mayne pharma

Improving patient access to
life-enhancing medications

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Annual Report **2024**

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At Mayne Pharma we are focused on keeping our promises to patients, for better medicines and a better tomorrow.

We believe that everyone deserves medicines that are better, safe and more accessible. That's why our people are determined to create innovative products and services for our changing world.

Learn more at maynepharma.com

What **we do**



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Mayne Pharma is an ASX-listed specialty pharmaceutical company focused on commercialising novel pharmaceuticals, offering patients better, safe and more accessible medicines.

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

FY24 business **highlights**

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Mayne Pharma at a glance

$388.4m
reported revenue, up 112% on FY23

83%
of revenue in the US

$218.8m
gross profit, up 162% on FY23

56.3%
FY24 gross margin, up from 45.5% in FY23

$88.5m
in direct contribution from business segments, a $130.3m improvement on FY23

$22.9
million in underlying EBITDA, up $118.2m on FY23

($168.6m)
reported net loss after tax, a $148.8m improvement on FY23

>450
employees globally

>55
products marketed globally

$10.9m
shares bought back and cancelled

For further information visit the Group's website at maynepharma.com

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SEPTEMBER 2023

- Entered into and completed transaction to acquire the global rights to RHOFADE® (oxymetazoline hydrochloride) cream 1%, from Novan, Inc. and EPI Health, LLC.
- Presented at the H.C. Wainwright 25th Annual Global Investment Conference in New York City

OCTOBER 2023

- Proposed change of auditor from EY to BDO Audit effective from 2023 Annual General Meeting

NOVEMBER 2023

- Presented at the Jefferies London Healthcare Conference
- New US patent (No. 11,793,760) for NEXTSTELLIS® formulation with an expiration date of 2036 listed in the Orange Book
- Provided an update related to the US Department of Justice (DOJ) investigation
- Completed auditor change to BDO Audit

JANUARY 2024

- Presented at the 42nd Annual J.P. Morgan Healthcare Conference in San Franciso

MAY 2024

- Presented at the Citizens JMP Life Sciences Conference in New York City
- Two additional US patents for NEXTSTELLIS® formulation with an expiration date of 2036 listed in the Orange Book

JUNE 2024

- Presented at the 2024 Jefferies Global Healthcare Conference in New York City
- Announced approval of additional KAPANOL® doses in Switzerland for the treatment of moderate to severe prolonged pain and opioid substitution treatment



“One of our key strategic priorities is driving NEXTSTELLIS® to become a leading brand in the US and Australian contraceptive markets.

Letter from the **Chair & CEO**

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Dear Fellow Shareholders,

The 2024 financial year (FY24) was a year of significant progress at Mayne Pharma with material improvements in our operations delivered by our dedicated employees. Highlighting our progress after several years of disappointing results, Mayne Pharma achieved 100% of our key operating metrics, or goals we set for ourselves during the financial year, which we communicated to the market at the start of FY24.

There were five key pillars underpinning this performance:

1. Positive direct contribution in all three segments (Women's Health, Dermatology and International)
2. Returned the Company to positive underlying EBITDA in FY24
3. Optimised the cost base with reductions of greater than US$10m
4. Achieved a break even run rate for NEXTSTELLIS® and
5. Returned the Company to positive operating cash generation in FY24

The FY24 performance we delivered is a significant improvement compared to FY23 and historically over the last eight years, with the Company posting strong growth in revenue. Solid underlying EBITDA performance through targeted cost base reductions resulted in positive continuing operating cash for the full year and free cash flow occurring in the second half of FY24.

Our attractive portfolio of products within Women's Health and Dermatology provides us with a level of confidence in the growth trajectory of these operating segments. International also delivered commendable growth in FY24 where business transformation initiatives have delivered improved momentum and a strong, positive contribution. Moving forward our strategy is to focus on our three segments to deliver sustainable growth for shareholders.

For our Women's Health segment, we see continued market demand for effective methods of contraception in the United States. NEXTSTELLIS® and ANNOVERA® are Mayne Pharma's unique contraceptive solutions for this growing market. Likewise, there is growth in the menopause market. According to the National Institutes of Health, over 1.3 million new women enter menopause each year in the US. IMVEXXY® and BIJUVA® are novel products that provide women with relief of certain symptoms associated with menopause.

Our Women's Health portfolio of products have strong intellectual property product protection. During FY24, three additional US patents were listed in the Orange Book securing further protection for NEXTSTELLIS® out to 2036. ANNOVERA®, IMVEXXY® and BIJUVA® have patent protection out to at least 2032. These additional patents are meaningful as they provide Mayne Pharma with an opportunity to extend women's access to this highly effective and unique oral contraceptive. The patents are an important part of our strategy to vigorously protect the commercial success of NEXTSTELLIS®, one of our key growth drivers, and to add to the overall strength of our patent portfolio in the US.

For Dermatology, Mayne Pharma is leveraging the inefficiencies in the dermatology value chain through new partnerships aimed at improving patient coverage, co-pay and inventory management, and addressing higher patient switching costs. Approximately 75% of dermatology patients receive no insurance coverage for products. Our channel strategy involves reduced reliance on wholesalers, large retailers and Pharmacy Benefit Managers or PBMs as they drive significant Gross-to-Net (GTN) liabilities without patient or prescriber benefit.

The key highlights of our channel strategy execution in FY24 were:

- Speciality Pharmacy additions, which are now more than 400
- Adelaide Apothecary, our mail order pharmacy, was <10% of dermatology gross revenue in FY24, but revenues were up 10-fold versus FY23 and we see further opportunities ahead to grow this channel
- We have seen improvements in GTN savings
- Our channel strategy was a contributor to the Dermatology margin improvement in FY24

We have reduced the burden for both the prescriber and the patient, with our unique GoodRx/AssistRx platform and our mail order pharmacy, Adelaide Apothecary.

Our International segment benefited from the modernisation project at Salisbury which progressed well in FY24 with a new encapsulator in commercial production, enabling launch of KAPANOL® 200mg during the year. We have been very pleased with the step change in sustainable operational performance that the Salisbury team has made. In the Australian market, we have seen growth of NEXTSTELLIS®, oxycodone and UROREC®.

Our investments in the modernisation of our facility is enabling the growth of KAPANOL®/KADIAN® in Europe and Canada. The Salisbury facility has improved every key performance indicator in FY24 versus FY23. This efficiency and efficacy improvement results in higher customer satisfaction and facilitates future profitable growth.

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Corporate Initiatives

In FY23 the Company had a marked increase in the level of corporate activity with the sale of Metrics Contract Services (Metrics) to Catalent Pharma Solutions, Inc. for US$475m, the sale of the US retail generics portfolio to Dr. Reddy's Laboratories SA for upfront cash consideration of US$90m and the transformative US$140m transaction agreement and related license agreement for ANNOVERA®, IMVEXXY®, BIJUVA® and several prenatal vitamins, from TherapeuticsMD (NASDAQ:TXMD).

In FY24 we were very focused on the integration of this exciting portfolio of Women's Health products within our existing Women's Health infrastructure established across sales and marketing, customer service and medical affairs for our high growth product NEXTSTELLIS®.

To benefit our Dermatology franchise, Mayne Pharma acquired the global rights to RHOFADE® (oxymetazoline hydrochloride) cream 1% for the topical treatment of persistent facial erythema associated with rosacea in adults. RHOFADE® generated US$29.6m in revenue in nine months to 30 June 2024 with a gross margin of three times that of the original US$8m upfront cash purchase price. This acquisition is a great example of how we can leverage our existing Dermatology infrastructure to add well-known brands to our portfolio.

We continue to assess complementary and accretive product partnerships or acquisitions that we can leverage into our existing Women's Health and Dermatology ecosystems.

Capital Management

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

During FY24 the Company bought back and subsequently cancelled $10.9m worth of shares during the period. As we have indicated to shareholders previously and again at the FY24 results, Mayne Pharma considers a range of factors when determining whether and when to buy back shares.

> ***We will continue to raise product awareness and further our operating leverage to accelerate EBITDA growth.***

Financial performance and position

Mayne Pharma reported FY24 revenue for continuing operations of $388.4m, up 112% on the prior comparative period (pcp) and gross profit for continuing operations was $218.8m, up 162% on the pcp (FY23:$83.5m).

Direct operating expenses were very well controlled at $130.2m, up 4% compared to FY23. Our cost containment measures executed in FY24 were offset by inflation and certain increases in variable costs associated with revenue growth, such as samples and distribution costs. There were also investments in R&D and Medical and Regulatory Affairs for necessary clinical studies and medical education to increase scientific awareness of the advantages of our products. Holding costs steady while significantly increasing revenues improved our cost leverage, which has been highlighted by the significant direct contribution by our segments in FY24.

Comparing FY23 to FY24 we did realise a translational difference in operating expense, increasing expense by $4.7m. When expressed in constant currency, admin & other expenses and employee costs declined 2% compared to FY23. Overall, operating expenditure as a percentage of revenue fell to a more sustainable level at 33.5% in FY24 versus 68.2% in FY23.

Underlying EBITDA, which excludes earn-out reassessments, restructuring charges, class action settlement costs, derivative fair value adjustments and certain litigation expense improved by $118.2m in FY24 and was $22.9m versus an underlying EBITDA loss of $95.3m in FY23. The reported loss before tax from continuing operations was $190.1m and the net loss after tax was $168.6m which includes $33.2m for the class action settlement. This compared to a net loss after tax of $317.4m in FY23.

There was a marked improvement in Mayne Pharma's cash flows in FY24. Cash from continuing operations was positive $8.1m, reduced by earn out payments made during the year of $10.1m. Continuing operations with earnouts resulted in 2.8% of overall net cash used for the year. The 39.8% of net cash used in discontinued operations reflected earn out payments of $11.7m and cash outflows for discontinued operations of $23.4m, partially offset by a $6.9m cash inflow from proceeds associated with the sale of the Retail Generics business.

The majority of our cash utilisation for the period was attributable to investing and financing cash flows which accounted for 57.3% of net cash used and were the result of the acquisition of RHOFADE® $12.9m, the payoff of a receivables facility equating to $10.9m, the on-market share buyback cost of $10.9m and other investing and financing cash outflows of $5.9m.

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Total cash and marketable securities as at 30 June 2024 were $149.3m versus $220.1m in FY23, noting that we reported $146.8m at the first half. Therefore, the cash consumed in FY24 was effectively consumed in the first half. Our second half performance was therefore slightly cash generative, highlighting the progress we are making with our business initiatives.

Our Women's Health segment delivered $142.8m in revenue up 131% on FY23. The revenue increase (FY23 to FY24) was driven by (1) improved sales performance of NEXTSTELLIS®, as a result of refreshed sales leadership and marketing strategies, (2) volume growth of all key Women's Health products (NEXTSTELLIS®, ANNOVERA®, IMVEXXY® and BIJUVA®) and (3) the full year sales effect of ANNOVERA®, IMVEXXY® and BIJUVA® versus six months of sales contribution in FY23.

Gross profit improved to $113.5m up 111% on FY23 with direct operating expenses of $78.2m declining 4% on FY23, reflecting tight cost control through territory optimisation and realigned marketing spend. A direct contribution of $35.2m was a significant improvement on FY23 (loss of $27.7m).

NEXTSTELLIS® showed FY24 demand cycle growth of 85% on the pcp. Demand cycles are units prescribed to patients. NEXSTELLIS® net sales increased 113% to US$30.1m in FY24. The sales performance of NEXTSTELLIS® improved materially during the year as a result of refreshed sales leadership and marketing strategies. The net selling price was steady versus the pcp with the continued volume growth coming through. For our licensed portfolio, net sales ANNOVERA® delivered US$30.6m, followed by IMVEXXY® at US$19.2m and BIJUVA® with net sales of US$9.5m.

Revenue for our Dermatology portfolio was $174.9m up 207% on FY23. Gross profit was $83.9m, up 686% on FY23 and direct contribution increased $65.3m compared to the pcp of ($21.1m) to $44.3m. Co-pay costs across the portfolio improved on a per-unit basis in FY24 versus FY23 with mix shifting towards products with more favourable gross-to-net profiles. This drove a very strong improvement in gross margins to 48% from 19% in FY23.

The performance of the division improved as a result of new product launches, including RHOFADE®, ACCUTANE®, SOOLANTRA®, WYNZORA®, and a full year for authorised generic ORACEA®, which launched in late FY23. LEXETTE® was removed from the business in FY23 but returned in FY24 after establishing a new supplier.

The International reporting segment's revenues were $70.7m, up 9% on FY23, gross profit was $21.3m, up 13% on FY23 and direct contribution increased 31% to $9.0m. The segment's improved performance was driven by increased demand for KAPANOL®/KADIAN® in European and Canadian markets, coupled with strong domestic sales of oxycodone and UROREC®. NEXTSTELLIS® also achieved year on year revenue growth of 163% in the Australian market.

Additionally, the Salisbury facility demonstrated significant step change in key operational metrics to drive revenue and earnings growth. The sale of the US Retail Generics business contributed to the increase in third party contract manufacturing volumes.

The benefits of scale in the business, and cost base leverage through financial discipline is now being demonstrated with a $130.3m turnaround in the total direct contribution from our segments to $88.5m versus a loss of $41.8m in the pcp.

Environment, Health and Safety (EHS)

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

We monitor EHS outcomes on a regular basis and provide reports to various internal and external stakeholders including, without limitation, in relation to performance data such as injury rates, waste disposal, wastewater and storm discharges and emissions. The operating site in Salisbury is subject to periodic or random inspections by EHS regulators. During FY24, several inspections occurred during the year by the relevant authorities.

I am pleased to report there were no reportable material breaches of EHS regulations by Mayne Pharma during the FY24 reporting period.

> ***The Board continues to adopt a conservative capital structure. Our management team is focused on delivering operational and financial performance improvements across the business whilst closing out remaining outstanding liabilities and actively managing working capital as revenue continues to grow.***

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Class Action Settlement

On 3 July 2024 the Company announced a binding agreement to settle the shareholder class action, which commenced in August 2021. The agreed settlement amount was $38m, of which approximately $4.7m was funded by insurance, with the remainder paid from Mayne Pharma's cash reserves in July 2024.

The agreement to settle this matter was a commercial decision made in the best interests of all Mayne Pharma shareholders. Its resolution enables the Company to avoid the distraction and significant expense of a lengthy trial, and to remain focused on driving growth and shareholder value through our core commercial business. There are no further ongoing shareholder actions against the Company.

Board Refreshment

In July 2023, Dr Carolyn Myers retired as Non-Executive Director of Mayne Pharma following the sale of Mayne Pharma shares by Mithra Pharmaceuticals SA in June 2023, resulting in the cessation of Mithra's right to nominate a Director of Mayne Pharma. On behalf of the Board, we wish to thank Carolyn for her contribution and service to Mayne Pharma during her tenure.

In November 2023, at the Company's Annual General Meeting, Mrs Anne Lockwood was appointed as a Non-Executive Director of the Company. Mrs Lockwood, who is an Australian resident, is the former CFO and Chief Commercial Officer of ASX-listed Integral Diagnostics (ASX: IDX) and current CFO of privately owned Planet Innovation. Prior to this, Mrs Lockwood spent over 20 years in accounting roles including 18 years at EY. Mrs Lockwood's skills and experience as a finance executive has added value to the Board since her appointment. Mrs Lockwood became a member of the Audit and Risk Committee in July 2024.

FY25 Key Strategic Priorities and Outlook

We expect to improve shareholder value with continued growth in underlying EBITDA in FY25 via revenue growth and cost leverage. We anticipate all three segments will make a positive direct contribution.

For Women's Health we are focussed on delivering the profit potential inherent within this current asset portfolio and driving growth through a sharpened focus on sales execution and targeted marketing efforts to deliver improved direct contribution.

We will continue to raise product awareness and further our operating leverage to accelerate EBITDA growth.

In Dermatology, we are focussed on the differentiated channel solution we have built that enables a preferred solution for patients and prescribers. We expect to see growth from RHOFADE® with a full year of sales in FY25, and we will continue to evaluate capital efficient and accretive business arrangements to drive the growth in revenue and margin. The continuous development of our channel strategy will leverage our ability to drive market share, access and financial performance within Dermatology moving forward.

Finally, to International, we are focussed on driving the profitability via new revenue streams and continuation of modernisation of the facility, and leveraging our capacity created by operational improvements to grow and further operating leverage.

In FY25 we expect to complete the modernisation upgrade program at the Salisbury facility to improve our productivity and capabilities and finally we expect to continue to drive specialty and generic product sales including driving growth in NEXTSTELLIS® in Australia.

On behalf of the Board, we would like to thank our employees for their continued dedication to delivering for our customers, our patients, and our shareholders. FY24 has been a year of substantial progress and improvement in the business, and we acknowledge the support of our shareholders as we continue to prioritise our core strategies relating to continued growth and operational excellence.

FY25 is shaping up as another year of growth for Mayne Pharma across all three of our segments and we look forward to keeping you apprised of our progress. We look forward to seeing you in person at our upcoming AGM on 21 November 2024.



Frank Condella
Chair



Shawn Patrick O'Brien
Managing Director and CEO

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 2024 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 22 to 35, 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
Mr Patrick Blake
Ms Ann Custin
Mrs Anne Lockwood (appointed 30 November 2023)
Dr Kathryn MacFarlane
Dr Carolyn Myers (resigned 31 July 2023)
Mr David Petrie
Prof Bruce Robinson, AC

The Directors' qualifications, other listed company directorships, experience and special responsibilities are detailed on pages 18 and 19 of this report. The qualifications and experience of the Company Secretary are detailed on page 19 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 2024 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]	17	17	-	-	2	2	7	7	-	1
Mr S O'Brien[3,4,5]	17	17	-	7	-	-	-	7	-	2
Mr P Blake	17	17	7	7	-	-	7	7	-	-
Ms A Custin[5]	17	17	7	7	-	-	-	2	-	-
Mrs A Lockwood[4,5]	11	10	-	1	-	-	-	1	-	-
Dr K MacFarlane[5]	17	17	-	-	2	2	-	1	3	3
Dr C Myers	2	1	-	-	-	-	-	-	-	-
Mr D Petrie	17	17	7	7	-	-	7	7	-	-
Prof B Robinson[5]	17	16	-	-	2	2	-	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 O'Brien and Mr Condella are not members of the Science, Technology & Medical Committee however they attend meetings at the Chair's invitation.
4. Mr O'Brien and Mrs Lockwood are not members of the Audit and Risk Committee however they attend meetings at the Chair's invitation.
5. Mr O'Brien, Ms Custin, Mrs Lockwood, Dr MacFarlane and Professor Robinson are not members of the Remuneration and People Committee however they attend meetings at the Chair's invitation.

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SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 4 September 2023, Mayne Pharma announced the acquisition of the global rights to RHOFADE® from Novan Inc. The total cost of the acquisition was $12.9m.

The Women's Health segment has shown considerable growth with the full year impact of the expansion of the portfolio as well as the improved performance of NEXTSTELLIS®. The performance of the Dermatology segment has also shown considerable growth with a material improvement to the performance and the return to a profitable direct contribution. Direct contribution is gross margin less direct operating expenses (opex) and does not include an allocation of corporate overheads.

Work has commenced on the Salisbury modernisation project for which Mayne Pharma has received a Federal Government Modern Manufacturing Initiative (MMI) Grant. New equipment to be installed include a high speed encapsulator and a high-speed blister packing line with serialisation capabilities.

During the prior comparative period (pcp) the Group announced the following transactions:

- 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.

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.

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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 2024 financial year (FY24) compared to the prior corresponding period (pcp). The prior period includes Mayne Pharma's share of Inhibitor Therapeutics Inc (INTI) for 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 that are useful for the users of this financial report as they provide additional and relevant information that reflect the underlying performance of the business. 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	2024 $M	2023 $M	CHANGE ON PCP $M
Reported Revenue continuing operations	**388.4**	**183.6**	**204.8**
Reported Gross profit continuing operations	**218.8**	**83.5**	**135.3**
Reported Gross profit %	*56.3%*	*45.5%*	
Adjusted EBITDA	22.9	(95.3)	118.2
Adjustments[1]	(115.4)	(6.7)	(108.7)
Reported EBITDA continuing operations	**(92.5)**	**(102.0)**	**9.5**
Impairments	-	(69.2)	69.2
Depreciation / Amortisation	(68.5)	(65.4)	(3.1)
Reported Profit / (Loss) Before Interest and Tax continuing operations	**(161.0)**	**(236.5)**	**75.5**
Net interest	2.4	(3.7)	6.1
Foreign exchanges gains/(losses) financing activities	(1.1)	(11.0)	9.9
Earn-out & deferred consideration liabilities discount unwind	(30.3)	(18.4)	(11.9)
Reported Profit / (Loss) Before Tax continuing operations	**(190.1)**	**(269.7)**	**79.6**
Income tax credit / (expense)	21.5	(47.7)	69.2
Reported Net Profit / (Loss) After Tax attributable to Mayne Pharma shareholders continuing operations	**(168.6)**	**(317.4)**	**148.8**

1. Current year adjustments are included in the table below.

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 2024 $M	EARN-OUT REASSESSMENTS[1] $M	RESTRUCTURING[2] $M	CLASS ACTION SETTLEMENT[3] $M	DERIVATIVE FAIR VALUE ADJUSTMENT[4] $M	LITIGATION[5] $M	ADJUSTED JUNE 2024 $M
Revenue	388.4						**388.4**
Gross profit	218.8						**218.8**
Gross profit %	*56.3%*						*56.3%*
EBITDA	**(92.5)**	82.7	0.9	33.2	(2.8)	1.3	**22.9**
Depreciation / Amortisation	(68.5)						(68.5)
Asset impairments	-						-
PBIT	**(161.0)**	82.7	0.9	33.2	(2.8)	1.3	**(45.6)**
Net finance costs	**(29.0)**						**(29.0)**
PBT	**(190.1)**	82.7	0.9	33.2	(2.8)	1.3	**(74.7)**

1. Non-cash debit arising from the net increase in earn-out and deferred consideration liabilities with the majority related to TXMD liability partially offset by a decrease for NEXTSTELLIS®.
2. Restructuring costs related to organisational transformation to simplify the operating model.
3. Class Action Settlement as per ASX announcement.
4. Fair value adjustment relating to the convertible notes derivative.
5. Drug pricing and health care investigations, US Department of Justice and related litigation costs.

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 during the prior comparative period (pcp) 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.

On 4 September 2023, Mayne Pharma announced the acquisition of the global rights to RHOFADE® from Novan Inc for $12.9m.

The Group recorded revenue for continuing operations of $388.4m, up 112% on the prior comparative period (pcp) and gross profit for continuing operations was $218.8m, up 162% on pcp.

Gross profit margin for continuing operations as a percentage of revenue was 56.3% (2023: 45.5%) which reflects the growth of the Women's Health business (higher relative profitability business) and improvement in the dermatology business primarily RHOFADE®.

The reported loss before tax from continuing operations was $190.1m and the net loss after tax was $168.8m which includes $33.2m for the Class Action settlement.

The impact of exchange rate movements on the Company's balance sheet is recognised in the Foreign Currency Translation Reserve (FCTR) which increased by $0.9m during the year.

Expenses

Net research, development medical and regulatory affairs expense (total costs less amounts qualifying for capitalisation) were $20.2m, an increase in the expense of $4.5m (29%) on the pcp due to an investment in Medical Science Liaisons to raise product scientific awareness and an increase in required studies on products licensed from TXMD which was offset by savings from changes in pharmacovigilance provider and agreements.

	JUNE 2024 $M	JUNE 2023 $M
Total R&D, medical and regulatory affairs costs incurred	20.2	16.1
Development costs capitalised	-	0.4
R&D, medical and regulatory affairs expensed (includes discontinued operations)	20.2	15.7

Marketing and distribution expenses increased by $4.8m (4%) to $130.7m. The majority of marketing and distribution costs relate to the US businesses and hence are subject to currency rate translation – the currency translation impact was to increase the FY24 expense by $3.3m (compared to FY23 translation rate). In USD terms there was little change to the expense although distribution costs did increase in USD terms due to the increased volumes.

Finance costs of $36.1m (2023: $39.9m) include the unwinding of discounts associated with earn-out liabilities and deferred liabilities which increased to $30.3m from $18.4m in the pcp. The earnouts discount unwind includes NEXTSTELLIS® $12.1m (2023: $10.1m) and TXMD $16.3m (2023: $6.9m) Included in finance costs are foreign exchange losses relating to financing activities of $1.1m (2023: $11.0m loss).

There were no impairments in the current period (2023: $69.2m).

Administration and other expenses increased by $5.4m (4%) to $147.9m. This category includes non-cash and other non-operating items such as:

- Amortisation of intangible assets which was $59.7m (2023: $56.6m);
- Class Action Settlement (net of insurance recovery) $33.2m (2023: nil);
- Share based payments expense of $4.1m (2023: $6.8m which included restructuring and exiting the MCS business);
- Drug pricing investigations and related litigation costs of $1.3m (2023: $5.1m);
- A specific doubtful debt in 2023 of $7.8m;
- Fair value movement on derivative of $2.8m credit (2023: $2.7m expense);
- Loss on disposal of INTI in 2023 of $3.1m; and
- Restructuring expenses of $0.9m (2023: $9.1m).

Excluding these items, administration and other expenses were $51.4m compared to $51.3m in 2023.

Tax

Tax benefit of $21.5m for continuing operations and tax benefit of $1.6m for discontinued operations comprised:

- Current period income tax expense for the year to 30 June 2024 of ($1.8m);
- A decrease in current year tax benefit in respect of prior years of $2.0m; and
- Deferred income tax benefit of $22.8m.

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Financial position

Set out below is a summary of the financial position as at 30 June 2024 compared to the position as at 30 June 2023.

BALANCE SHEET EXTRACT	2024 $M	2023 $M	CHANGE ON PCP $M	CHANGE ON PCP %
Cash	110.1	92.6	17.5	19%
Marketable securities	39.2	127.5	(88.3)	(69%)
Receivables	193.2	194.9	(1.7)	(1%)
Inventory	74.6	82.7	(8.1)	(10%)
Income tax receivable	14.5	14.6	(0.1)	(1%)
PP&E	46.7	43.7	3.0	7%
Intangible assets including goodwill	568.6	617.3	(48.7)	(8%)
Other assets	96.3	74.1	22.2	30%
Total assets	**1,143.2**	**1,247.4**	**(104.2)**	**(8%)**
Interest-bearing debt (including lease liabilities)	38.8	47.5	(8.7)	(18%)
Trade and other payables	244.5	246.5	(2.0)	(1%)
Other financial liabilities	381.8	296.2	85.6	29%
Other liabilities	23.9	22.8	1.1	5%
Total liabilities	**689.0**	**613.0**	**76.0**	**12%**
Equity	**454.2**	**634.4**	**(180.2)**	**(28%)**

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

Cash

Cash increased by $17.5m compared to 30 June 2023. In addition to cash, the Company also holds marketable securities of $39.2m which decreased compared to 30 June 2023 by $88.3m.

Inventory, receivables and trade payables

Receivables at balance date include the insurance receivable relating to the Class Action ($4.7m) and a receivable from TXMD related to product returns ($9.3m). Inventory decreased $8.1m (10%) as a result of wind up of discontinued products (RGx - $2.6m) and general inventory efficiency improvements. Trade and other payables include $38m accrual for the Class Action settlement and a payable to third parties related to product returns for sales prior to the license transaction with TXMD.

Intangible assets

Intangible assets decreased by $48.7m compared to the balance at 30 June 2023. The movement comprised of:

- An increase of $12.9m for the RHOFADE® acquisition;
- A decrease of $59.7m for amortisation; and
- A decrease of $1.9m due to foreign currency translation as the AUD / USD exchange rate increased from 0.664 at 30 June 2023 to 0.6647 at 30 June 2024.

Property, plant & equipment

Property, plant and equipment increased by $3.0m compared to the balance at 30 June 2023. The movement comprised of:

- An increase of $7.9m for additions net of disposals; and
- A decrease of $5.0m for depreciation.

Interest bearing liabilities

Interest bearing liabilities (excluding lease liabilities) decreased to $31.6m from $39.3m at 30 June 2023. Convertible notes were issued in December 2022 to support the acquisition of the TXMD licensed assets. The convertible notes are repayable as a fixed AUD amount at maturity (if not converted). The receivables financing facility was repaid during the period.

Other financial liabilities

The major items included in other financial liabilities as at 30 June 2024 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 $85.6m from 30 June 2023 due to:

- An increase of $30.3m due to the unwinding of the discount for the various earn-out liabilities and deferred consideration liabilities including $12.1m relating to the NEXTSTELLIS® deferred consideration liability and $16.3m relating to the TXMD earn-out liabilities;
- An increase of $82.7m due to re-assessments which included the TXMD liabilities which were reassessed upwards by $88.6m due to increased revenue forecasts for the products and the NEXTSTELLIS® liability which was reassessed downwards by $7.5m;
- A decrease of $21.8m due to payments made;
- A decrease of $2.8m due to the change in the fair value of the convertible notes related derivative; and
- A decrease relating to foreign currency translation of $2.7m.

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Equity

Shareholder equity movements include the current year loss (including discontinued operations) of $174.2m and other comprehensive income of $0.9m for a net movement of $173.3m. Other equity movements included the share buy-back of ($10.9m) and share based payments reserve net increase $2.6m.

Cash flow

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

	2024 $M	2023 $M
Net operating cash flows before working capital movements	(0.7)	(188.1)
Working capital (investments) / releases	(14.6)	145.4
Net Operating cash flows	(15.3)	(42.7)
Less estimated cashflows relating to discontinued operations (incl transaction costs) outflows / (inflows)	23.4	(8.8)
Estimated net operating cashflows from continuing operations	8.1	(51.5)

Net operating cash for FY24 was an outflow of $15.3m. Operating cash flow was impacted by discontinued operations including payments for certain operating expenses and payments for gross-to-net liabilities for the divested Retail Generics business. Excluding discontinued operations, operating cashflow was an inflow of $8.1m reflective of an improved profit profile together with improved continuing NWC profile.

Operating cashflows related to discontinued operations were determined in a manner consistent with total operating cashflows in that the profit/loss from discontinued operations was adjusted for non-cash items and working capital movements relating to the discontinued operations.

Earnout payments are deferred / variable consideration for asset acquisitions (or asset disposals in the case of the Metrics sale) and are disclosed in investing cashflows and therefore are not included in operating cashflows. Refer investing cashflows below.

	2024 $M	2023 $M
Investing cash flows	**53.4**	473.5

Notable cash flows during the period included:

- $8.0m payments for net capital expenditure;
- $12.9m payments for intangible asset acquisitions relating to the RHOFADE® acquisition;
- $89.3m received from liquidating marketable securities; and
- Earn-out and deferred settlement payments totalling $21.8m.

The pcp included proceeds from the sale of Metrics Contract Services and Retail Generics.

	2024 $M	2023 $M
Financing cash flows	**(19.9)**	(431.9)

Notable cash flows during the period included:

- Net repayment of borrowings (receivables facility) of $10.9m;
- Net interest receipts $5.7m;
- Lease payments (right-of-use) assets $3.7m; and
- On-market share buyback program payments $10.9m.

The pcp included repayment of the syndicated loan facility and payment of the special dividend using proceeds from the sale of Metrics Contract Services.

Cash on hand plus marketable securities total $149.3m at 30 June 2024 representing a decrease of $70.9m from 30 June 2023 for the reasons outlined above.

Reporting Segments

The Consolidated Entity operates in three operating segments being International, Women's Health (formerly BPD) and Dermatology (formerly PPD). During the previous 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 revenue, gross profit (GP), direct operating expenses (opex) and the direct contribution (being the GP less direct opex) for each segment.

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Dermatology

	2024 $M	2023 $M	CHANGE %
Revenue	174.9	57.0	207%
Gross profit	83.9	10.7	686%
Gross profit %	48%	19%	
Direct opex (including lease depreciation)	(39.6)	(31.6)	25%
Direct contribution	44.3	(21.0)	

Nature of operations

The Dermatology division distributes established dermatology products in the US.

FY24 performance

The segment's sales were $174.9m up 207% on FY23. Gross profit was $83.9m, up 686% on FY23 and direct contribution increased $65.3m compared to the pcp of -$21.1m. The performance of the division improved as a result of new product launches, including RHOFADE®, ACCUTANE®, SOOLANTRA®, WYNZORA®, and a full year for authorised generic ORACEA®, which launched in late FY23. LEXETTE® was removed from the business in FY23 but returned in FY24 after establishing a new supplier. Co-pay costs across the portfolio improved on a per-unit basis in FY24 vs. FY23 with mix shifting towards products with more favourable gross-to-net profiles.

Women's Health

	2024 $M	2023 $M	CHANGE %
Revenue	142.8	61.9	131%
Gross profit	113.5	53.9	111%
Gross profit %	79%	87%	
Direct opex (including lease depreciation)	(78.2)	(81.6)	(4%)
Direct contribution	35.2	(27.7)	

Nature of operations

The Women's Health Division distributes Women's Health branded products in the US. This Division's products include NEXTSTELLIS®, ANNOVERA®, IMVEXXY®, BIJUVA® and branded pre-natal vitamins.

FY24 performance

The segment's sales were $142.8m, up 131% on FY23, gross profit was $113.5m, up 111% on FY23 and direct contribution was $35.2m an improvement of $62.9m on the pcp. A material component of the FY24 growth is the full year contribution from ANNOVERA®, IMVEXXY®, BIJUVA® and branded pre-natal vitamins compared to a six-month contribution in FY23. The sales performance of NEXTSTELLIS® improved materially during the year as a result of refreshed sales leadership and marketing strategies.

International

	2024 $M	2023 $M	CHANGE %
Revenue	70.7	64.7	9%
Gross profit	21.3	18.9	13%
Gross profit %	30%	29%	
Direct opex	(12.4)	(12.1)	3%
Direct contribution	9.0	6.9	31%

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.

FY24 performance

The International reporting segment's revenues were $70.7m, up 9% on FY23, gross profit was $21.3m, up 13% on FY23 and direct contribution increased 31% to $9.0m. The segment's improved performance was driven by increased demand for KAPANOL®/KADIAN® in European and Canadian markets, coupled with strong domestic sales of oxycodone and UROREC®. NEXTSTELLIS® also achieved year on year revenue growth of 163% in the Australian market. Additionally, the Salisbury facility demonstrated significant step change in key operational metrics to drive revenue and earnings growth. The sale of the US Retail Generics business contributed to the increase in third party contract manufacturing volumes.

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Strategy

The Company's core strategic priorities include the following:

KEY PRIORITIES	ACTIVITIES
• Deliver profit potential of current Women's Health asset portfolio	• Drive growth to further increase operating leverage, through sharpened focus on sales execution and some targeted marketing efforts • Maximise long term value of assets, via IP portfolio management and product education via Key Opinion Leaders (KOLs)
• Differentiate channel solution to enable preferred solution for patients, prescribers and partners	• Ensure channel strategy processes are easy to use, enabling status as preferred solution • Capital efficient and accretive business development to further the Dermatology portfolio, driving growth in revenues and margins
• Drive international profit via new revenue streams and continuation of modernisation	• Leverage capacity created by operational improvements to grow and further operating leverage • Complete modernisation upgrade program to improve productivity and capabilities, with targeted maintenance capex thereafter • Expansion of KAPANOL®/KADIAN® in ex-AU markets

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 and 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 growth 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	• Select and staff experienced personnel and business partners • Implement disciplined and risk balanced product selection process • Establish 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 • Prepare detailed operational/integration plans for 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	• Recruit experienced personnel in Quality, Production, and Compliance • Maintain a robust control environment with relevant policies, procedures, and monitoring
IT systems, privacy and cybersecurity	• Noncompliance with privacy and data security laws, regulations, and guidance • Cyber security breach, data theft, or data leakage • Significant disruption to our technology systems	• Recruit experienced IT personnel • Implement protective measures such as firewalls, antivirus, data encryption, routine back-ups, system monitoring, system audits and disaster recovery procedures • Test disaster recovery procedures

RISK	NATURE OF THE RISK	ACTIONS/PLANS TO MITIGATE
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 and/or inherited contracts • Inventory challenges at specialty pharmacies • Reliance on third parties for key financial or business intelligence data • Significant disruption to third party technology systems	• Follow risk-based audit process for suppliers, consultants, and commercial partners • Maintain back-up supply of key raw materials • Implement robust systems and processes to manage supply chain • Regularly improve internal financial and business intelligence data management • Develop and test business continuity plans
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	• Strengthen bank relationships • Enter exclusive supply arrangements, where appropriate • Enter distribution arrangements with partners that allow for rising input costs to be passed through to customers • Maintain robust and comprehensive testing environment • Regularly test assets for impairment • External audit review of capitalization policies and useful lives of assets • Hedge balance sheet and net receipts per 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 • Increasing our outsized cost of active pharmaceutical ingredients, wages, and other components	• Establish and maintain systems to track medical information, pharmacovigilance and quality • Allocate or share risk with distribution partners where appropriate • Develop contingency plans to move production if facilities become unavailable • Maintain appropriate insurance coverage • Implement robust systems and processes to manage supply chain
Intellectual property	• Ineffective management of loss(es) of exclusivity • Inability to enforce our licence agreements	• Implement robust intellectual property strategy • Allocate or share risks with manufacturing partners where appropriate
Environmental and climate concerns	• Noncompliance with Australian climate-related financial disclosures • 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	• Implement robust governance and strategy to manage the Company's climate related risks and opportunities engaging third party expert advice where appropriate • Maintain Environmental, Health and Safety (EHS) systems with 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.

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Outlook

The Company expects to drive growth across the Women's Health assets in FY25 through a sharpened focus on sales execution and some targeted marketing efforts to deliver improved direct contribution. The Company will continue to raise product scientific awareness through Medical Science Liaisons (MSLs) and Key Opinion Leaders (KOLs) and leverage the transformed platform to realise increased operating leverage (revenue growth with tight cost management) to accelerate EBITDA growth.

For Dermatology, the Company plans to continue to evaluate capital efficient and accretive business arrangements to drive the growth in revenue and margin. The Company will ensure continuous development of the channel strategy, leveraging the ability to drive market share, access and financial performance. The Company will ensure channel strategy processes are easy to use, enabling status as a preferred solution for partners, prescribers and patients.

For International, the Company plans to continue to improve operating leverage via our modernisation program and new revenue streams. The Company plans to continue to drive specialty and generic product sales including driving growth in NEXTSTELLIS® in Australia and will complete the modernisation upgrade program at the Salisbury facility to improve our productivity and capabilities.

With all 3 business units contributing positive direct contribution, the Company expects to grow underlying EBITDA in FY25.

DIVIDENDS

No final dividend has been declared in relation to the period ended 30 June 2024.

A special fully franked dividend of 2.72 cents per share (pre-consolidation basis, 54.4 cents post 20:1 consolidation basis) was declared during the pcp following the sale of the Metrics Contract Services (MCS) business and was paid on 27 January 2023.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

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. Although the Class Action payments occurred in July 2024, the net expense has been brought to account in the year ended 30 June 2024 (also refer Note 29).

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DIRECTORS' EXPERIENCE AND SPECIAL RESPONSIBILITIES

MR FRANK CONDELLA, BSPharm, MBA
Chair
Independent Non-Executive Director
Age 70
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 65
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 61
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 64
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 was a Non-Executive Director of Volpara Health Technologies Limited (ASX:VHT) until May 2024 and is a Non-Executive Director of Establishment Labs Holdings Inc (NASDAQ:ESTA).

Ms Custin is Chair of the Audit and Risk Committee.

MRS ANNE LOCKWOOD, FCA, B Comm
Independent Non-Executive Director
Age 52
Appointed 30 November 2023

Mrs Lockwood, an Australian resident, has over 30 years' experience in various finance, risk management and audit roles including deep experience in mergers and acquisitions across a range of industries. Mrs Lockwood is the former Chief Financial and Commercial Officer of ASX-listed Integral Diagnostics (ASX: IDX) and is currently the Chief Financial Officer of privately owned Planet Innovation Limited. Prior to this, Mrs Lockwood spent over 20 years in accounting and audit roles including 18 years at Arthur Andersen and EY. Mrs Lockwood holds a Bachelor of Commerce degree with majors in accounting and law, is a chartered accountant, a fellow of Chartered Accountants Australia and New Zealand and a graduate of the Australian Institute of Company Directors.

Mrs Lockwood became a member of the Audit and Risk Committee in July 2024.

DR KATHRYN MACFARLANE PharmD
Independent Non-Executive Director
Age 59
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 also a Non-Executive Director of PharmAust Limited (ASX: PAA). PharmAust Limited is a ASX listed clinical-stage biotechnology company.

Dr MacFarlane is a member of the of the Science, Technology and Medical Committee and the Nomination Committee.

MR DAVID PETRIE B Comm (Hons), B Law (Hons), CPA
Non-Executive Director
Age 58
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 68
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.

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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	65,929
Mr S O'Brien	37,041
Mr P Blake	22,097
Ms A Custin	21,362
Mrs A Lockwood	-
Dr K MacFarlane	38,000
Mr D Petrie	-
Prof B Robinson	31,745

UNISSUED SHARES UNDER OPTION

As at the date of this Directors' Report there were 695,322 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, BDO Audit Pty Ltd (BDO), 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.

BDO 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 BDO for both assurance and non-audit services.

	2024 $	2023 $
Taxation services (paid to overseas member firms of BDO)	195,947	126,998
Other assurance	-	-
Total	195,947	126,998

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, BDO, 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 BDO's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify BDO during or since the financial year. Such an indemnity is permitted under rule 11.1(a) of the Company's constitution. The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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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 BDO and is included on page 36 of this report.

Remuneration **Report**

Letter from the 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 2024. 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 2024 (FY24).

Business Performance

Mayne Pharma delivered significant growth across all three of its business segments in FY24, with total net revenues more than doubling from the prior fiscal year, positive contribution from each segment in FY24 and positive operating cash flow for FY24. The Company returned positive underlying EBITDA of $22.9 million, which was an improvement of more than $100 million compared to the underlying loss of $95.3 million in FY23.

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.

Executive Remuneration Structure

Remuneration for KMP is structured as follows: Base Salary + Short Term (Annual) Incentive (STI) + Long Term Incentive (LTI). 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.

Executives receive their LTI grants in the form of performance rights. Performance rights vesting is based on achievement of certain Total Shareholder Return (TSR) hurdles, with a single testing point after three years with no re-testing (ie "cliff" vesting).

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 (first introduced for the FY23 LTI grant) 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

Dr Carolyn Myers retired from the Board in July 2023 after Mithra's right to nominate a Director of Mayne Pharma ceased and Mrs Anne Lockwood was appointed as a Non-Executive Director at the Annual General Meeting in November 2023.

Remuneration outcomes in FY24

STI awards are determined based upon the achievement of Company goals and individual performance. Company goals were established at the beginning of the fiscal year and these are outlined on page 28 of the Remuneration Report. The Board works with Management to set goals that are balanced between the financial and strategic objectives of the Company. Individual performance in the role is also considered in determining STI achievement.

Deferred STI awards relating to FY23 granted to the CEO and CFO during FY24 will vest on 1 September 2024 provided the CEO and CFO remain employees on the vesting date. LTI awards granted to the CEO and CFO in FY24 will be tested for the vesting (once only) in September 2027. Deferred STI awards relating to FY24 granted to the CEO and CFO will vest on 1 September 2025 provided the CEO and CFO remain employees on the vesting date.

LTI awards held by the former CEO and CFO were tested in FY24. None of these awards met the conditions for vesting and a portion of them expired during FY24. 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.

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The 'strike' against the FY23 remuneration report

At our AGM in November 2023, Mayne Pharma received a 'strike' on its FY23 remuneration report, with 33.72% of votes cast against the resolution to approve the remuneration report., based predominantly on shareholder disapproval of non-executive director (NED) remuneration and payments made to the former CEO and CFO. The Board reviewed feedback from investors and stakeholders regarding the level of fees paid to NEDs. As a result, benchmarking of NED fees in similar sized companies in Australia and the United States was undertaken. While total remuneration was higher than many Australian companies it was in line with several US based companies and the time commitment by Mayne Pharma NEDs can be significantly higher than many US based companies. Also, Mayne Pharma NEDs have a requirement to purchase Mayne Pharma shares equal to one times the base fee within three years of appointment.

After deliberation, the Board decided to reduce all base Director fees by ten percent. The Board is also working to put in place a fee sacrifice scheme to make accumulation of the shareholding requirement more straight forward. These changes will become effective as of the Company's AGM in November 2024.

Your Board will continue to regularly review the remuneration framework to ensure the framework aligns with rewarding executives for delivery of strategy and shareholder value creation and the right outcomes are being delivered and rewarded.

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

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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. FY24 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
- Mrs Anne Lockwood (appointed 30 November 2023)
- Dr Kathryn MacFarlane
- Dr Carolyn Myers (resigned 31 July 2023)
- Mr David Petrie
- Prof Bruce Robinson, AM

Executive Director:

- Mr Shawn Patrick O'Brien – Managing Director and Chief Executive Officer (CEO)

Other executive KMP:

- Mr Aaron Gray - Chief Financial Officer (CFO)

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, Global Head of People & Culture 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, Global Head of People & Culture 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.

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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 comply 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. FY24 EXECUTIVE KMP REMUNERATION AT A GLANCE

Below is the remuneration detail of the CEO and CFO for FY24. The 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.

Fixed annual remuneration for both the CEO and CFO was increased by 5% during FY24.

CEO	• Fixed remuneration US$630,000 • Short-term incentive. Value up to 50% of FAR at target (stretch goal 60% of FAR) • A long-term incentive grant of 150% of FAR • No LTIs were eligible for vesting during FY24 • Living away from home actual costs incurred (housing and return flights) up to a cap of US$6,000 per month
CFO	• Fixed remuneration US$472,500 • Short-term incentive. Value up to 50% of FAR at target (stretch goal 60% of FAR) • A long-term incentive grant of 100% of FAR • A sign-on LTI granted in the prior period vested during FY24; no other LTIs were eligible for vesting during FY24

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

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4. ELEMENTS OF EXECUTIVE KMP REMUNERATION

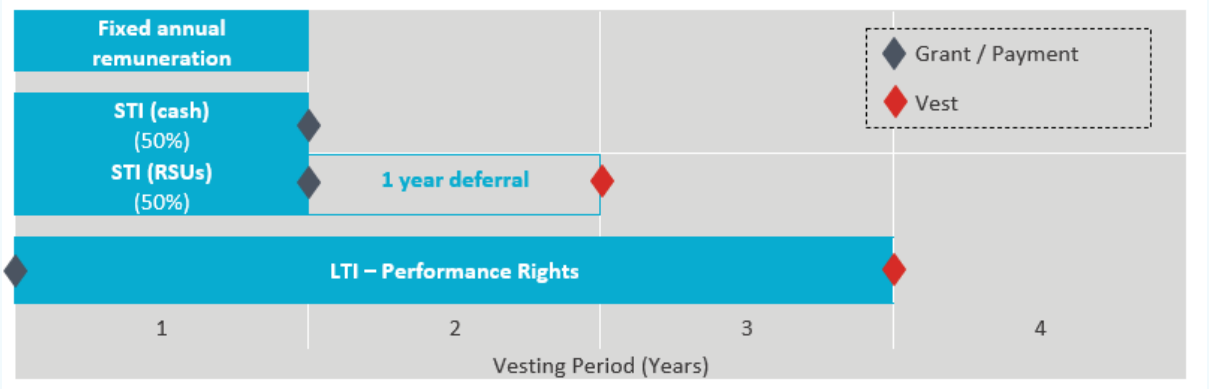
Executive KMP remuneration is delivered through the following elements:

- 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.

	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 business and personal 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 and overall individual performance in the role. 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 an equity instrument (RSUs) that will vest on 1 September the following year, subject to continued employment with the Company. The actual value the participant receives in relation to the RSUs is linked to the share price at the date of exercise. 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 FY24 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: (a) release of FY24 results (in the case of the CFO) and (b) the AGM (in the case of the CEO). The actual value the participant receives in relation to the performance rights 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 FY24 are as follows (all percentages of base salary)

	STI			LTI (face value)	Total Variable	
	Threshold	Target	Stretch		Target	Stretch
Chief Executive Officer	35%	50%	60%	150%	200%	210%
Chief Financial Officer	35%	50%	60%	100%	150%	160%

Short-Term Incentive (STI)

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 tracking 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, and • Strategic goals Performance against targets is measured at the end of each performance year, and ranked against a threshold, target and stretch goal. Performance against personal objectives is also taken into consideration when determining STI payout. 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.

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In determining the STI payout for FY24, the Board considered performance against the Financial and Strategic targets set at the beginning of the fiscal year, along with performance against personal goals.

The Financial and Strategic targets set for FY24, and performance against them are as follows:

	Goal	Weighting	Delivery Date	Result
Financial	Achieve budgeted underlying EBITDA target	25%	June 30, 2024	Achieved The Company achieved underlying EBITDA of A$22.9 million, which exceeded the budgeted EBITDA target.
	Generate positive operating cash flow from continuing operations	25%	June 30, 2024	Achieved. The Company generated positive operating cash flow from continuing operations of A$8.1 million during FY24.
	Achieve a significant reduction from the budgeted cost base for FY24)	15%	June 30, 2024	Achieved. The Company achieved reductions of ~US$12.2m relative to 2HFY23 cost structure, via both opex and COGS reductions.
Strategic	Achieve breakeven run rate for NEXTSTELLIS®	20%	December 31, 2023	Achieved. Break even run rate was achieved for NEXTSTELLIS® by 31 December 2023 (as reported in Mayne Pharma's 1HFY24 results)
	Achieve budgeted contribution margin for entire Women's Health product portfolio	15%	June 30, 2024	Not Achieved. While the Company achieved a direct contribution margin of US$35.2 million for the Women's Health segment, this fell short of the target set by the Board.
	Actual achievement against Financial and Strategic targets (Company Multiplier)			**85%**

As a result of FY24 performance against Financial and Strategic goals, the Company Multiplier was determined to be 85%. This number is used to adjust all STI awards paid to eligible employees across the Company.

Individual STI payments are determined as follows:

STI = FAR x Target STI % x Individual Performance x Company Multiplier

Achievement of STI for Executive KMP for FY24 are set out in the tables below. All amounts are in US dollars as this is the currency they are paid in.

	STI opportunity			STI awarded			
	Threshold 35%	Target 50%	Maximum 60%	Value awarded	% FAR	Cash	Equity
Shawn Patrick O'Brien	$220,500	$315,000	$378,000	$220,500	35%	$110,250	$110,250
Aaron Gray	$165,375	$236,250	$283,500	$240,975	51%	$120,488	$120,488

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 (FY24 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	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.

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	Historical approach	Current approach (FY24 grant)	Rationale
	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.		
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 September	Aligns with release of the full year and half year results announcements.
Participation value	CEO: 200% CFO: 120% Note that no STI opportunity was provided under the historical approach.	CEO: 150% CFO: 100% (FY23 80%*)	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 basis for performance between these two points.	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 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.	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 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.

* 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.

	Historical approach	Current approach (FY24 grant)	Rationale
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.

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 FY24 grant which would represent 20% vesting and 100% vesting respectively:

	Absolute TSR CAGR	Vesting	Performance required at testing date (~3 years after grant)
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 2024 (EPS adjusted for the 20:1 consolidation):

	2024 [1]	2023 [1]	2022 [1]	2021	2020
Total revenue ($000)	388,399	183,586	157,147	400,781	456,985
NPAT ($000) attributable to Mayne Pharma shareholders	(174,233)	(317,443)	(220,088)	(208,423)	(92,789)
Basic EPS (post consolidation basis)	($2.19)	($3.86)	($2.55)	($2.65)	($1.21)
Share price (30 June) (post consolidation basis)	$4.71	$4.40	$5.00	$6.40	$7.70
Dividends per share (cents) (post consolidation basis)	-	54 cents	-	-	-

1. 2024, 2023 & 2022 values are based on continuing operations only whereas earlier years include all historical operations including those businesses disposed of in pcp.

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 82 (or 16.5%) current staff participating in long term incentive schemes, either through the share loan scheme or the performance rights and option program.

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6. EXECUTIVE KMP REMUNERATION

A) KMP STATUTORY REMUNERATION TABLES

The following table discloses executive KMP remuneration during the year ended 30 June 2024 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 $	LTI - PERFORMANCE RIGHTS $	LOAN SHARES $	TOTAL $	PROPORTION RELATED TO PERFORMANCE %
Mr S O'Brien (CEO)	**2024**	**959,192**	**-**	**168,167**	**226,551**	**-**	**11,486**	**-**	**137,284**	**559,514**	**-**	**2,062,193**	**32.1**
	2023	663,454	-	125,316	181,695	-	10,968	-	62,658	233,818	-	1,277,909	23.2[5]
Mr A Gray (CFO)	**2024**	**719,394**	**-**	**183,782**	**24,534**	**-**	**17,541**	**-**	**144,213**	**216,904**	**-**	**1,306,369**	**41.7**
	2023	836,621[4]	-	125,316	22,846	-	16,509	-	62,658	232,068	-	1,296,018	32.4
Mr S Richards (former CEO)	**2024**	-	-	-	-	-	-	-	-	-	-	-	-
	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
Mr P Paltoglou (former CFO)	**2024**	-	-	-	-	-	-	-	-	-	-	-	-
	2023	98,600	(22,056)	-	-	538,196	10,539	(9,980)	-	369,541[3]	183,939[3]	1,168,779	47.4
Total	**2024**	**1,678,586**	**-**	**351,949**	**251,085**	**-**	**29,027**	**-**	**281,497**	**776,418**	**-**	**3,368,562**	
	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	

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 for an initial period which excluded car lease payments and medical insurance). The CEO established a residence near the Company's offices in North Carolina and spends a majority of his time there, however, his family has remained in Maryland. Relocation / travel expenses were renegotiated during FY24 with the CEO receiving on-going accommodation and travel expenses to/from his home state based on actual costs incurred capped at US$6,000 per month. 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 in the pcp 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 in the pcp (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 (July 2022) and US$50,000 on 1 July 2023. In addition he also received discretionary bonuses of US$35,000 during the pcp.
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 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 0.6556.

Whilst the above KMP tables show statutory remuneration in accordance with accounting standards, the actual remuneration received by KMP was significantly lower as only one employee LTI vested (a time based grant awarded as sign-on incentive to the CFO which was subject to automatic exercise) during FY24. At reporting date, while several employee LTI awards with share price hurdles were theoretically in the money, these awards had not reached their vesting date and therefore continue to be subject to share price variations before they can vest. The balance of LTI awards with share price hurdles were not in the money at reporting date. This 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 2024.

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[1,2]	NOTICE PERIOD	INCENTIVE ARRANGEMENTS	TERMINATION BENEFITS
Mr S O'Brien *Chief Executive Officer*	On-going commencing 1 October 2022	US$630,000	90 days	Entitlement to earn a STI based on Company performance and specific Company objectives of up to 50% of FAR at target. 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$472,500	30 days	Entitlement to earn a STI based on Company performance and specific Company objectives of up to 50% of FAR at target. Entitlement to participate in LTI share plan. The value of the LTI is based on 100% of fixed remuneration.	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 (1 July 2023 – 30 June 2024) and is current and is reviewed annually by the Remuneration and People Committee.
2. In addition to their base salary, the CEO and CFO receive health insurance benefits (typical for US employees). The CEO also receives other benefits. Other benefits include relocation costs which were negotiated in the prior financial year, and which were capped at US$75K for the period up until 31 January 2024. These relocation costs exclude car lease payments and medical insurance. Relocation and travel expenses were renegotiated and from 1 February 2024 onwards, the CEO received on-going accommodation and travel expenses based on actual costs incurred capped at US$6,000 per month. The CEO continues to receive other benefits for car lease payments and medical related payments, incurred in the ordinary course of business, as approved by the Board (refer to table in Section 6A for more detail).

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 11.0% of their fees for FY24, 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 FY24, 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
Director	US$132,000	US$11,000	US$8,800	Nil	Nil

For the purposes of this report, all payments made to 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.

The 'strike' against the FY23 remuneration report

At our AGM in November 2023, Mayne Pharma received a 'strike' on its FY23 remuneration report, with 33.72% of votes cast against the resolution to approve the remuneration report., based predominantly on shareholder disapproval of non-executive director (NED) remuneration and payments made to the former CEO and CFO. The Board reviewed feedback from investors and stakeholders regarding the level of fees paid to NEDs. As a result, benchmarking of NED fees in similar sized companies in Australia and the United States was undertaken. While total remuneration was higher than many Australian companies it was in line with several US based companies and the time commitment by Mayne Pharma NEDs can be significantly higher than many US based companies. Also, Mayne Pharma NEDs have a requirement to purchase Mayne Pharma shares equal to one times the base fee within three years of appointment.

After deliberation, the Board decided to reduce all base Director fees by ten percent. The Board is also working to put in place a fee sacrifice scheme to make accumulation of the shareholding requirement more straight forward. These changes will become effective as of the Company's AGM in November 2024.

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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 $	SUPERANNUATION $	TOTAL[1] $
Mr F Condella	**2024**	**305,398**	**-**	**305,398**
	2023	297,044	-	297,044
Mr P Blake[2]	**2024**	**218,360**	**-**	**218,360**
	2023	212,387	-	212,387
Ms A Custin[3]	**2024**	**235,157**	**-**	**235,157**
	2023	212,387	-	212,387
Mrs A Lockwood	**2024**	**105,850**	**11,643**	**117,493**
	2023	-	-	-
Dr K MacFarlane[4]	**2024**	**215,835**	**-**	**215,835**
	2023	212,420	-	212,420
Dr C Myers	**2024**	**16,797**	**-**	**16,797**
	2023	196,049	-	196,049
Mr D Petrie[2]	**2024**	**196,272**	**21,590**	**217,862**
	2023	124,849	13,109	137,958
Prof B Robinson[5]	**2024**	**197,645**	**21,740**	**219,385**
	2023	150,608	15,820	166,428
Mr I Scholes	**2024**	-	-	-
	2023	44,167	4,638	48,804
Totals	**2024**	**1,491,314**	**54,973**	**1,546,287**
	2023	1,449,912	33,567	1,483,478

1. Movements in remuneration are subject to changes in foreign exchange rates.
2. Mr Blake and Mr Petrie's fees include amounts paid as members of the Audit and Risk Committee.
3. Ms Custin's fees include amounts paid as Chair of the Audit and Risk Committee.
4. Dr MacFarlane's fees include amounts paid as a member of the Science, Technology and Medical Committee.
5. Professor Robinson's fees include amounts paid as Chair of the Science, Technology and Medical Committee.

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.

7. 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 FY24 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:

	PROGRAM	GRANT DATE	EXPIRY DATE	EXERCISE PRICE/ 5 DAY VWAP AT GRANT DATE	EXERCISE PRICE POST CONSOLIDATION	NUMBER HELD AT 1 JULY 2023	NUMBER LAPSED OR CANCELLED	NUMBER HELD AT 30 JUNE 2024	VALUE OF OPTIONS AT GRANT DATE $	VALUE OF OPTIONS INCLUDED IN COMPENSATION FOR THE YEAR $
Mr S Richards	FY19 LTI	6 Dec 2018	1 Oct 2023	$0.9696	$19.392	311,468	(311,468)	-	1,871,927	-
	FY20 LTI	29 Nov 2019	30 Sep 2024	$0.4695	$9.390	257,284	-	257,284	780,085	-
	FY21 LTI	3 Dec 2020	30 Sep 2025	$0.3554	$7.108	432,189	-	432,189	1,063,185	-
Mr P Paltoglou	FY20 LTI	26 Sep 2019	30 Sep 2024	$0.5151	$10.302	63,742	-	63,742	194,158	-
	FY21 LTI	15 Sep 2020	30 Sep 2025	$0.3647	$7.294	148,286	-	148,286	371,308	-
	FY21 LTI	26 Sep 2020	30 Sep 2025	$0.3300	$6.600	15,921	-	15,921	38,274	-
						1,228,890	(311,468)	917,422	4,318,937	-

The above awards were not vested or exercisable as at 30 June 2024. Mr Richards and Mr Paltoglou ceased employment during the pcp and continue to hold LTI awards in accordance with the plan rules. These awards are subject to further testing for vesting. If the vesting hurdles are not met, the awards will be forfeited.

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Performance Rights awarded, vested, exercised, cancelled and lapsed

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

	PROGRAM	GRANT DATE	EXPIRY DATE	NUMBER HELD AT 1 JULY 2023	NUMBER GRANTED DURING YEAR	NUMBER LAPSED OR CANCELLED DURING THE YEAR	NUMBER EXERCISED DURING THE YEAR	NUMBER HELD AT 30 JUNE 2024	VALUE OF OPTIONS AT GRANT DATE $	VALUE OF OPTIONS INCLUDED IN COMPENSATION FOR THE YEAR $
Mr S O'Brien	FY23 LTI	30 Nov 2022 [1]	1 Sep 2027	364,103		-	-	364.103	1,104,324	401,772
	FY24 LTI [2]	8 Dec 2023	1 Sep 2028	-	266,737	-	-	266,737	764,204	157,742
	Deferred STI [3]	8 Dec 2023	1 Sep 2026	-	23,816	-	-	23,816	124,081	62,658
Mr A Gray	Sign-on LTI [4]	1 Sep 2022	10 Sep 2023	42,625	-	-	(42,625)	-	238,700	40,546
	FY23 LTI	10 Mar 2023	1 Sep 2027	145,641	-	-	-	145,641	271,912	109,845
	FY24 LTI [5]	14 Sep 2023	1 Sep 2028	-	168,050	-	-	168,050	247,538	66,513
	Deferred STI [6]	14 Sep 2023	1 Sep 2026	-	30,009	-	-	30,009	123,937	62,658
Mr S Richards	FY20 LTI	29 Nov 2019	30 Sep 2024	127,790	-	-	-	127,790	907,820	-
	FY21 LTI	3 Dec 2020	30 Sep 2025	56,274	-	-	-	56,274	291,837	-
	FY22 LTI	3 Dec 2021	30 Sep 2026	303,030	-	-	-	303,030	1,067,272	-
Mr P Paltoglou	FY20 LTI	29 Nov 2019	30 Sep 2024	34,733	-	-	-	34,733	243,270	-
	FY21 LTI	15 Sep 2020	30 Sep 2025	17,083	-	-	-	17,083	86,748	-
	FY21 LTI	26 Sep 2020	30 Sep 2025	4,297	-	-	-	4,297	21,391	-
	FY22 LTI	21 Sep 2021	30 Sep 2026	111,848	-	-	-	111,848	406,009	-
				1,207,424	488,612	-	(42,625)	1,653,411	5,899,044	901,734

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. The fair value of the performance rights granted during the year was $2.865.
3. The fair value of the performance rights granted during the year was $5.21.
4. Reflects share award with a face value of US$200,000 provided as part of Mr Gray's sign on arrangements. This award vested 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).
5. The fair value of the performance rights granted during the year was $1.473 each.
6. The fair value of the performance rights granted during the year was $4.13 each.

None of the outstanding awards were vested or exercisable as at 30 June 2024. Mr Gray's sign-on incentive award instruments vested during the period (time based) and were subject to automatic exercise (and sell to cover taxes) on the vest date.

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8. 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 2024 was 42,625. These related to Mr Gray's sign-on incentive.

Movements in shares

The movement during FY23 and FY24 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 2022 NUMBER	IMPACT OF 20:1 SHARE CONSOLIDATION NUMBER	OTHER CHANGES DURING FY23 NUMBER	HELD AT 30 JUNE 2023 NUMBER [1]	OTHER CHANGES DURING FY24 NUMBER	HELD AT 30 JUNE 2024 NUMBER [1]
Directors						
Mr F Condella	755,549	(717,772)	20,998	58,775	7,154	65,929
Mr S O'Brien	-	-	-	-	37,041	37,041
Mr P Blake	260,000	(247,000)	9,097	22,097	-	22,097
Ms A Custin	-	-	9,075	9,075	12,287	21,362
Mrs A Lockwood	-	-	-	-	-	-
Dr K Macfarlane	-	-	20,000	20,000	18,000	38,000
Dr C Myers [1]	-	-	20,000	20,000	-	20,000
Mr D Petrie	-	-	-	-	-	-
Prof B Robinson	634,895	(603,150)	-	31,745	-	31,745
	1,650,444	**(1,567,922)**	**79,170**	**161,692**	**74,482**	**236,174**
Other KMP						
Mr A Gray	-	-	13,300	13,300	38,382	51,682
Total KMP	**1,650,444**	**(1,567,922)**	**92,470**	**174,992**	**112,864**	**287,856**

1. Dr Myers ceased being a director during the period. The final balance of shares held represent holdings at the time of cessation (31 July 2023).

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

Dated at Melbourne, Australia this 23rd day of August 2024.



Mr Frank Condella
Chair



Mr Shawn Patrick O'Brien
Managing Director and CEO

Auditor's Independence **Declaration**

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DECLARATION OF INDEPENDENCE BY BENJAMIN LEE TO THE DIRECTORS OF MAYNE PHARMA GROUP LIMITED

As lead auditor of Mayne Pharma Group Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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 period.

Benjamin Lee
Director

BDO Audit Pty Ltd

Melbourne, 23 August 2024

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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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

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Consolidated Statement of **Profit or Loss and Other Comprehensive Income**

For the year ended 30 June 2024

	NOTE	CONSOLIDATED 2024 $'000	2023 $'000
Revenue from contracts with customers			
Sale of goods		351,826	146,874
Services revenue		35,263	35,516
License fee revenue		247	418
Royalties revenue		1,063	778
Revenue	2	**388,399**	**183,586**
Cost of sales and services	4	(169,624)	(100,099)
Gross profit		**218,775**	**83,487**
Interest income		7,066	6,719
Other income	3	1,668	9,411
Earn-out and deferred consideration liabilities reassessments		(82,671)	23,900
Research, development medical and regulatory affairs expenses		(20,236)	(15,729)
Marketing and distribution expenses		(130,697)	(125,945)
Administration expenses and other expenses	4	(147,896)	(142,485)
Impairments	14	-	(69,177)
Finance expenses - other	4	(4,702)	(10,454)
Foreign exchanges (losses) / gains related to financing activities	4	(1,095)	(11,029)
Finance expenses – related to earn-outs and deferred consideration liabilities discount unwind	4	(30,299)	(18,396)
Profit / (loss) before income tax		**(190,087)**	**(269,698)**
Income tax credit / (expense)	5	21,468	(47,745)
Net profit / (loss) from continuing operations after income tax		**(168,619)**	**(317,443)**
Discontinued operations			
Net profit / (loss) from discontinued operations after income tax	6	(5,614)	434,600
Net profit / (loss) for the period		**(174,233)**	**117,157**
Attributable to:			
Equity holders of the Parent		(174,233)	117,249
Non-controlling interests		-	(92)
		(174,233)	**117,157**
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)
Income tax effect		-	-
Exchange differences on translation		1,064	17,778
Income tax effect		(162)	(1,322)
Total comprehensive income / (loss) for the period		**(173,331)**	**132,279**
Attributable to:			
Equity holders of the Parent		(173,331)	132,959
Non-controlling interests		-	(680)
		(173,331)	**132,279**
Basic earnings per share	7	($2.19)	$1.42
Diluted earnings per share	7	($2.19)	$1.41
Earnings per share from continuing operations:			
Basic earnings (loss) per share from continuing operations	7	($2.12)	($3.86)
Diluted earnings (loss) per share from continuing operations	7	($2.12)	($3.86)

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

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Consolidated Statement of **Financial Position** As at 30 June 2024

	NOTE	CONSOLIDATED 2024 $'000	2023 $'000
Current assets			
Cash and cash equivalents	22	110,068	92,616
Trade and other receivables	8	193,222	194,887
Inventories	9	74,629	82,700
Income tax receivable		14,455	14,630
Other financial assets	10	41,530	136,624
Other current assets	11	26,689	32,172
Total current assets		**460,593**	**553,629**
Non-current assets			
Other non-current assets	11	15,337	2,320
Property, plant and equipment	12	46,694	43,726
Right-of-use assets	13	6,632	7,756
Deferred tax assets	5	45,341	22,659
Intangible assets	14	568,580	617,264
Total non-current assets		**682,584**	**693,725**
Total assets		**1,143,177**	**1,247,354**
Current liabilities			
Trade and other payables	15	244,548	246,513
Interest-bearing loans and borrowings	16	3,820	14,427
Other financial liabilities	17	49,446	35,299
Provisions	18	16,124	14,720
Total current liabilities		**313,938**	**310,959**
Non-current liabilities			
Interest-bearing loans and borrowings	16	35,000	33,078
Other financial liabilities	17	332,374	260,856
Deferred tax liabilities	5	7,352	7,799
Provisions	18	325	302
Total non-current liabilities		**375,051**	**302,035**
Total liabilities		**688,989**	**612,994**
Net assets		**454,188**	**634,360**
Equity			
Contributed equity	19	1,224,224	1,233,692
Reserves	20	173,967	170,438
Accumulated losses	21	(944,003)	(769,770)
Total equity		**454,188**	**634,360**

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

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Consolidated Statement of **Cash Flows** For the year ended 30 June 2024

	NOTE	CONSOLIDATED 2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		751,267	615,364
Payments to suppliers and employees		(763,803)	(615,141)
Tax paid		(112)	(4,039)
Net operating cash flows before restructuring costs, transaction costs and drug pricing investigations and related litigation costs		(12,648)	(3,815)
Restructuring, transaction and drug pricing investigations and related litigation costs		(2,652)	(38,897)
Net cash flows from / (used in) operating activities	22	**(15,300)**	**(42,712)**
Cash flows from investing activities			
Payments for property, plant and equipment		(7,950)	(8,335)
Receipt of government grant relating to plant and equipment		--	3,600
Payments for intangible assets		(12,912)	(210,840)
Payments for capitalised development costs		-	(410)
Earn-out and deferred settlement payments		(21,811)	(21,621)
Investment marketable securities		-	(127,526)
Redemption of marketable securities		89,268	-
Working capital acquired as part of asset acquisition		-	(16,650)
Net proceeds from the sale of the Retail Generics business	6	6,854	132,746
Net proceeds from the sale of the MCS business		-	722,521
Net cash flows from / (used in) investing activities		**53,449**	**473,485**
Cash flows from financing activities			
Lease payments		(3,717)	(3,914)
Repayment of borrowings syndicated facility		-	(358,698)
Repayment of borrowings receivables facility		(10,948)	(239,880)
Proceeds from convertible notes		-	40,995
Discount paid convertible notes		-	(4,401)
Proceeds from receivables facility (net of fees)		-	185,938
On market share buy-back		(10,932)	(6,223)
Interest received		7,066	6,719
Interest paid		(1,319)	(7,130)
Dividend paid		-	(45,292)
Net cash flows (used in) / from financing activities		**(19,850)**	**(431,886)**
Net increase / (decrease) in cash and cash equivalents		**18,299**	**(1,113)**
Cash and cash equivalents at the beginning of the period		92,616	96,672
Effect of exchange rate fluctuations on cash held		(847)	(2,943)
Cash at the end of the period	**22**	**110,068**	**92,616**

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

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Consolidated Statement of **Changes in Equity** For the year ended 30 June 2024

	CONTRIBUTED EQUITY $'000	SHARE-BASED PAYMENTS RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	CASH FLOW HEDGE RESERVE $'000	OTHER RESERVE $'000	ACCUMULATED LOSSES $'000	TOTAL $'000	NON-CONTROLLING INTERESTS $'000	TOTAL EQUITY $'000
Balance at 1 July 2023	**1,233,692**	**55,957**	**117,624**	**-**	**(3,143)**	**(769,770)**	**634,360**	**-**	**634,360**
Profit/(loss) for the period	-	-	-	-	-	(174,233)	(174,233)	-	(174,233)
Other comprehensive income									
Foreign exchange differences (net of tax)	-	-	902	-	-	-	902		902
Total comprehensive income for the period	**-**	**-**	**902**		**-**	**(174,233)**	**(173,331)**	**-**	**(173,331)**
Transactions with owners in their capacity as owners									
On-market share buy-back	(10,932)	-	-	-	-	-	(10,932)	-	(10,932)
Share-based payments	-	4,091	-	-	-	-	4,091	-	4,091
Share options / performance rights exercised	1,464	(1,464)	-	-	-	-	--	-	--
Balance at 30 June 2024	**1,224,224**	**58,584**	**118,526**	**-**	**(3,143)**	**(944,003)**	**454,188**	**-**	**454,188**
Balance at 1 July 2022	**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									
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
Dividend paid	-	-	-	-	-	(46,669)	(46,669)	-	(46,669)
Balance at 30 June 2023	**1,233,692**	**55,957**	**117,624**	**-**	**(3,143)**	**(769,770)**	**634,360**	**-**	**634,360**

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

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Consolidated Financial Statements

For the year ended 30 June 2024

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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 2024 was authorised for issue by the Directors on 23 August 2024.

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 Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance the Corporations Act 2001. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

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 2023 comparatives have been reclassified to reflect the current presentation and enable better comparison between periods.

B. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2024. 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.

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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

Material 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 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	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 derivative component of convertible notes
• Note 17 - Other Financial Liabilities	Fair value of derivative, 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

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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 Women's Health (formerly BPD), Dermatology (formerly PPD) and International. During the prior 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. The comparatives reflect the new segments.

Dermatology

The Dermatology division distributes established dermatology products in the US on a portfolio basis.

Women's Health

The Women's Health division distributes branded women's health branded 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:

	Women's Health $'000	Dermatology $'000	International $'000	TOTAL $'000
Year ended 30 June 2024				
Sale of goods	142,827	174,858	34,140	351,826
Services revenue	-	-	35,263	35,262
License fee revenue	-	-	247	247
Royalty revenue	-	-	1,063	1,063
Revenue	142,827	174,858	70,713	388,399
Cost of sales and services	(29,367)	(90,923)	(49,332)	(169,624)
Gross profit	113,458	83,935	21,382	218,775
Direct operating expenses	(78,236)	(39,628)	(12,376) [1]	(130,240)
Direct contribution	35,222	44,307	9,006	88,535
Other income				1,668
Earn-out and deferred consideration liabilities reassessments				(82,671)
Amortisation of intangible assets				(59,660)
Asset impairments				-
Research and development expenses				(20,236)
Restructure expenses and doubtful debt				(886)
Finance expenses (net of interest income)				(29,030)
Class Action settlement				(33,246)
Other expenses unallocated				(54,561)
(Loss) / Profit before income tax				(190,087)
Income tax expense				21,468
Net (Loss) / Profit for the period - continuing operations				(168,619)

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 Women's Health and Dermatology segments.

The three largest customers contributed $65.0m to group revenue for the year ended 30 June 2024.

Approximately 31% of the Group's 2024 revenue (2023: 28%) 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 Dermatology and Women's Health segments.

	Women's Health $'000	Dermatology $'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 and services	(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 Women's Health and Dermatology segments.

Geographical information

Revenue from external customers	2024 $'000	2023 $'000
Australia and New Zealand	40,335	41,198
United States	322,129	124,464
Canada	13,365	9,928
Europe and other	7,130	3,601
Asia	5,440	4,395
Total external revenue	388,399	183,586

Revenue from customer contracts	2024 $'000	2023 $'000
Recognised at a point in time	353,136	148,070
Recognised over time	35,263	35,516
Total revenue from customer contracts	388,399	183,586

Non-current assets	2024 $'000	2023 $'000
Australia	69,379	70,475
United States	545,895	590,515
Total non-current assets	615,274	660,990

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

Product information

Revenue by product group/service	2024 $'000	2023 $'000
Third party contract services and manufacturing	35,263	35,516
Dermatology and women's health products	351,826	146,874
Other revenue	1,310	1,196
Total external revenue	388,399	183,586

Revenue recognition and measurement

The Group accounting policy for revenue recognition is as follows:

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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 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 variable consideration for a reporting period. These adjustments are deducted to determine reported revenue.

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.

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

	2024 $'000	2023 $'000
Rental from excess office space	290	274
Business interruption insurance recovery (Salisbury)	--	3,449
Other income – transitional services	815	2,718
Foreign exchange gain	563	1,513
Other	-	1,457
	1,668	9,411

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NOTE 4 – EXPENSES

	2024 $'000	2023 $'000
Finance expenses		
Interest expense – convertible notes / syndicated loans	1,010	3,981
Unused line fees – syndicated loans	-	31
Interest expense – receivables finance	33	2,565
Interest expense – right-of-use asset leases	500	461
Amortisation of borrowing costs	3,159	3,416
	4,702	10,454
Change in fair value attributable to the unwinding of the discounting of the earn-out and deferred consideration liabilities[1]	30,299	18,396
Foreign exchange losses relating to funding activities including earn-outs and deferred consideration liabilities	1,095	11,029
Total finance expense	36,096	39,879
Depreciation right-of-use assets	3,809	3,509
Depreciation of property, plant and equipment	4,990	5,283
Total Depreciation	8,799	8,792
Cost of sales include the following:		
Inventory write offs	-	211
Inventory provision for obsolescence and net realisable value adjustments	4,309	2,925
Employee benefits expense[2]		
Wages and salaries	91,586	87,940
Superannuation expense	4,890	4,748
Other employee benefits expense	4,399	5,305
Share-based payments (refer Note 27)	4,091	6,776
Total employee benefits	104,966	104,769
Administration and other expenses include the following:		
Drug pricing investigations and related litigation costs	1,331	5,093
Share-based payments expense	4,091	3,766
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	886	9,135
Doubtful debt	-	7,795
Class Action Settlement (refer Note 29)	33,246	-
Loss on disposal relating to INTI	-	3,058
Mark to market of derivative related to convertible note	(2,754)	2,702
Amortisation of intangible assets	59,660	56,649
All other administration and other expenses	51,436	51,277
Total administration and other expenses	147,896	142,485

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:

	2024 $'000	2023 $'000
Income tax benefit / (expense)		
Current income tax	(1,784)	1,731
Adjustment in respect of current income tax of previous years	1,995	(2,445)
Deferred income tax	22,866	(53,318)
Income tax (expense) / benefit in the consolidated statement of profit or loss and other comprehensive income	23,077	(54,032)
Deferred income tax benefit/(expense) included in income tax expense comprises		
(Decrease) / Increase in deferred tax assets	21,855	(69,200)
Decrease in deferred tax liabilities	1,011	15,882
	22,866	(53,318)

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

	2024 $'000	2023 $'000
The prima facie tax on operating profit differs from the income tax provided in the accounts as follows:		
Profit/(loss) before income tax	(197,310)	171,188
Prima facie tax benefit/(expense) at 30%	59,194	(51,355)
Effect of R&D concessions	-	181
Over/(under) provision in respect of prior years	1,995	(2,445)
Deferred tax asset derecognition relating to US operations	(34,522)	(101,906)
Deferred tax asset adjustments	(388)	-
Non assessable gain on disposal of business	-	129,440
Non-deductible expenses for tax purposes		
Share-based payments	(345)	(2,075)
Asset impairments	-	(3,006)
Amortisation intangibles	(1,850)	(2,228)
Other non-deductible expenses	331	(8,146)
Tax losses not recognised	-	(60)
Effect of different tax rate in US compared to Australia	(17,180)	(20,854)
US state taxes	6,893	5,741
Restatement of DTA & DTL re US state tax rate changes	8,949	2,681
Income tax (expense) / benefit	23,077	(54,032)
Income tax (expense) / benefit from continuing operations	21,468	(47,745)
Income tax (expense) / benefit from discontinued operations	1,609	(6,286)
	23,077	(54,032)

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C. Recognised deferred tax assets and liabilities

	2024 $'000	2023 $'000
Deferred tax assets		
Intangible assets	45,119	18,434
Provisions	8,291	11,483
Payables	42,135	29,563
Carry forward tax losses and R&D credits	162,247	152,885
Inventory	2,279	6,468
US state taxes	33,183	19,744
Other	577	335
Less deferred tax asset not recognised	(248,436)	(215,473)
	45,395	23,439

	2024 $'000	2023 $'000
Reconciliation to the Statement of Financial Position		
Total Deferred Tax Assets	45,395	23,439
Set-off of Deferred Tax Liabilities that are expected to reverse in the same period	(54)	(780)
Net Deferred Tax Assets[1]	45,341	22,659

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

	2024 $'000	2023 $'000
Deferred tax asset movements		
Opening balance	23,439	133,680
Credit/(charge) to profit/loss	21,855	(69,200)
Disposal of subsidiary (MCS)	-	(46,345)
Restatement of foreign currency balances	101	5,304
Balance at 30 June	45,395	23,439

	2024 $'000	2023 $'000
Deferred tax liabilities		
Property, plant and equipment	387	1,324
Intangible assets	1,388	1,783
Unrealised foreign exchange gains	4,786	4,793
US state taxes	109	85
Other	737	595
	7,406	8,579
Reconciliation to the Statement of Financial Position		
Total Deferred Tax Liabilities	7,406	8,579
Set-off of Deferred Tax Assets that are expected to reverse in the same period	(54)	(780)
Net Deferred Tax Liabilities[1]	7,352	7,799

	2024 $'000	2023 $'000
Deferred tax liability movements		
Opening balances	8,579	21,222
Charge/(credit) to profit/loss	(1,011)	(15,882)
Charge/(credit) to other comprehensive income	(162)	1,322
Disposal of Subsidiary	-	1,628
Restatement of foreign currency balances	(2)	289
Balance at 30 June	7,406	8,579

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.

Determination of tax residency

Section 295 (3A) of the *Corporations Act 2001* defines tax residency as having the same meaning as the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisors in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

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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. In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements.

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 write-down to the expected probable recoverable amount was made of $34.5m. Certain deferred tax assets were transferred to Catalent in the prior period 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.

Temporary differences associated with investments in the Group's subsidiaries have not been recognised. Deferred tax assets and liabilities are not recognised for temporary difference relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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.

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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 -

	2024 $'000	2023 $'000
Service Revenue	-	21,737
Cost of sales (includes depreciation)	-	(12,352)
Gross Margin	-	9,385
Profit on sale of MCS business (not taxable)	-	433,668
Sale transaction costs (non deductible)	-	(20,474)
Operating expenses (includes depreciation and amortisation)	(121)	(5,077)
Operating profit before tax from discontinued operations	(121)	417,502
Tax expense	(3)	(978)
Profit after tax for the period from discontinued operations - MCS	(124)	416,524

	2024 $'000	2023 $'000
Estimated operating cashflow related to discontinued operations MCS (including transactions costs)	(357)	(12,480)
Investing cashflows related to discontinued operations		
Proceeds from sale of MCS	-	722,521
Payments for plant and equipment	-	(2,681)

The above results for 30 June 2023 (pcp) 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. -

	2024 $'000	2023 $'000
Sales Revenue	(2,211)	57,152
Cost of sales	(2,591)	(91,213)
Gross Margin	(4,802)	(34,060)
Reversal of historical accumulated impairment upon disposal	-	82,519
Transaction costs	-	(1,016)
Impairments	-	(5,263)
Amortisation	-	(3,588)
Earn-out and deferred consideration liabilities reassessments	-	383
Restructuring costs	-	(1,548)
Operating expenses	(2,300)	(14,043)
Operating profit before tax from discontinued operations	(7,102)	23,385
Tax expense	1,612	(5,308)
Profit / (loss) after tax for the period from discontinued operations – Retail Generics	(5,490)	18,077

	2024 $'000	2023 $'000
Estimated operating cashflow related to discontinued operations Retail Generics (including transactions costs)	(23,075)	21,290
Investing cashflows related to discontinued operations		
Proceeds from sale of Retail generics	6,854	132,746
Payments for capitalised development costs	-	(80)
Financing activities cashflows related to discontinued operations		
Earn-out and deferred consideration liability payments	(3,513)	(11,510)

	2024 $'000	2023 $'000
Profit / (loss) after tax for the period from discontinued operations	(5,614)	434,600

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

Operating cashflows related to discontinued operations were determined in a manner consistent with total operating cashflows in that the profit/loss from discontinued operations was adjusted for non-cash items and working capital movements relating to the discontinued operations.

NOTE 7 – EARNINGS PER SHARE

	2024	2023
Earnings per share for profit attributable to the ordinary equity holders of the Parent:		
Basic earnings per share	($2.19)	$1.42
Diluted earnings per share	($2.19)	$1.41
Basic earnings (loss) per share from continuing operations	($2.12)	($3.86)
Diluted earnings (loss) per share from continuing operations	($2.12)	($3.86)
Basic earnings per share discontinued operations	($0.07)	$5.29
Diluted earnings per share discontinued operations	($0.07)	$5.04

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. In the current year, the potential ordinary shares are considered anti-dilutive.

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

	2024 $'000	2023 $'000
For basic earnings per share		
Net profit / (loss) attributable to equity holders of the Company	(174,233)	117,249
For diluted earnings per share		
Net profit / (loss) attributable to equity holders of the Company	(174,233)	121,925
For basic earnings (loss) per share from continuing operations		
Net profit / (loss) from continuing operations	(168,619)	(317,351)
For diluted earnings (loss) per share from continuing operations		
Net profit / (loss) from continuing operations	(168,619)	(317,351)
For basic earnings per share from discontinued operations		
Net profit / (loss) from discontinued operations	(5,614)	434,600
For diluted earnings per share from discontinued operations		
Net profit / (loss) from discontinued operations	(5,614)	434,600

	2024 '000	2023 '000
Weighted average number of ordinary shares for basic earnings per share	79,620	82,177
Effect of dilution (based on average share price during the year):		
LTI shares, options, performance rights and convertible notes	10,465	4,084
Weighted average number of ordinary shares adjusted for the effect of dilution	90,085	86,261

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):

	2024 '000	2023 '000
Number of potential ordinary shares	5,402	7,011

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

	2024 $'000	2023 $'000
Current		
Trade receivables (net of charge-backs and discounts)	182,149	180,838
Trade receivables – profit share	2,815	5,983
Provision for impairment	(8,492)	(9,426)
Other receivables	16,750	17,492
	193,222	194,887

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 2024	168,492	7,493	486	176,472
Trade receivables 30 June 2023	155,091	20,300	2,005	177,395

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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.

In the prior period, some of the Group's receivables were sold under the receivables financing program (refer Note 16). The facility was repaid in full in July 2023 and the facility was not renewed.

Trade receivables are non-interest bearing and are generally on 30-90-day terms. As at reporting date, $8,492,000 (2023: $9,426,000) of receivables were considered impaired. The impaired receivables include one individual receivable of $7,585,000. 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. 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

	2024 $'000	2023 $'000
Raw materials and stores at cost	11,514	21,596
Work in progress at cost	7,168	9,331
Finished goods at lower of cost and net realisable value	55,947	51,773
	74,629	82,700

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 $5,353,000 (2023: $22,767,000) relating to finished goods.

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.

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NOTE 10 – OTHER FINANCIAL ASSETS

	2024 $'000	2023 $'000
Current		
Restricted cash	2,320	9,098
Marketable securities	39,210	127,526
	41,530	136,624

Marketable securities are an investment in a money market fund with underlying investments in short term US government debt and repurchase obligations. The fair value of marketable securities equals its carrying value. Returns on the marketable securities are recognised as interest income.

Restricted cash represents cash held as security for leases and letters of credit.

NOTE 11 – OTHER ASSETS

	2024 $'000	2023 $'000
Current		
Deposits for gross-to-net sales arrangements	7,490	19,075
Prepayments	19,199	13,097
	26,689	32,172

	2024 $'000	2023 $'000
Non-Current		
Deposits for various commercial contracts	15,337	2,320
	15,337	2,320

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 2024					
Balance at beginning of year net of accumulated depreciation	2,981	15,339	25,419	(13)	43,726
Additions	-	-	1,796	6,762	8,558
Disposals	-	-	(483)	(126)	(609)
Depreciation charge for year	-	(498)	(4,492)	-	(4,990)
Foreign currency restatement	-	-	7	2	9
Balance at end of year net of accumulated depreciation	2,981	14,841	22,247	6,625	46,694
At 30 June 2024					
At cost	2,981	19,924	60,620	11,528	95,053
Accumulated depreciation	-	(5,083)	(38,373)	-	(43,456)
Accumulated impairments	-	-	-	(4,903)	(4,903)
Net carrying amount	2,981	14,841	22,247	6,625	46,694
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
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

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 2024			
Balance at the beginning of year net of accumulated depreciation	1,781	5,975	7,756
Additions	81	3,555	3,635
Modifications	(83)	(853)	(936)
Depreciation charge for year	(577)	(3,232)	(3,809)
Foreign currency restatement	2	(17)	(14)
Balance at end of year net of accumulated depreciation	1,204	5,428	6,632
At 30 June 2024			
At cost	5,388	9,246	14,633
Accumulated depreciation	(4,184)	(3,817)	(8,001)
Net carrying amount	1,204	5,428	6,632
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

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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

	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 2024						
Balance at beginning of year net of accumulated amortisation	-	588,969	2,039	6,549	19,707	617,264
Additions	-	12,911	-	-	-	12,911
Amortisation	-	(54,454)	(1,319)	(519)	(3,368)	(59,660)
Foreign currency restatement		(1,935)	-	-	-	(1,935)
Balance at end of year net of accumulated amortisation	-	545,491	720	6,030	16,339	568,580
As at 30 June 2024						
Cost	-	842,774	36,133	34,058	63,778	976,743
Accumulated amortisation	-	(206,534)	(10,826)	(13,965)	(43,134)	(274,459)
Accumulated impairments	-	(90,749)	(24,587)	(14,063)	(4,305)	(133,704)
Net carrying amount	-	545,491	720	6,030	16,339	568,580
The split between indefinite and definite life assets is as follows:						
Definite life assets	-	545,491	132	6,030	16,339	567,992
Indefinite life assets	-	--	588	--	-	588
Net carrying amount	-	545,491	720	6,030	16,339	568,580

	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

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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 indicators exist 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.

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

No impairments were recognised in the current period. In the prior period, intangible asset impairments recognised totalled $74.3m (including $5.3m for discontinued operations).

An asset or a Cash Generating Unit (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 which utilises net present value techniques using post-tax cash flows and discount rates.

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.

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Intangible impairment testing methodology

For impairment testing, intangible assets are allocated to individual CGUs (which are the Therapeutic Groups or 'TGs').

Each CGU represents the lowest level within the Group at which the asset is monitored for internal management purposes and separately identifiable cash flows are present and is not larger than a reporting segment.

The testing methodology for the value in use of each CGU 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.

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

A$00's	Dermatology	Women's Health	Infectious Disease	MPI	Total
Intangible Assets	25,740	534,700	4,243	3,897	**568,580**

Key assumptions in impairment testing methodology include:

- Cash flow forecasts for the on-market portfolio are based on FY25 Budget projections as well as specific cash flows which have been forecast out to FY29 for Dermatology and MPI. A terminal growth rate is then applied. Cashflow forecasts for Women's Health and Infectious Disease are based on whole of life expectancy of the products with no terminal value;
- Risk weighted pipeline cash flows are included in each of the relevant CGUs;
- Corporate overhead has been allocated to the relevant CGU based on their assessed consumption;
- Other net assets have been allocated to the relevant 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:

	30 June 2024	30 June 2023
• Dermatology:	Pre-Tax – 13.3% / Post Tax – 10.2%	Pre-Tax – 13.3% / Post Tax – 10.2%
• Women's Health:	Pre-Tax – 13.3% / Post Tax –10.2%	Pre-Tax – 13.3% / Post Tax –10.2%
• Infectious Disease:	Pre-Tax – 14.0% / Post Tax – 9.8%	Pre-Tax – 13.7% / Post Tax – 9.6%
• MPI:	Pre-Tax – 14.0% / Post Tax – 9.8%	Pre-Tax – 13.7% / Post Tax – 9.6%

Forecast Gross Margin amount growth rates by TG CGU at 30 June 2024 and 31 December 2023 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.

FY2024	FY24 ASSUMED AVERAGE FORECAST GROWTH RATES 1st FIVE YEARS[1]	FY24 ASSUMED TERMINAL VALUE GROWTH RATE
Dermatology	-14.0%	0.3%)
Women's Health	42.1%	n/a[2]
MPI	9.0%	2.0%
Infectious Disease	-6.4%	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 FY24 statutory result for the relevant CGU.
2. For Women's Health and Infectious Disease no terminal value is included.

December 2023	ASSUMED AVERAGE FORECAST GROWTH RATES 1st FIVE YEARS[1]	ASSUMED TERMINAL VALUE GROWTH RATE
MPI	7.4%	2.0%
Dermatology	0.7%	-3.0%
Women's Health	39.1%	0% to – 5.9% [2]
Infectious Disease	-6.4%	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 were calculated off the FY23 statutory result for the relevant CGU.
2. Terminal growth rates within Women's Health are assessed on a product basis to take into account the differing finite exclusivity periods on the branded products within this CGU.

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

A$m	Carrying Value[1]	Recoverable Value	Difference
Dermatology	59.1	88.4	29.3
Women's Health	549.3	632.3	83.0
MPI	38.4	59.3	20.9
Infectious Disease	4.3	4.6	0.3

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
Dermatology	+5.0/-4.9	+2.2/-2.0	-8.6/+3.6
Women's Health	+9.4/-21.3	n/a	-33.1/+31.6
MPI	+3.6/-1.3	+5.8/-4.5	-8.4/+10.9
Infectious Disease	+0.2/-0.2	n/a	-0.1/+0.1

Note: 1. Change refers to the movement in Gross Margin ($ amount) Compound Annual Growth Rates for launched products from FY25 to FY29.

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.

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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.

During the period several intangible assets had their useful lives reassessed.

A summary of the changes is as follows –

Intangible asset	Original useful life (years)	Remaining original life at reassessment date (years)	Reassessed useful life (years)	Useful life change (years)	Impact on amortisation current period A$000's
Nextstellis	10.00	7.33	13.00	5.67	(2,101)
Annovera	16.75	16.25	16.00	(0.25)	112
WH Vitamins	20.00	19.50	3.00	(16.50)	1,461
Total impact on amortisation increase / (decrease)					**(528)**

The NEXTSTELLIS® useful life reassessment was due to the granting of a new / additional patent which expires in 2036. Obtaining long term supply commitments for WH Vitamins is currently challenging resulting in the reassessed useful life.

NOTE 15 – TRADE AND OTHER PAYABLES

	2024 $'000	2023 $'000
Current		
Trade payables	20,874	32,027
Accrued rebates, returns and loyalty programs	163,879	181,301
Other payables	59,795	33,185
	244,548	246,513

Other payables include the $38m accrual for the Class Action settlement (refer Note 29).

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.

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NOTE 16 – INTEREST-BEARING LOANS AND BORROWINGS

	2024 $'000	2023 $'000
Current		
Receivables financing	-	10,810
Lease liabilities right-of-use assets	3,820	3,617
	3,820	14,427

	2024 $'000	2022 $'000
Non-current		
Convertible notes	31,641	28,480
Lease liabilities right-of-use assets	3,360	4,598
	35,000	33,078

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 convertible notes are repayable as a fixed AUD amount ($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 the fair value of the derivative was a $9.743m liability. The movement in the fair value of this embedded derivative has subsequently been accounted for 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).

Receivables financing facility

The receivables facility was repaid in full in July 2023 and the facility was not renewed.

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.

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Financing facility maturities are summarised as follows:

	2024 $'000	2023 $'000
Current	-	10,810
Non-current	31,641	28,480
	31,641	39,290
Due by 30 June 2024	-	10,810
Due by 30 June 2027	31,641	28,480
	31,641	39,290

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 2024	39,290	(10,948)	3,299	31,641
Lease liabilities	30 June 2024	8,142	(3,717)	2,755	7,180
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

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 based on the current relevant accounting standard. A revision to the relevant accounting standard, which applies for the year ending 30 June 2025, will see the convertible notes treated a current liability.

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

	2024 $'000	2023 $'000
Current		
Derivative related to convertible notes	9,691	12,445
Earn-out and deferred consideration liabilities – various products/distribution rights	33,219	15,203
Deferred liability – MCS sale related	6,536	7,651
	49,446	35,299

	2024 $'000	2023 $'000
Non-Current		
Earn-out and deferred consideration liabilities – various products/distribution rights	329,618	252,135
Deferred liability – MCS sale related	2,756	8,721
	332,374	260,856

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 prior 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 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.

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.

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 $30,299,000 (2023: $18,396,000) for the period. The earn-out liabilities at reporting date also include earn-out reassessments, a result of the impact on the net present value of future payments due to the Company reassessing the timing and/or value of future earn-out payments of $82,671,000 expense / increase to earn-outs (pcp $23,900,000 credit / decrease to earn-outs).

As at 30 June 2024, the deferred consideration liability for Nextstellis consists of fixed amounts which are subject to sales milestone requirements while the TXMD earnout liabilities consists of a mixture of fixed amounts (as outlined above for Population Council) and variable amounts based on sales.

Note 24 Fair Value Measurement includes a sensitivity analysis relating to the major earnout liabilities.

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 2024 are Mayne Pharma's:

- Stock price, $4.70
- Conversion price $5.356
- Expected volatility, 45%
- Estimated credit spread 9.34%.

The value derived is considered Level 3 in the fair value hierarchy (see Note 24).

NOTE 18 – PROVISIONS

	2024 $'000	2023 $'000
Current		
Employee benefits	15,974	14,566
Restructuring provision	150	154
	16,124	14,720
Non-Current		
Employee benefits	325	302
	325	302

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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

	2024 Number	2023 Number	2024 $'000	2023 $'000
Balance at beginning of year	83,422,114	1,764,840,757	1,233,692	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	83,422,114	1,715,580,696		
Effect of Share consolidation 20:1	-	(1,629,804,245)	-	-
Transfer to contributed equity on exercise of performance rights		-	1,464	
Share buy backs / share cancellations – on market	(2,176,287)	(1,652,174)	(10,932)	(6,223)
Share buy backs / share cancellations relating to forfeited employee LTI shares[1]	-	(702,163)	-	-
Balance at end of year	81,245,827	83,422,114	1,224,224	1,233,692

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

Consolidation of shares

In the prior period (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 15% of the shares on issue (as approved at the 2023 AGM). During the period to 30 June 2024, the Company purchased 2,176,287 shares for a total value of $10,932,487. The cumulative number of shares purchased under this program is 3,828,461 shares for a total cost of $17,155,375 (approx. 4.5% of shares on issue), representing an average price of $4.481. On-market share buy-backs were paused effective 31 December 2023.

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.

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B. Capital management

The primary objective of the Group in relation to capital management is to ensure that it maintains a strong balance sheet that supports 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 (buyback shares, pay special dividends, capital return etc) or issue new shares. No changes were made to the objectives, policies or processes during the years ended 30 June 2023 and 30 June 2024.

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

	2024 $'000	2023 $'000
Interest-bearing borrowings (including lease liabilities)	38,820	47,505
Less cash and cash equivalents	(110,068)	(92,616)
Less Marketable securities	(39,210)	(127,526)
Net (cash) / debt	(110,458)	(172,637)

NOTE 20 – RESERVES

	2024 $'000	2023 $'000
Share-based payments reserve	58,584	55,957
Other reserve	(3,143)	(3,143)
Foreign currency translation reserve	118,526	117,624
	173,967	170,438

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.

	2024 $'000	2023 $'000
Balance at beginning of year	55,957	48,924
Share-based payments expense	4,091	7,033
Transfer to contributed equity on exercise of performance rights	(1,464)	-
Transfer to retained earnings on cancellation of employee shares	-	-
Balance at end of year	58,584	55,957

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.

	2024 $'000	2023 $'000
Balance at beginning of year	-	1,334
Mark to market unrealised gain / (loss) on interest rate swap contracts	-	(1,334)
Balance at end of year	-	-

Other equity reserve

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

	2024 $'000	2023 $'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.

	2024 $'000	2023 $'000
Balance at beginning of year	117,624	100,580
Foreign exchange translation differences (net of tax)	902	17,044
Balance at end of year	118,526	117,624

NOTE 21 – ACCUMULATED LOSSES

	2024 $'000	2023 $'000
Accumulated losses at the beginning of the period	(769,770)	(840,349)
Net (loss) / profit attributable to members	(174,233)	117,249
Dividend paid	-	(46,669)
Accumulated losses at the end of the period	(944,003)	(769,770)

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:

	2024 $'000	2023 $'000
Cash at bank and on hand	110,068	92,616

Cash at bank attracts floating interest at current market rates.

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

	2024 $'000	2023 $'000
Net (loss) / profit after income tax	(174,233)	117,157
Adjustments for:		
Depreciation	8,799	12,114
Amortisation of intangibles and borrowing costs	62,822	63,668
Share-based payments	4,091	7,033
Discount unwind earn-out and deferred consideration liabilities	30,299	18,396
Other (net) finance expenses	(5,515)	296
Class Action Settlement paid post year end	33,246	-
Movement in earn-out liability - reassessment	82,671	(24,283)
Asset impairments	-	74,440
Fair value adjustment convertible notes derivative	(2,754)	2,702
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	665	8,796
Non-cash provisions (inventory and restructuring provisions)	(17,612)	(5,316)
Changes in tax balances		
Decrease / (increase) in deferred tax assets	(21,841)	69,200
Increase / (decrease) in current and deferred tax liabilities	(1,349)	(19,206)
Operating cash flows before working capital movements	(711)	(188,132)
Changes in working capital		
Decrease / (Increase) in receivables	5,916	118,703
Decrease / (Increase) in inventories	25,593	(12,126)
(Increase) / decrease in other assets	(7,814)	(6,475)
(Decrease) / increase in creditors	(39,759)	45,316
Increase / (decrease) in provisions	1,475	2
Working capital (investment) / release	(14,589)	145,420
Net cash from operating activities	(15,300)	(42,712)

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.

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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:

	2024 $'000	2023 $'000
Variable Interest-bearing loans and borrowings	-	10,810

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

	2024 $'000	2023 $'000
Cash at bank and on hand	110,068	92,616
Marketable securities	39,210	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) HIGHER/(LOWER)		EQUITY HIGHER/(LOWER)	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
US interest rates +0.5% (50 basis points)	457	685	-	-
AUD interest rates +0.5% (50 basis points)	289	397	-	-

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 87% of the Group's revenues and 79% 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$'000 30 JUNE 2024	A$'000 30 JUNE 2023
Cash at bank	15,803	8,283
Trade receivables	748	9,252
Intra Group loans receivable	120,965	104,495
Trade and other payables	(9,541)	(586)
Other financial liabilities	(9,973)	(16,372)
Net exposure which may impact Net Profit/(Loss)	118,001	105,073
Intra Group loans receivable	119,940	120,482
Net exposure which may impact equity	119,940	120,482

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) HIGHER/(LOWER)		EQUITY HIGHER/(LOWER)	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
AUD/USD +5%	(5,619)	(5,003)	(5,711)	(5,737)
AUD/USD -5%	6,211	5,530	6,313	6,341

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 31% of the Group's 2024 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 33% of the total trade receivables balance at reporting date. These customers were operating within agreed trading terms at the end of the FY24 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:

	2024 $'000	2023 $'000
Cash and cash equivalents[1]	110,068	92,616
Marketable securities[2]	39,210	127,526
Trade and other receivables[3]	193,222	194,887
	342,500	415,029

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 2024 trade receivables were $176,472,000, with 96% of trade receivables within trading terms.

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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 2024					
Liquid financial assets					
Cash and cash equivalents	110,068	-	-	-	110,068
Marketable securities	39,210	-	-	-	39,210
Trade and other receivables	193,222	-	-	-	193,222
	342,500	-	-	-	342,500
Financial liabilities					
Trade and other payables	(244,548)	-	-	-	(244,548)
Interest-bearing loans and borrowings	(1,967)	(1,967)	(44,954)	-	(48,887)
Other financial liabilities	(19,358)	(30,420)	(202,180)	(490,826)	(742,784)
	(265,873)	(32,386)	(247,134)	(490,826)	(1,036,220)
Net inflow/(outflow)	76,627	(32,386)	(247,134)	(490,826)	(693,720)

	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)
	144,033	(13,673)	(233,346)	(327,110)	(430,096)

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.

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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 and 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	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Liabilities				
Interest bearing liability - receivables finance facility	-	10,810	-	10,810
Interest bearing liability – convertible note	31,641	28,480	33,078	28,718
Derivative relating to convertible notes	9,961	12,445	9,691	12,445
Earn-out and deferred consideration liabilities	372,129	283,710	372,129	283,710

Cash and trade and other receivables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of marketable securities equals its carrying value. Returns on marketable securities are recognised as interest expense.

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 2024:

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 $2.9m / ($11.0m).
		WACC	10.2%	1% increase / (decrease) in the WACC would result in decrease / (increase) in fair value by $7.1m / ($7.6m).
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 $8.8m / ($9.7m).
		WACC	10.2%	1% increase / (decrease) in the WACC would result in decrease / (increase) in fair value by $13.3m / ($14.6m).

Assets and liabilities measured at fair value

As at 30 June 2024, the Group held the following financial instruments carried at fair value in the Statement of Financial Position:

	LEVEL 2		LEVEL 3	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Financial Liabilities				
Derivative relating to convertible notes	-	-	9,691	12,445
Earn-out and deferred consideration liabilities	-	-	372,129	283,710

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:

	2024 $'000 DERIVATIVE RELATING TO CONVERTIBLE NOTES	2023 $'000 DERIVATIVE RELATING TO CONVERTIBLE NOTES	2024 $'000 EARN-OUT & DEFERRED CONSIDERATION LIABILITIES	2023 $'000 EARN-OUT & DEFERRED CONSIDERATION LIABILITIES
Opening balance	12,445	-	283,710	126,114
Additions recognised during the year	-	9,743	-	176,944
Change in fair value attributable to the unwinding of the discounting	-	-	30,299	18,396
Movement in undiscounted fair value	(2,754)	2,702	82,671	(24,283)
Amounts settled	-	-	(21,811)	(21,621)
Foreign currency translation movement	-	-	(2,741)	8,160
Closing balance	9,691	12,445	372,129	283,710

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:

	TAX RESIDENCY	COUNTRY OF INCORPORATION	% EQUITY INTEREST 2024	% EQUITY INTEREST 2023
Mayne Pharma International Pty Ltd	Australia	Australia	100	100
Mayne Products Pty Ltd[1]	Australia	Australia	100	100
Mayne Pharma UK Limited[1]	United Kingdom	United Kingdom	100	100
Mayne Holdings US Inc	United States	United States	100	100
Mayne Pharma Commercial LLC (formerly Mayne Pharma Inc)	United States	United States	100	100
Mayne Pharma Ventures Pty Ltd	Australia	Australia	100	100
Mayne Pharma Ventures LLC[1]	United States	United States	100	100
Swan Pharmaceuticals LLC[1]	United States	United States	100	100
Mayne Pharma SIP Pty Ltd (subject to members voluntary liquidation)	Australia	Australia	100	100
Mayne Pharma LLC	United States	United States	100	100
Mayne Pharma (Ireland) Limited[1]	Ireland	Ireland	100	100
Adelaide Apothecary LLC	United States	United States	100	100
Mayne Pharma Distribution Services LLC	United States	United States	100	-

Note: 1. Dormant subsidiaries.

B. Ultimate parent

Mayne Pharma Group Limited is the ultimate parent entity.

C. KMP Compensation

	2024 $'000	2023 $'000
Short-term employee benefits	3,773	4,269
Termination payments	-	2,143
Post-employment benefits	84	84
Long-term benefits	-	(39)
Share-based payments [1]	1,058	2,754
	4,915	9,211

Note: 1. The current period expense includes amounts relating to the deferred element of FY23 and FY24 STI awards (provided in the form of RSUs). The pcp expense includes expense acceleration for terminating employees of $1,536,000.

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D. Transactions with related parties

The Company had no other transactions with KMP or other related parties during the financial years ended 30 June 2024 or 30 June 2023.

Amounts owing to Directors, Director-related parties and other related parties at 30 June 2024 and 30 June 2023 were nil.

NOTE 26 – AUDITOR'S REMUNERATION

The Company changed auditors during the period. BDO Audit Pty Ltd (BDO) are the current auditors and Ernst Young (EY) were the prior year auditors.

	2024 $	2023 $
Amounts received or due and receivable by BDO for		
Fees for auditing the statutory financial report of the Group	485,000	-
	485,000	-

	2024 $	2023 $
Amounts received or due and receivable by overseas member firms of BDO Australia		
Fees for auditing the statutory financial report of the Group	515,000	-
Tax compliance and advisory services	195,947	126,998
	710,947	126,998

	2024 $	2023 $
Amounts received or due and receivable by EY for		
Fees for auditing the statutory financial report of the Group	-	990,950
Tax compliance services	-	302,535[2]
	-	1,293,485

	2024 $	2023 $
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
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]
Tax compliance and advisory services	-	1,248,187[2]
	-	3,131,208

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:

	2024 $'000	2023 $'000
Expense arising from equity-settled share-based payment transactions continuing operations	4,091	6,776
Expense arising from equity-settled share-based payment transactions discontinued operations	-	257
Total expense arising from equity-settled share-based payment transactions	4,091	7,033

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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. The plan was updated in FY21 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.

Each employee option or performance right converts to one ordinary share in the Company upon exercise. The options and performance rights 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. Performance rights held by US employees are subject to automatic exercise and sell to cover withholding taxes on vesting. The contractual term varies across the various issues but generally ranges from three to five years and one month 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.

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The tables below show the options which were outstanding during the year ended 30 June 2024.

	2024 NUMBER OF OPTIONS	2024 WEIGHTED AVERAGE EXERCISE VALUE $	2023 NUMBER OF OPTIONS	2023 WEIGHTED AVERAGE EXERCISE VALUE $
Balance at beginning of year	695,322	$6.68	16,706,827	$0.33
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	695,322	$6.68

No options were issued under the PROP during the year ended 30 June 2024 (30 June 2023: nil).

The tables below show the performance rights which were outstanding during the year ended 30 June 2024.

	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 2024							
Performance Rights	30 Sep 2024	631,199	-	-	-	(6,517)	624,682
Performance Rights	30 Sep 2025	530,685	-	-	-	-	530,685
Performance Rights	31 Mar 2026	81,498	-	-	-	-	81,498
Performance Rights	30 Sep 2026	1,447,203	-	-	-	(40,993)	1,406,210
Performance Rights	10 Sep 2023	42,625	-	-	(42,625)	-	-
Performance Rights	30 Sep 2027	1,265,128	-	-	-	(52,412)	1,212,716
Performance Rights	30 Sep 2025	360,558	-	-	(343,326)	(17,232)	-
Performance Rights	30 Sep 2028	-	-	846,911	-	(34,714)	812,197
Performance Rights	30 Sep 2028	-	-	266,738	-	-	266,738
Performance Rights	30 Sep 2026	-	-	423,723	-	(28,990)	394,733
Performance Rights	30 Sep 2026	-	-	23,816	-	-	23,816
		4,358,896	-	1,561,188	(385,951)	(180,858)	5,353,275

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

	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.

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 14 SEPTEMBER 2023 (AU)	PERFORMANCE RIGHTS GRANTED 14 SEPTEMBER 2023 (US)	PERFORMANCE RIGHTS GRANTED 8 DECEMBER 2023
Number of shares (treated as options for accounting)	83,951	762,960	266,738
Monte Carlo Simulation model fair value	$1.500	$1.473	$2.865
Share price at grant date	$3.37	$3.37	$5.21
Exercise price	NIL	NIL	NIL
Expected volatility	45%	45%	45%
Expected option life	4.0yrs	3.0yrs	2.8yrs
Dividend yield	0%	0%	0%
Risk-free rate	3.8%	3.8%	4.0%

The base test price for the September 2023 grants was set as $4.13. The base test price for the December 2023 CEO grant was set as $5.21. This means, in order to vest, the share price growth needs to be a minimum of 8% growth from a base of $4.13 and $5.21 respectively.

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.

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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 onwards 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 five years.

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

The table below illustrates the required growth rates at a TSR CAGR of 8% pa and a TSR CAGR of 15% for grants 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

The Company also issued 447,539 performance rights with an expiry date of 30 September 2026 which only require employees to remain employees as at 1 September 2024 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 $4.13 for the September 2023 grants and $5.21 for the December 2023 CEO grant. These grants include the deferred STI portion for the executive team.

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 2024	GRANT DATE	EXPIRY DATE	LOAN VALUE PER SHARE (POST CONSOLIDATION)	NUMBER HELD AT 1 JULY 2023	NUMBER GRANTED DURING YEAR	NUMBER LAPSED, FORFEITED OR CANCELLED DURING THE YEAR (POST CONSOLIDATION)[2]	NUMBER HELD AT 30 JUNE 2024
Unlisted shares	3 Sep 18	1 Oct 2023	$22.652	87,500	-	(87,500)	-
Unlisted shares	1 Oct 2018	1 Oct 2023	$25.504	39,837	-	(39,837)	-
Unlisted shares	8 Oct 2018	1 Oct 2023	$25.818	124,481	-	(124,481)	-
Unlisted shares	6 Dec 2018	1 Oct 2023	$19.392	311,468	-	(311,468)	-
Unlisted shares	29 Sep 2019	30 Sep 2024	$10.302	570,548	-	-	570,548
Unlisted shares	29 Nov 2019	30 Sep 2024	$9.390	257,284	-	-	257,284
Unlisted shares	15 Sep 2020	30 Sep 2025	$6.618	520,487	-	-	520,487
Unlisted shares	26 Sep 2020	30 Sep 2025	$7.294	15,921	-	-	15,921
Unlisted shares	1 Dec 2020	30 Sep 2025	$7.108	432,189	-	-	432,189
				2,359,715	-	(563,286)	1,796,429

Note:
1. The loan values per share outlined above are based on post consolidation and are not adjusted for the after-tax impact of the dividend paid in January 2023 as the after-tax dividend amount varies between recipients.
2. Shares forfeited by employees during the period have not been cancelled. Forfeited shares were transferred to an employee share trust pending future exercises of employee performance rights or options.

No loan shares were granted during the financial year.

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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. The loan values per share outlined above are based on post consolidation and are not adjusted for the after-tax impact of the dividend paid in January 2023 as the after-tax dividend amount varies between recipients.
2. A portion of the shares forfeited by employees during the period were not cancelled. Approximately 702,000 shares forfeited shares were cancelled with the balance transferred to an employee share trust pending future exercises of employee performance rights or options.

Details of plans granted prior to FY23

The ESLS and SLS allowed 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 were 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 were 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) was 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 occurs 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 occurs 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 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.

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NOTE 28 – PARENT ENTITY DISCLOSURES

Financial position

	2024 $'000	2023 $'000
Assets		
Current assets	70,510	78,698
Non-current assets	519,202	508,956
Total assets	589,713	587,654
Liabilities		
Current liabilities	55,662	15,799
Non-current liabilities	39,505	50,029
Total liabilities	95,167	65,828
Net assets	494,546	521,826
Equity		
Issued capital	1,224,224	1,233,692
Reserves	55,443	52,836
Accumulated losses	(785,121)	(764,702)
Total equity	494,546	521,826

Financial performance

	2024 $'000	2023 $'000
Profit/(Loss) for the year	(20,419)	111,973
Other comprehensive income	-	(1,334)
Total comprehensive income	(20,419)	110,639

The parent entity accounting policies are consistent with the group accounting policies other than the investment in subsidiaries is stated at fair value which reflects the net assets of the subsidiaries.

The parent entity has no capital commitments. As noted in Note 31, the parent entity is a party to a deed of cross guarantee with its subsidiairies.

NOTE 29 – COMMITMENTS AND CONTINGENCIES

A. Commitments

Capital Commitments

The Group had $6.3m of contractual obligations for the purchase of capital equipment as at 30 June 2024 (2023: $3.7m).

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

With the exception of the shareholder class action, which is now the subject of a confidential settlement (see below), all the legal claims and allegations summarised below are being vigorously contested. in relation to matters other than the shareholder class action, no payment is considered probable and possible related amounts cannot be reliably estimated and as such no amounts have been provided at reporting date.

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Drug pricing matters – investigations

In FY16, Mayne Pharma Inc received subpoenas from the Antitrust Division of the US Department of Justice and the Office of the Attorney General in the State of Connecticut, each 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.

On 16 November 2023, the US Department of Justice dismissed its last open pending criminal indictment against a separate party related to the Antitrust Division's initial investigation, and the final sentencing decisions for those defendants who previously admitted guilt concluded in March 2024.

Accordingly, the matter, insofar as it involves Mayne Pharma and it relates to the US Department of Justice is closed at this time.

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 private US cases have been consolidated into multidistrict litigation pending in the Eastern District of Pennsylvania; the state action (brought by the state attorneys general) has been remanded to the District of Connecticut. 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).

On 1 July 2024, Mayne Pharma agreed with the plaintiff to settle the class action. The settlement of the class action is subject to Court approval. The application for Court approval of the settlement is presently scheduled to be heard on 8 November 2024.

The settlement amount is $38 million, inclusive of interest and costs, of which approximately $4.7 million is funded by insurance, with the remainder to be paid from Mayne Pharma's cash reserves. The settlement of the class action is without any admission of liability by Mayne Pharma – both with respect to the alleged underlying anti-competitive conduct in the United States, and the alleged misleading or deceptive conduct and breaches of continuous disclosure obligations.

The Board of Mayne Pharma determined that the agreement to settle the class action was a commercial decision made in the best interests of shareholders.

Paragraph IV Litigation

TherapeuticsMD, Inc. and Mayne Pharma LLC v. Teva Pharmaceuticals USA, Inc., Civil Action Nos. 2:20-cv-03485-BRM-ESK; 2:20-cv-08809-BRM-ESK; 2:20-cv-11087-BRM-ESK; 2:20-cv-17496-BRM-ESK; 2:21-cv-12794-BRM-ESK (D.N.J.)

On February 18, 2020, TherapeuticsMD, Inc. (TherapeuticsMD) received a Paragraph IV 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 generally cover vaginal estradiol formulations and methods of treating certain conditions using those forumulations 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,

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TherapeuticsMD filed a lawsuit alleging 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. Filing its April 1, 2020 complaint within 45 days of receiving Teva's Paragraph IV certification notice entitles TherapeuticsMD to an automatic stay preventing FDA from approving Teva's ANDA for 30 months from the date of TherapeuticsMD's receipt of the Paragraph IV Notice Letter. Subsequent to this initial proceeding, Teva filed additional Paragraph IV certification notice letters on June 2, 2020 (two additional granted Orange Book listed patents), August 5, 2020 (one additional granted Orange Book listed patent), February 4, 2021 (two additional granted Orange Book listed patents) and May 13, 2021 (one additional granted Orange Book listed patent). Following each new Paragraph IV Notice Letter, TherapeuticsMD filed respective lawsuits against Teva alleging infringement of TherapeuticsMD patents. The Court has issued Orders consolidating the actions for all purposes.

On July 27, 2021, the Court issued an Order staying all of the above-captioned litigation and extending the 30-month stay for a number of days equal to the number of days the litigation stay is in place.

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. On July 13, 2023, the Court issued an Order amending the caption in the above-captioned litigation to add Mayne Pharma LLC as a plaintiff, and reinstating the litigation stay.

TherapeuticsMD, Inc. and Mayne Pharma LLC v. Sun Pharmaceutical Industries Ltd. and Sun Pharmaceutical Industries, Inc., Civil Action No. 2:24-cv-07974-BRM-SDA (D.N.J.)

TherapeuticsMD and Mayne Pharma LLC received a Paragraph IV Notice Letter from generic drug maker Sun Pharmaceutical Industries Ltd. dated June 14, 2024 directed to twenty of the IMVEXXY® Orange Book patents. TherapeuticsMD's U.S. Patent Nos. 9,180,091; 9,289,382; 10,258,630; 10,398,708; 10,471,072; 10,537,581; 10,568,891; 10,668,082; 10,806,697; 10,835,487; 10,888,516; 11,065,197; 11,116,717; 11,123,283; 11,241,445; 11,246,875; 11,266,661; 11,304,959; 11,351,182; and 11,497,709 generally cover vaginal estradiol formulations and methods of treating certain conditions using those formulations. FDA's Orange Book lists the following expiration dates: U.S. Patent Nos. 9,180,091; 10,258,630; and 10,398,708 expire on December 20, 2033; U.S. Patent Nos. 9,289,382; 10,537,581; 10,806,697; 10,835,487; 11,241,445; 11,246,875; 11,304,959; 11,351,182; and 11,497,709 expire on November 21, 2032; U.S. Patent Nos. 10,471,072; 10,568,891; 10,668,082; 10,888,516; 11,065,197; 11,116,717; and 11,123,283 expire on June 18, 2033; and U.S. Patent No. 11,266,661 expires on February 2, 2034. On July 24, 2024, TherapeuticsMD and Mayne Pharma LLC filed a lawsuit against Sun Pharmaceutical Industries Ltd. and Sun Pharmaceutical Industries, Inc. (collectively, "Sun"), alleging infringement of the IMVEXXY® Orange Book patents. The Complaint—filed in the U.S. District Court for the District of New Jersey—alleges, inter alia, that Sun infringed the IMVEXXY® patents by submitting to FDA an ANDA seeking to market a generic version of IMVEXXY® prior to the expiration of the IMVEXXY® Orange Book patents. Filing the July 24, 2024 Complaint within 45 days of receiving Sun's Paragraph IV certification notice entitles TherapeuticsMD and Mayne Pharma LLC to an automatic stay preventing FDA from approving Sun's ANDA for 30 months from the date of TherapeuticsMD's and Mayne Pharma LLC's receipt of the Paragraph IV Notice Letter. Sun has not yet filed an Answer to the Complaint.

NOTE 30 – DIVIDENDS

No dividends were paid or declared in the year ended 30 June 2024.

A special fully franked dividend of 54.4 cents per share (on a post consolidation basis, 2.72 cents per share on pre-consolidation basis) was declared in the prior period following the sale of the Metrics Contract Services (MCS) business and was paid on 27 January 2023.

Franking credit balance

	2024 $'000	2023 $'000
Opening balance	284	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	-	-
Franked dividend paid	-	(20,001)
Franking credits available for future reporting periods	284	284

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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 2024 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	
	2024 $'000	2023 $'000
Continuing operations		
Sale of goods	36,826	52,064
Services revenue	35,263	35,516
License fee income	247	418
Royalties revenue	1,064	778
Revenue	**73,400**	88,777
Cost of sales	(50,752)	(56,256)
Gross profit	**22,648**	32,521
Other income	21,570	29,435
Net profit on disposals (MCS, Retail Generics & INTI)	-	399,140
Transaction costs	-	(20,474)
Research and development, Medical & Regulatory Affairs expenses	(7,138)	(6,241)
Marketing expenses and distribution expenses	(6,523)	(7,544)
Amortisation expenses	(5,425)	(7,028)
Administration expenses and other expenses	(47,208)	(29,429)
Finance costs	(6,350)	(20,012)
Impairments	-	(260,801)
Profit before income tax	**(28,427)**	109,567
Income tax (expense)/benefit	8,570	(2,728)
Net (loss) / profit from continuing operations after income tax	**(19,857)**	106,841
Other comprehensive income for the period, net of tax	-	(1,334)
Total comprehensive income for the period attributable to owners of the parent	**(19,857)**	105,505

	2024 $'000	2023 $'000
Retained earnings at the beginning of the financial year	(653,389)	(713,561)
(Loss) / Profit for the period	(19,857)	106,841
Dividend paid	--	(46,669)
Retained earnings at the end of the financial year	**(673,246)**	(653,389)

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(b) Consolidated Statement of Financial Position

Set out below is a Consolidated Statement of Financial Position as at 30 June 2024 of the closed group consisting of the Company and MPIPL.

	2024 $'000	2023 $'000
Current assets		
Cash and cash equivalents	73,684	79,353
Trade and other receivables	19,855	25,773
Inventories	20,567	16,987
Other current assets	2,416	2,542
Total current assets	**116,522**	124,655
Non-current assets		
Related party receivables	250,786	247,289
Investment in subsidiaries	272,533	269,611
Property, plant and equipment	44,832	40,502
Right-of-use assets	221	181
Deferred tax assets	12,880	4,722
Intangible assets and goodwill	24,939	30,364
Total non-current assets	**606,191**	592,669
Total assets	**722,713**	717,324
Current liabilities		
Trade and other payables	47,491	10,049
Interest-bearing loans and borrowings	138	107
Other financial liabilities	16,909	20,096
Provisions	7,386	6,626
Total current liabilities	**71,924**	36,878
Non-current liabilities		
Interest-bearing loans and borrowings	31,729	28,553
Other financial liabilities	4,962	10,653
Provisions	325	302
Deferred tax liabilities	7,352	7,799
Total non-current liabilities	**44,368**	47,307
Total liabilities	**116,292**	84,185
Net assets	**606,421**	633,139
Equity		
Contributed equity	1,224,224	1,233,692
Reserves	55,443	52,836
Retained earnings / (accumulated losses)	(673,246)	(653,389)
Total equity	**606,421**	633,139

NOTE 32 – EVENTS SUBSEQUENT TO THE REPORTING PERIOD

No 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. Although the Class Action payments occurred in July 2024, the net expense has been brought to account in the year ended 30 June 2024 (also refer Note 29).

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 2025 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.

Consolidated **Entity Disclosure Statement**

For the year ended 30 June 2024

The following table lists all entities within the Mayne Pharma Group Limited consolidated group. All entities are corporations.

BODY CORPORATE ENTITY	TAX RESIDENCY	COUNTRY OF INCORPORATION	% EQUITY INTEREST 2024	% EQUITY INTEREST 2023
Mayne Pharma Group Limited	Australia	Australia	n/a	n/a
Mayne Pharma International Pty Ltd	Australia	Australia	100	100
Mayne Products Pty Ltd[1]	Australia	Australia	100	100
Mayne Pharma UK Limited[1]	United Kingdom	United Kingdom	100	100
Mayne Holdings US Inc	United States	United States	100	100
Mayne Pharma Commercial LLC (formerly Mayne Pharma Inc)	United States	United States	100	100
Mayne Pharma Ventures Pty Ltd	Australia	Australia	100	100
Mayne Pharma Ventures LLC[1]	United States	United States	100	100
Swan Pharmaceuticals LLC[1]	United States	United States	100	100
Mayne Pharma SIP Pty Ltd	Australia	Australia	100	100
Mayne Pharma LLC	United States	United States	100	100
Mayne Pharma (Ireland) Limited[1]	Ireland	Ireland	100	100
Adelaide Apothecary LLC	United States	United States	100	100
Mayne Pharma Distribution Services LLC [2]	United States	United States	100	-

Note:
1. Dormant subsidiaries.
2. Entity was incorporated 24 May 2024.

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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 2024 are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of its financial position as at 30 June 2024 and performance for the financial year ended on that date;
(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.

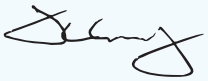
(c) There are reasonable grounds to believe that the members of the Closed Group identified in Note 31 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

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

(e) The Consolidated Entity Disclosure Statement required by section 295(3A) of the *Corporations Act 2001* for the year ended 30 June 2024 is true and correct

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 2024.

On behalf of the Board



Mr Frank Condella
Chair



Mr Shawn Patrick O'Brien
Managing Director and CEO

Dated at Melbourne, Australia this 23rd day of August 2024.

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Independent **Auditor's Report**

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Australia

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 (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

(ii) 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 *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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How the matter was addressed in our audit
Chargebacks, rebates, returns and related accruals ("Gross to Net Sales Adjustments") In respect of the Group's operations in the United States of America, distribution of products to its ultimate end user occurs in many cases through wholesaler distributors. The Group also has contracts with pharmacy benefit managers, managed care programs and legislatively managed governmental programs. The ultimate net selling price received by the Group is determined based on the contractual arrangements the Group has with these third parties and the ultimate end user who purchases the Group products. Net revenue for products sold is generally recognised when control of the goods is passed upon delivery to the distributor or retail pharmacy. 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, cash discounts and other accruals (together known as 'gross-to-net' adjustments). The estimate depends on factors impacting applicable price and rebate terms such as specific contract terms, government programs, end user insurance coverage and managed care programs as well as factors impacting the time lag between sale and payment including inventories held by the wholesaler distributors and retail pharmacies as well as historical trends of product returns. The time lag between the sale of the product and the final determination of the actual selling price may be several months. Gross to net adjustments were identified as a key audit matter as the estimation processes involves large volumes of data and requires significant judgement in calculating the Group's gross to net sales adjustments. The Group's accounting policies and significant accounting estimates for this key audit matter are disclosed in note 2 in the financial report.	Our procedures included, but were not limited to: • Performing process walkthroughs with management and their third-party gross to net consultants to understand the Group's approach to estimating each gross to net adjustment including assessing key internal controls included in the process. • Assessing the reasonableness and accuracy of the data in the gross to net adjustments calculated by the Group. • On a sample basis, testing the significant assumptions utilised by management to estimate the gross to net adjustment by comparing to underlying supporting documentation such as third-party contracts, historical actual sales, and invoices, payments and credits, to and from external parties involved in the Group's sales process. • Assessing key judgments and estimates contained in management's accrual models including considering actual historical sales and claims history to evaluate the Group's estimation of the gross to net sales adjustments. • Evaluating the reasonableness of the Group's gross to net accruals for products that have been sold to wholesaler distributors or retail pharmacies but have not yet been dispensed to end users through analytical analysis of expected claim rates. • Confirming inventories on hand at pharmacies with third parties.

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Key audit matter	How the matter was addressed in our audit
Carrying value of intangible assets As disclosed in Note 14 of the accompanying financial report, the Group has $568 million of 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 life and indefinite life intangible assets. At each reporting period, the Group assesses for indicators of impairment and where indicators are considered to exist an impairment test is undertaken. This is a key audit matter because the impairment assessment process is complex and is required to be carried out at the level of the lowest identifiable cash generating units ('CGUs'). The assessment requires significant judgement and includes assumptions that are based on future operating results, discount rates and the broader market conditions in which the Group operates.	Our procedures included, but were not limited to: • Assessing whether the CGU's identified by management were in accordance with the requirements of Australian Accounting Standards and consistent with our knowledge of the Group's operations and internal reporting. • Performing process walkthrough with management and assessing key internal controls. • Confirming the integrity and mathematical accuracy of the value-in-use discounted cash flow models. • Engaging internal valuation experts to assist in assessing the discount rate applied to each CGU. • Challenging key assumptions, including forecast growth rates by comparing them to historical results, business trends and economic and industry forecasts. • Comparing the cash flow forecasts for 2025 in the models to those in the latest Board approved budgets. • Evaluating management's ability to forecast future cash flows by comparing forecast cash flows to actual performance. • Performing a sensitivity analysis to identify whether a reasonable variation in the assumptions could cause the carrying value of the CGU assets to exceed their recoverable amount which would indicate an impairment. • Evaluating the adequacy of the disclosures relating to intangible assets in the financial report, including those made with respect to judgments and estimates.

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Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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, 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:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related 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 has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 35 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Mayne Pharma Group Limited, for the year ended 30 June 2024, 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.

BDO Audit Pty Ltd

Benjamin Lee
Director

Melbourne 23 August 2024

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 10 September 2024. At a general meeting, every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each share held.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS		NUMBER OF SHARES	
1 to 1,000	7,319	69.4%	2,273,063	2.8%
1,001 to 5,000	2,240	21.2%	5,366,642	6.6%
5,001 to 10,000	464	4.4%	3,372,678	4.1%
10,001 to 100,000	466	4.4%	12,392,081	15.3%
100,001 and over	53	0.5%	57,841,363	71.2%
Total	**10,542**	**100%**	**81,245,827**	**100%**

Included in the above total are 2,260 shareholders holding less than a marketable parcel of 105 shares.

TWENTY LARGEST HOLDERS OF QUOTED ORDINARY SHARES

SHAREHOLDER	NUMBER OF SHARES	% OF TOTAL
CITICORP NOMINEES PTY LIMITED	13,359,971	16.44
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	9,494,038	11.69
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,121,969	10.00
BMGBJ MYX PTY LTD <BMGBJ MYX DISCRETIONARY A/C>	5,183,477	6.38
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	3,392,530	4.18
NATIONAL NOMINEES LIMITED	3,057,816	3.76
SOLIUM NOMINEES (AUSTRALIA) PTY LTD <BARE ALLOCATED A/C>	1,796,429	2.21
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,356,600	1.67
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	1,007,878	1.24
IVL GROUP PTY LTD	800,000	0.98
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	751,667	0.93
R & R CORBETT PTY LTD <R C CORBETT FAMILY A/C>	522,028	0.64
Y S CHAINS PTY LTD	510,000	0.63
MR YUNSONG ZHANG	510,000	0.63
UBS NOMINEES PTY LTD	491,393	0.60
MR KON TZIMOKAS	420,000	0.52
BNP PARIBAS NOMS PTY LTD	381,719	0.47
BIRBAL INVESTMENTS PTY LTD	380,000	0.47
SOLIUM NOMINEES (AUSTRALIA) PTY LTD <VSA A/C>	368,145	0.45
WAL ASSETS PTY LTD <THE LA WILSON PROPERTY A/C>	354,500	0.44
TOTAL	**52,260,160**	**64.32**

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders in the Company who had notified the Company in accordance with Section 671B of the Corporations Act are:

SHAREHOLDER	NUMBER OWNED[1]	% OF ISSUED CAPITAL
VIBURNUM FUNDS PTY LTD AND RELATED ENTITIES	6,085,281	7.5%
MR BRUCE MATHIESON AND RELATED ENTITIES	5,292,066	6.5%
THE GOLDMAN SACHS GROUP AND RELATED ENTITIES	4,810,445	5.9%

1. As at 3 September 2024

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Intellectual **Property & Glossary**

KAPANOL®, LEXETTE® and RHOFADE® are trademarks of the Consolidated Entity. ACCUTANE®, ANNOVERA®, BIJUVA®, FASLODEX®, IMVEXXY®, KADIAN®, NEXTSTELLIS®, ORACEA®, PULMICORT®, SEROQUEL®, SOOLANTRA®, SYMBICORT® and WYNZORA® are registered trademarks of third parties.

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 certification by a generic company filed in support of an approval of an ANDA submitted while the originator product is covered by a patent listed in the US FDA's Orange Book. The filing asserts that either the patents supporting the originator product are either invalid or not infringed by 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.

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Corporate information

REGISTERED OFFICE AND PRINICPAL PLACE OF BUSINESS

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Telephone: +61 8 8209 2666

Website: maynepharma.com

ABN

76 115 832 963

DOMICILE AND COUNTRY OF INCORPORATION

Australia

LEGAL FORM OF ENTITY

Public company listed on the Australian Securities Exchange (MYX)

FURTHER INFORMATION

For further information about Mayne Pharma refer to the website: maynepharma.com and announcements released to the Australian Securities Exchange (ASX)

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