidiaries against liabilities incurred in their role as officer, only to the extent permitted by the Corporations Act 2001. The indemnity will not apply to liabilities arising out of conduct involving a lack of good faith. The Company has entered into a Deed of Access, Insurance and Indemnity with each of the Directors, Key Management Personnel (KMP), others holding officer positions in the Company or any of its wholly owned subsidiaries and the Company's previous appointee to the INTI Board. Each Deed of Access, Insurance and Indemnity indemnifies the relevant officer, to the extent permitted by law, against any liability incurred by the relevant officer as an officer of the Company or as an officer of a subsidiary, including legal costs (for an unspecified amount). The Deeds of Access, Insurance and Indemnity also require the Company to (subject to the Corporations Act 2001) use its best efforts to effect and maintain a D&O policy covering the relevant Officers during each officer's term of office and for seven years thereafter.

During the financial year, the Company maintained an insurance policy which indemnifies the Directors and Officers of the Company and its subsidiaries in respect of any liability incurred in the performance of their duties as Directors or Officers of the Company or its subsidiaries, other than for matters involving a wilful breach of duty or a contravention of sections 182 or 183 of the Corporations Act 2001 as permitted by section 199B of the Corporations Act 2001. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

Additionally, to the extent permitted by law and professional regulations, the Company has agreed to indemnify its auditors, EY, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit but excluding any claims which are finally determined to have resulted from EY's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify EY during or since the financial year. Such an indemnity is permitted under rule 11.1(a) of the Company's constitution.

ENVIRONMENT, HEALTH AND SAFETY (EHS) REGULATION AND PERFORMANCE

The Group's operations are subject to various EHS laws and regulations and, where required, the Group maintains EHS licenses and registrations in compliance with applicable regulatory requirements. The Group has mechanisms in place to monitor for changes to regulatory requirements and ensure ongoing compliance with any new requirements.

The Group has EHS policies and procedures in place designed to ensure compliance with all EHS regulatory requirements and to continuously improve the health and safety of our workplace and environmental sustainability of our operations.

The EHS function continues to refine and improve the Company's standards, processes and performance through the ongoing development and maintenance of an EHS management system focussed on the identification and assessment of EHS hazards and effective management of EHS risks by applying sound risk management principles.

The Group monitors EHS outcomes on a regular basis and provides reports to various internal and external stakeholders including, without limitation, in relation to performance data such as injury rates, waste disposal, waste water and storm discharges and emissions. The operating site in Salisbury is subject to periodic or random inspections by EHS regulators; several inspections occurred during the year by the relevant authorities.

The Directors are not aware of any material breaches of EHS regulations by the Group.

OPTIONS, PERFORMANCE RIGHTS AND SHARES GRANTED SUBSEQUENT TO REPORTING DATE

No options, performance rights or loan shares were issued to KMP subsequent to reporting date.

ROUNDING

Amounts in this report and in the financial report have been rounded off in accordance with ASIC Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission, to the nearest thousand dollars or, in certain cases, to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration has been received from EY and is included on page 25 of this report.

Letter from Chair of Remuneration and People Committee

Dear Shareholder,

On behalf of the Board of Directors, we are pleased to present Mayne Pharma's Remuneration Report for the financial year ended 30 June 2023. This report contains information regarding the remuneration arrangements for Non-Executive Directors and senior executives who are the Key Management Personnel (KMP) of Mayne Pharma during Fiscal Year 2023 (FY23).

Business Performance

FY23 was one of massive change and realignment for Mayne Pharma. We completed the sale of Metrics Contract Services in October 2022, licensed a portfolio of Women's Health products from TXMD in December 2022 and divested our Retail Generics business in April 2023. In addition to these changes to our business structure, the Board made the decision to permanently relocate the CEO and CFO roles to the United States and recruited a new CEO and CFO to manage the re-aligned businesses.

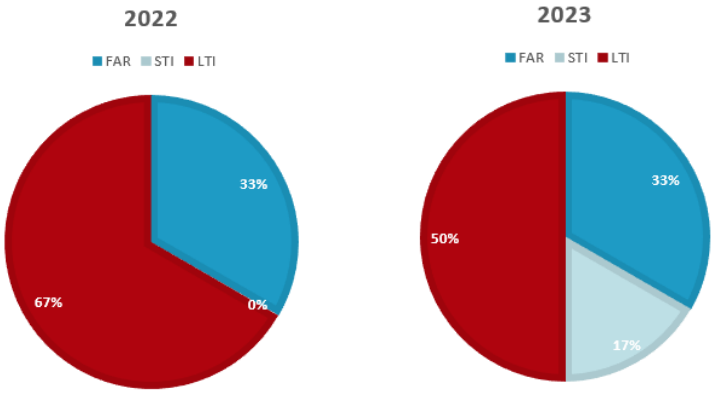
Your Board is committed to an executive remuneration framework that is focused on aligning shareholder and management interests by adopting a remuneration policy with a significant weighting to at-risk remuneration and equity-based incentives.

Key Changes to Remuneration

The Board wanted to add a short-term incentive (STI) to the executive remuneration package in order to align with competitive market practice given the recruitment of a new CEO and CFO based in the US, and to provide more focus and alignment on achieving annual goals, which in turn will build the long-term value of the Company. The Board used a number of sources to benchmark competitive market compensation packages and also consulted with shareholders and compensation consultants. After completing this work, the Board decided to make some structural changes to the executive pay program as follows:

- Introduction of a short-term incentive (STI) in FY23 so that executive pay comprises three components (fixed annual remuneration (FAR) or base salary, an STI and a long-term incentive (LTI). In prior years, executive pay has only included FAR and LTI.
- Reduction of the amount of LTI so that the total proportion of variable compensation (at target) remains the same

Target remuneration mix for the CEO



The STI is awarded in two parts: 50% paid in cash at the end of the fiscal year and 50% paid in restricted stock units (RSUs) which vest one year later, provided that the executive is still employed by the Company. The actual amount of the STI paid is subject to achievement of specific goals set at the beginning of the fiscal year. With the introduction of the STI, which includes the deferred equity portion, the total percentage of remuneration paid in equity is approximately 58%.

The following changes were made to the LTI program in FY23 and will carry into FY24:

- Executives receive their LTI grants in the form of performance rights
- Performance rights vesting is based on achievement of certain TSR hurdles, with a single testing point after three years with no re-testing (ie "cliff" vesting; previous grants were split into three tranches with testing every twelve months in the first three years and then further testing six monthly up to expiry at five years).
- LTIs scaled back with the introduction of executive STIs (as shown above)

Over the last 4 years, a number of other structural changes have been made to the LTI scheme to lower its cost. These changes include increasing TSR hurdles to 8% for minimum vesting (previously 5%) and 15% for maximum vesting (previously 10%), reducing the portion of instruments that vest at the minimum performance hurdle to 20% (previously 50%) and the introduction of performance rights. The most recent change to 3-year cliff vesting with no retesting continues the structural change to the LTI program.

We believe an equity-based LTI is important to ensure close alignment with shareholders and motivates executives to focus on corporate strategies that will deliver long-term growth of shareholder value.

KMP Changes

FY23 saw the departure of the former CEO Scott Richards (an Australian expatriate living and working in the US for the last five years) and CFO Peter Paltoglou after the Board's decision to permanently relocate these roles to the US. After consultation with legal advisors and in keeping with the former CEO and CFO's employment contracts, company policy, and the requirements of the Corporations Act, termination benefits for the former CEO and CFO were agreed and paid in Australian dollars due to the permanent relocation of these roles to the US.

The new CEO, Mr Shawn Patrick O'Brien and CFO, Mr Aaron Gray, were recruited in a competitive pharmaceutical market in the US and employment terms and benefits were agreed in US dollar terms. The Company used search consultants and interviewed several candidates for each role. Details of the remuneration packages for Mr O'Brien and Mr Gray can be found in the remuneration report.

During FY23, Mr Ian Scholes retired from the Board after many years of service to Mayne Pharma and Mr David Petrie was appointed as a Non-Executive Director. Ms Carolyn Myers retired from the Board in July 2023 after Mithra's right to nominate a Director of Mayne Pharma ceased.

Remuneration outcomes in FY23

In determining the STI payout for FY23, the Board considered that the business was in transition including several significant transactions with resulting organisational changes. Management completed the sale of Metrics Contract Services, retired most of our debt, licensed several branded products in Women's Health from TherapeuticsMD Inc (TXMD) and sold the US Retail Generics business to Dr Reddy's. In addition, the Company paid a dividend to shareholders and initiated an on-market share buyback program. The annual goals set for FY23, which are normally used to determine performance against target for the STI, were not established with input from the new CEO or CFO and several were not achieved and became irrelevant given the transformational changes to the Company across FY23. The Board considered this, the impact of the significant transactions described above on achieving the original goals, and the effort to reset the direction of the business for the longer term growth outlook of the Company and it was agreed to pay out the STI at 75% of target.

LTI awards granted to the CEO and CFO in FY23 will be tested for the first time in September 2025. They did not hold any LTI awards eligible for testing or vesting in FY23.

LTI awards held by the former CEO and CFO were tested in FY23. None of these awards met the conditions for vesting and a portion of them expired during FY23. All of the remaining LTI awards will continue to be held by the former CEO and CFO until expiration or they meet the vesting conditions, in accordance with the terms of those grants. At the date of this report, all LTI awards held by the former CEO and CFO remain unvested. These unvested LTI instruments will be tested against applicable performance conditions at the relevant testing dates and will only vest if those performance conditions are met.

In April 2023, the Board also decided to equalise payments to non-executive directors since all directors, regardless of location, provide the same effort and value. Historically, Australian-based directors had been paid in AUD whilst US-based directors were paid in USD. It was decided that all directors should be paid in USD or an equivalent amount in AUD. This change took place in April 2023.

Remuneration in FY24

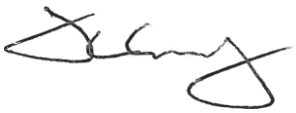
Your board will continue to regularly review the remuneration framework given the Company's refreshed strategy under a new executive leadership team, ensuring the framework aligns with rewarding executives for delivery of strategy and shareholder value creation and the right outcomes are being delivered and rewarded.

For FY24, the Board has determined that in line with our global workforce, Mr O'Brien and Mr Gray will each receive a 5% increase to their fixed annual remuneration. The STI and LTI target opportunity for Mr O'Brien will remain unchanged as a percentage of base salary. For Mr Gray, the STI and LTI target opportunity for FY24 will be 50% and 100% of base salary respectively. Mr Gray's LTI target opportunity was lower in FY23 in light of the sign on bonus issued around the time he commenced employment with Mayne Pharma

Fees for Non-Executive Directors will remain the same in FY24 and will remain within the existing fee pool approved by shareholders at the 2018 Annual General Meeting.

We hope you find this report explains our remuneration structure and welcome any feedback you may wish to provide.

Yours sincerely



Frank Condella
Mayne Pharma Chair

REMUNERATION REPORT (AUDITED)

This report outlines the specific remuneration arrangements in place for the KMP. KMP are those persons in the Group having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. Amounts presented within the remuneration report are in Australian dollars unless otherwise stated.

Structure of this report

The remuneration report is divided into the following sections:

1. Key Management Personnel
2. Remuneration Governance and Remuneration Policy
3. FY23 KMP Remuneration at a glance
4. Elements of Executive KMP Remuneration
5. Group performance
6. Executive KMP Remuneration
7. Non-Executive Directors' Remuneration
8. Value of equity instruments granted to KMP
9. KMP Shares

1. KEY MANAGEMENT PERSONNEL

The table below outlines the KMP of the Group during the current financial period. Unless otherwise indicated, the individuals were KMP for the entire financial year and up until the date of this report. The Group considers executive KMP as those executives with global responsibilities for business strategy and performance as well as guiding strategic allocation of resources and capital.

Non-Executive Directors:

- Mr Frank Condella – Chair
- Mr Patrick Blake
- Ms Ann Custin
- Dr Kathryn MacFarlane
- Dr Carolyn Myers (resigned 31 July 2023)
- Mr David Petrie (appointed 1 September 2022)
- Prof Bruce Robinson, AM

- Mr Ian Scholes (resigned 30 September 2022)

Executive Directors:

- Mr Shawn Patrick O'Brien – Managing Director and Chief Executive Officer (CEO) (appointed 1 October 2022)
- Mr Scott Richards – former Managing Director and Chief Executive Officer (CEO) (ceased to be KMP on 1 October 2022)

Other executive KMP:

- Mr Aaron Gray - Chief Financial Officer (CFO) effective 29 August 2022
- Mr Peter Paltoglou – former Chief Financial Officer (CFO) (ceased to be KMP on 26 August 2022)

Mr Aaron Gray was appointed Incoming Chief Financial Officer in July 2022 and, after transition, took over full responsibility for the CFO role from Mr Paltoglou effective from 29 August 2022.

2. REMUNERATION GOVERNANCE AND REMUNERATION POLICY

Governance framework

The Remuneration and People Committee (RPC) reviews remuneration arrangements for the Directors, members of the KMP and the balance of the CEO's direct reports and makes recommendations to the Board of Directors.

The Board is responsible for setting the strategic direction and objectives of the Company, establishing goals for management and monitoring the achievement of those goals. The Board ensures that it has procedures in place to assess the performance of the Chief Executive Officer and is responsible for evaluating and rewarding senior management (including determining their remuneration and incentive policies).

The RPC is made up of three Non-Executive Directors. The CEO, CFO and the Director, Group Human Resources attend meetings as required at the invitation of the Committee Chair.

The RPC assesses the appropriateness and effectiveness of remuneration policies for Directors and Officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. Full responsibilities of the RPC are outlined in its Charter, which is available on the Mayne Pharma website.

To ensure the RPC is fully informed when making remuneration decisions it seeks advice from the Company's Director, Group Human Resources as well as specialist advice from external remuneration advisers. No remuneration recommendations (as defined under the Corporations Act 2001) were made during the year. The RPC engaged independent remuneration advisers PricewaterhouseCoopers (PwC) during the year.

Remuneration Policy

In general, the Board links the nature and amount of KMP and other senior executives' remuneration to the Company's financial and operational performance. Given the nature of the industry and the markets in which the Company operates and the position it is in regarding the ongoing development of new products, the review of performance can also give regard to elements such as the scientific progress and commercialisation of the Company's projects, results of trials, progress with the development of relationships with sales and marketing partners, research institutions, and other collaborations.

Remuneration elements include fixed annual remuneration (FAR), short-term incentives (STI) and long-term incentives (LTI). Both FAR and total remuneration are benchmarked to ensure market competitiveness. As a result of this structure, a stronger proportion of total remuneration has been in the form of performance-based incentives which is aligned to shareholders' interests.

Remuneration paid to the Company's Directors and senior executives is determined with reference to the market level of remuneration for other listed development, pharmaceutical and manufacturing companies in the US and Australia. Specific roles are also benchmarked against similar roles in other listed companies with similar market capitalisation to Mayne Pharma. This assessment is undertaken with reference to published information provided by various executive search firms operating in the sector and by reference to the competitive environment.

Corporate governance policies related to remuneration

Mayne Pharma's remuneration framework is supported by several corporate governance policies related to remuneration, including the following:

Securities Trading Policy: Mayne Pharma's Security Trading Policy applies to all Directors, KMP and other employees of the group. The policy sets out the insider trading laws that all Directors and employees must comply with, and specific trading restrictions that KMP must apply with, such as obtaining approval prior to trading in Mayne Pharma securities and not trading within blackout periods, other than with approval in exceptional circumstances, as set out in the policy.

Minimum Shareholding Policy for NEDs: In FY18, the Board introduced a minimum shareholding policy for Non-Executive Directors. The policy outlines an expectation that Non-Executive Directors will accumulate at least 1x base remuneration in Mayne Pharma shares within the first three years following their appointment. The Board believes this will ensure close alignment between Non-Executive Directors and shareholders over the long term, particularly for new appointees.

3. FY23 EXECUTIVE KMP REMUNERATION AT A GLANCE

Below is the remuneration detail of the new CEO and CFO for FY23. During FY23, the new CEO and CFO have been paid in US dollars as they are both resident in the United States. These amounts have been converted to Australian dollars based on an average FX rate for disclosure purposes within this report.

The new CEO has been provided FAR slightly below the that of the former CEO and his package includes an STI and LTI as described in the Chair's letter equal, in total, to 200% of FAR. Fixed annual remuneration for both the CEO and CFO did not change during FY23.

CEO	• Fixed remuneration US$600,000 plus any other benefits (eg relocation costs) • Short-term incentive introduced. Value up to 50% of FAR at target • A long-term incentive grant of 150% of FAR • No LTIs vested during the year
CFO	• Fixed remuneration US$450,000 • Short-term incentive introduced. Value up to 50% of FAR at target • A long-term incentive grant of 80% of FAR • No LTIs vested during the year

In addition to the amounts above, the CFO received certain sign on incentives. These are disclosed in the statutory remuneration table in Section 6A.

4. ELEMENTS OF EXECUTIVE KMP REMUNERATION

Executive KMP remuneration is delivered through the following elements:

- Fixed remuneration, comprising a base remuneration package which includes salary and employer contributions to superannuation funds; and
- Performance-linked remuneration comprised of an STI which is designed to incentivise the achievement of short-term goals, and an LTI which rewards sustained value creation for our shareholders.

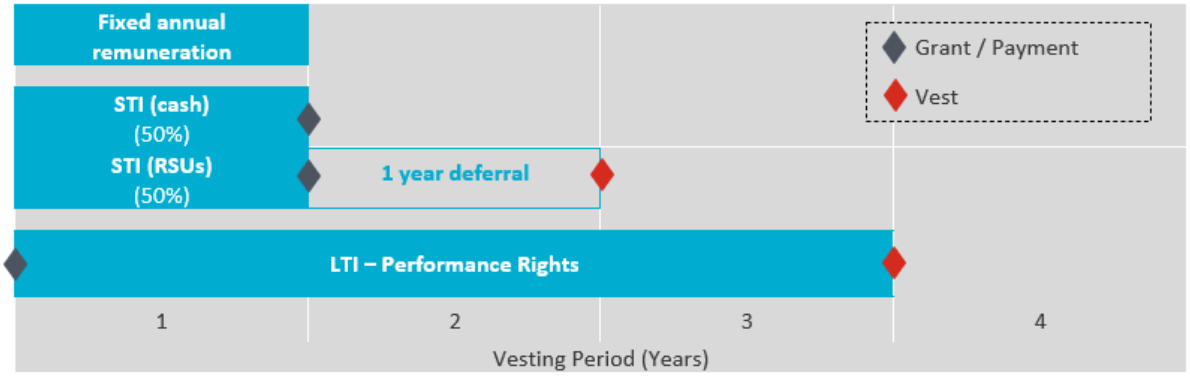
An STI program for executive KMP was introduced for FY23 to align with competitive market practice given the recruitment of a new CEO and CFO and to provide more focus and alignment on achieving annual goals, which in turn will build the long-term value of the Company. With the introduction of the KMP's STIs, LTIs were proportionately reduced, along with other changes to the LTI awards, outlined further below.

When selecting target opportunities for STI and LTI, the Board considered that when moving from a program with only LTI to a program with both STI and LTI, some companies apply a discount to reflect the change in the performance period and the conditions for vesting. However, the Board agreed to set the target STI and LTI opportunities for the CEO and CFO at the levels set out in the table on page 18 after taking into consideration US market data and the changes to the LTI program, to ensure the Company could attract and retain high quality executives. .

	Fixed elements	Performance-linked elements	
	Fixed Annual Remuneration (FAR)	**Short-Term Incentive (STI)**	**Long Term Incentive (LTI)**
Purpose	Attract, retain and engage talent to deliver Mayne Pharma's strategy.	Reward performance against annual goals	Alignment to longer term performance of Mayne Pharma, ensuring key executives of Mayne Pharma are focussed on long-term growth of shareholder value.
Structure	Cash – salary (includes employer contributions to superannuation funds)	50% delivered as cash 50% delivered as deferred equity (RSUs)	Performance rights
Approach	Paid throughout the year. Fixed remuneration levels for KMP and other senior executives are reviewed annually by the Board through a process that considers personal development, achievement of key performance objectives for the year, internal relativities, industry benchmarks wherever possible and CPI data. In determining fixed remuneration, the Board has considered the scale and complexity of the operations of Mayne Pharma, and the remuneration paid to comparable roles in other listed pharmaceutical marketing and manufacturing companies in Australia and the US. Specific roles are also benchmarked against similar roles in other listed companies with similar market capitalisation to Mayne Pharma, both in Australia and the US.	Paid annually. Delivered as part cash, part deferred equity (RSUs). The actual amount of STI paid is subject to achievement of specific goals set at the beginning of the fiscal year. Fifty percent of any payment made under the STI program will be made in cash, payable within 90 days of the completion of the fiscal year. Fifty percent will be made in the form of a share award that will vest on 1 September the following year, subject to continued employment with the Company. Both the cash and equity award portions of the short-term incentive program require that the KMP be an employee in good standing at the time of payment or share vesting.	Delivered as equity (performance rights) through award of annual grants under the Performance Rights and Option Plan (PROP). Vesting of performance rights is based on the absolute Total Shareholder Return (TSR) measured over the relevant vesting period, 20% vesting if a TSR Compound Annual Growth Rate (CAGR) of 8% is achieved, rising to 100% vesting for achievement of a TSR CAGR of 15%. Vesting occurs on a straight-line basis for performance between these two points. For the FY23 grants, the base test price used to determine vesting was set based on the average of the daily VWAP for the 5 days prior to and 5 days following release of FY23 results. The actual value the participant receives in relation to the RSUs is linked to the share price at the date of exercise.

Overview of KMP remuneration elements

The three elements of remuneration are outlined below:



Details of the relevant opportunities under the performance-based remuneration for executive KMP in FY23 are as follows (percentages of base salary) –

	STI				Total Variable	
	Threshold	Target	Stretch	LTI (face value)	Target	Stretch
Chief Executive Officer [1]	35%	50%	60%	150%	200%	210%
Chief Financial Officer [2]	35%	50%	60%	80%	130%	140%

1. For FY23, The CEO's STI will be pro-rated for the commencement date (1 October 2022) with 50% of the pro-rated amount guaranteed (for the 1st year) and 50% based on achievement of the performance objectives as determined by the Board.
2. There was no pro-rating of the CFO STI for the 1st year given employment commenced in July 2022 and no amount was guaranteed. In future years, CFO could be eligible for an annual LTI award of 100% of base salary, at the full discretion of the Board of Directors.

Short-Term Incentive (STI)

As outlined in the Chair's letter, Mayne Pharma introduced an STI for KMP in FY23. Set out below is an overview of the STI framework.

STI Feature	Description	Rationale
Overview	Short-term incentive with a deferred element comprised of RSUs.	The overall structure (fixed remuneration, STI and LTI) is simple, and aligns with market practice both in Australia and the US.
Instrument	50% cash 50% RSUs (deferred for 12 months subject to service only)	Incorporating a deferred component provides a retention element to the STI such that there is a minimum requirement to stay for an additional year to receive the benefit. Providing a component of the STI in equity provides further alignment to shareholders, as the value received by the KMP as a result of the RSUs tracks against the Company's share price.
Performance period	1 year	A one year period allows the Board to set annual goals.
Performance / vesting conditions	Targets determined at the commencement of each performance year, making up a balanced scorecard of: • Group Financial goals (80% weighting of target opportunity) – for FY23, these included achievement of a Group EBITDA target, and total revenue target; and • Strategic goals (20% weighting of target opportunity) – for FY23, these included execution against particular strategic projects. Performance against targets is measured at the end of each performance year, and ranked against a threshold, target and stretch goal. The deferred component will vest if the KMP remains in that role for 12 months after the RSUs are issued (subject to the leaver treatment outlined below).	The balanced scorecard ensures that the KMP have an obligation to focus on both financial and strategic goals (such as internal business processes) to continuously improve both strategic performance and results. The actual value received by the KMP in relation to the deferred component is linked to the share price at the date of exercise.
Leaver treatment	"Good Leavers" (being individuals that retire after at least 3 years of working for the Company and are at least 55 years of age, are made redundant, are terminated without cause, resign after 7 years and do not work for a competitor or leave due to severe illness or death) are entitled to retain all vested LTI, plus a portion of any unvested LTI (calculated by reference to the portion of the vesting period that has elapsed at the date of departure). In other circumstances, the RSUs are forfeited.	The deferred component of the STI is intended to provide a retention component, but for individuals that leave in "good leaver" circumstances, the Board has determined that they should not have to forfeit all of their deferred STI component.

The outcome of the executive KMP STI program for FY23 was that both the CEO and CFO were awarded US$168,750 each as an STI (equivalent to A$250,631 each). This represents 75% of the possible STI target award and (pro-rated based on their period of employment during FY23) and took into consideration the 50% guaranteed component in FY23 for the CEO (meaning that he only received 50% of the variable portion of his STI for FY23) as well as changes in the business during the year as discussed below. 50% of this amount for each of the CFO and CEO will be deferred and issued as RSUs, which will vest on 1 September 2024 subject to continued employment.

Significant changes occurred throughout the year (outlined in the Chair's letter) that were not anticipated when the goals were originally set for FY23. For example, the Retail Generics business was included in the goals and was sold in Q3 of FY23 affecting achievement of the Group Financial and Strategic goals. Additionally, Mr O'Brien started in FY23 along with several other members on the Executive team joining from late FY22 including a new Chief Financial Officer, Chief Medical Officer, General Counsel, AU General Manager and Director Group Human Resources. With this new Executive team, significant changes to the strategic vision of the Company were implemented that were not aligned to the objectives and goals originally set for FY23.

Overall, as a result of the changes in the business outlined above, the original FY23 STI goals were not met and ceased to be a useful tool for measuring performance due to the significant business transformation. The Board therefore applied discretion in determining the overall 75% of target to reflect the significant effort to integrate the women's health products from the TXMD transaction and divest the Retail Generics and MCS businesses. This effort ensured success across these major changes including the necessity to pivot quickly and adapt to work outside of the normal day to day.

Long-term Incentive (LTI)

Remuneration packages for KMP and senior executives include an entitlement to long-term incentives through the award of annual grants. The incentives received by participants under the LTI are linked to the long-term success of the Company. As outlined in the Chair's letter, Mayne Pharma has made significant changes to its LTI program over the last four years. Set out below are details of the various changes that have been made over the last few years and the rationale for doing so.

	Historical approach	Current approach (FY23 grant)	Rationale
Plan	Executive Share Loan Scheme (ESLS)	Performance Rights and Option Plan (PROP)	No ESLS grants have been made since FY21 and the Board expects that all future LTI grants to be made under the PROP.
Instrument	Loan shares Issue of shares to participants funded by a limited-recourse, interest free, five-year loan for the sole purpose of acquiring the shares. The shares remain restricted and subject to risk of forfeiture until the end of the vesting/performance period while the loan remains outstanding, with any unvested/unexercised shares lapsing 49 months after the first test date. Following the end of the applicable vesting period, if the vesting conditions are met the loan shares will vest and the participant has until the end of the five-year term, plus one month, to repay the loan. Any dividends paid on shares while the ESLS are restricted are applied (on a notional after-tax basis) towards repaying the loan.	Performance rights Performance Rights give participants an interest in the value of underlying shares, subject to the satisfaction of vesting conditions. Participants do not have any voting rights or rights to dividends paid on shares while the participant holds a Performance Right	Reduced the number of instruments issued, which helped to manage dilution.
Base test price	5-day VWAP	Average of the daily VWAP over 10 days	Given share price volatility, longer period provides a better base test price.
Base test date	1 March or 1 September	1 March or 1 September	Aligns with release of the full year and half year results announcements.
Participation value	CEO: 200% CFO: 120%	CEO: 150% CFO: 80% for FY23 (FY24 100%*)	Participation in LTI reduced following introduction of STI, so that the total portion of performance-linked remuneration (at target) remains the same.
Vesting condition	Based on absolute Total Shareholder Return (TSR) Compound Annual Growth Rate (CAGR) measured over the relevant vesting period. • 50% vesting if a TSR CAGR of 5% is achieved • 100% vesting if a TSR CAGR of 10% is achieved • Vesting occurs on a straight-line	Based on absolute Total Shareholder Return (TSR) Compound Annual Growth Rate (CAGR) measured over the relevant vesting period. • 20% vesting if a TSR CAGR of 8% is achieved • 100% vesting if a TSR CAGR of 15% is achieved • Vesting occurs on a straight-line	The Board chose 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) over the performance period. The Board considered the use of a relative performance condition but does not consider that there are

	Historical approach	Current approach (FY23 grant)	Rationale
	basis for performance between these two points.	basis for performance between these two points. See table below which illustrates the required growth rates at a TSR CAGR of 8% pa and a TSR CAGR of 15% for the FY23 grant which would represent 20% vesting and 100% vesting respectively.	sufficient appropriate comparator pharmaceutical companies (ie. of similar size) listed in Australia. The Board has considered performance measures other than TSR and will continue to consider whether earnings or returns based measures are more appropriate for future grants and the appropriate LTI vesting schedule.
Performance period	Three tranches (20%/30%/50%) first eligible for testing after 1 year / 2 years / 3 years, with re-testing in the first three years and then further retesting each six months up to expiry at five years.	Single test point at three years. No re-testing.	Adjusted to align with more common market practice.
Leaver treatment	"Good Leavers" (being individuals that retire after at least 3 years of working for the Company and are at least 55 years of age, are made redundant, are terminated without cause, resign after 7 years and do not work for a competitor or leave due to severe illness or death) are entitled to retain all vested and unvested LTI, with the unvested LTI subject to testing in accordance with the plan rules. In other circumstances, the LTI instruments are forfeited.	"Good Leavers" (being individuals that retire after at least 3 years of working for the Company and are at least 55 years of age, are made redundant, are terminated without cause, resign after 7 years and do not work for a competitor or leave due to severe illness or death) are entitled to retain all vested LTI, plus a portion of any unvested LTI (calculated by reference to the portion of the vesting period that has elapsed at the date of departure), with the unvested LTI subject to testing in accordance with the plan rules. In other circumstances, the LTI instruments are forfeited.	Adjusted so that Good Leavers only retain a portion of any unvested LTI (calculated by reference to the portion of the vesting period that has elapsed at the date of departure), rather than all unvested LTI, to better reflect the period that they were employed by the Company.

* LTI target opportunity for the CFO was set at 80% of base salary for his first year of employment, given the sign-on bonus granted at the time of commencement. In future years, this LTI opportunity will increase to 100% of base salary, which is competitive in the local market.

Required growth rates for vesting

The table below illustrates the required growth rates at a TSR CAGR of 8% pa and a TSR CAGR of 15% for the FY23 grant which would represent 20% vesting and 100% vesting respectively:

	Absolute TSR CAGR	Vesting	Year 3
Threshold performance	TSR CAGR 8%	20% vesting	TSR +26% from base year
Target performance	TSR CAGR 15%	100% vesting	TSR +52% from base year

Hedging of equity awards

The Company prohibits KMP from entering into arrangements to protect the value of unvested equity awards. The prohibition includes entering into contracts to hedge their exposure to options or ESLS shares awarded as part of their remuneration package.

5. GROUP PERFORMANCE

In considering the Group's performance, the Board has regard to a broad range of factors primarily related to financial and operational performance, scientific progress and commercialisation of the Company's projects, results of trials, relationship building with sales and marketing partners, research institutions, and collaborations.

The following table outlines key statistics reported by the Company over the last five years to 30 June 2023 (EPS adjusted for the 20:1 consolidation):

	2023 [1]	2022 [1]	2021	2020	2019
Total revenue ($000)	183,586	157,147	400,781	456,985	525,208
NPAT ($000) attributable to Mayne Pharma shareholders	(317,443)	(220,088)	(208,423)	(92,789)	(279,203)
Basic EPS (post consolidation basis)	($3.86)	($2.55)	($2.65)	($1.21)	($3.81)
Share price (30 June) (post consolidation basis)	$4.40	$5.00	$6.40	$7.70	$10.20
Dividends per share (cents) (post consolidation basis)	54 cents	-	-	-	-

1. 2023 & 2022 values are based on continuing operations only whereas earlier years include all historical operations including those businesses disposed of in the current period.

As part of the Board's commitment to align remuneration with Company performance, employee performance is reviewed annually against agreed performance objectives set prior to the commencement of the financial year.

The Board (through the RPC) agrees objectives for the evaluation of the CEO. The performance of the CEO against the agreed objectives is reviewed by the Chair on behalf of the Board. The performance of the other KMP and other senior executives is reviewed by the CEO and reported to, and discussed by, the Board. Performance reviews take place shortly after the end of the financial year.

As outlined in this report, the Company has implemented a broader based LTI program for senior management. This plan places a significant percentage of remuneration at risk and more closely aligns employee remuneration with the earnings growth of the Company.

The Company has 96 (or 19%) current staff participating in long term incentive schemes, either through the share loan scheme or the performance rights and option program.

6. EXECUTIVE KMP REMUNERATION

A) KMP STATUTORY REMUNERATION TABLES

The following table discloses executive KMP remuneration during the year ended 30 June 2023 as required by the Corporations Act:

		SHORT-TERM BENEFITS					POST-EMPLOYMENT BENEFITS	LONG TERM BENEFITS	SHARE-BASED PAYMENTS				
		SALARY $	ANNUAL LEAVE $	SHORT TERM INCENTIVE $	OTHER BENEFITS[1] $	TERMINATION BENEFITS $	SUPER-ANNUATION $	OTHER[2] $	DEFERRED STI – PERFORMANCE RIGHTS $	PERFORMANCE RIGHTS $	LOAN SHARES $	TOTAL $	PROPORTION RELATED TO PERFORMANCE %
Mr S O'Brien (CEO)	**2023**	**663,454**	**-**	**125,316**	**181,695**	**-**	**10,968**	**-**	**62,658**	**233,818**	**-**	**1,277,909**	**23.2**[5]
	2022	-	-	-	-	-	-	-	-	-	-	-	-
Mr A Gray (CFO)	**2023**	**836,621**[4]	**-**	**125,316**	**22,846**	**-**	**16,509**	**-**	**62,658**	**232,068**	**-**	**1,296,018**	**32.4**
	2022	-	-	-	-	-	-	-	-	-	-	-	-
Mr S Richards (former CEO)	**2023**	**406,128**	**(31,187)**	**-**	**412,679**	**1,604,948**	**12,648**	**(29,359)**	**-**	**1,067,332**[3]	**541,362**[3]	**3,984,551**	**40.4**
	2022	976,432	65,484	-	376,340	-	23,568	28,622	-	629,314	848,502	2,948,262	50.1
Mr P Paltoglou (former CFO)	**2023**	**98,600**	**(22,056)**	**-**	**-**	**538,196**	**10,539**	**(9,980)**	**-**	**369,541**[3]	**183,939**[3]	**1,168,779**	**47.4**
	2022	591,600	54,738	-	-	-	23,568	23,260	-	222,701	201,112	1,116,980	37.9
Total	**2023**	**2,004,803**	**(53,243)**	**250,632**	**617,220**	**2,143,144**	**50,664**	**(39,339)**	**125,316**	**1,902,759**	**725,301**	**7,727,257**	
	2022	1,568,032	120,222	-	376,340	-	47,136	51,882	-	852,015	1,049,614	4,065,242	

1. Other short-term benefits include car lease payments, rental allowances, medical related payments, airfares to/from home state and other relocation costs (up to a maximum of US$75K for relocation benefits which excludes car lease payments and medical insurance). The previous CEO, Mr Richards relocated to the US from Australia during FY18. He received a living away from home allowance, relocation support to and from the US and other typical ex-pat benefits such as car lease, rental allowances, medical benefits and return flights.
2. Other long-term benefits represent accruals for long service leave entitlements that may arise should the relevant key management personnel meet the eligibility requirements. Negative amounts shown for Mr Richards and Mr Paltoglou reflect the reversal of accrued superannuation that would normally be paid on leave entitlements however was not required to be paid when accrued leave entitlements were paid out upon departure.
3. The former CEO and former CFO LTI awards expense (non-cash) includes accelerated expense (as both retained all outstanding unvested LTI awards under the terms of the plan rules) which otherwise would have been expensed over future years had they continued employment with Mayne Pharma.
4. Mr Gray received a sign-on incentive of US$100,000 on commencement and US$50,000 on 1 July 2023. In addition he also received discretionary bonuses of US$35,000 during the year.
5. Mr O'Brien was guaranteed a minimum 50% STI in his first year (pro-rated based on period of service in FY23) as part of his employment contract hence this component of his STI was not considered "at risk" or performance based.
6. The current CEO and CFO do not accrue annual leave or long service leave entitlements however are entitled to leave days upon request.
7. Mr O'Brien and Mr Gray salary and other benefits are paid in USD and have been translated at average fx rate of 0.6733.

Termination benefits for the former CEO in FY23 included relocation support back to Australia, twelve months' pay in lieu of notice, and redundancy on cessation of employment in line with the Company's Australian redundancy and retrenchment policy due to the permanent relocation of the role to the United States. Termination benefits for the former CFO in FY23 included six months' pay in lieu of notice and redundancy on cessation of employment in line with the Company's Australian redundancy and retrenchment policy due to the permanent relocation of the role to the United States. The former CEO and CFO also retained unvested LTI instruments, in accordance with the terms of those grants. These unvested LTI instruments will be tested against applicable performance conditions at the relevant testing dates and will only vest if those performance conditions are met.

Whilst the above KMP tables show statutory remuneration in accordance with accounting standards, the actual remuneration received by KMP was significantly lower as no employee LTIs vested (or were exercised) during FY23. At the date of this report, no employee LTI awards with share price hurdles were in the money which demonstrates the strong alignment of the LTI program with shareholders.

The challenges faced by Mayne Pharma over the last few years are reflected in the financial results of the Company and ultimately in the remuneration outcomes for KMP. Since the introduction of the ESLS in FY15, no loan shares have been exercised by KMP and none were in the money on 30 June 2023.

B) EMPLOYMENT CONTRACTS

Remuneration and other key terms of employment for the CEO and CFO are formalised in service agreements. The service agreements specify the components of remuneration, benefits, notice periods and termination provisions.

The table below provides details of the executive KMP service agreements:

NAME	TERM OF AGREEMENT	BASE SALARY[1]	NOTICE PERIOD	INCENTIVE ARRANGEMENTS	TERMINATION BENEFITS
Mr S O'Brien[2] *Chief Executive Officer*	On-going commencing 1 October 2022	US$600,000	90 days	Entitlement to earn a STI based on Company performance and specific Company objectives of up to 50% of FAR. Entitlement to participate in LTI share plan. The value of the LTI is based on 150% of fixed remuneration.	Nil if for serious misconduct. If employment is terminated without cause, entitled to a payment equal to 12 months' pay.
Mr A Gray Chief Financial Officer	On-going commencing 25 July 2022	US$450,000	30 days	Entitlement to earn a STI based on Company performance and specific Company objectives of up to 50% of FAR. Entitlement to participate in LTI share plan. The value of the LTI is based on 80% of fixed remuneration for FY23 (and will increase to 100% from FY24).	Nil if for serious misconduct. If employment is terminated without cause, entitled to a payment equal to 6 months' pay. If employment is terminated due to change of control, entitled to a payment equal to 12 months' pay.

1. Base salary quoted is for a 12-month period and is current and is reviewed annually by the Remuneration and People Committee.
2. As Mr O'Brien relocated from within the US, he also receives relocation assistance and other typical relocation benefits until he permanently relocates by the first quarter of FY24.

7. NON-EXECUTIVE DIRECTORS' REMUNERATION

Total remuneration for Non-Executive Directors (NED) is determined by resolution of shareholders. The maximum available aggregate cash remuneration for Non-Executive Directors of A$1,800,000 was approved at the 2018 Annual General Meeting. Non-Executive Directors do not receive retirement benefits other than a superannuation guarantee contribution required by government regulation for Australian Directors, which was 10.5% of their fees for FY23, except where a Non-Executive Director elects to have their fees paid as contributions to a superannuation fund.

NED fee arrangements are designed to appropriately compensate suitably qualified directors with appropriate experience and expertise to discharge their responsibilities. In FY23, the Board had two committees for which fees were payable. The Board reviews the fees on an annual basis with reference to market rates in Australia and the US. NEDs are also required to comply with the Minimum Shareholding Policy for NED, described above.

NED fees as at the date of this report are detailed in the table below. The amounts for Australian-based Directors include superannuation.

	Board	Audit and Risk Committee	Science, Technology and Medicine Committee	Remuneration and People Committee	Nominations Committee
Chair	US$200,000	US$22,000	US$12,000	Nil	Nil
Australian Based Director	US$132,000	US$11,000	US$8,800	Nil	Nil
US Based Director	US$132,000	US$11,000	US$8,800	Nil	Nil

From 1 April 2023, all NEDs were paid the same amount (in US dollar terms), with the US-based directors paid in US dollars and the Australian-based directors paid the equivalent value in Australian dollars. For the purposes of this report, all payments made to US-based NEDs have been converted to Australian dollars.

Prior to April 2023, NEDs received the same dollar amount in their local currency, meaning that, for example, Australian-based directors received a Board fee of A$132,000 and US-based Directors received a Board fee of US$132,000). The remuneration of Australian based directors was brought into alignment with US based directors effective 1 April 2023.

Non-Executive Directors may provide specific consulting advice to the Group upon direction from the Board. Remuneration for this work is made at market rates. No such consulting advice was provided to the Company during the year or the prior year. For the avoidance of doubt, the amounts in the table below are in Australian dollars.

	YEAR	DIRECTORS' FEES $	OTHER BENEFITS[1] $	SUPERANNUATION $	TOTAL $
Mr F Condella[2]	**2023**	**297,044**	**-**	**-**	**297,044**
	2022	260,125	-	-	260,125
Mr P Blake[2]	**2023**	**212,387**	**-**	**-**	**212,387**
	2022	200,798	-	-	200,798
Ms A Custin[2]	**2023**	**212,387**	**-**	**-**	**212,387**
	2022	54,580	-	-	54,580
Dr K MacFarlane[2]	**2023**	**212,420**	**-**	**-**	**212,420**
	2022	81,714	-	-	81,714
Dr C Myers[2]	**2023**	**196,049**	**-**	**-**	**196,049**
	2022	139,172	-	-	139,172
Mr D Petrie	**2023**	**124,849**	**-**	**13,109**	**137,958**
	2022	-	-	-	-
Prof B Robinson	**2023**	**150,608**	**-**	**15,820**	**166,428**
	2022	135,000	-	13,500	148,500
Mr I Scholes	**2023**	**44,167**	**-**	**4,638**	**48,804**
	2022	170,000	-	17,000	187,000
Mr R Corbett	**2023**	**-**	**-**	**-**	**-**
	2022	62,500	8,800	6,250	77,550
Mr B Mathieson	**2023**	**-**	**-**	**-**	**-**
	2022	30,000	-	3,000	33,000
Ms N Dolan	**2023**	**-**	**-**	**-**	**-**
	2022	76,718	-	18,615	95,333
Totals	**2023**	**1,449,912**	**-**	**33,567**	**1,483,478**
	2022	1,210,606	8,800	58,365	1,277,771

1. Other benefits include serviced office facilities for the previous Chair.
2. US based directors movements in remuneration include both changes in base fees (as a result of changes to roles and responsibilities) and foreign exchange rates.

A number of the directors were directors for part of the year only. Refer to section 1. in the Remuneration Report for KMP dates of appointment / resignation.

8. VALUE OF EQUITY INSTRUMENTS GRANTED TO KMP

Options awarded, vested, exercised and lapsed

Other than LTIs issued under the ESLS and PROP as disclosed below, no KMP held options during FY23 and no options were granted to KMP or modified during the period.

LTI program

As noted above, under the ESLS program in FY21 and prior, eligible KMP (and other select senior management) were invited to acquire shares in the Company funded by a limited-recourse loan from the Group. The shares were issued at market value at the time of the grant (based on 5-day VWAP). Although the shares were acquired under the plan for legal and taxation purposes, Australian Accounting Standards require the shares be treated as options for accounting purposes. As a result, the amounts receivable from KMP in relation to these loans are not recognised in the financial statements.

ESLS awarded, vested, exercised, cancelled and lapsed

The number and value of outstanding ESLS granted to former KMP is set out below:

	GRANT DATE	EXPIRY DATE	EXERCISE PRICE/ 5 DAY VWAP AT GRANT DATE	EXERCISE PRICE POST CONSOLIDATION	NUMBER HELD AT 1 JULY 2022	NUMBER LAPSED OR CANCELLED PRE-CONSOLIDATION	IMPACT OF 20:1 SHARE CONSOLIDATION	NUMBER LAPSED OR CANCELLED POST CONSOLIDATION	NUMBER HELD AT 30 JUNE 2023	VALUE OF OPTIONS AT GRANT DATE $	VALUE OF OPTIONS INCLUDED IN COMPENSATION FOR THE YEAR $
Mr S Richards	7 Dec 2017	31 Jul 2022	$0.6169	$12.338	6,608,851	(6,608,851)	-	-	-	1,311,196	-
	6 Dec 2018	1 Oct 2023	$0.9696	$19.392	6,229,373	-	(5,917,905)	-	311,468	1,871,927	-
	29 Nov 2019	30 Sep 2024	$0.4695	$9.390	5,145,686	-	(4,888,402)	-	257,284	780,085	83,528
	3 Dec 2020	30 Sep 2025	$0.3554	$7.108	8,643,782	-	(8,211,593)	-	432,189	1,063,185	457,834
Mr P Paltoglou	3 Jul 2017	31 Jul 2022	$1.1307	$22.614	1,278,871	(1,278,871)	-	-	-	412,308	-
	28 Sep 2017	31 Jul 2022	$0.6631	$13.262	314,989	(314,989)	-	-	-	67,030	-
	23 Mar 2018	31 Mar 2023	$0.7620	$15.240	2,091,695	-	(1,987,111)	(104,584)	-	568,314	-
	26 Sep 2019	30 Sep 2024	$0.5151	$10.302	1,274,849	-	(1,211,107)	-	63,742	194,158	19,733
	15 Sep 2020	30 Sep 2025	$0.3647	$7.294	2,965,729	-	(2,817,443)	-	148,286	371,308	148,717
	26 Sep 2020	30 Sep 2025	$0.3300	$6.600	318,438	-	(302,517)	-	15,921	38,274	15,489
					34,872,263	(8,202,711)	(25,336,078)	(104,584)	1,228,890	6,677,785	725,300

None of the above awards were vested as at 30 June 2023.

Performance Rights awarded, vested, exercised, cancelled and lapsed

The number and value of outstanding performance rights granted to KMP is set out below:

	GRANT DATE	EXPIRY DATE	NUMBER HELD AT 1 JULY 2022	NUMBER GRANTED DURING YEAR PRE-CONSOLIDATION	IMPACT OF 20:1 SHARE CONSOLIDATION	NUMBER GRANTED DURING YEAR POST CONSOLIDATION	NUMBER LAPSED OR CANCELLED DURING THE YEAR	NUMBER HELD AT 30 JUNE 2023	VALUE OF OPTIONS AT GRANT DATE $	VALUE OF OPTIONS INCLUDED IN COMPENSATION FOR THE YEAR $
Mr S O'Brien	30 Nov 2022 [1]	1 Sep 2027	-	-	-	364,103 [3]	-	364,103	1,104,324	233,828
Mr A Gray	1 Sep 2022	10 Sep 2023	-	852,500 [2]	(809,875)	-	-	42,625	238,700	199,245
	10 Mar 2023	1 Sep 2027	-	-	-	145,641 [4]	-	145,641	271,912	32,823
Mr S Richards	29 Nov 2019	30 Sep 2024	2,555,805	-	(2,428,015)	-	-	127,790	907,820	90,603
	3 Dec 2020	30 Sep 2025	1,125,492	-	(1,069,218)	-	-	56,274	291,837	123,425
	3 Dec 2021	30 Sep 2026	6,060,606	-	(5,757,576)	-	-	303,030	1,067,272	853,304
Mr P Paltoglou	29 Nov 2019	30 Sep 2024	694,674		(659,941)	-	-	34,733	243,270	24,142
	15 Sep 2020	30 Sep 2025	341,674	-	(324,591)	-	-	17,083	86,748	34,120
	26 Sep 2020	30 Sep 2025	85,952	-	(81,655)	-	-	4,297	21,391	8,498
	21 Sep 2021	30 Sep 2026	2,236,975	-	(2,125,127)	-	-	111,848	406,009	302,781
			13,101,178	852,500	(13,255,998)	509,744	-	1,207,424	4,639,283	1,902,759

1. For accounting purposes, the grant was considered to have occurred upon AGM approval for the grant although the LTI instruments were not actually allocated to Mr O'Brien until 10 March 2023 (and hence provided on a post consolidation basis) and the grant hurdle price was determined based on a VWAP determined in March 2023.
2. Reflects share award with a face value of US$200,000 provided as part of Mr Gray's sign on arrangements. This award will vest in September 2023. The number of performance rights granted was determined based on the 5 day VWAP of Mayne securities prior to Mr Gray's commencement in July 2022 (being $0.28 pre consolidation basis, $5.60 post consolidation basis). All other amounts shown in table above reflect LTI awards.
3. The fair value of the performance rights granted during the year was $3.033 each.
4. The fair value of the performance rights granted during the year was $1.867 each.

None of the above awards were vested as at 30 June 2023.

9. SHARES ISSUED TO OR HELD BY KMP

The number of shares issued to KMP on the exercise of options or performance rights during the year ended 30 June 2023 was nil.

Movements in shares

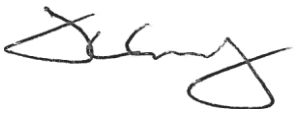
The movement during FY22 and FY23 in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP including their related parties at reporting date, is as follows:

	HELD AT 30 JUNE 2021 NUMBER	LTI LOAN SHARES LAPSED OR FORFEITED NUMBER	OTHER CHANGES DURING FY22 NUMBER	HELD AT 30 JUNE 2022 NUMBER	LTI LOAN SHARES LAPSED OR FORFEITED NUMBER	IMPACT OF 20:1 SHARE CONSOLIDATION NUMBER	OTHER CHANGES DURING FY23 NUMBER	HELD AT 30 JUNE 2023 NUMBER [1]
Directors								
Mr F Condella	343,428	-	412,121	755,549	-	(717,772)	20,998	58,775
Mr S O'Brien	-	-	-	-	-	-	-	-
Mr P Blake	260,000	-	-	260,000	-	(247,000)	9,097	22,097
Ms A Custin	-	-	-	-	-	-	9,075	9,075
Dr K Macfarlane	-	-	-	-	-	-	20,000	20,000
Dr C Myers	-	-	-	-	-	-	20,000	20,000
Mr D Petrie	-	-	-	-	-	-	-	-
Prof B Robinson	634,895	-	-	634,895	-	(603,150)	-	31,745
Mr I Scholes [1]	2,158,636	-	-	2,158,636	-	(2,050,704)	-	107,932
Mr S Richards [1]	34,455,066	(2,242,005)	-	32,213,061	(6,608,851))	(24,324,000)	-	1,280,210
	37,852,025	**(2,242,005)**	**412,121**	**36,022,141**	**(6,608,851))**	**(27,942,626)**	**79,170**	**1,549,834**
Other KMP								
Mr A Gray	-	-	-	-	-	-	13,300	13,300
Mr P Paltoglou [1]	9,625,833	(719,413)	-	8,906,420	(1,593,860)	(6,946,934)	-	365,626
Total KMP	**47,477,858**	**(2,961,418)**	**412,121**	**44,928,561**	**(8,202,711)**	**(34,889,560)**	**92,470**	**1,928,760**

1. Mr Scholes, Mr Richards and Mr Paltoglou ceased employment during the year. The final balances of shares held represent holdings at the time of cessation. The above shareholdings for Mr Richards and Mr Paltoglou include LTI grants under the ESLS program which are subject to vesting conditions and if vesting conditions are not met, these loan shares will be forfeited. Vesting conditions have not been met at 30 June 2023. Mr Paltoglou forfeited 104,584 shares post cessation of employment (31 March 2023 expiry date). Refer ESLS awarded, vested, cancelled, exercise and lapsed table on previous page for base test prices and expiry dates of LTI shares held by Mr Richards and Mr Paltoglou.

This Directors' Report is signed in accordance with a resolution of the Directors.

Dated at Melbourne, Australia this 14th day of September 2023.



Mr Frank Condella
Chair



Mr Shawn Patrick O'Brien
Managing Director and CEO

AUDITOR'S INDEPENDENCE DECLARATION

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Building a better working world

Auditor's independence declaration to the directors of Mayne Pharma Group Limited

As lead auditor for the audit of the financial report of Mayne Pharma Group Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mayne Pharma Group Limited and the entities it controlled during the financial year.

Ernst & Young

David Petersen
Partner
14 September 2023

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CORPORATE GOVERNANCE WEBSITE

Important information relating to the Company's corporate governance policies and practices are set out on the Company's website at http://www.maynepharma.com/investor-relations/corporate-governance.

The Company has adopted the ASX Corporate Governance Council 4th Edition Corporate Governance Principles and Recommendations. The recommendations allow companies to publish Corporate Governance information on their websites rather than include the information in the Annual Report.

The following documents are available on the Mayne Pharma website:

- Corporate Governance Statement
- Anti-bribery & Anti-corruption Policy
- Audit & Risk Committee Charter
- Board Charter
- Business Code of Conduct
- Diversity Policy
- Market Disclosure Policy
- Misconduct & Whistleblowing Policy
- Modern Slavery Report
- Nomination Committee Charter
- Remuneration & People Committee Charter
- Science, Technology & Medical Committee Charter
- Securities Trading Policy
- Supplier Code of Conduct

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

		CONSOLIDATED	
	NOTE	2023 $'000	Restated [1] 2022 $'000
Revenue from contracts with customers			
Sale of goods		146,874	132,932
Services revenue		35,516	23,333
License fee revenue		418	-
Royalties revenue		778	882
Revenue	2	**183,586**	**157,147**
Cost of sales	4	(100,099)	(85,577)
Gross profit		**83,487**	**71,570**
Interest income		6,719	461
Other income	3	9,411	4,730
Earn-out and deferred consideration liabilities reassessments		23,900	79,637
Research, development medical and regulatory affairs expenses		(15,729)	(12,207)
Marketing and distribution expenses		(125,945)	(92,323)
Administration expenses and other expenses	4	(142,485)	(97,466)
Impairments	14	(69,177)	(68,286)
Finance expenses - other	4	(10,454)	(16,391)
Foreign exchanges (losses) / gains related to financing activities	4	(11,029)	761
Finance expenses – related to earn-outs and deferred consideration liabilities discount unwind	4	(18,396)	(16,073)
Profit / (loss) before income tax		**(269,698)**	**(145,587)**
Income tax credit / (expense)	5	(47,745)	(74,501)
Net profit / (loss) from continuing operations after income tax		**(317,443)**	**(220,088)**
Discontinued operations			
Net profit / (loss) from discontinued operations after income tax	6	434,600	(71,805)
Net profit / (loss) for the period		**117,157**	**(291,893)**
Attributable to:			
Equity holders of the Parent		117,249	(281,286)
Non-controlling interests		(92)	(10,607)
		117,157	**(291,893)**
Other comprehensive income/(loss) for the period, net of tax			
Items that may be reclassified to profit or loss in future periods			
Unrealised gain / (loss) on cash flow hedges		(1,334)	2,412
Income tax effect			-
Exchange differences on translation		18,366	53,649
Income tax effect		(1,322)	(2,852)
Items that will not be reclassified to profit or loss in future periods			
Exchange differences on translation		(588)	(268)
Income tax effect		-	-
Total comprehensive income / (loss) for the period		**132,279**	**(238,952)**
Attributable to:			
Equity holders of the Parent		132,959	(228,077)
Non-controlling interests		(680)	(10,875)
		132,279	**(238,952)**
Basic earnings per share	7	$1.42	($3.42)
Diluted earnings per share	7	$1.41	($3.42)
Earnings per share from continuing operations:			
Basic earnings (loss) per share from continuing operations	7	($3.86)	($2.55)
Diluted earnings (loss) per share from continuing operations	7	($3.86)	($2.55)

This statement is to be read in conjunction with the accompanying notes.
Refer Note 1(f) for details of restatement

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	NOTE	CONSOLIDATED 2023 $'000	Restated [1] 2022 $'000
Current assets			
Cash and cash equivalents	22	92,616	96,672
Trade and other receivables	8	194,887	268,241
Inventories	9	82,700	108,908
Income tax receivable		14,630	14,094
Other financial assets	10	136,624	2,426
Other current assets	11	32,172	21,277
Total current assets		**553,629**	**511,618**
Non-current assets			
Other non-current assets	11	2,320	4,450
Property, plant and equipment	12	43,726	218,394
Right-of-use assets	13	7,756	7,461
Deferred tax assets	5	22,659	118,489
Intangible assets (including goodwill)	14	617,264	427,514
Total non-current assets		**693,725**	**776,308**
Total assets		**1,247,354**	**1,287,926**
Current liabilities			
Trade and other payables	15	246,513	187,581
Interest-bearing loans and borrowings	16	14,427	407,993
Other financial liabilities	17	35,299	17,713
Income tax payable		-	1,224
Provisions	18	14,720	14,800
Total current liabilities		**310,959**	**629,311**
Non-current liabilities			
Interest-bearing loans and borrowings	16	33,078	5,673
Other financial liabilities	17	260,856	108,401
Deferred tax liabilities	5	7,799	6,031
Provisions	18	302	280
Total non-current liabilities		**302,035**	**120,385**
Total liabilities		**612,994**	**749,696**
Net assets		**634,360**	**538,230**
Equity			
Contributed equity	19	1,233,692	1,238,537
Reserves	20	170,438	147,695
Retained earnings	21	(769,770)	(840,349)
Equity attributable to equity holders of the Parent		**634,360**	**545,883**
Non-controlling interests		-	(7,653)
Total equity		**634,360**	**538,230**

This statement is to be read in conjunction with the accompanying notes.
Refer Note 1(f) for details of restatement

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	NOTE	CONSOLIDATED 2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		615,364	473,069
Payments to suppliers and employees		(615,141)	(468,992)
Tax paid		(4,039)	-
Tax received		-	7,289
Net operating cash flows before restructuring costs, transaction costs and drug pricing investigations and related litigation costs		**(3,815)**	**11,366**
Restructuring, transaction and drug pricing investigations and related litigation costs		(38,897)	(18,572)
Net cash flows from / (used in) operating activities [1]	22	**(42,712)**	**(7,206)**
Cash flows from investing activities			
Payments for property, plant and equipment		(8,335)	(10,009)
Receipt of government grant relating to plant and equipment		3,600	-
Proceeds from sale of land		-	5,167
Payments for intangible assets		(210,840)	(40)
Payments for capitalised development costs		(410)	(1,804)
Earn-out and deferred settlement payments		(21,621)	(21,839)
Investment marketable securities		(127,526)	-
Working capital acquired as part of asset acquisition		(16,650)	-
Net proceeds from the sale of the Retail Generics business		132,746	-
Net proceeds from the sale of the MCS business		722,521	-
Net cash flows from / (used in) investing activities		**473,485**	**(28,526)**
Cash flows from financing activities			
Lease payments		(3,914)	(2,774)
Repayment of borrowings syndicated facility		(358,698)	(5,000)
Repayment of borrowings receivables facility		(239,880)	(171,517)
Proceeds from convertible notes		40,995	-
Discount paid convertible notes		(4,401)	-
Proceeds from receivables facility (net of fees)		185,938	216,304
On market share buy-back		(6,223)	-
Interest received		6,719	461
Interest paid		(7,130)	(9,873)
Dividend paid		(45,292)	-
Net cash flows (used in) / from financing activities		**(431,886)**	**27,601**
Net increase / (decrease) in cash and cash equivalents		**(1,113)**	**(8,131)**
Cash and cash equivalents at the beginning of the period		96,672	97,980
Effect of exchange rate fluctuations on cash held		(2,943)	6,823
Cash at the end of the period	**22**	**92,616**	**96,672**

This statement is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	CONTRIBUTED EQUITY $'000	SHARE-BASED PAYMENTS RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	CASH FLOW HEDGE RESERVE $'000	OTHER RESERVE $'000	RETAINED EARNINGS $'000	TOTAL $'000	NON-CONTROLLING INTERESTS $'000	TOTAL EQUITY $'000
Balance at 1 July 2022 restated	**1,238,537**	**48,924**	**100,580**	**1,334**	**(3,143)**	**(840,349)**	**545,883**	**(7,653)**	**538,230**
Profit/(loss) for the period	-	-	-	-	-	117,249	117,249	(92)	117,157
Other comprehensive income									
Cash flow hedge	-	-	-	(1,334)	-	-	(1,334)	-	(1,334)
Foreign exchange differences (net of tax)	-	-	17,044	-	-	-	17,044	(588)	16,456
Total comprehensive income for the period	**-**	**-**	**17,044**	**(1,334)**	**-**	**117,249**	**132,959**	**(680)**	**132,279**
Transactions with owners in their capacity as owners									
Shares issued	-	-	-	-	-	-		-	-
Share issue costs (net of tax)	-	-	-	-	-	-		-	-
Equity contribution re LTI program	1,377	-	-	-	-	-	1,377	-	1,377
Disposal of subsidiary	-	-	-	-	-	-	-	8,333	8,333
On-market share buy-back	(6,223)	-	-	-	-	-	(6,223)	-	(6,223)
Share-based payments	-	7,033	-	-	-	-	7,033	-	7,033
Share options exercised	-	-	-	-	-	-	--	-	--
Dividend paid	-	-	-	-	-	(46,669)	(46,669)	-	(46,669)
Transfer to retained earnings – lapsed and cancelled employee LTI shares	-	-	-	-	-	-	-	-	--
Balance at 30 June 2023	**1,233,692**	**55,957**	**117,624**	**-**	**(3,143)**	**(769,770)**	**634,360**	**-**	**634,360**
Balance at 1 July 2021	**1,238,537**	**43,321**	**49,783**	**(1,078)**	**(3,143)**	**(559,063)**	**768,357**	**3,222**	**771,579**
Profit/(loss) for the period restated	-	-	-	-	-	(281,286)	(281,286)	(10,607)	(291,893)
Other comprehensive income									
Cash flow hedge	-	-	-	2,412	-	-	2,412	-	2,412
Foreign exchange differences (net of tax)	-	-	50,797	-	-	-	50,797	(268)	50,529
Total comprehensive income for the period	**-**	**-**	**50,797**	**2,412**	**-**	**(281,286)**	**(228,077)**	**(10,875)**	**(238,952)**
Transactions with owners in their capacity as owners									
Shares issued	-	-	-	-	-	-		-	-
Share issue costs (net of tax)	-	-	-	-	-	-		-	-
Tax effect of employee share options	-	-	-	-	-	-	-	-	-
Share-based payments	-	5,603	-	-	-	-	5,603	-	5,603
Share options exercised	-	-	-	-	-	-	--	-	--
Transfer to retained earnings – lapsed and cancelled employee LTI shares	-	-	-	-	-	-	-	-	--
Balance at 30 June 2022	**1,238,537**	**48,924**	**100,580**	**1,334**	**(3,143)**	**(840,349)**	**545,883**	**(7,653)**	**538,230**

This statement is to be read in conjunction with the accompanying notes.
Refer Note 1(f) for details of restatement

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

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NOTE 1 – ABOUT THIS REPORT

Mayne Pharma Group Limited is a company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. The financial report for the year ended 30 June 2023 was authorised for issue by the Directors on 14 September 2023.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

A. Basis of preparation

These financial statements are general purpose financial statements which have been prepared for a "for-profit" enterprise and in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial report is presented in Australian dollars and rounded to the nearest thousand dollars ($'000) (unless otherwise stated) in accordance with ASIC Legislative Instrument 2016/191.

Changes in presentation

Where required, items within the June 2022 comparatives have been reclassified to reflect the current presentation and enable better comparison between periods. This includes re-presentation of the Statement of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2022 to separate the results of discontinued operations (refer to Note 6). As discussed below at Note 1(f), the 30 June 2022 Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position comparatives have also been restated to record higher gross to net charges at 30 June 2022.

Corresponding restatements have been made to the notes to the financial statements where applicable.

B. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses if it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

C. Foreign currency

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent's functional currency. The Group determines the functional currency for each entity and items included in the financial statements of each entity are measured using that functional currency. The functional currency for the US subsidiaries is US dollars.

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in equity though Other Comprehensive Income. On disposal of a foreign operation, the component of equity relating to that foreign operation is reclassified to profit or loss as part of the gain or loss on sale.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss except monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

In substance, the Group's net investment in a foreign operation includes loans advanced by the parent entity to the foreign operation where settlement of which is neither planned nor likely to occur within the foreseeable future. Exchange differences arising on such monetary items that have been assessed to form part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity. In the Group's financial statements which include the foreign operation and the reporting entity, such exchange differences are recognised initially in equity though Other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

D. Other accounting policies

Significant accounting policies that outline the measurement basis used and are relevant to the understanding of the financial statements are provided throughout the notes to the financial statements.

E. Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates these judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases these judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Significant judgements and estimates are found in the following notes:

Note	Significant judgements and estimates
• Note 1G – Acquisition of Assets	Asset acquisition accounting, determination of contingent consideration
• Note 2 - Reporting Segments	Revenue recognition (determining variable consideration / 'gross to net' adjustments)
• Note 5 - Income tax	Recognition of deferred tax assets and liabilities
• Note 8 – Trade and Other Receivables	Customer charge-backs and discounts
• Note 9 - Inventories	Obsolescence and net realisable value assessment
• Note 14 - Intangible Assets including Goodwill	Development expenditure capitalisation, impairment and assessment of useful lives
• Note 15 - Trade and Other Payables	Customer rebates, returns and loyalty programs
• Note 16 – Interest Bearing Loans and Borrowings	Assessment of impact of amendments to borrowing facilities
• Note 17 - Other Financial Liabilities	Fair value of interest rate swaps, earn-out and deferred consideration liabilities
• Note 18 - Provisions	Best estimates of expenditure to be settled
• Note 27 - Share-Based Payment Plans	Fair value of equity instruments
• Note 32 – Events subsequent to the reporting period	Sale of MCS and consideration of *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*

F. Restatement of 30 June 2022 financial statements

The Group estimates the amount of expected rebates and charges (called Gross to Net charges) associated with sales of their product and deducts that amount from sales revenue at the time of sale based on the specific terms of each program, expected usage and timing of claims. The Group has subsequently identified that the accrual for anticipated copay (a component of Gross to Net) charges at 30 June 2022 had not taken into account higher customer inventory levels at 30 June 2022 which were in part due to the addition of several new products to the Portfolio Products segment during the year as well as sales volume trends leading into 30 June 2022.

Accordingly (and as announced to the ASX on 15 February 2023), the Group has assessed that these higher Gross to Net charges should have been recorded as at 30 June 2022.

Consequently this has been adjusted by restating each of the affected financial statement line items for the year ended 30 June 2022 as outlined below:

Impact on Consolidated Statement of Comprehensive income – for the year ended 30 June 22.

	As reported $'000	Restated [2] $'000	Restatement impact $'000
Sale of goods	309,814	285,945	(23,869)
Cost of sales	(253,769)	(247,843)	5,926
Gross margin	171,028	153,085	(17,943)
Profit / (loss) before income tax	(217,818)	(235,761)	(17,943)
Profit / (loss) after tax	(273,950)	(291,893)	(17,943)
Attributable to:			
Equity holders of the Parent	(263,343)	(281,286)	(17,943)
Other Comprehensive income			
Exchange differences on translation	54,596	53,649	(947)
Total comprehensive income / (loss)	(220,062)	(238,952)	(18,890)
Attributable to:			
Equity holders of the Parent	(209,187)	(228,077)	(18,890)
Basic earnings per share	($3.20)	($3.42)	($0.22)
Diluted earnings per share [1]	($3.20)	($3.42)	($0.22)

1. Earnings per share amounts shown post impact of 20:1 share consolidation that occurred in FY23.
2. Reflects restated results for year ended 30 June 22 including both continuing and discontinued operations. Comparative information for the year ended 30 June 2022 within these financial statements has been further adjusted to separately present the results of continuing and discontinued operations as discussed at Note 1A. The restatement impact relates to continuing operations only.

Impact on Consolidated Statement of Financial Position – as at 30 June 2022

	As reported $'000	Restated $'000	Restatement impact $'000
Trade and other payables	168,691	187,581	18,890
Total current liabilities	610,421	629,311	18,890
Total liabilities	730,806	749,696	18,890
Net assets	557,120	538,230	(18,890)
Equity			
Reserves	148,642	147,695	(947)
Retained earnings	(822,406)	(840,349)	(17,943)
Equity attributable to equity holders of the Parent	564,773	545,883	(18,890)
Total equity	557,120	538,230	(18,890)

The restatement had the following other impacts on the amounts previously reported in the 30 June 2022 financial statements:

- Reduced the recoverable amount of the Dermatology Cash Generating Unit (CGU) from $248.3m to $189.0m (as compared to the carrying value of $173.2m).
- Portfolio products segment direct contribution reduced from $63.508m to $45.565 million (prior to restatement of discontinued operations results).
- Updates to the 30 June 2022 comparative information contained within these financial statements is outlined above.

The restatement had no impact on reported cashflows from operations.

G. Acquisition of assets from TherapeuticsMD, Inc (TXMD)

During the year the Group entered into agreements to licence three women's health products (ANNOVERA®, IMVEXXY® and BIJUVA®) and a number of pre-natal vitamins from TXMD for distribution in the US market. The transaction closed on 30 December 2022 (US) / 31 December 2022 (Australia). Key terms of the transaction and related accounting impacts on the financial statements, several of which involved the application of significant judgements, estimates and assumptions, are discussed below:

- Asset acquisition: the transaction was accounted for as an acquisition of assets as the Group did not acquire any personnel or processes directly from TXMD and assessed that the assigned supply and manufacture agreements did not constitute substantive processes.
- Determination of total consideration: the total consideration paid plus transaction costs paid for the transaction totalled $381.9 million, comprising $225.0 million of cash and $156.9m of contingent consideration liabilities recognised. The acquisition included $363.5m of intangibles, $16.7m of net working capital (receivables, inventory and trade payables) and $1.7m of Property, Plant and equipment. The contingent consideration represents the estimated present value of the future royalties and milestones payable on net sales of the product. Royalties on net sales of are payable to TXMD (8% of annual net sales of all products until loss of exclusivity, 2% thereafter) and the licensor of ANNOVERA®, the Population Council (10% on annual net sales of ANNOVERA®). Milestones are also payable to the Population Council as follows: US$13.0m in

2025, US$40.0m if cumulative lifetime net sales of ANNOVERA® reach US$400 million and a further US$40m if cumulative net sales reach US$1.0 billion.
- Convertible notes: refer Note 12.

NOTE 2 – REPORTING SEGMENTS

A reporting segment (which is also an operating segment) is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the reporting segment and assess its performance; and
- for which discrete financial information is available.

The Group is organised into reporting segments which are based on products and services delivered and geographical markets.

Reporting segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, a reporting segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Consolidated Entity has identified its reporting segments based on the internal reports that are reviewed and used by the CEO (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The reporting segments are identified by management based on the nature of revenue flows and responsibility for those revenues. Discrete financial information about each of these reporting segments is reported to the chief operating decision maker on at least a monthly basis.

The Consolidated Entity operates in three operating segments, being Branded Products Division (BPD), Portfolio Products Divison (PPD) and International. During the current period, the Consolidated Entity sold the MCS segment and the Retail Generics business and has therefore included MCS and Retail Generics in discontinued operations (refer Note 6). The Retail Generics business was previously reported as part of the Portfolio Products Division (PPD) segment which also included Dermatology. Following the Retail Generics sale, the segment is now Portfolio Products Dermatology. The comparatives reflect the new segments.

PPD

The Portfolio Products Division distributes dermatology products (branded and generic) in the US on a portfolio basis.

BPD

The Branded Products Division distributes branded women's health products in the US.

International

International's revenue and gross profit are derived principally from the Australian manufacture and sale of branded and generic pharmaceutical products globally (ex-US) and the provision of contract development and manufacturing services to third party customers.

The Consolidated Entity reports the following information on the operations of its identified reporting segments:

	BPD $'000	PPD $'000	INTERNATIONAL $'000	TOTAL $'000
Year ended 30 June 2023				
Sale of goods	61,890	56,992	27,992	146,874
Services revenue	-	-	35,516	35,516
License fee revenue	-	-	418	418
Royalty revenue	-	-	778	778
Revenue	61,890	56,992	64,704	183,586
Cost of sales	(8,007)	(46,312)	(45,780)	(100,099)
Gross profit	53,883	10,680	18,924	83,487
Direct operating expenses	(81,569)	(31,639)	(12,050) [1]	(125,259)
Direct contribution	(27,686)	(20,959)	6,874	(41,772)
Other income				9,411
Earn-out and deferred consideration liabilities reassessments				23,900
Amortisation of intangible assets				(56,649)
Asset impairments				(69,177)
Research and development expenses				(15,729)
Restructure expenses and doubtful debt				(22,998)
Finance expenses (net of interest income)				(33,160)
Other expenses unallocated				(63,524)
(Loss) / Profit before income tax				(269,698)
Income tax expense				(47,745)
Net (Loss) / Profit for the period - continuing operations				(317,443)

Note: 1. Direct operating expenses for the International segment include finance function, HR and IT expenses whereas the US segments share such services and hence no allocation for such services has been made to the BPD and PPD segments.

The combined revenue from the largest customer from each reporting segment was $31.8m for the year ended 30 June 2023.

Approximately 28% of the Group's 2023 revenue (2022: 29%) was derived from the three largest customers which is not unusual for operations in the US pharmaceutical market where most of the branded and generic sales are made to a small number of key wholesale and retail organisations. These three customers trade with both the PPD and BPD segments.

	BPD $'000	PPD $'000	INTERNATIONAL $'000	TOTAL $'000
Year ended 30 June 2022 (restated)				
Sale of goods	10,567	92,212	30,153	132,932
Services revenue	-	-	23,333	23,333
Royalty revenue	-	-	882	882
Revenue	10,567	92,212	54,368	157,147
Cost of sales	(2,144)	(46,777)	(36,656)	(85,577)
Gross profit	8,423	45,435	17,712	71,570
Direct operating expenses	(55,102)	(25,228)	(9,563) [1]	(89,893)
Direct contribution	(46,679)	20,207	8,149	(18,323)
Other income				5,191
Earn-out and deferred consideration liabilities reassessments				79,637
Amortisation of intangible assets				(47,825)
Asset impairments				(68,286)
Research and development expenses				(12,207)
Finance expenses				(31,703)
Other expenses unallocated				(52,071)
(Loss) / Profit before income tax				(145,587)
Income tax expense				(74,501)
Net (Loss) / Profit for the period – continuing operations				(220,088)

Note: 1. Direct operating expenses for the International segment include finance function, HR and IT expenses whereas the US segments share such services and hence no allocation for such services has been made to the BPD and PPD segments.

Geographical information

Revenue from external customers	2023 $'000	Restated 2022 $'000
Australia and New Zealand	41,198	33,702
United States	124,464	103,265
Canada	9,928	9,057
Europe and other	3,601	6,247
Asia	4,395	4,876
Total external revenue	183,586	157,147

Revenue from customer contracts	2023 $'000	Restated 2022 $'000
Recognised at a point in time	148,070	133,814
Recognised over time	35,516	23,333
Total revenue from customer contracts	183,586	157,147

Non-current assets	2023 $'000	2022 $'000
Australia	70,475	97,743
United States	590,515	548,165
Total non-current assets	660,990	645,908

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

Product information

Revenue by product group/service	2023 $'000	Restated 2022 $'000
Third party contract services and manufacturing	35,516	23,333
Dermatology and branded products	146,874	132,932
Other revenue	1,196	882
Total external revenue	183,586	157,147

Revenue recognition and measurement

The Group accounting policy for revenue recognition is as follows:

Sale of goods

The Group receives revenue for the supply of goods to customers against orders received. The contracts that Mayne Pharma enters into relate to sales orders containing single performance obligations for the delivery of pharmaceutical products. The average duration of the sales order is less than 12 months.

Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined by each customer arrangement, but generally occurs on delivery to the customer.

Product revenue represents net sales value including variable consideration. The variable consideration is estimated at contract inception under the 'expected value method'. Variable consideration arises on the sale of goods as a result of discounts and allowances as well as accruals for estimated returns, rebates, chargebacks and government health care deductions (described further below). The methodology and assumptions used to estimate these variable considerations are monitored and adjusted regularly considering contractual and legal obligations, historical trends, past experience

and market conditions. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Amounts expected to be settled via credits are shown net of trade receivables while amounts expected to be settled by payments are shown as accruals.

Variable consideration

Consistent with pharmaceutical industry practices, Mayne Pharma's gross sales (and therefore revenue recognition) are subject to various deductions which are primarily composed of rebates and discounts to retail customers, government agencies, wholesalers, health insurance companies and managed healthcare organisations (collectively referred to as 'Gross to Net' adjustments within the industry). These deductions represent estimates of the related obligations, requiring use of judgement when estimating the effect of these sales deductions on gross sales for a reporting period. These adjustments are deducted from gross sales to arrive at net sales.

The following summarises the nature of some of these deductions and how the deductions are estimated. After recording these, net sales represent the Group's best estimate of the cash that it expects to ultimately collect. The US market has the most complex arrangements related to revenue deductions.

US specific healthcare plans and program rebates

The United States Medicaid Drug Rebate Program is a partnership between Centers for Medicare and Medicaid Services (CMS), State Medicaid Agencies, and participating drug manufacturers that helps to offset the Federal and State costs of most outpatient drugs dispensed to Medicaid patients. Calculating the rebates to be paid related to this program involves interpreting relevant regulations, which are subject to challenge or change in interpretative guidance by government authorities. Accruals for estimating Medicaid rebates are calculated using a combination of historical experience, product and population growth, product pricing and the mix of contracts and specific terms in the individual State agreements. The United States Federal Medicare Program aids Medicare eligible recipients by funding healthcare benefits to individuals aged 65 or older and those with certain disabilities, providing prescription drug benefits under Part D section of the program. This Part D benefit is provided and administered through private prescription drug plans. Accruals for estimating Medicare Part D rebates are calculated based on the terms of individual plan agreements, product sales and population growth, product pricing and the mix of contracts. We offer rebates to key managed healthcare and private plans to sustain and increase sales of our products. These programs provide a rebate after the plans have demonstrated they have met all terms and conditions set forth in their contract with the Group. These rebates are estimated based on the terms of individual agreements, historical experience, product pricing, and projected product growth rates. These accruals are adjusted based on established processes and experiences from filing data with individual states and plans. There is often a time lag of several months between the Group recording the revenue deductions and the final accounting for them.

Non-healthcare plans and program charge-backs, rebates, returns and other deductions

The Group offers rebates to purchasing organisations and other direct and indirect customers to sustain and increase market share for products. Since rebates are contractually agreed upon, the related provisions are estimated based on the terms of the individual agreements, historical experience, and projected product growth rates.

Managed care rebates are offered to purchasing organizations, health insurance companies, managed healthcare organizations, and other direct and indirect customers to sustain and increase market share, and to ensure patient access to the Group's products. The provisions for managed care rebates are estimated using a combination of factors such as contractual terms, historical experience and patient demand. The provisions are recorded in the same period that the corresponding revenues are recognized and paid in a subsequent period.

Charge-backs occur where the Group has arrangements with indirect customers to sell products at prices that are lower than the price charged to wholesalers. A charge-back represents the difference between the invoice price to the wholesaler and the indirect customer's contract price. The Group accounts for vendor charge-backs by reducing revenue for the estimate of charge-backs attributable to a sales transaction. Provisions for estimated charge-backs are calculated using a combination of factors such as historical experience, product growth rates, payments, product pricing, level of inventory in the distribution channel and the terms of individual agreements.

When a product is sold providing a customer the right to return, the Group records a provision for estimated sales returns based on sales return policy and historical return rates. Other factors considered include actual product recalls, expected marketplace changes, the remaining shelf life of the product, and the expected entry of generic products. No value for returned inventory is recognised as all returned inventory is destroyed.

The Group offers cash discounts to customers to encourage prompt payment. Cash discounts are estimated and accrued at the time of invoicing and are deducted from revenue. Other sales discounts, such as co-pay discount cards, are offered in some markets. The estimated amounts of these discounts are recorded at the time of sale and are estimated utilising historical experience and the specific terms for each program. If a discount for a probable future transaction is offered as part of a sales transaction, then an appropriate portion of revenue is deferred to cover this estimated obligation.

The accruals are adjusted periodically to reflect actual experience. To evaluate the adequacy of accrual balances, the Group uses internal and external estimates of the inventory in transit, the level of inventory in the distribution and retail channels, actual claims data received and the time lag for processing rebate claims. External data sources include reports from wholesalers.

Following a decrease in the price of a product, the Group generally grants customers a "shelf-stock adjustment" for their existing inventory for the relevant product. Accruals for shelf stock adjustment are determined at the time of the price decline, or at the point of sale if the impact of a price decline on the products sold can be reasonably estimated based on the customer's inventory levels of the relevant product.

Product return allowances are calculated for products that may be returned due to expiration dates or recalls. The Group and its distribution partners do not expect any significant product returns that are not adequately covered by the reserve amounts calculated and recorded by the distribution partners.

Services revenue

Services revenue relates to commercial manufacturing, development and analytical services for third parties. These contracts give rise to fixed and variable consideration from upfront payments and development milestones.

Commercial manufacturing services contain performance obligations that are satisfied over time and are generally measured using the output method based on units produced. Under this method, revenue is recognised at the time that the product manufacture has been completed and it has passed through quality assurance reviews. This method reflects a reasonable approximation of the progress of satisfying the performance obligation based on the production time from commencing manufacturing to completion. Once a product passes through quality assurance, it has been verified that the product was manufactured in accordance with specified processes and controls, therefore, it is unlikely that the product would contain significant non-conformities.

Pharmaceutical development and analytical services performance obligations are satisfied over time and measured using the output method based on the type of work being performed. Development and analytical services are based on specific milestones and customer contracts include an enforceable right to payment for performance completed to date. Examples of output measures include completion of formulation report, analytical and stability testing or clinical batch production reports.

The Company has applied the practical expedient method as permitted by the accounting standard as performance obligations have an expected duration of one year or less.

Royalties revenue

Royalties revenue is recognised when the performance obligation to which the royalty has been allocated is satisfied.

License fee revenue

Some of the Group's revenues are generated from licensing agreements under which third parties have been granted rights to products and technologies. Consideration received, or expected to be received, that relates to the sale or out licensing of technologies or technological expertise is recognised in profit or loss as of the effective date of the agreement if all rights relating to the technologies and all obligations resulting from them have been relinquished under the contract terms. However, if rights to the technologies continue to exist, or obligations resulting from them have yet to be fulfilled, the consideration received is deferred accordingly. Any consideration deferred is recorded as contract liabilities and recognised in profit or loss over the estimated performance period stipulated in the agreement.

Interest income

Income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest revenue over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

NOTE 3 – OTHER INCOME

	2023 $'000	2022 $'000
Gain on sale of surplus land[1]	-	3,739
Rental from excess office space	274	266
Business interruption insurance recovery (Salisbury)	3,449	-
Other income – transitional services	2,718	-
Foreign exchange gain	1,513	92
Other	1,457	633
	9,411	4,730

Note: 1. During the prior year the Group disposed of excess land at its Salisbury manufacturing facility.

Lease income

Rental income arising from the operating lease on a building at the Salisbury manufacturing site is accounted for on a straight-line basis over the lease term and included in other income due to its operating nature.

NOTE 4 – EXPENSES

	2023 $'000	Restated 2022 $'000
Finance expenses		
Interest expense – syndicated loans	3,981	8,192
Unused line fees – syndicated loans	31	828
Interest expense – receivables finance	2,565	874
Interest expense – right-of-use asset leases	461	331
Amortisation of borrowing costs	3,416	1,300
Loss / (Gain) on modification of syndicated loan facility	-	4,866
	10,454	16,391
Change in fair value attributable to the unwinding of the discounting of the earn-out and deferred consideration liabilities[1]	18,396	16,073
Foreign exchange losses relating to funding activities including earn-outs and deferred consideration liabilities	11,029	(761)
Total finance expense	39,879	31,703
Depreciation right-of-use assets	3,509	2,539
Depreciation of property, plant and equipment	5,283	4,817
Total Depreciation	8,792	7,356

Cost of sales include the following:		
Inventory write offs	211	3,210
Inventory provision for obsolescence and net realisable value adjustments	2,925	(214)
Employee benefits expense[2]		
Wages and salaries	87,940	88,851
Superannuation expense	4,748	4,603
Other employee benefits expense	5,305	5,646
Share-based payments (refer Note 27)	6,776	4,577
Total employee benefits	104,769	103,677
Administration and other expenses include the following:		
Drug pricing investigations and related litigation costs	5,093	2,885
Share-based payments expense	3,766	4,577
Share-based payments expense – restructuring related	1,796	-
Share-based payments expense – MCS and Retail Generics sale related	1,214	-
Restructuring and business turnaround expenses	9,135	5,014
Doubtful debt	7,795	-
Loss on disposal relating to INTI	3,058	-
Mark to market of derivative related to convertible note	2,702	-
Transaction costs	-	648
Amortisation of intangible assets	56,649	47,825
All other administration and other expenses	51,277	36,517
Total administration and other expenses	142,485	97,466

Notes: 1. The unwinding of the discount relates to all earn-out and deferred consideration liabilities.
2. Employee benefit expense is included in various expense categories and cost of sales.

NOTE 5 – INCOME TAX

A. The major components of income tax expense are:

	2023 $'000	2022 $'000
Income tax benefit / (expense)		
Current income tax	1,731	1,243
Adjustment in respect of current income tax of previous years	(2,445)	(1,077)
Deferred income tax	(53,318)	(56,298)
Income tax (expense) / benefit in the consolidated statement of profit or loss and other comprehensive income	(54,032)	(56,132)
Deferred income tax benefit/(expense) included in income tax expense comprises		
(Decrease) / Increase in deferred tax assets	(69,200)	(68,272)
Decrease in deferred tax liabilities	15,882	11,974
	(53,318)	(56,298)

B. Numerical reconciliation between aggregate tax expense recognised in the consolidated statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate

	2023 $'000	2022 $'000
The prima facie tax on operating profit differs from the income tax provided in the accounts as follows:		
Profit/(loss) before income tax	171,188	(235,760)
Prima facie tax benefit/(expense) at 30%	(51,355)	70,729
Effect of R&D concessions	181	1,634
Over/(under) provision in respect of prior years	(2,445)	(1,077)
Deferred tax asset derecognition	(101,906)	(102,620)
Non assessable gain on disposal of business	129,440	-
Deferred tax asset not previously recognised	-	479
Non-deductible expenses for tax purposes		
Share-based payments	(2,075)	(1,681)
Asset impairments	(3,006)	(1,048)
Amortisation intangibles	(2,228)	(1,783)
Other non-deductible expenses	(8,146)	(4,620)
Tax losses not recognised	(60)	(116)
Effect of different tax rate in US compared to Australia	(20,854)	(21,037)
US state taxes	5,741	5,500
Restatement of DTA & DTL re US state tax rate changes	2,681	(492)
Income tax (expense) / benefit	(54,032)	(56,132)
Income tax (expense) / benefit from continuing operations	(47,745)	(74,501)
Income tax (expense) / benefit from discontinued operations	(6,286)	18,369
	(54,032)	(56,132)

C. Recognised deferred tax assets and liabilities

	2023 $'000	2022 $'000
Deferred tax assets		
Intangible assets	18,434	135,562
Provisions	11,483	8,380
Payables	29,563	27,842
Carry forward tax losses and R&D credits	152,885	44,210
Inventory	6,468	7,073
US state taxes	19,744	18,601
Other	335	52
Less deferred tax asset not recognised	(215,473)	(108,040)
	23,439	133,680

	2023 $'000	2022 $'000
Reconciliation to the Statement of Financial Position		
Total Deferred Tax Assets	23,439	133,680
Set-off of Deferred Tax Liabilities that are expected to reverse in the same period	(780)	(15,191)
Net Deferred Tax Assets[1]	22,659	118,489

Note: 1. Represents Australian and US Deferred Tax Assets that cannot be offset.

	2023 $'000	2022 $'000
Deferred tax asset movements		
Opening balance	133,680	187,198
Credit/(charge) to profit/loss	(69,200)	(68,272)
Disposal of subsidiary (MCS)	(46,345)	-
Restatement of foreign currency balances	5,304	14,754
Balance at 30 June	23,439	133,680

	2023 $'000	2022 $'000
Deferred tax liabilities		
Property, plant and equipment	1,324	13,724
Intangible assets	1,783	3,689
Unrealised foreign exchange gains	4,793	2,442
US state taxes	85	1,078
Other	595	289
	8,579	21,222
Reconciliation to the Statement of Financial Position		
Total Deferred Tax Liabilities	8,579	21,222
Set-off of Deferred Tax Assets that are expected to reverse in the same period	(780)	(15,191)
Net Deferred Tax Liabilities[1]	7,799	6,031

	2023 $'000	2022 $'000
Deferred tax liability movements		
Opening balances	21,222	28,412
Charge/(credit) to profit/loss	(15,882)	(11,974)
Charge/(credit) to other comprehensive income	1,322	2,853
Disposal of Subsidiary	1,628	-
Restatement of foreign currency balances	289	1,931
Balance at 30 June	8,579	21,222

Note: 1. Represents US Deferred Tax Liabilities that cannot be offset.

Deferred tax assets and deferred tax liabilities are presented based on their respective tax jurisdictions.

Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised. Utilisation also dependant on continuing to meet regulatory requirements.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. In the current period, when this assessment occurred, it indicated that, due to the expected length of time needed to recover the deferred tax asset, it continued to be not probable that all the deferred tax assets would be recovered and hence a writedown to the expected probable recoverable amount was made of $107.4m. Certain deferred tax assets were transferred to Catalent as part of the MCS sale and hence were recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The Company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. These entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

US federal corporate tax

The US legislation Tax Cuts and Jobs Act enacted in December 2017 means that Mayne Pharma's operations in the US are subject to a federal income tax rate of 21% for FY19 onwards. Income tax expense (above) for the current period relating to Mayne Pharma's US operations has therefore been determined using the federal corporate tax rate of 21%.

The DTA/DTL restatement includes changes to the blended US state corporate income tax rate which varies depending on activity and tax rates in the US states in which Mayne Pharma operates.

Tax consolidation legislation

The Company and its wholly-owned Australian controlled entities are part of an income tax consolidated group.

The Company and its controlled entities in the income tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of current taxes and deferred taxes to allocate to the members of the income tax consolidated group.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the income tax consolidated group.

Each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income.

Assets or liabilities arising under the tax funding agreement with the income tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned income tax consolidation entities.

Significant accounting judgements

Deferred tax assets

The Group's accounting policy for taxation requires management's judgement in assessing whether deferred tax assets are recognised in the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits and on continuing to meet regulatory requirements.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future revenues, operating costs, capital expenditure and other capital management transactions. Judgements are also required about the application of income tax legislation in the jurisdictions in which the Group operates and the application of the arm's length principle to related party transactions. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may affect the carrying amount of deferred tax assets and liabilities. Any resulting adjustment to the carrying value of a deferred tax item will be recorded in the Statement of Profit or Loss and Other Comprehensive Income.

Uncertain tax positions

The Group applies significant judgement in identifying uncertainties over income tax treatments. Due to the complex multinational tax environment in which the Group operates, the Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group has determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities and hence amounts are recognised within the financial statements on this basis. The Group continually monitors its position in respect of these matters.

NOTE 6 – DISCONTINUED OPERATIONS

On 4 October 2022, Mayne Pharma completed the sale of the MCS business. On 7 April 2023, Mayne Pharma completed the sale of the Retail Generics business.

The assets and liabilities disposed as part of the MCS transaction primarily comprised property, plant and equipment ($175.1m refer Note 12), deferred tax assets ($46.3m refer Note 5), goodwill and intangible assets ($25.0m refer Note 14), working capital and other operational balances.

The results of discontinued operations – MCS were as follows -

	2023 $'000	2022 $'000
Service Revenue	21,737	90,768
Cost of sales (includes depreciation)	(12,352)	(43,100)
Gross Margin	9,385	47,668
Profit on sale of MCS business (not taxable)	433,668	-
Sale transaction costs (non deductible)	(20,474)	(9,246)
Operating expenses (includes depreciation and amortisation)	(5,077)	(17,223)
Operating profit before tax from discontinued operations	417,502	21,198
Tax expense	(978)	(6,911)
Profit after tax for the period from discontinued operations - MCS	416,524	14,287

	2023 $'000	202 $'00
Estimated operating cashflow related to discontinued operations MCS (including transactions costs)	(12,480)	39,546
Investing cashflows related to discontinued operations		
Proceeds from sale of MCS	722,521	-
Payments for plant and equipment	(2,681)	(7,050)

The above results for 30 June 2023 represent three months trading for the MCS business plus the profit on sale of the business.

On 7 April 2023, Mayne Pharma completed the sale of the Retail Generics business.

The assets disposed as part of the Retail Generics transaction primarily comprised intangible assets ($37.7m refer Note 14) and inventory ($49.0m).

The results of discontinued operations – Retail Generics were as follows. -

	2023 $'000	2022 $'000
Sales Revenue	57,152	153,013
Cost of sales	(91,213)	(119,166)
Gross Margin	(34,060)	33,846
Reversal of historical accumulated impairment upon disposal	82,519	-
Transaction costs	(1,016)	-
Impairments	(5,263)	(123,736)
Amortisation	(3,588)	(12,490)
Earn-out and deferred consideration liabilities reassessments	383	1,960
Restructuring costs	(1,548)	-
Operating expenses	(14,043)	(10,224)
Finance expenses - discount unwind earn-out and deferred consideration liabilities	-	(727)
Operating profit before tax from discontinued operations	23,385	(111,372)
Tax expense	(5,308)	25,280
Profit / (loss) after tax for the period from discontinued operations – Retail Generics	18,077	(86,092)

	2023 $'000	2022 $'000
Estimated operating cashflow related to discontinued operations Retail Generics (including transactions costs)	21,290	23,674
Investing cashflows related to discontinued operations		
Proceeds from sale of Retail generics	132,746	-
Payments for capitalised development costs	(80)	(802)
Financing activities cashflows related to discontinued operations		
Earn-out and deferred consideration liability payments	(11,510)	(2,879)

	2023 $'000	2022 $'000
Profit / (loss) after tax for the period from discontinued operations	434,600	(71,805)

The above results for 30 June 2023 represent nine months trading for the Retail Generics business plus the profit / (loss) on sale of the business.

NOTE 7 – EARNINGS PER SHARE

	2023	Restated 2022
Earnings per share for profit attributable to the ordinary equity holders of the Parent:		
Basic earnings per share	$1.42	($3.42)
Diluted earnings per share	$1.41	($3.42)
Basic earnings (loss) per share from continuing operations	($3.86)	($2.55)
Diluted earnings (loss) per share from continuing operations	($3.86)	($2.55)
Basic earnings per share discontinued operations	$5.29	($0.87)
Diluted earnings per share discontinued operations	$5.04	($0.87)

Basic earnings per share is calculated by dividing the profit / (loss) for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit / (loss) for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS calculations:

	2023 $'000	Restated 2022 $'000
For basic earnings per share		
Net profit / (loss) attributable to equity holders of the Company	117,249	(281,286)
For diluted earnings per share		
Net profit / (loss) attributable to equity holders of the Company	121,925	(281,286)
For basic earnings (loss) per share from continuing operations		
Net profit / (loss) from continuing operations	(317,351)	(209,481)
For diluted earnings (loss) per share from continuing operations		
Net profit / (loss) from continuing operations	(317,351)	(209,481)
For basic earnings per share from discontinued operations		
Net profit / (loss) from discontinued operations	434,600	(71,805)
For diluted earnings per share from discontinued operations		
Net profit / (loss) from discontinued operations	434,600	(71,805)

	2023 '000	Restated 2022 '000
Weighted average number of ordinary shares for basic earnings per share	82,177	82,298
Effect of dilution (based on average share price during the year):		
LTI shares, options, performance rights and convertible notes	4,084	-
Weighted average number of ordinary shares adjusted for the effect of dilution	86,261	82,298

Where the group has made a loss as disclosed in the income table above potentially dilutive ordinary shares are anti-dilutive and diluted EPS is calculated on the same weighted average number of shares used in the calculation of basic earnings per share.

The calculation of weighted average number of ordinary shares adjusted for the effect of dilution does not include the following LTI shares, options and performance rights which could potentially dilute basic earnings per share in the future, but were not dilutive in the periods presented (as the exercise price for loan shares or the vesting hurdle price for performance rights is greater than the average share price during the year):

	2023 '000	2022 '000
Number of potential ordinary shares	7,011	9,771

There have been no subsequent transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding at the end of the reporting period.

NOTE 8 – TRADE AND OTHER RECEIVABLES

	2023 $'000	2022 $'000
Current		
Trade receivables (net of charge-backs)	180,838	258,759
Trade receivables – profit share	5,983	1,269
Provision for impairment	(9,426)	(988)
Other receivables	17,492	9,201
	194,887	268,241

At 30 June, the ageing analysis of trade receivables is as follows:

	NOT PAST DUE NOR IMPAIRED WITHIN TERMS $'000	OVERDUE AND NOT IMPAIRED 0-30 DAYS OVERDUE $'000	OVERDUE AND NOT IMPAIRED 30+ DAYS OVERDUE $'000	TOTAL $'000
Trade receivables 30 June 2023	155,091	20,300	2,005	177,395
Trade receivables 30 June 2022	251,447	2,621	4,973	259,040

Trade and other receivables

Trade receivables are initially recognised at their invoiced amounts less adjustments for estimated revenue deductions such as charge-backs and cash discounts. The Group's trade receivables are subsequently measured at amortised cost less provision for expected credit losses.

Due to the short-term nature of these receivables, their carrying value approximates their fair value.

Some of the Group's receivables are sold under the receivables financing program (refer Note 16). The Group considers the economic substance rather than the legal form of the transactions in assessing the business model of the underlying receivables, accordingly, transactions that fail AASB 9 derecognition criteria are not considered true sales and thus, the business model of the underlying receivables continues to be holding to collect contractual cash flows and therefore are measured at amortised cost.

Receivables sold on a non-recourse basis total US$7.2m at balance date. The book value of the receivables approximates the value of the finance provided. Receivables are sold with no recourse to Mayne Pharma in relation to credit risk, although the receivables continue to be recognised on the Group's balance sheet as accounting derecognition criteria has not been met as Mayne Pharma retains certain risks in relation to the variability of charge-backs, rebates, returns and loyalty programs. Also refer Note 15.

Trade receivables are non-interest bearing and are generally on 30-90-day terms. As at reporting date, $9,426,000 (2022: $988,000) of receivables were considered impaired. The impaired receivables include one individual receivable of $7,795,000. Trade receivables – profit share is due on 90-day terms. None of these receivables are considered impaired at reporting date.

Provisions for expected credit losses are established using an expected loss model (ECL). The provisions are based on a forward-looking ECL, which includes possible default events on the trade receivables over the entire holding period of the trade receivables. These provisions represent the difference between the trade receivable's carrying amount in the consolidated balance sheet and the estimated collectible amount. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. While the impact of COVID-19 was considered, it did not have a material impact on ECLs. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Significant accounting judgements

Customer charge-backs and discounts

Consistent with pharmaceutical industry practices, Mayne Pharma's gross sales are subject to various deductions including charge-backs and discounts. These deductions represent estimates of the related obligations, requiring use of judgement when estimating the effect of these sales deductions on gross sales for a reporting period. These adjustments are deducted from gross sales to arrive at net sales. (Refer Note 2 for Revenue recognition policy).

Amounts expected to be settled via credits are shown net of trade receivables while amounts expected to be settled by payments are shown as accruals.

Other receivables include amounts recoverable under supply contracts and outstanding for goods and services tax (GST). These amounts are non-interest bearing and have repayment terms applicable under the relevant government authority. Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

NOTE 9 – INVENTORIES

	2023 $'000	2022 $'000
Raw materials and stores at lower of cost and net realisable value	21,596	37,222
Work in progress at cost	9,331	8,559
Finished goods at lower of cost and net realisable value	51,773	63,127
	82,700	108,908

Recognition and measurement

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- *Raw materials* - purchase cost on a first-in, first-out basis.
- *Finished goods and work-in-progress* - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

The Group has recognised provisions at reporting date for obsolescence and net realisable value adjustments of $22,767,000 (2022: $25,434,000).

Significant accounting estimates and judgements

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The Group assesses net realisable value and obsolescence provisions by reviewing estimated future sales, quantities on hand and the shelf life of the relevant inventory. Estimating future sales values, quantities and the timing of future sales requires management judgement. The Group may incur costs that differ from its original estimate.

NOTE 10 – OTHER FINANCIAL ASSETS

	2023 $'000	2022 $'000
Current		
Restricted cash	9,098	408
Marketable securities	127,526	-
Mark to market value of interest rate swaps contracts	-	1,334
Unbilled client service fees	-	684
	136,624	2,426

Marketable securities are an investment in a money market fund with underlying investments in short term US government debt and repurchase obligations.

Restricted cash includes US$4.5m held in escrow relating to the Retail Generics business sale. The balance represents cash held as security for leases and letters of credit.

NOTE 11 – OTHER ASSETS

	2023 $'000	2022 $'000
Current		
Deposits for gross-to-net sales arrangements	19,075	9,708
Prepayments	13,097	11,569
	32,172	21,277

	2023 $'000	2022 $'000
Non-Current		
Deposits for various commercial contracts	2,320	4,450
	2,320	4,450

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

	LAND $'000	BUILDINGS $'000	PLANT AND EQUIPMENT $'000	CAPITAL WORKS IN PROGRESS $'000	TOTAL $'000
Year ended 30 June 2023					
Balance at beginning of year net of accumulated depreciation	8,103	107,199	91,915	11,177	218,394
Additions	-	-	1,815	2,992 [1]	4,807
Disposals	-	-	-	-	-
Disposal of MCS business	(5,243)	(93,162)	(67,680)	(8,979)	(175,064)
Transfers	-	509	4,911	(5,420)	-
Depreciation charge for year	-	(1,364)	(7,191)	-	(8,555)
Foreign currency restatement	121	2,157	1,649	217	4,144
Balance at end of year net of accumulated depreciation	2,981	15,339	25,419	(13)	43,726
At 30 June 2023					
At cost	2,981	19,924	65,588	4,912	93,405
Accumulated depreciation	-	(4,585)	(40,169)	-	(44,754)
Accumulated impairments	-	-	-	(4,925)	(4,925)
Net carrying amount	2,981	15,339	25,419	(13)	43,726
Year ended 30 June 2022					
Balance at beginning of year net of accumulated depreciation	9,167	95,544	92,506	15,236	212,453
Additions	-	-	7,380	2,774	10,154
Disposals	(1,483)	-	(16)	-	(1,499)
Transfers	-	7,750	-	(7,750)	-
Depreciation charge for year	-	(3,419)	(13,716)	-	(17,135)
Foreign currency restatement	419	7,324	5,761	917	14,421
Balance at end of year net of accumulated depreciation	8,103	107,199	91,915	11,177	218,394
At 30 June 2022					
At cost	8,103	128,949	184,833	16,543	338,428
Accumulated depreciation	-	(21,750)	(92,918)	-	(114,668)
Accumulated impairments	-	-	-	(5,366)	(5,366)
Net carrying amount	8,103	107,199	91,915	11,177	218,394

1. Net of government grant received of $3.6m

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are measured at cost less accumulated depreciation on buildings and less any impairment losses.

Property, plant and equipment is assessed for impairment whenever there is an indication that the balance sheet carrying value amount may not be recoverable using cash flow projections for the useful life.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Land	Not depreciated
Buildings	Over 40 years
Plant and equipment	Between 1.5 and 20 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year-end. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Government grants obtained for construction activities, including any related equipment, are deducted from the gross acquisition costs to arrive at the balance sheet carrying value of the related assets.

Significant accounting estimates and assumptions

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties and lease terms. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

NOTE 13 – RIGHT-OF-USE ASSETS

	BUILDINGS $'000	PLANT AND EQUIPMENT $'000	TOTAL $'000
Year ended 30 June 2023			
Balance at the beginning of year net of accumulated depreciation	5,466	1,995	7,461
Additions	-	6,410	6,410
Disposals	-	(836)	(836)
Modifications	(2,962)	980	(1,982)
Depreciation charge for year	(874)	(2,694)	(3,567)
Foreign currency restatement	150	120	270
Balance at end of year net of accumulated depreciation	1,781	5,975	7,756
At 30 June 2023			
At cost	5,413	9,914	15,326
Accumulated depreciation	(3,632)	(3,939)	(7,570)
Net carrying amount	1,781	5,975	7,756
Year ended 30 June 2022			
Balance at the beginning of year net of accumulated depreciation	6,119	3,023	9,142
Additions	-	685	685
Disposals	-	(245)	(245)
Depreciation charge for year	(1,119)	(1,645)	(2,763)
Foreign currency restatement	465	176	641
Balance at end of year net of accumulated depreciation	5,466	1,995	7,461
At 30 June 2022			
At cost	9,055	5,145	14,200
Accumulated depreciation	(3,589)	(3,150)	(6,739)
Net carrying amount	5,466	1,995	7,461

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities (right-of-use assets) are disclosed in Note 16.

NOTE 14 – INTANGIBLE ASSETS INCLUDING GOODWILL

	GOODWILL $'000	CUSTOMER CONTRACTS, CUSTOMER RELATIONSHIPS, PRODUCT RIGHTS AND INTELLECTUAL PROPERTY $'000	DEVELOPMENT EXPENDITURE $'000	MARKETING & DISTRIBUTION RIGHTS $'000	TRADE NAMES $'000	TOTAL $'000
Year ended 30 June 2023						
Balance at beginning of year net of accumulated amortisation	22,127	341,895	9,071	23,529	30,892	427,514
Additions	-	363,541	409	1,485	-	365,435
Disposal of MCS business	(22,250)	-	-	-	(2,754)	(25,004)
Disposal of Retail Generics business	-	(34,282)	(3,167)	(293)	-	(37,742)
Amortisation	-	(50,058)	(1,899)	(4,077)	(4,187)	(60,221)
Specific impairments	-	(5,278)	(117)	(591)	-	(5,986)
CGU Impairments	(391)	(47,889)	(2,394)	(13,384)	(4,305)	(68,362)
Foreign currency restatement	514	21,039	136	(120)	61	21,630
Balance at end of year net of accumulated amortisation	-	588,969	2,039	6,549	19,707	617,264
As at 30 June 2023						
Cost	-	855,412	36,133	37,336	63,778	992,659
Accumulated amortisation	-	(153,608)	(9,507)	(14,026)	(39,766)	(216,907)
Accumulated impairments	-	(112,835)	(24,587)	(16,761)	(4,305)	(158,488)
Net carrying amount	-	588,969	2,039	6,549	19,707	617,264
The split between indefinite and definite life assets is as follows:						
Definite life assets	-	588,969	946	6,549	19,707	616,171
Indefinite life assets	-	-	1,093	-	-	1,093
Net carrying amount	-	588,969	2,039	6,549	19,707	617,264

	GOODWILL	CUSTOMER CONTRACTS, CUSTOMER RELATIONSHIPS, PRODUCT RIGHTS AND INTELLECTUAL PROPERTY	DEVELOPMENT EXPENDITURE	MARKETING & DISTRIBUTION RIGHTS	TRADE NAMES	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2022						
Balance at beginning of year net of accumulated amortisation	20,346	538,251	20,027	22,498	35,032	636,154
Additions	-	190	1,828	3,880	-	5,898
Disposals	-	-	--	--	-	-
Amortisation	-	(50,864)	(2,131)	(3,809)	(4,379)	(61,183)
Specific impairments	-	(81,664)	(3,045)	-	-	(84,710)
CGU Impairments	-	(99,415)	(7,897)	-	-	(107,312)
Foreign currency restatement	1,781	35,397	290	960	239	38,667
Balance at end of year net of accumulated amortisation	22,127	341,895	9,071	23,529	30,892	427,514
As at 30 June 2022						
Cost	64,878	1,620,818	188,159	78,915	69,268	2,022,036
Accumulated amortisation	-	(384,942)	(23,341)	(18,533)	(38,318)	(465,134)
Accumulated impairments	(42,751)	(893,981)	(155,747)	(36,853)	(58)	(1,129,390)
Net carrying amount	22,127	341,895	9,071	23,529	30,892	427,514

Goodwill and intangibles

Goodwill arises in a business combination and is the excess of the consideration transferred to acquire a business over the underlying fair value of the net identified assets acquired. It is allocated to groups of cash-generating units (CGUs) which are usually represented by reported segments. Goodwill is tested for impairment annually at the CGU level and any impairment charges are recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

The aggregate carrying amounts of goodwill are allocated to the Group's CGU/operating segments as follows:

	2023 $'000	2022 $'000
MCS	-	21,736
MPI / International	-	391
Closing goodwill balance at 30 June	-	22,127

Intangible Assets

Intangible assets acquired separately, or in a business combination, are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

Indefinite life intangible assets are reviewed for impairment at each reporting date, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Certain intangible assets other than goodwill (i.e. customer contracts, relationships, intellectual property, distribution rights and trademarks) have been assessed as having finite useful lives and, as such, are amortised over their useful lives on a straight-line basis. The useful lives range from five to seventeen years and are tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in an accounting estimate. The amortisation expense on intangible assets with definite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Certain marketing and distribution rights, development expenditure and other intellectual property are considered to have an indefinite life and hence are not amortised. These assets, considered on an individual asset basis, have been determined as indefinite life based on the expected life of the relevant product. The assessment of indefinite versus definite life is reviewed annually.

Significant accounting judgements

Research and development expenditure

Research costs are expensed as incurred. Development expenditures on an individual project, and acquired research and development intangible assets, which are still under development and have not yet obtained approval, are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Significant accounting estimates and assumptions

Impairment of intangible assets

Intangible asset impairments recognised during the period totalled $74.3m (including $5.3m for discontinued operations) (2022: $192.0m including $123.7m for discontinued operations) following detailed reviews of the Company's intangible assets at 31 December 2022 and 30 June 2023 (which considered the current and projected US market dynamics for the portfolio and the industry) and consisted of the following:

The specific impairments recognised during the year ended 30 June 2023 totalled A$6.0m (majority related to discontinued operations) and were as follows:

- Specific intellectual property and distribution rights intangible assets $5.9m
- Specific Development Expenditure (pipeline products) $0.1m

The CGU impairments recognised during the year ended 30 June 2023 totalled $68.4m and were as follows:

- International (Dec 2022) $8.5m
- PPD Dermatology $59.9m

The CGU impairments were allocated first to goodwill then to all intangible assets in the CGU as follows:

- Goodwill $0.4m
- Customer contracts, customer relationships, product rights and intellectual property $47.9m
- Marketing and distribution rights $13.4m
- Development expenditure $2.4m
- Tradenames $4.3m

The recoverable amount of the other CGUs is equal to or above their carrying values.

An asset or a CGU is considered impaired when its balance sheet carrying amount exceeds its estimated recoverable amount, which is defined as the higher of its fair value less cost of disposal and its value in use. The Group applies the Value In Use (VIU) method for the BPD Women's Health and Infectious Disease CGUs which utilises net present value techniques using post-tax cash flows and discount rates. For the PPD Dermatology and International (MPI) CGUs, the Group has utilised a Fair Value Less Cost of Disposal (FVLCD) methodology to better reflect the outlook for those CGUs..

The estimates used in calculating value-in-use and FVLCD are highly sensitive, and depend on assumptions specific to the nature of the Group's activities with regard to:

- amount and timing of projected future cash flows;
- long-term sales and associated gross margin forecasts;
- sales erosion rates after the end of patent or other intellectual property rights protection and timing of entry of generic competition;
- applicable tax rates;
- behaviour of competitors (launch of competing products, marketing initiatives, etc);
- selected discount and terminal growth rates; and
- in the case of unlaunched products:
    - the outcome of R&D activities (product efficacy, results of clinical trials, etc);
    - amount and timing of projected costs to develop in process research and development into commercially viable products; and
    - probability of obtaining regulatory approvals.

Refer to the discussion below for differences between the VIU methodology and FVLCD methodology applied to the respective CGUs.

Due to the above factors, actual cash flows and values could vary significantly from forecasted future cash flows and related values derived from discounting techniques.

Goodwill and intangible impairment testing methodology

For impairment testing of Goodwill, intangible assets are allocated to individual CGUs (which are the Therapeutic Groups or 'TGs') which are then combined into the overall operating segment CGUs of MCS and MPI for Goodwill testing which is performed at the operating segment level.

Each CGU that the intangible assets are allocated to represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Group has identified the smallest identifiable group of assets that generate these largely independent cash flows at the Therapeutic Group (TG) level. Therefore each CGU comprises a Therapeutic Group (TG CGU's). During the year the following changes to TG CGUs:

- MCS and PPD Other and PPD Women's Health TG CGU's were disposed.
- The acquired TXMD products and existing BPD SOLTAMOX® CGU were assessed to form part of the BPD Women's Health CGU as the products are managed and distributed through the same salesforce as the existing NEXTSTELLIS® product.

Impairment testing is conducted initially at the TG CGU level and then the Segment CGU level (where relevant for goodwill impairment testing).

The testing methodology for the value in use of each asset is as follows:

- allocate the asset value to the relevant CGU including an allocation of corporate assets and costs;
- estimate cash flows generated over a 5 year forecast period plus a terminal value for the CGU;
- calculate the Weighted Average Cost of Capital (WACC) of the CGU; and
- discount the cash flows using WACC and compare to the CGU allocated asset carrying value.

Indefinite life intangible assets and intangible assets not yet available for use are included in a CGU. These include purchased assets not yet launched and development expenditure. These assets, and related cashflows, have been included in the relevant CGU for impairment testing purposes and are reviewed on at least an annual basis.

For MPI the FVLCD methodology is consistent with the VIU methodology described above except that it excludes certain Group corporate and R&D costs that would not be relevant to a market participant. The recoverable amount is cross checked to indicative market earnings multiples. For Dermatology, the FVLCD methodology assumes cash flows consistent with the value in use approach for a three year period, then a market value for the remaining intangible assets and net working capital of the CGU based on an assessment of market transaction earnings multiples.

The allocation of intangible assets to CGU's is shown in the table below:

A$00's	PPD Dermatology	BPD Women's Health	BPD Infectious Disease	MPI	Total
Intangible Assets	19,996	587,210	5,357	4,701	**617,264**

Key assumptions in impairment testing methodology include:

- Cash flow forecasts for the on-market portfolio are based on FY24 Budget projections as well as specific cash flows which have been forecast out to FY28 (or FY26 for the Dermatology CGU). A terminal growth rate is then applied;
- Risk weighted pipeline cash flows are included in each of the relevant TG/Segment CGUs;
- Corporate overhead has been allocated to the relevant TG/Segment CGU based on their assessed consumption;
- Other net assets have been allocated to the relevant TG/Segment CGU; and
- Individual CGU discount rates have been used.

Discount rates reflect management's estimate of the time value of money and the risks specific to the CGU and have been determined using the WACC.

The pre and post-tax discount rates used are shown below (and are unchanged from 30 June 2022):

- PPD Dermatology: Pre-Tax – 13.3% / Post Tax – 10.2%
- BPD Women's Health: Pre-Tax – 13.3% / Post Tax –10.2%
- BPD Infectious Disease: Pre-Tax – 13.7% / Post Tax – 9.6%
- MPI: Pre-Tax – 13.7% / Post Tax – 9.6%

Forecast Gross Margin amount growth rates by TG CGU at 30 June 2023 and 31 December 2022 are shown in the tables below. These average growth rates are assumptions determined to satisfy applicable accounting standards but should not be used for guidance.

FY2023	FY23 ASSUMED AVERAGE FORECAST GROWTH RATES 1st FIVE YEARS[1]	FY23 ASSUMED TERMINAL VALUE GROWTH RATE
PPD Dermatology	55.7%	n/a [2]
BPD Women's Health	44.9%	-5.9% to -30.1%
MPI	11.4%	2.0%
BPD Infectious Disease	-9.0%	0%

1. Growth rates refer to the Compound Annual Growth Rates (CAGR) over the forecast period and includes both on-market and pipeline assets. The CAGRs are calculated off the FY23 statutory result for the relevant CGU.
2. Gross margin growth rate for PPD Dermatology CGU reflects that applicable over three year period to disposal. Exit value assumed is based on a multiple of earnings so no terminal growth rate is applied.

December 2022	ASSUMED AVERAGE FORECAST GROWTH RATES 1st FIVE YEARS[1]	ASSUMED TERMINAL VALUE GROWTH RATE
MPI	8.5%	2%
PPD Dermatology	0.1%	-3.0%
BPD Women's Health	132.4%	-8.8% to -17.6%
BPD Infectious Disease	n/a[2]	n/a [2]

1. Growth rates refer to the Compound Annual Growth Rates (CAGR) over the forecast period and includes both on-market and pipeline assets. The CAGRs are calculated off the FY22 statutory result for the relevant CGU.
2. At 31 December 2022 the product sold by BPD Infectious Disease was included within the PPD Other CGU and not separately reported.

Recoverable values and carrying values are shown in the table below.

A$m	Carrying Value[1]	Recoverable Value	Difference
PPD Dermatology	53.8	53.8	-
BPD Women's Health	600.6	616.1	15.5
MPI	73.6	73.6	-
BPD Infectious Disease	5.3	7.5	2.2

Note: 1. Includes intangible assets, working capital and property, plant and equipment.

Sensitivity to changes in assumptions

The table below shows the sensitivity of the changes in key variables on recoverable values.

A$m Change in recoverable values	+/-1% Change in Gross Margin Growth[1]	+/-1% Change in Terminal Growth Rate	+/-1% Change in WACC
PPD Dermatology	+1.1/-1.1	n/a	-1.6/+1.6
BPD Women's Health	+32.1/-31.3	+14.8/-13.2	-38.2/+42.5
MPI	+11.4/-11.2	+7.5/-5.9	-10.3/+13.4
BPD Infectious Disease	+0.8/-0.7	+0.8/-0.5	-0.8/+1.1

Note: 1. Change refers to the movement in Gross Margin ($ amount) Compound Annual Growth Rates for launched products from FY24 to FY28.

The Group has completed its impairment assessment based on known facts and circumstances, incorporating its best estimates from information available to date however is conscious of the potential impact of changes in assumptions particularly the potential for future changes in the markets for the Group's products, for example the successful commercialisation of new products and impact of competitor actions.

The following reasonably possible changes in assumptions within the impairment assessment have been identified which would result in the carrying amount of the following CGU's equalling their recoverable amount:

BPD Women's Health: forecasts for this CGU have incorporated a very high average rate of growth in Gross Margin produced over the first 5 years reflecting the expected demand following ongoing promotion of the NEXTSTELLIS® and TXMD products. A reduction in the compound rate of growth in gross margin (FY24 to FY28) of approximately 0.5% across the first 5 year period is likely to cause impairment. The performance and recoverable amount of the CGU is also sensitive to assumptions around the point at which generic competition is expected to enter the market.

PPD Dermatology: as the carrying amount of the CGUs has been written down to its recoverable amount, any further adverse changes in performance compared to current forecasts, or deterioration in the market value of remaining assets at the end of the three year cash flow period will result in impairment. The performance and recoverable amount of the CGU is also sensitive to assumptions around the point at which generic competition is expected to enter the market.

MPI: the assessed recoverable amount approximates carrying value and any further adverse changes in performance compared to current forecasts will result in impairment.

Estimation of useful lives of assets

The estimation of the useful lives of intangible assets has been based on the assets' contractual lives for the expected period of the future cash flows. The valuation assumptions used are assessed at least annually and considered against the useful life and adjustments to useful lives are made when considered necessary.

NOTE 15 – TRADE AND OTHER PAYABLES

	2023 $'000	Restated 2022 $'000
Current		
Trade payables	32,027	63,571
Accrued rebates, returns and loyalty programs	181,301	99,642
Other payables	33,185	24,368
	246,513	187,581

Information regarding liquidity risk exposure is set out in Note 23.

Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Significant accounting judgements

Customer rebates, returns and loyalty programs

Consistent with pharmaceutical industry practices, Mayne Pharma's gross sales are subject to various deductions which are primarily composed of rebates and discounts to retail customers (including co-pay arrangements), government agencies, wholesalers, health insurance companies and managed healthcare organisations. These deductions represent estimates of the related obligations, requiring use of judgement when estimating the effect of these sales deductions on gross sales for a reporting period. These adjustments are deducted from gross sales to arrive at net sales. (Refer Note 2 for Revenue recognition policy).

Amounts expected to be settled via credits are shown net of trade receivables while amounts expected to be settled by payments are shown as accruals.

NOTE 16 – INTEREST-BEARING LOANS AND BORROWINGS

	2023 $'000	2022 $'000
Current		
Syndicated loan and working capital facility	-	342,254
Receivables financing	10,810	63,112
Lease liabilities right-of-use assets	3,617	2,626
	14,427	407,993

	2023 $'000	2022 $'000
Non-current		
Convertible notes	28,480	-
Lease liabilities right-of-use assets	4,598	5,673
	33,078	5,673

Convertible notes

In connection with the TXMD assets acquisition, on 31 December 2022 the Group issued convertible notes with a face value of US$27.95m (A$41.1m). The discount to face value (US$3m) was paid by Mayne Pharma in June 2023. Key terms of these convertible notes include:

- Noteholders may redeem the notes for cash at face value upon the occurrence of certain change in control or default events or at maturity. The notes mature on 31 December 2026.
- Noteholders may convert the notes into equity at a fixed exchange rate and fixed conversion price of A$5.356 per Mayne Pharma security (the conversion price was adjusted for certain events including the special dividend and share consolidation which occurred in January 2023). Conversion can be exercised at any point from six months after issuance.
- Interest is payable at 2.5% per annum on the face value of US$27.95m.

The conversion option has been assessed as an embedded derivative that is not closely related to the host convertible note liability. Accordingly, the convertible notes have been separated into two components at initial recognition as follows:

- Fair value of the conversion option (embedded derivative). This is included in "Other financial liabilities" (refer Note 17). At time of issue this derivative was a $9.743m liability. This embedded derivative has subsequently been accounted for at fair value through profit and loss.
- Loan liability representing the net proceeds received less the fair value of the conversion option. The loan liability is subsequently accounted for at amortised cost and is classified as interest bearing loans and borrowings (as above).

As disclosed in the 31 December 2022 half year financial statements, the restatement of the 30 June 2022 financial statements constituted a breach of warranty under the terms of the convertible note agreements. A waiver for the breach was signed by Mayne Pharma and the Noteholder on 23 February 2023.

Syndicated loan and working capital facilities

The syndicated loan and working capital facilities were repaid in full in October 2022 following the sale of the MCS business.

The total amount drawn across all facilities at 30 June 2022 was US$150m and A$124m.

The syndicated facility was amended in the previous period with a loss on the non-substantial modification of $4.9m recognised in profit or loss.

Receivables financing facility

The receivables facility was established in December 2018 and extended in December 2019, December 2020, December 2021 and again in January 2023. The facility is an uncommitted facility, is cancellable by either party with a 30 day notice period, the limit was US$50m and was drawn to US$7.2m at reporting date. Receivables are sold with no recourse to Mayne Pharma in relation to credit risk and generally roll each 90 days as each debtor pays amounts outstanding. The receivables continue to be recognised on the Group's balance sheet as accounting derecognition criteria has not been met as Mayne Pharma retains certain risks in relation to the variability of charge-backs, rebates, returns and loyalty programs.

Lease liabilities (right-of-use assets)

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease if the lease term reflects the Group exercising the option to terminate. The variable lease payments that depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. The Group has recognised all lease extension options and there were no new leases contracted before period end which were yet to commence.

In calculating the present value of lease payments, the Group uses the lessees incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Financing facility maturities are summarised as follows:

	2023 $'000	2022 $'000
Current	10,810	405,366
Non-current	28,480	-
	39,290	405,366
Due by 30 June 2024	10,810	405,366
Due by 30 June 2027	28,480	-
	39,290	405,366

The future undiscounted cashflows in relation to interest bearing loans and borrowings (including lease liabilities) is disclosed in Note 23.

Changes in liabilities arising from financing activities	PERIOD ENDED	OPENING BALANCE $'000	CASH FLOWS $'000	FOREIGN EXCHANGE AND NON-CASH MOVEMENTS $'000	CLOSING BALANCE $'000
Interest bearing loans	30 June 2023	405,366	(376,045)	9,969	39,290
Lease liabilities	30 June 2023	8,299	(3,914)	3,757	8,142
Interest bearing loans	30 June 2022	336,960	39,786	28,620	405,366
Lease liabilities	30 June 2022	9,860	(2,773)	1,128	8,215

Recognition and measurement

Interest-bearing loans and borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. They are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

The potential obligation to settle the convertible note with the Group's equity at the option of the Noteholder at any point from June 2023 through to maturity in December 2026 does not affect the current / non-current classification.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset.

NOTE 17 – OTHER FINANCIAL LIABILITIES

	2023 $'000	2022 $'000
Current		
Derivative related to convertible notes	12,445	-
Earn-out and deferred consideration liabilities – various products/distribution rights	15,203	17,713
Deferred liability – MCS sale related	7,651	-
	35,299	17,713

	2023 $'000	2022 $'000
Non-Current		
Earn-out and deferred consideration liabilities – various products/distribution rights	252,135	108,401
Deferred liability – MCS sale related	8,721	-
	260,856	108,401

Earn-out and deferred consideration liabilities

The consolidated entity has recognised various earn-out liabilities and deferred consideration liabilities relating to various asset purchases. Most of the earn-outs are based on a percentage of net sales and are typically payable on a quarterly to annual basis for a period of between two and ten years.

During the period the Group entered into agreements to licence three women's health products (ANNOVERA®, IMVEXXY® and BIJUVA®) and a number of pre-natal vitamins from TXMD for distribution in the US market. The contingent consideration (30 June 2023 balance A$174.9m) represents the estimated present value of the future royalties and milestones payable on net sales of the product. Royalties on net sales of are payable to TXMD (8% of annual net sales of all products) and the licensor of ANNOVERA®, the Population Council (10% on annual net sales of ANNOVERA®). Milestones are also payable to the Population Council as follows: US$13.0m in 2025, US$40.0m if cumulative lifetime net sales of ANNOVERA® reach US$400 million and a further US$40m if cumulative net sales reach US$1.0 billion.

The deferred liability relating to the MCS sale relates to Mayne Pharma's commitment to contribute towards overhead recovery for the Greenville site sold to Catalent as part of the MCS sale. The agreement specifies fixed amounts payable quarterly over 3 years.

The value of earn-out and deferred consideration liabilities has increased significantly due to contingent consideration recognised in relation to the TXMD assets acquisition in December 2022.

Recognition and derecognition

Earn-out liabilities of the Group are initially recognised as financial liabilities in the consolidated statement of financial position as part of business combinations and intangible asset acquisitions at fair value. Financial liabilities are derecognised when they are extinguished.
Deferred consideration recognised includes amounts which have contingent conditions such as FDA approval and on market conditions (eg. no entry of a new competitor into the relevant market). At balance date, the Group has assessed the amount expected to be paid for contingent amounts outlined in the relevant transaction agreements, using best estimates as to timing and likelihood of payments.

Subsequent measurement

After initial recognition, earn-out liabilities are recognised at fair value through profit or loss and are remeasured each reporting period. Movements in the liability from these changes are recognised in profit or loss.

Hedging

As part of the Group's Risk Management Policy, Mayne Pharma enters into various hedging transactions involving derivative instruments. These may include forward contracts and interest rate swaps.

Such financial instruments are designated as hedging instruments and recognised using the hedge accounting principles of AASB 9 when (a) there is formal designation and documentation of the hedging relationship, of how the effectiveness of the hedging relationship will be assessed, and of the underlying market risk management objective and strategy; (b) the hedged item and the hedging instrument are eligible for hedge accounting; and (c) there is an economic relationship between the hedged item and the hedging instrument, defined on the basis of a hedge ratio that is consistent with the underlying market risk management strategy, and the residual credit risk does not dominate the value changes that result from that economic relationship.

Cash flow hedge

Cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with all, or a component of, a recognised asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment and could affect profit or loss.

Changes in fair value of the hedging instrument attributable to the effective portion of the hedge are recognised directly in other comprehensive income in the cash flow reserve. Changes in fair value attributable to the ineffective portion of the hedge are recognised in the statement of profit or loss within finance expenses.

Cumulative changes in fair value of the hedging instrument previously recognised in equity are reclassified to the statement of profit or loss as finance expenses when the hedged transaction affects profit or loss.

Significant accounting estimates and assumptions

Earn-out and deferred consideration liabilities

The earn-out liabilities have been determined based on the net present value of estimated future payments for contracted royalty rates payable on expected future cash flows as well as future milestone payments payable against various future events. Deferred consideration liabilities represent the net present value of future predetermined payments. The estimation of the cash flows over a significant period, combined with the impact of currency movements and interest rates may result in substantial movements in the value of the liabilities recognised between reporting periods. The cash flows assumed discount rate and forecast exchange rates are reviewed every six months to ensure the most accurate fair value of the liabilities is reported.

Any changes in fair value for changes in the net present value of estimated future payments are recognised in the statement of profit or loss and other comprehensive income. The earn-out liabilities and contingent deferred consideration liabilities at reporting date include a charge representing the unwinding of the discounting of $18,396,000 (2022: $16,799,000) for the period.

Derivative related to convertible notes

The conversion option of the convertible notes has been assessed as an embedded derivative that is not closely related to the host convertible note liability. Accordingly, the convertible notes have been separated into two components at initial recognition as follows:

Fair value of the conversion option (embedded derivative). This is included above in "Other financial liabilities". At time of issue this derivative was a $9.743m liability (as discussed at Note 16). The value of the derivative has been determined using a Binomial Lattice model. Significant inputs to the model utilised at 30 June 2023 are Mayne Pharma's:

- Stock price, $4.40
- Conversion price $5.356
- Expected volatility, 45%
- Estimated credit spread 9.34%.

The value derived is considered Level 3 in the fair value hierarchy.

NOTE 18 – PROVISIONS

	2023 $'000	2022 $'000
Current		
Employee benefits	14,566	13,551
Restructuring provision	154	1,249
	14,720	14,800
Non-Current		
Employee benefits	302	280
	302	280

Restructuring provision

The restructuring provision includes employee severance costs and costs of exiting contracts which relate to supply chain changes and other program changes which are considered restructuring in nature. The contract exit costs are also considered to be onerous contracts.

Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

NOTE 19 – CONTRIBUTED EQUITY

Movements in contributed equity

	2023 Number	2022 Number	2023 $'000	2022 $'000
Balance at beginning of year	1,764,840,757	1,764,840,757	1,238,537	1,238,537
Share buy backs / share cancellations relating to forfeited employee LTI shares[1]	(49,260,061)	-	-	-
Equity contribution re LTI share plan	-	-	1,377	-
Subtotal prior to share consolidation	1,715,580,696	1,764,840,757	-	-
Effect of Share consolidation 20:1	(1,629,804,245)	-	-	-
Share buy backs / share cancellations – on market	(1,652,174)	-	(6,223)	-
Share buy backs / share cancellations relating to forfeited employee LTI shares[1]	(702,163)	-	-	-
Balance at end of year	83,422,114	1,764,840,757	1,233,692	1,238,537

Notes: 1. Share buy backs occurred for nil consideration.

Consolidation of shares

In January 2023 Mayne Pharma completed a twenty to one share consolidation.

On-market share buy-back

The Company commenced an on-market share buy-back on 22 May 2023. The Company may purchase up 10% of the shares on issue. Up to 30 June 2023, the Company had purchased 1,652,174 shares for a total value of $6,222,888 (approx. 2% of shares on issue). On-market share buy-backs were paused effective close of trade 30 June 2023 and remain on pause until after results release, consistent with Mayne Pharma's Securities Trading Policy.

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

A. Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

B. Capital management

The primary objective of the Group in relation to capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business objectives and to maximise shareholder value.

The Group manages its capital structure and adjusts it considering changes in economic conditions and the Company's strategy. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares. During the year ended 30 June 2022 the Company amended available debt facilities. No changes were made in the objectives, policies or processes during the years ended 30 June 2022 and 30 June 2021.

The Group's current policy is to maintain a net debt position within policy limits set by the directors and that can be serviced by the Group's cash flows. The Group includes within net debt, interest-bearing loans and borrowings, less cash and cash equivalents.

	2023 $'000	2022 $'000
Interest-bearing borrowings (including lease liabilities)	47,505	413,666
Less cash and cash equivalents	(92,616)	(96,672)
Less Marketable securities	(127,526)	-
Net (cash) / debt	(172,637)	316,994

NOTE 20 – RESERVES

	2023 $'000	2022 $'000
Share-based payments reserve	55,957	48,924
Cash flow hedge reserve	-	1,334
Other reserve	(3,143)	(3,143)
Foreign currency translation reserve	117,624	100,580
	170,438	147,695

Share-based payments reserve

The share-based payments reserve records the value of share-based payments provided to employees, including KMP, as part of their remuneration.

	2023 $'000	2022 $'000
Balance at beginning of year	48,924	43,321
Share-based payments expense	7,033	5,603
Transfer to contributed equity on exercise of options	-	-
Transfer to retained earnings on cancellation of employee shares	-	-
Balance at end of year	55,957	48,924

Cash flow hedge reserve

The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.

	2023 $'000	2022 $'000
Balance at beginning of year	1,334	(1,078)
Mark to market unrealised gain / (loss) on interest rate swap contracts	(1,334)	2,412
Balance at end of year	-	1,334

Other equity reserve

The Other equity reserve recorded movements in the Group's equity in a partly-owned subsidiary (INTI) after recognising changes to non-controlling interests. The Group's investment in INTI was disposed during FY23.

	2023 $'000	2022 $'000
Balance at beginning of year	(3,143)	(3,143)
Change to equity investment in INTI	-	-
Balance at end of year	(3,143)	(3,143)

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are recognised in Other Comprehensive Income as described in Note 1C and accumulated in a separate reserve within equity. Exchange differences arising on monetary items that form part of the reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity. In the Group's financial

statements that include the foreign operation and the reporting entity, such exchange differences are recognised initially in other comprehensive income. The cumulative amount is reclassified to profit and loss when the net investment is disposed of except for cumulative exchange differences relating to non-controlling interests.

	2023 $'000	2022 $'000
Balance at beginning of year	100,580	49,783
Foreign exchange translation differences (net of tax)	17,044	50,797
Balance at end of year	117,624	100,580

NOTE 21 – RETAINED EARNINGS

	2023 $'000	2022 $'000
Retained earnings at the beginning of the period	(840,349)	(559,063)
Transfer from share-based payments reserve re lapsed employee shares	-	-
Net (loss) / profit attributable to members	117,249	(281,286)
Dividend paid	(46,669)	-
Retained earnings at the end of the period	(769,770)	(840,349)

NOTE 22 – NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

A. Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position and for the purposes of the Statement of Cash Flows comprise cash at bank and in hand (excluding restricted cash) and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents at the end of the year as shown in the Statement of Financial Position and the Statement of Cash Flows comprise the following:

	2023 $'000	2022 $'000
Cash at bank and on hand	92,616	96,672

Cash at bank attracts floating interest at current market rates.

B. Reconciliation of net profit after income tax to net cash used in operating activities

	2023 $'000	2022 $'000
Net (loss) / profit after income tax	117,157	(291,893)
Adjustments for:		
Depreciation	12,114	19,898
Amortisation of intangibles and borrowing costs	63,668	62,483
Share-based payments	7,033	5,603
Discount unwind earn-out and deferred consideration liabilities	18,396	16,799
Other (net) finance expenses	296	9,528
Movement in earn-out liability - reassessment	(24,283)	(81,596)
Asset impairments	74,440	192,023
Fair value adjustment convertible notes derivative	2,702	-
Loss / (gain) on modification of syndicated loan facility	-	4,866
Profit on sale of land	-	(3,683)
Loss on disposal INTI	3,058	-
Profit on sale MCS	(433,668)	-
Reversal of impairment on sale of Retail Generics	(82,519)	-
Net unrealised foreign exchange differences	8,796	1
Non-cash provisions	(5,316)	4,221
Changes in tax balances		
Decrease / (increase) in deferred tax assets	69,200	68,272
Increase / (decrease) in current and deferred tax liabilities	(19,206)	(4,853)
Operating cash flows before working capital movements	(188,132)	1,669
Changes in working capital		
Decrease / (Increase) in receivables	118,703	(66,124)
Decrease / (Increase) in inventories	(12,126)	(2,412)
(Increase) / decrease in other assets	(6,475)	4,244
(Decrease) / increase in creditors	45,316	60,730
Increase / (decrease) in provisions	2	(5,313)
Working capital (investment) / release	145,420	(8,875)
Net cash from operating activities	(42,712)	(7,206)

NOTE 23 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash, short-term deposits, marketable securities, receivables, payables, convertible notes and interest rate swaps.

The Group manages its exposure to key financial risks, including credit risk, interest rate risk, currency risk and liquidity risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Risk exposures and responses

Interest rate risk

The Group's main interest rate risk arises from cash and marketable securities. Cash and marketable securities earn variable rates expose the Group to cash flow interest rate risk. During the year the Group's cash and marketable securities at variable rates were denoted in USD and AUD.

As at the end of the reporting period, the Group had the following variable rate borrowings outstanding:

	2023 $'000	2022 $'000
Variable Interest-bearing loans and borrowings	10,810	404,756
Less Face value of interest rate swaps	-	(108,822)
Net variable interest rate exposure	10,810	295,934

The Group partially hedged the USD and AUD interest rate exposures in the prior period by entering into interest rate swap contracts. At 30 June 2023 there were no interest rate swaps in place (2022: US$75m).

USD interest rate swaps with a face value of US$75m matured in December 2022 and were not renewed.

The variable interest rate risk on borrowings is partially off-set by the variable interest rate risk of cash at bank and marketable securities.

	2023 $'000	2022 $'000
Cash at bank and on hand	96,616	96,672
Marketable securities	127,526	-

The following sensitivity analysis is based on the interest rate risk exposures in existence at reporting date. At reporting date, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net profit and equity would have been affected as follows:

	NET PROFIT/(LOSS)		EQUITY	
		HIGHER/(LOWER)		HIGHER/(LOWER)
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
US interest rates +0.5% (50 basis points)	685	(417)	-	-
AUD interest rates +0.5% (50 basis points)	397	(577)	-	-

The movements are due to higher/lower interest expense on borrowings less/plus lower/higher interest revenue from cash balances and marketable securities. Possible movements in interest rates were determined based on the current observable market environment.

Foreign currency risk

The Group has significant transactional currency exposures arising from sales and purchases in currencies other than the functional currency of the parent entity. Approximately 75% of the Group's revenues and 69% of the Group's costs are denominated in currencies other than the functional currency of the parent entity.

From time to time, the Company enters into FX contracts to manage the FX exposure of the Company relating to loans advanced to US subsidiaries denoted in USD. No FX contracts were outstanding at reporting date relating to intra-group loans.

The Group also holds assets and liabilities in US dollars (USD), British pounds (GBP), Japanese yen (JPY), Canadian dollars (CAD) and Euro (EUR). The existence of both assets and liabilities denominated in USD provides a limited natural hedge against adverse currency movements for USD denoted exposures.

At balance date the Group's only significant foreign exchange exposure was to US dollar monetary assets and US dollar monetary liabilities as shown in the table below:

	A$'000 30 JUNE 2023	A$'000 30 JUNE 2022
Cash at bank	8,283	7,172
Trade receivables	9,252	998
Intra Group loans receivable	104,495	211,542
Prepayments and current financial assets	-	5,687
Trade and other payables	(586)	(3,677)
Other financial liabilities	(16,372)	(792)
Interest-bearing borrowings	-	(217,644)
Net exposure which may impact Net Profit/(Loss)	105,073	3,287
Intra Group loans receivable	120,482	116,077
Net exposure which may impact equity	120,482	116,077

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	NET PROFIT/(LOSS)		EQUITY	
	HIGHER/(LOWER)			HIGHER/(LOWER)
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
AUD/USD +5%	(5,003)	(157)	(5,737)	(5,527)
AUD/USD -5%	5,530	173	(6,341)	6,109

The movements are due to foreign currency gains or losses as a result of changes in the balances of cash, borrowings, and the net of receivables and payables.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, interest rate swaps and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the financial assets.

The Group does not hold any credit derivatives to offset its credit exposure. The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested. The Group holds limited credit insurance in the US which would only apply for small customers in the US.

Management of credit risk

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, experience and industry reputation.

Approximately 27% of the Group's 2023 revenue was derived from the three largest customers which is not unusual for operations in the US pharmaceutical market where most of both branded and generic sales are made to a small number of key wholesale and retail organisations. The Group had three customers who comprised approximately 41% of the total trade receivables balance at reporting date. These customers were operating within agreed trading terms at the end of the FY23 period.

The Group believes that there is minimal credit risk on the above key customer concentration as there has never been any default on their obligations and they are major US pharmaceutical wholesale/retail organisations with investment grade credit ratings. The Group does not hold collateral as security.

Impairment of financial assets is considered using a forward-looking expected credit loss ('ECL') approach. Receivables are monitored on an ongoing basis. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The impact of COVID-19 was considered and had no material impact.

Financial assets included on the Consolidated Statement of Financial Position that potentially subject the Group to concentration of credit risk consist principally of cash and cash equivalents, marketable securities and trade receivables. The Group minimises this concentration of risk by placing its cash and cash equivalents with financial institutions that maintain superior independent credit ratings to limit the degree of credit exposure. The maximum exposures to credit risk as at 30 June 2023 in relation to each class of recognised financial assets is the carrying amount of those assets, as indicated in the Consolidated Statement of Financial Position.

Credit quality of financial assets:

	2023 $'000	2022 $'000
Cash and cash equivalents[1]	92,616	96,672
Marketable securities[2]	127,526	-
Trade and other receivables[3]	194,887	268,241
	415,029	364,913

Notes:
1. Minimum of S&P AA rated counterparty with which deposits are held.
2. Marketable securities are an investment in a money market fund with underlying investments in short term US government debt and repurchase obligations. These are not considered to have significant credit risk exposure given the credit quality of the underlying instruments of the fund.
3. At period end 2023 trade receivables were $177,395,000, with 87% of trade receivables within trading terms.

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility using loans and cash and short-term deposits sufficient to meet the Group's current cash requirements. Risk is managed by spreading liability commitments.

The Board manages liquidity risk by monitoring, monthly, the total cash inflows and outflows expected over the budget and forecast period.

The following table discloses the remaining contractual maturities for the Group's liquid financial assets and liabilities based on undiscounted cash flows and exclude cash flows relating to interest or line fees on interest bearing loans and borrowings. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

	LESS THAN 6 MONTHS $'000	6 TO 12 MONTHS $'000	1 TO 5 YEARS $'000	GREATER THAN 5 YEARS $'000	TOTAL $'000
30 June 2023					
Liquid financial assets					
Cash and cash equivalents	92,616	-	-	-	92,616
Marketable securities	127,526	-	-	-	127,526
Trade and other receivables	194,887	-	-	-	194,887
	415,029	-	-	-	415,029
Financial liabilities					
Trade and other payables	(246,513)	-	-	-	(246,513)
Interest-bearing loans and borrowings	(12,643)	(1,833)	(46,358)	-	(60,835)
Other financial liabilities	(11,840)	(11,840)	(186,988)	(327,110)	(537,777)
	(270,996)	(13,673)	(233,346)	(327,110)	(845,125)
Net inflow/(outflow)	144,033	(13,673)	(233,346)	(327,110)	(430,096)

The proceeds from the sale of the MCS business were be used to repay the syndicated loan facility which is included in interest bearing loans and borrowings due in less than 6 months at 30 June 2022.

	LESS THAN 6 MONTHS $'000	6 TO 12 MONTHS $'000	1 TO 5 YEARS $'000	GREATER THAN 5 YEARS $'000	TOTAL $'000
30 June 2022					
Liquid financial assets					
Cash and cash equivalents	96,672	-	-	-	96,672
Trade and other receivables	268,241	-	-	-	268,241
	364,913	-	-	-	364,913
Financial liabilities					
Trade and other payables	(168,691)	-	-	-	(168,691)
Interest-bearing loans and borrowings	(408,564)	(1,297)	(5,718)	(626)	(416,204)
Other financial liabilities	(27,188)	(2,326)	(28,172)	(178,939)	(236,626)
	(604,443)	(3,623)	(33,890)	(179,565)	(821,521)
Net inflow/(outflow)	(239,530)	(3,623)	(33,890)	(179,565)	(456,608)

The Group has undrawn receivables financing of US$42.8m available at reporting date (subject to available qualifying receivables). Refer Note 16. Included in other financial liabilities are earn-outs which are payable on achieving a predetermined sales performance and deferred consideration which is only payable upon market events such as FDA approval or no new generic competitor entering the relevant market. As a result, payment of such liabilities will, either in full or in part, be funded from operating activities.

NOTE 24 – FAIR VALUE MEASUREMENT

Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for fair value measurement.

External valuers are involved for valuation of significant assets and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the significant inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Group's external valuers provide the valuation results. The results and underlying assumptions are discussed with the Audit & Risk Committee.

For fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are recognised in the financial statements.

	CARRYING AMOUNT		FAIR VALUE	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Assets				
Mark to market valuation - interest rate swap contracts	-	1,334	-	1,334
Liabilities				
Interest bearing liability - receivables finance facility	10,810	-	10,810	-
Interest bearing liability – convertible note	28,480	-	28,718	-
Derivative relating to convertible notes	12,445	-	12,445	-
Earn-out and deferred consideration liabilities	283,710	126,114	283,710	126,114

Cash and short-term deposits and trade and other receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Interest rate swaps represent the Mark to Market value of open contracts at reporting date.

The earn-out liabilities payable utilises present value calculation techniques that are not based on observable market data. The key inputs are forecast sales and gross margin.

At balance date the Group has assessed the amount expected to be paid for contingent amounts outlined in the asset purchase agreements, using best estimates as to timing and likelihood of payments.

Set out below are the significant unobservable inputs to valuation as at 30 June 2023:

Earn-out / deferred consideration	Valuation technique	Significant unobservable inputs	Input used	Sensitivity of the input to fair value
Mithra-NEXTSTELLIS® – deferred consideration liability	DCF	Forecast net sales		5% increase (decrease) in net sales would change the expected timing of milestone payments resulting in an increase (decrease) in fair value by $3.3m / ($8.9m).
		WACC	10.2%	1% increase / (decrease) in the WACC would result in decrease / (increase) in fair value by $5.7m / ($6.1m).
TXMD assets – deferred consideration liability	DCF	Forecast net sales		5% increase (decrease) in net sales would change the expected timing of milestone payments resulting in an increase (decrease) in fair value by $6.6m / ($6.7m).
		WACC	10.2%	1% increase / (decrease) in the WACC would result in decrease / (increase) in fair value by $7.4m / ($8.1m).

Assets and liabilities measured at fair value

As at 30 June 2022, the Group held the following financial instruments carried at fair value in the Statement of Financial Position:

	LEVEL 2		LEVEL 3	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Financial Assets				
Mark to market valuation – interest rate swap contracts	-	1,334	-	-
Financial Liabilities				
Derivative relating to convertible notes	-	-	12,445	-
Earn-out and deferred consideration liabilities	-	-	283,710	126,114

Reconciliation of fair value measurements of Level 3 financial instruments

The Group carries earn-out and deferred consideration liabilities classified as Level 3 within the fair value hierarchy.

A reconciliation of the beginning and closing balances including movements is summarised below:

	2023 $'000 DERIVATIVE RELATING TO CONVERTIBLE NOTES	2022 $'000 DERIVATIVE RELATING TO CONVERTIBLE NOTES	2023 $'000 EARN-OUT & DEFERRED CONSIDERATION LIABILITIES	2022 $'000 EARN-OUT & DEFERRED CONSIDERATION LIABILITIES
Opening balance	-	-	126,114	196,841
Additions recognised for acquisitions made during current year	9,743	-	176,944	4,070
Change in fair value attributable to the unwinding of the discounting	-	-	18,396	16,799
Movement in undiscounted fair value	2,702	-	(24,283)	(81,596)
Amounts settled	-	-	(21,621)	(21,839)
Restatement of foreign currency balances	-	-	8,160	11,839
Closing balance	12,445	-	283,710	126,114

NOTE 25 – RELATED PARTY DISCLOSURES

A. Subsidiaries

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

	COUNTRY OF INCORPORATION	% EQUITY INTEREST 2023	% EQUITY INTEREST 2022
Mayne Pharma International Pty Ltd	Australia	100	100
Mayne Products Pty Ltd[1]	Australia	100	100
Mayne Pharma UK Limited[1]	United Kingdom	100	100
Mayne Holdings US Inc	United States	100	-
Mayne Pharma Commercial LLC (formerly Mayne Pharma Inc)	United States	100	100
Mayne Pharma Ventures Pty Ltd	Australia	100	100
Mayne Pharma Ventures LLC[1]	United States	100	100
Swan Pharmaceuticals LLC[1]	United States	100	100
Inhibitor Therapeutics Inc[2]	United States	-	53.5
Mayne Pharma SIP Pty Ltd	Australia	100	100
Mayne Pharma LLC	United States	100	100
Mayne Pharma (Ireland) Limited[1]	Ireland	100	100
Adelaide Apothecary LLC	United States	100	100

Note: 1. Dormant subsidiaries.
2. Mayne Pharma ceased to hold control of Inhibitor Therapeutics Inc (INTI) effective 14 December 2022.

B. Ultimate parent

Mayne Pharma Group Limited is the ultimate parent entity.

C. KMP Compensation

	2023 $'000	2022 $'000
Short-term employee benefits	4,269	3,284
Termination payments	2,143	-
Post-employment benefits	84	106
Long-term benefits	(39)	52
Share-based payments [1]	2,754	1,901
	9,211	5,343

Note: 1. Includes expense acceleration for terminating employees of $1,536,000

D. Transactions with related parties

The Company had no other transactions with KMP or other related parties during the financial years ended 30 June 2023 or 30 June 2022.

Amounts owing to Directors, Director-related parties and other related parties at 30 June 2023 and 30 June 2022 were nil.

NOTE 26 – AUDITOR'S REMUNERATION

	2023 $	2022 $
Amounts received or due and receivable by EY for		
Fees for auditing the statutory financial report of the Group	990,950	709,600
Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Fees for other assurance and agreed upon procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	-	-
Fees for other services:		
Tax compliance services	302,535[2]	188,402
Other services	-	18,535
	1,293,485	916,537

	2023 $	2022 $
Amounts received or due and receivable by overseas member firms of EY Australia		
Fees for auditing the statutory financial report of the Group	1,226,110	673,643
Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Fees for other assurance and agreed upon procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	656,911[1]	491,095[1]
Fees for other services:		
Tax compliance and advisory services	1,248,187[2]	363,571
	3,131,208	1,528,310

Note: 1. Audit services relate to the MCS divestment.
2. Includes advice in relation to the MCS divestment.

The above non-audit services from member firms are invoiced in USD to Mayne Pharma Commercial LLC and are subject to foreign currency translation.

NOTE 27 - SHARE-BASED PAYMENT PLANS

The expense recognised for employee services received during the year is shown in the table below:

	2023 $'000	2022 $'000
Expense arising from equity-settled share-based payment transactions continuing operations	6,776	4,577
Expense arising from equity-settled share-based payment transactions discontinued operations	257	1,026
Total expense arising from equity-settled share-based payment transactions	7,033	5,603

Share-based payment transactions – recognition and measurement

The Group provides benefits to its employees (including KMP) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). If an employee leaves the Group prior to the vesting and the employee hasn't met the qualifying period of service or is not otherwise considered a 'good leaver', any share-based payment previously granted to the employee will normally be forfeited. Where an employee leaves the Group after the vesting but prior to the expiry of share-based payments granted, the employee normally has 12 months in which to exercise or the shares or options will lapse. If the Company's Employee Share Option Plan was cancelled, this would not affect the rights of employees in relation to previously issued share-based payments.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate option-pricing model, depending on the complexity of the exercise conditions. The cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

The Group engaged an accredited independent valuer to determine the fair value of options issued at the date at which they are granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the vesting period.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (refer to Note 7).

Significant accounting estimates and assumptions

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate option-pricing model depending on the complexity of the exercise conditions with both the Black Scholes option-pricing model and the Monte Carlo Simulation option-pricing model utilised during the period. The specific assumptions applied to the options issued during the year are provided in this note. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Performance Rights and Option Plan (PROP)

An employee share option plan (formerly known as the Employee Share Option Plan or ESOP) is in place where employees of the Company may be issued with options over the ordinary shares of the Company. Shareholders last approved the plan at the AGM held on 9 November 2012. The options, issued for nil consideration, are issued in accordance with guidelines established by the Directors of the Company.

Each employee option converts to one ordinary share in the Company upon exercise. The options carry neither rights to dividends, nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The exercise price is set by reference to the volume weighted average price at which the Company's shares trade on the Australian Securities Exchange (ASX) across an agreed period. The contractual term varies across the various issues but generally ranges from three to six years and there are no cash settlement alternatives for employees although there is net of tax settlement alternative available when employees are unable to trade to meet withholding tax obligations.

The plan was updated during the prior year to allow for the provision of performance rights to employees. Performance rights have similar characteristics as options except that they have a nil exercise price.

The tables below show the options which were outstanding during the year ended 30 June 2023.

	2023 NUMBER OF OPTIONS	2023 WEIGHTED AVERAGE EXERCISE VALUE $	2022 NUMBER OF OPTIONS	2022 WEIGHTED AVERAGE EXERCISE VALUE $
Balance at beginning of year	16,706,827	$0.33	16,706,827	$0.3322
Granted during the year	-	-	-	-
Exercised during financial year	-	-	-	-
Share consolidation 20:1	(15,871,489)	$6.31		
Forfeitures and lapses	(140,016)	$0.04	-	-
Balance at end of year	695,322	$6.68	16,706,827	$0.3322

Share Options granted to employees

No options were issued to US executives under the PROP during the year ended 30 June 2023 (30 June 2022: nil).

Performance Rights granted to employees

The tables below show the performance rights which were outstanding during the year ended 30 June 2023.

	EXPIRY DATE	BALANCE AT BEGINNING OF YEAR NUMBER	IMPACT OF 20:1 SHARE CONSOLIDATION NUMBER	GRANTED DURING THE YEAR NUMBER	EXERCISED DURING THE YEAR NUMBER	OTHER MOVEMENTS DURING THE YEAR NUMBER[1]	BALANCE AT END OF YEAR NUMBER
Year ended 30 June 2023							
Performance Rights	30 Sep 2024	13,315,277	(12,649,529)	-	-	(34,549)	631,199
Performance Rights	30 Sep 2025	12,096,576	(11,491,775)	-	-	(74,116)	530,685
Performance Rights	31 Mar 2026	1,994,634	(1,894,905)	-	-	(18,231)	81,498
Performance Rights	30 Sep 2026	32,436,149	(30,814,375)	-	-	(174,571)	1,447,203
Performance Rights	10 Sep 2023	-		42,625	-	-	42,625
Performance Rights	30 Sep 2027	-	-	1,281,976	-	(16,848)	1,265,128
Performance Rights	30 Sep 2025	-	-	375,263	-	(14,705)	360,558
		59,842,636	(56,850,584)	1,699,865	-	(333,020)	4,358,896

Note: 1. Performance rights were forfeited on the termination of employment.

	EXPIRY DATE	BALANCE AT BEGINNING OF YEAR NUMBER	GRANTED DURING THE YEAR NUMBER	EXERCISED DURING THE YEAR NUMBER	OTHER MOVEMENTS DURING THE YEAR NUMBER[1]	BALANCE AT END OF YEAR NUMBER
Year ended 30 June 2022						
Performance Rights	30 Sep 2024	14,446,223	-	-	(1,130,946)	13,315,277
Performance Rights	30 Sep 2025	14,122,177	-	-	(2,025,601)	12,096,576
Performance Rights	31 Mar 2026	1,994,634	-	-	-	1,994,634
Performance Rights	30 Sep 2026	-	34,104,177	-	(1,668,028)	32,436,149
		30,563,034	34,104,177	-	(4,824,575)	59,842,636

Note: 1. Performance rights were forfeited on the termination of employment.

For performance rights granted during the financial year (treated as options for accounting purposes), the fair value of the performance rights granted was determined by valuation specialists, using the Monte Carlo Simulation option pricing model. The following inputs were used in the valuations:

	PERFORMANCE RIGHTS GRANTED 30 NOVEMBER 2022 [1]	PERFORMANCE RIGHTS GRANTED 16 MARCH 2023 (US)	PERFORMANCE RIGHTS GRANTED 16 MARCH 2023 (AU)
Number of shares (treated as options for accounting)	364,103	850,495	67,378
Monte Carlo Simulation model fair value	$3.033	$1.867	$1.845
Share price at grant date	$4.600	$3.57	$3.57
Exercise price	NIL	NIL	NIL
Expected volatility	45%	45%	45%
Expected option life	2.8yrs	2.5yrs	3.5yrs
Dividend yield	0%	0%	0%
Risk-free rate	3.0%	3.0%	3.0%

Note: 1. The grant of performance rights to the CEO were approved at the AGM on 30 November 2022 and, as per the AGM notice of meeting, the performance rights were provided to the CEO at a later date (actual date was 16 March 2023 - post the share consolidation). For accounting purposes, the grant date is considered to be the AGM approval date.

The base test price was set as $3.51. This means, in order to vest, the share price growth needs to be a minimum of 8% growth from a base of $3.51.

As the point of taxation of performance rights is different for Australian and US employees (which influences the timing for exercising vested performance rights), the expected life and hence the valuation of performance rights also varies between Australian and US employees.

The expected volatility was determined based on historical volatility of the Company and of similar companies. The estimate reflects the likelihood that the volatility in financial markets over the next three to five years will be less extreme than that experienced during the global financial crisis and considers the likely stabilising impact of the capital raisings. The expected life of the share options is based on historical data and current expectations and is not necessarily reflective of exercise patterns that may eventuate.

A key change for the FY23 LTI grants was that the vesting is based on one test only at 3 years with no retesting. Previous grants comprised three tranches with retesting each year in the first three years and then further retesting six monthly up to expiry at five years.

For the FY23 grants, the base test price used to determine vesting was set based on the average of the daily VWAP for the a 10 day VWAP (5 days prior to and 5 days following release of FY23 results.

The table below illustrates the required growth rates at a TSR CAGR of 8% pa and a TSR CAGR of 15% for the FY23 grant which would represent 20% vesting and 100% vesting respectively:

	Absolute TSR CAGR	Vesting	Year 3
Threshold performance	TSR CAGR 8%	20% vesting	TSR +26% from base year
Target performance	TSR CAGR 15%	100% vesting	TSR +52% from base year

For the performance rights with an expiry date of 30 September 2025, vesting is based on continued employment only with vesting occurring on the first anniversary after the base test date.

The Company also issued 375,263 performance rights which only require employees to remain employees as at 1 September 2023 for the rights to vest. As these performance rights do not include a market hurdle vesting condition, these instruments are valued based on the share price at the date granted which was $3.51.

Shares granted to employees

Under the ESLS and SLS, eligible employees acquire shares in the Company funded by a limited-recourse loan from the Group. While shares are acquired under the plan for legal and taxation purposes, Australian Accounting Standards require the shares be treated as options for accounting purposes. As a result, the amounts receivable from employees in relation to these loans are not recognised in the financial statements.

The number of notional shares granted to employees under the ESLS is set out below:

Year ended 30 June 2023	GRANT DATE	EXPIRY DATE	LOAN VALUE PER SHARE (POST CONSOLIDATION)	NUMBER HELD AT 1 JULY 2022	IMPACT OF 20:1 SHARE CONSOLIDATION	NUMBER GRANTED DURING YEAR	NUMBER LAPSED, FORFEITED OR CANCELLED DURING THE YEAR (PRE-CONSOLIDATION	NUMBER LAPSED, FORFEITED OR CANCELLED DURING THE YEAR (POST CONSOLIDATION)[2]	NUMBER HELD AT 30 JUNE 2023
Unlisted shares	3 Jul 17	31 Jul 22	$22.614	12,714,869	-	-	(12,714,869)	-	-
Unlisted shares	28 Sep 17	31 Jul 22	$13.262	5,287,170	-	-	(5,287,170)	-	-
Unlisted shares	26 Oct 17	31 Jul 22	$14.142	414,359	-	-	(414,359)	-	-
Unlisted shares	7 Dec 17	31 Jul 22	$12.338	6,608,851	-	-	(6,608,851)	-	-
Unlisted shares	23 Mar 18	31 Mar 23	$15.240	23,151,674	(21,994,090)	-	-	(1,157,584)	-
Unlisted shares	3 Sep 18	1 Oct 2023	$22.652	1,902,000	(1,806,900)	-	-	(7,600)	87,500
Unlisted shares	1 Oct 2018	1 Oct 2023	$25.504	796,754	(756,917)	-	-	-	39,837
Unlisted shares	8 Oct 2018	1 Oct 2023	$25.818	2,489,627	(2,365,146)	-	-	-	124,481
Unlisted shares	6 Dec 2018	1 Oct 2023	$19.392	6,229,373	(5,917,905)	-	-	-	311,468
Unlisted shares	29 Sep 2019	30 Sep 2024	$10.302	11,411,068	(10,840,520)	-	-	-	570,548
Unlisted shares	29 Nov 2019	30 Sep 2024	$9.390	5,145,686	(4,888,402)	-	-	-	257,284
Unlisted shares	15 Sep 2020	30 Sep 2025	$6.618	10,409,778	(9,889,291)	-	-	-	520,487
Unlisted shares	26 Sep 2020	30 Sep 2025	$7.294	318,438	(302,517)	-	-	-	15,921
Unlisted shares	1 Dec 2020	30 Sep 2025	$7.108	8,643,782	(8,211,593)	-	-	-	432,189
				95,523,429	(66,973,281)	-	(25,025,249)	(1,165,184)	2,359,715

Note: 1. Loan values per share are based on post consolidation. Pre-consolidation loan values per share are as per the 30 June 2022 table below.
2. Shares forfeited by employees during the period have not been cancelled. Forfeited shares were transferred to an employee share trust pending new employee grants. New grants utilise shares which have been previously forfeited including shares forfeited in prior periods.

No loan shares were granted during the financial year.

Year ended 30 June 2022	GRANT DATE	EXPIRY DATE	LOAN VALUE PER SHARE	NUMBER HELD AT 1 JULY 2021	NUMBER GRANTED DURING YEAR	NUMBER EXERCISED DURING YEAR	NUMBER LAPSED, FORFEITED OR CANCELLED DURING THE YEAR[1]	NUMBER HELD AT 30 JUNE 2022
Unlisted shares	6 Dec 16	31 Jul 21	$1.5760	2,242,005	-	-	(2,242,005)	-
Unlisted shares	3 Jan 17	31 Jan 22	$1.3720	1,915,000	-	-	(1,915,000)	-
Unlisted shares	3 Jul 17	31 Jul 22	$1.1307	13,297,869	-	-	(583,000)	12,714,869
Unlisted shares	28 Sep 17	31 Jul 22	$0.6631	6,042,661	-	-	(755,491)	5,287,170
Unlisted shares	26 Oct 17	31 Jul 22	$0.7071	414,359	-	-	-	414,359
Unlisted shares	7 Dec 17	31 Jul 22	$0.6169	6,608,851	-	-	-	6,608,851
Unlisted shares	23 Mar 18	31 Mar 23	$0.7620	25,602,474	-	-	(2,450,800)	23,151,674
Unlisted shares	3 Sep 18	1 Oct 2023	$1.1326	2,296,000	-	-	(394,000)	1,902,000
Unlisted shares	1 Oct 2018	1 Oct 2023	$1.2752	796,754	-	-	-	796,754
Unlisted shares	8 Oct 2018	1 Oct 2023	$1.2909	2,489,627	-	-	-	2,489,627
Unlisted shares	6 Dec 2018	1 Oct 2023	$0.9696	6,229,373	-	-	-	6,229,373
Unlisted shares	29 Sep 2019	30 Sep 2024	$0.5151	11,411,068	-	-	-	11,411,068
Unlisted shares	29 Nov 2019	30 Sep 2024	$0.4695	5,145,686	-	-	-	5,145,686
Unlisted shares	15 Sep 2020	30 Sep 2025	$0.3309	10,409,778	-	-	-	10,409,778
Unlisted shares	26 Sep 2020	30 Sep 2025	$0.3647	318,438	-	-	-	318,438
Unlisted shares	1 Dec 2020	30 Sep 2025	$0.3554	8,643,782	-	-	-	8,643,782
				103,863,725	-	-	(8,340,296)	95,523,429

Note: 1. Shares forfeited by employees during the period have not been cancelled. Forfeited shares were transferred to an employee share trust pending new employee grants. New grants utilise shares which have been previously forfeited including shares forfeited in prior periods.

Details of plans granted prior to FY23

The ESLS and SLS allows the issue of shares to participants based on a percentage of fixed remuneration funded by a limited-recourse, interest free, five-year loan for the sole purpose of acquiring the shares. Issues are typically made annually to KMP and other senior executives who, at the time of the grant, had foregone an STI entitlement. These shares vest over three years subject to the achievement of hurdles based on increases in shareholder wealth created over that period. The shares are granted upfront based on the five-day volume weighted average price and remain restricted and subject to risk of forfeiture until the end of the vesting/performance period while the loan remains outstanding, with any unvested/unexercised shares lapsing 49 months after the first test date.

Vesting of loan shares, options and rights (granted in FY21 and FY22) is based on the absolute Total Shareholder Return (TSR) measured over the relevant vesting period, 20% vesting if a TSR Compound Annual Growth (CAGR) of 8% is achieved, rising to 100% vesting for achievement of a TSR CAGR of 15%. Vesting will occur on a straight-line basis for performance between these two points. The number/proportion of shares that vest for years prior to FY21 grants is based on the absolute Total Shareholder Return (TSR) over the period, with 50% vesting if a TSR of 5%. Compound Annual Growth (CAGR) is achieved, rising to 100% vesting for achievement of a TSR CAGR of 10%. Vesting will occur on a straight-line basis for performance between these two points.

If the CAGR performance conditions are met, 20% vest after the first test date, 30% after the second test date and the balance after the third test date. Vesting can occur over a period of 5 years (including six monthly in years 4 and 5) from the date of the grant, but the TSR vesting condition continues to compound in years 4 and 5.

Following the end of the applicable vesting period, if the vesting conditions are met the ESLS shares will vest and the participant will then have until the end of the five-year term, plus one month, to repay the loan.

Any dividends paid on the shares while the ESLS are restricted are applied (on a notional after-tax basis) towards repaying the loan.

Base test dates for grants after 31 December 2017 are either 1 March or 1 September to align with results announcements. This progressive vesting schedule can provide a rolling benefit to senior executives in the absence of a short-term incentive.

In the event of a Corporate Control Event, the TSR will be measured from the base test date to the date of the Control Event date and LTI shares will vest immediately if the TSR hurdles are met. If any unvested shares do not automatically vest as a result of the Corporate Control Event, the Board may otherwise determine that some or all of those shares become vested shares.

NOTE 28 – PARENT ENTITY DISCLOSURES

Financial position

	2023 $'000	2022 $'000
Assets		
Current assets	78,698	15,397
Non-current assets	508,956	794,027
Total assets	587,654	809,424
Liabilities		
Current liabilities	15,799	353,758
Non-current liabilities	50,029	-
Total liabilities	65,828	353,757
Net assets	521,826	455,668
Equity		
Issued capital	1,233,692	1,238,537
Reserves	52,836	47,137
Accumulated losses	(764,702)	(830,006)
Total equity	521,826	455,668

Financial performance

	2023 $'000	2022 $'000
Profit/(Loss) for the year	111,973	(189,141)
Other comprehensive income	(1,334)	8,015
Total comprehensive income	110,639	(181,126)

The parent entity has written down the value of its investment in subsidiaries due to the impairments in those subsidiaries.

NOTE 29 – COMMITMENTS AND CONTINGENCIES

A. Commitments

Capital Commitments

The Group had $3.7m of contractual obligations for the purchase of capital equipment as at 30 June 2023 (2022: $4.0m).

B. Contingencies

Some Mayne Pharma companies are, or will likely in the future, be subject to various legal proceedings and investigations that arise from time to time. These may include proceedings regarding product liability and personal injury, sales and marketing practices, continuous disclosure obligations, commercial disputes or antitrust and intellectual property matters. As a result, the Group may become subject to substantial liabilities that may not be covered by insurance and that could affect our business, financial position and reputation. Litigation is inherently unpredictable and large judgements sometimes occur. Consequently, Mayne Pharma may in the future incur judgements or enter into settlements of claims that could have a material adverse effect on its operating results and/or cash flow.

Mayne Pharma has not made provisions for potential damage or other remedies for legal claims against it or its subsidiaries where Mayne Pharma currently believes that a payment is either not probable or cannot be reliably estimated.

Summary of significant investigations and legal proceedings currently brought against the Company seeking damages or other remedies

Except as specified below under the heading 'Other Matters', all these legal claims and allegations are being vigorously contested. Except as specified below under the heading 'Other Matters', no payment is considered probable and possible related amounts cannot be reliably estimated and as such no amounts have been provided at reporting date.

Drug pricing matters – investigations

In FY16, Mayne Pharma Inc received a subpoena from the Antitrust Division of the US Department of Justice and the Office of the Attorney General in the State of Connecticut seeking information relating to the marketing, pricing and sales of select generic products.

In May 2018, Mayne Pharma Inc received a Civil Investigative Demand from the Civil Division of the US Department of Justice, seeking similar information in connection with a False Claims Act investigation stemming from alleged anticompetitive conduct.

Mayne Pharma fully cooperated with these investigations, which appeared to focus on the generic doxycycline hyclate delayed-release market, and to be part of a broader inquiry into industry practices. Mayne has not had substantive communications with the Antitrust Division since late 2016, and the Antitrust Division has not indicated that it intends to bring criminal charges against the company or conduct any further investigation of Mayne Pharma. Likewise, Mayne Pharma has not had any contact with the Civil Division since late 2018, and the Civil Division also has not indicated that it intends to bring civil claims against the company or conduct any further investigation of Mayne Pharma.

Drug pricing matters - litigation

In the last few years, Mayne Pharma Inc has been sued alongside other generic pharmaceutical companies in civil complaints alleging anticompetitive conduct in the sale of generic drugs with claims related to drugs sold by Mayne Pharma as well as allegations that all defendants were part of an overarching, industry wide conspiracy to allocate markets and fix prices generally. The civil complaints include a complaint by the attorneys general of 45 US states, the District of Columbia and the Commonwealth of Puerto Rico, and class action lawsuits filed by direct purchasers (including one in Canada), indirect purchasers and indirect resellers, as well as lawsuits filed by opt out private plaintiffs and various county plaintiffs. The US cases have been consolidated into multidistrict litigation pending in the Eastern District of Pennsylvania. Mayne Pharma is strongly defending the allegations made in these civil complaints.

Federal Health care – investigation

In July 2021, the Company received a Civil Investigative Demand (CID) from the Civil Division of the US Department of Justice (DOJ) seeking information relating to claims submitted to federal health care programs and surrounding select branded products. Mayne Pharma is fully cooperating with this investigation.

In April 2023, the Company received subpoenas from the California Department of Insurance seeking information similar to that contained in the DOJ's above-referenced CID. Mayne Pharma is fully cooperating with this investigation.

Shareholder Class Action

In August 2021, Mayne Pharma was served with a class action proceeding in the Supreme Court of Victoria. The proceeding was brought by Phi Finney McDonald for the plaintiff and on behalf of all persons who acquired an interest in fully paid ordinary shares of Mayne Pharma, and/or American Depositary Receipts that represent Mayne Pharma shares, between 24 November 2014 and 15 December 2016. The proceeding alleges misleading or deceptive conduct and breaches of continuous disclosure obligations in respect of alleged anti-competitive conduct in the US that has been the subject of investigations by the US Department of Justice and the Office of the Attorney General in the State of Connecticut (mentioned above). The Company is vigorously defending the proceeding.

Paragraph IV Litigation

On February 20, 2020, TherapeuticsMD, Inc. (TherapeuticsMD) received a Paragraph IV certification notice letter (the IMVEXXY® Notice Letter) regarding an Abbreviated New Drug Application (ANDA) submitted to the US FDA (FDA) by Teva Pharmaceuticals USA, Inc. (Teva). The ANDA seeks approval from the FDA to commercially manufacture, use, or sell a generic version of the 4 mcg and 10 mcg doses of IMVEXXY®. In the IMVEXXY® Notice Letter, Teva alleges that the TherapeuticsMD patents listed in the FDA's Orange Book that claim compositions and methods of IMVEXXY® (the IMVEXXY® Patents) are invalid, unenforceable, and/or will not be infringed by Teva's commercial manufacture, use, or sale of its proposed generic drug product. The IMVEXXY® Patents identified in the IMVEXXY® Notice Letter expire in 2032 or 2033. On April 1, 2020, TherapeuticsMD filed a complaint for patent infringement against Teva in the United States District Court for the District of New Jersey arising from Teva's ANDA filing with the FDA. The complaint seeks, among other relief, an order that the effective date of any FDA approval of Teva's ANDA would be a date no earlier than the expiration of the IMVEXXY® Patents and equitable relief enjoining Teva from infringing the IMVEXXY® Patents. Teva has filed its answer and counterclaim to the complaint, alleging that the IMVEXXY® Patents are invalid and not infringed. In July 2021, following a proposal by Teva, the District Court entered an order temporarily staying all proceedings in the IMVEXXY® litigation, which order was filed under seal. In September 2021, the District Court made available a public version of the order following the parties' agreement to a consent motion to redact information Teva contended was confidential. The order provides that the statutory stay that prevents FDA from granting final approval of the ANDA for 30 months from the date

of the Notice Letter will be extended for the number of days that the stay of the IMVEXXY® litigation is in place. The length of the stay of the IMVEXXY® litigation is dependent on further action by Teva.

As a result of the transaction with TherapeuticsMD, which (i) granted Mayne Pharma an exclusive, sublicensable, perpetual, irrevocable licence under the patents asserted in Paragraph IV related litigation described above; and (ii) transferred to Mayne Pharma ownership of New Drug Application ("NDA") No. 208564, which was approved by the U.S. Food and Drug Administration (FDA) for the manufacture and sale of IMVEXXY® (estradiol vaginal inserts) 4 mcg and 10 mcg, Mayne Pharma LLC was added as a plaintiff to the Paragraph IV litigation.

Other matters

In July 2019, HedgePath, LLC (HP LLC), filed a civil action involving Inhibitor Therapeutics, Inc. (INTI) in the Delaware Court of Chancery suing Mayne Pharma Ventures Pty Ltd and certain INTI Directors and Officers. The action contains claims purportedly brought derivatively for INTI, as well as direct claims. The derivative claims revolve around alleged breaches of fiduciary duty and other wrongdoing including in connection with (i) the issuance of certain INTI equity securities to Mayne Pharma in early 2018, (ii) Mayne Pharma's alleged influence over the timing and conduct of INTI's clinical trials of SUBA®-itraconazole for the treatment of BCCNS, and (iii) amendments to a supply and licence agreement between INTI and Mayne Pharma and related transactions pursuant to which (among other terms) Mayne Pharma re-acquired from INTI the licensing rights to SUBA®-itraconazole for the BCCNS field. The complainant seeks unspecified damages, equitable and other relief from the defendants. In March 2020 a class action complaint was filed for INTI shareholders seeking damages from claims arising out of essentially the same facts covered in the HP LLC complaint.

In November 2021, Mayne Pharma, INTI, and the named director and officer defendants participated in a confidential mediation with the plaintiffs from both actions before the Honorable Stephen P. Lamb. The parties continued to engage in arms-length settlement discussions for approximately seven months before coming to an agreement-in-principle on a settlement of all claims in the actions in June 2022. The agreement-was approved by the Delaware Court of Chancery on 10 November 2022 and the settlement became effective on 12 December 2022. In consideration of the settlement:

- the parties signed definitive documentation and exchanged comprehensive releases in customary form;
- Mayne Pharma's insurers made a cash payment of US$14.25 million to INTI;
- Mayne Pharma cancelled all of its equity in INTI;
- Mayne Pharma terminated all of the existing licensing rights to INTI for SUBA®-Itraconazole in the remaining fields;
- INTI repaid to Mayne Pharma the US$411,000 that Mayne Pharma had extended in short-term financing to INTI; and
- Mayne Pharma wrote off its prepaid royalty to INTI in the amount of US$3.0 million. If certain contingent events occur in the future, Mayne Pharma would recapture some or all of that amount.

NOTE 30 – DIVIDENDS

A special fully franked dividend of 54 cents per share (on a post consolidation basis, 2.72 cents per share on pre-consolidation basis) was declared in relation to the period ended 31 December 2022 following the sale of the Metrics Contract Services (MCS) business and was paid on 27 January 2023. No final dividend has been declared in relation to the period ended 30 June 2023.

No dividends were paid or declared in the year ended 30 June 2022.

Franking credit balance

	2023 $'000	2022 $'000
Opening balance	20,285	20,285
Franking credits arising from payments (net of refunds)	-	-
Franking credits that will arise from the payment / (refunds) of income tax as at the end of the financial year	-	1,224
Franked dividend paid	(20,001)	
Franking credits available for future reporting periods	284	21,509

NOTE 31 – DEED OF CROSS GUARANTEE

As an entity subject to Class Order 2016/785, relief has been granted to Mayne Pharma International Pty Ltd (MPIPL) from the Corporations Act 2001 requirements for the preparation, audit and lodgement of their financial report.

As a condition of the Class Order, the Company and MPIPL entered into a Deed of Cross Guarantee on 28 June 2010. The effect of the deed is that the Company has guaranteed to pay any deficiency in the event of winding up of its controlled entity or if they do not meet their obligations under the terms of the liabilities subject to the guarantee. The controlled entity has also given a similar guarantee if the Company is wound up or if it does not meet its obligations under the terms of loans or other liabilities subject to the guarantee.

Set out below are a Consolidated Statement of Profit or Loss and Other Comprehensive Income and a summary of movements in consolidated retained earnings for the year ended 30 June 2023 of the closed group consisting of the Company and MPIPL.

(a) Consolidated Statement of Profit or Loss and Other Comprehensive Income and a summary of movements in retained earnings.

	CONSOLIDATED	
	2023 $'000	2022 $'000
Continuing operations		
Sale of goods	52,064	57,045
Services revenue	35,516	23,334
License fee income	418	-
Royalties revenue	778	881
Revenue	**88,777**	**81,260**
Cost of sales	(56,256)	(51,241)
Gross profit	**32,521**	**30,019**
Other income	29,435	31,119
Net profit on disposals (MCS, Retail Generics & INTI)	399,140	-
Transaction costs	(20,474)	-
Research and development expenses	(6,241)	(5,524)
Marketing expenses and distribution expenses	(7,544)	(4,560)
Amortisation expenses	(7,028)	(7,589)
Administration expenses and other expenses	(29,429)	(30,160)
Finance costs (net)	(20,012)	(16,116)
Impairments	(260,801)	(179,113)
Profit before income tax	**109,567**	**(181,924)**
Income tax (expense)/benefit	(2,728)	(3,907)
Net profit from continuing operations after income tax	**106,841**	**(185,831)**
Other comprehensive income for the period, net of tax	(1,334)	8,015
Total comprehensive income for the period attributable to owners of the parent	**105,505**	**(177,816)**

	2023 $'000	2022 $'000
Retained earnings at the beginning of the financial year	(713,561)	(527,730)
Transfer from reserve		-
Profit for the period	106,841	(185,831)
Dividend paid	(46,669)	-
Retained earnings at the end of the financial year	**(653,389)**	**(713,561)**

(b) Consolidated Statement of Financial Position

Set out below is a Consolidated Statement of Financial Position as at 30 June 2023 of the closed group consisting of the Company and MPIPL.

	2023 $'000	2022 $'000
Current assets		
Cash and cash equivalents	79,353	15,719
Trade and other receivables	25,773	14,084
Inventories	16,987	19,921
Other financial assets	-	1,334
Other current assets	2,542	7,108
Total current assets	**124,655**	**58,166**
Non-current assets		
Related party receivables	247,289	352,654
Investment in subsidiaries	269,611	434,014
Property, plant and equipment	40,502	44,705
Right-of-use assets	181	435
Deferred tax assets	4,722	4,360
Intangible assets and goodwill	30,364	49,625
Total non-current assets	**592,669**	**885,793**
Total assets	**717,324**	**943,959**
Current liabilities		
Trade and other payables	10,049	10,519
Interest-bearing loans and borrowings	107	342,535
Income tax payable	-	1,224
Other financial liabilities	20,096	792
Provisions	6,626	7,183
Total current liabilities	**36,878**	**362,253**
Non-current liabilities		
Interest-bearing loans and borrowings	28,553	165
Other financial liabilities	10,653	1,779
Provisions	302	280
Deferred tax liabilities	7,799	7,369
Total non-current liabilities	**47,307**	**9,593**
Total liabilities	**84,185**	**371,846**
Net assets	**633,139**	**572,113**
Equity		
Contributed equity	1,233,692	1,238,537
Reserves	52,836	47,137
Retained earnings / (accumulated losses)	(653,389)	(713,561)
Total equity	**633,139**	**572,113**

NOTE 32 – EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The Company announced the acquisition of RHOFADE® on 4 September 2023 for cash consideration of US$8m.

No other matter or circumstance has arisen since the reporting date which is not otherwise reflected in this report that significantly affected or may significantly affect the operations of the Group.

NOTE 33 – NEW AND REVISED ACCOUNTING STANDARDS

In the current year, the Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

The adoption of these new and revised Standards and Interpretations did not have any material financial impact on the amounts recognised in the financial statements of the Group, however they may have impacted the disclosures presented in the financial statements.

Accounting standards and interpretations issued but not yet effective

Amendments to AASB 101 *Presentation of Financial Statements* that will be effective for the Group for the year ended 30 June 25 will impact the classification of the Group's convertible note interest bearing liability, causing it to be classified as a current liability.

There are no other new Standards and Interpretation that were issued but not yet effective that the Group expects to have a material impact when applied.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Mayne Pharma Group Limited, we state that:

In the opinion of the Directors:

(a) The financial statements and notes of Mayne Pharma Group Limited for the financial year ended 30 June 2023 are in accordance with the Corporations Act 2001, including:

  (i) Giving a true and fair view of its financial position as at 30 June 2023 and performance for the financial year ended on that date; and

  (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

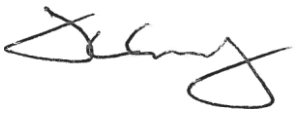
(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) There are reasonable grounds to believe that the members of the Closed Group identified in Note 31 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

(d) The financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 1A.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

On behalf of the Board





Mr Frank Condella
Chair

Mr Shawn Patrick O'Brien
Managing Director and CEO

Dated at Melbourne, Australia this 14th day of September 2023.



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Independent auditor's report to the members of Mayne Pharma Group Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Mayne Pharma Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Carrying value of intangible assets including goodwill

Why significant	How our audit addressed the key audit matter
At 30 June 2023, the Group held $617.3 million in intangible assets including, customer contracts and relationships, product rights and intellectual property, in-process development expenditure, marketing and distribution rights and trade names. These include both finite and indefinite lived intangible assets as disclosed in Note 14 of the financial report. At each reporting period, the Group assesses for indicators of impairment and where indicators are considered to exist undertakes an impairment test. The Group's assets are assessed either on an individual asset basis or in the Cash Generating Unit ("CGUs") to which the assets belong. Impairment indicators existed at both 31 December 2022 and 30 June 2023 in the form Group's net assets exceeding it led to impairment assessments being undertaken at both the 31 December 2022 and 30 June 2023 reporting dates with a total impairment charge during the year of $74.3 million recognised. Of this amount $69.2 million related to continuing operations and $5.1 million related to discontinued operations. The application of value in use versus fair value less cost of disposal methodology together with the range of judgments and assumptions relating to revenue growth, gross margins, operational costs, overhead costs, discount rates, disposal costs and market earnings multiples used in the Group's impairment assessments, and the sensitivity of the assessment to these assumptions, results in this area being considered a key audit matter. Note 14 of the financial report provides disclosure of the Group's impairment assessments and impairment charges recognised during the current year and highlights the impact of reasonably possible changes to key assumptions as required by Australian Accounting Standards.	We assessed the completeness of the Group's determination of impairment indicators and whether CGUs were appropriately identified. We tested the mathematical accuracy of the Group's value-in-use and fair value less cost of disposal models and evaluated the assumptions and methodologies used by the Group. Where appropriate, we involved our valuation specialists to assist with the execution of these procedures. In respect of the Group's impairment assessment of CGUs , our audit procedures included the following: ▸ Assessed the key judgments and estimates contained within the cash flows prepared by the Group with to available supporting calculations and ta (where available) including revenue es, gross margins and terminal growth rates. ▸ Assessed the current year actual results in comparison to the Board approved budgets and forecasts to assess forecast accuracy. ▸ Assessed the appropriateness of the discount rates for each CGU by comparing this to external market data of comparable companies. ▸ Assessed the identification of any products or pipeline products which have been discontinued and require specific impairment. ▸ Considered the reasonableness of earnings forecasts and earnings multiples utilised in determining market value within fair value less costs of disposal models against market transactions. ▸ Considered the earnings multiples implied by the recoverable amounts determined for each respective CGU against the earnings multiples of other comparable companies. ▸ Performed sensitivity analysis in respect of the key assumptions to ascertain the extent to which changes in those assumptions would either individually or collectively be required for the intangible assets to be impaired. ▸ Assessed the adequacy of disclosures made in the financial report as required by Australian Accounting Standards.

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Chargebacks, rebates, returns and related accruals ("gross to net sales adjustments")

Why significant	How our audit addressed the key audit matter
In respect of the Group's operations in the United States of America, distribution of products to its ultimate customer occurs in many cases through wholesale distributors. The ultimate net selling price received by the Group is determined based on the contractual arrangements the Group has with its indirect customers such as retail pharmacy chains and the ultimate patient's insurer or other payment programs, who purchase the Group's products from the wholesale distributors. Revenue for products sold is recognised when control of the goods is passed upon delivery to the distributor or retail customer. This requires an estimate of the variable consideration at that time, taking into consideration different elements such as chargebacks, government programs, rebates, returns, copay arrangements, managed care rebates and related accruals (collectively known as 'gross-to-net' sales adjustments). The estimate depends on factors impacting applicable price and rebate terms such as customer specific contract terms, government concession programs, end user insurance coverage and managed care programs as well as factors impacting the time lag between sale to customer and payment including inventories held by the distributor and retail customers as well as historical trend of customer product returns. The dispensing of the product to the patient (being the end users) and the final determination of the actual selling price may be several months later. This was a key audit matter as the estimation processes involve large volumes of data and requires judgment in calculating the Group's 'gross to net' sales adjustments, including the gross accrual and trade receivables (where chargebacks are recorded on a net basis) recorded at balance date. The gross to net accrued liabilities at 30 June 2022 were also restated to reflect higher customer inventory levels than initially estimated at the time of signing the 30 June 2022 financial report with a corresponding impact on the net loss after income tax.. The gross accrual accounted for against revenues amounted to $191.9 million at reporting date. The Group's accounting policies and significant accounting estimates for this key audit matter are disclosed in Note 2 of the financial report.	We performed audit procedures to test the integrity and accuracy of the data in the gross to net adjustments calculated by the contract management system. For each gross to net amount accrued, we agreed the material estimates, on a sample basis, to underlying supporting documentation such as actual sales, payments and invoices from gross to net external parties. For each of the estimated accruals, we tested the mathematical accuracy of the calculations and assessed the integrity of the data used in the calculations. We assessed the inputs used in the calculations including product returns, weighted average sales prices and inventory levels which remain unsold by the distributor and retail customers, taking into account historical trends and specific circumstances at reporting date, to the underlying supporting documentation. Based on the historical data and trends our audit procedures included the following: ▸ Assessed key judgments and estimates contained in management's accrual models including considering actual claims history to evaluate the Group's estimation of the gross to net sales adjustments. ▸ Agreed a sample of transactions processed in the contract management system to source documents such as signed customer contracts and claim details such as chargeback rates, product details, wholesaler details. ▸ Analysed credit notes and payments (on a sample basis) throughout the year and post year-end and assessed the impact to accruals recorded during the period. We assessed the calculation of the restatement of the gross to net liabilities and to the net loss after income tax in the 30 June 2022 comparatives and the disclosure of the restatement in accordance with Australian Accounting Standards.

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Group Restructure activities

Why significant	How our audit addressed the key audit matter
During the year ended 30 June 2023 the Group divested the intangible assets and the majority of the related inventory of the PPD Women's Health and PPD Other Cash Generating Units (collectively 'Retail Generics') and also divested Metrics Contract Services (MCS). The divestments have led to both Retail Generics and MCS being presented as discontinued operations in the consolidated financial statements. Presentation as a discontinued operation means that the results of each of the two operations are presented separately from continuing operations in the Statement of Profit and Loss and Other Comprehensive Income with comparative numbers for the year ended 30 June 2022 adjusted to be presented accordingly. This is a key audit matter as these divestments had a significant effect on the financial report with net cash proceeds from the two divestments of $855.3 million and a total gain on sale and reversal of accumulated impairment of $516.2 million included within the results of discontinued operations for the year ended 30 June 2023. Judgement is also required in identifying discontinued operations and separating the results of discontinued operations from continuing operations and determining the proceeds from each divestment against which the gain on sale is calculated. Note 6 of the financial report provides disclosure of the results of discontinued operations and significant assets and liabilities disposed.	Our audit procedures included the following: ▸ Reading the contracts of sale and related agreements to understand key terms and conditions. ▸ Assessed the appropriateness of the classification of each of Retail Generics and MCS as a discontinued operation against the requirements of AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations*. ▸ In respect of the gain on sale and reversal of accumulated impairment recognised: o Assessed the calculation of the transaction proceeds derived by the Group against the requirements of AASB 15 *Revenue from Contracts with Customers*. o Agreed cash consideration to bank statements and assessed the underlying carrying values of assets disposed to the pre-disposal financial records. o Checked the mathematical accuracy of the calculation of the gain on sale and reversal of accumulated impairment recognised. ▸ Assessed the appropriateness of income and expenses included within the results of discontinued operations for both the year ended 30 June 2023 and the relevant comparative amounts for the year ended 30 June 2022. ▸ Agreed a sample of amounts reported as transaction costs included within the results of discontinued operations to underlying supporting documentation such as invoices. ▸ Assessed the disclosure of the divestments and discontinued operation results in Note 6 to the financial statements.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

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error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

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In our opinion, the Remuneration Report of Mayne Pharma Group Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

David Petersen
Partner
Melbourne
14 September 2023

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For further information on Mayne Pharma's products, refer to the product section of the Company's website, http://www.maynepharma.com/products/us-products/ or http://www.maynepharma.com/products/australian-products/.

GLOSSARY

ANDA – Abbreviated New Drug Application. An application to market a generic drug in the US. Generic drug applications are called "abbreviated" because they are generally not required to include preclinical (animal) and clinical (human) data to establish safety and effectiveness. Instead, a generic applicant must scientifically demonstrate that its product is bioequivalent (i.e., performs in the same manner as the innovator drug). Once approved, an applicant may manufacture and market the generic drug product to provide a safe, effective, low-cost alternative to the American public.

API - Active Pharmaceutical Ingredient. An active ingredient is any component that provides pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease, or to affect the structure or any function of the body of man or animals.

BA – Bioavailability. A measure of the fraction of a drug that enters the systemic blood circulation after oral administration.

BE – Bioequivalence. Two drug products are considered bioequivalent if they exhibit the "same" Cmax, Tmax and AUC in a properly powered pharmacokinetic study. In other words, the two drug products have the "same" plot of "drug concentration in plasma" against "time". The actual definition of "same" when applied to the pharmacokinetic parameters varies from country to country. If two drug products are bioequivalent, then it is assumed that they are therapeutically equivalent. A bioequivalence study is the cornerstone of an ANDA or any generic drug application, because for the reasons given here, bioequivalence obviates the need to perform long and expensive clinical studies.

DR - Delayed Release. A drug product (typically oral) that is not intended to release the drug substance immediately after ingestion. The delay is commonly related to change of pH in the gastrointestinal tract ("enteric coating") or less commonly may relate to a specific time after ingestion when the drug is released. Enteric coating is achieved by coating with polymers that are poorly soluble in low pH media (for example gastric fluid) but are soluble in media with pH values typically found lower in the intestine.

FDA – US Food and Drug Administration. The US FDA is responsible for protecting public health by assuring the safety, efficacy and security of, amongst other things, human drugs.

NDA - New Drug Application. When the sponsor of a new drug believes that enough evidence on the drug's safety and effectiveness has been obtained to meet FDA's requirements for marketing approval, the sponsor submits to FDA a new drug application (NDA). The application must contain data from specific technical viewpoints for review, including chemistry, pharmacology, medical, biopharmaceutics, and statistics. If the NDA is approved, the product may be marketed in the United States.

OTC - Over-the-Counter pharmaceuticals. Products that are considered safe and effective by the FDA and TGA for use by the general public without a doctor's prescription.

PIV - Paragraph IV filing. A type of filing to support the approval of an ANDA submitted while the originator product is covered by a patent. The filing asserts that either the patents supporting the originator product are invalid or that they are not applicable to the product that is the subject of the ANDA.

PK – Pharmacokinetics. The study of the time course of the way the body handles drugs. There are four essential processes following a person's ingestion of a tablet or other oral dosage form, collectively known as ADME processes (Absorption of the drug from the gut; Distribution of the drug into other body tissues; Metabolism of the drug to other chemicals (metabolites) and Elimination of the drug from the body). This time course is typically followed by taking blood samples from volunteers at time intervals following swallowing a tablet and measuring the amount of drug and / or metabolites in the plasma. A plot can be constructed of plasma concentration against time from which various PK parameters such as Cmax, Tmax and AUC can be derived.

TGA – Therapeutic Goods Administration. The TGA is Australia's regulatory authority for therapeutic goods.