26 February 2024

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

Via E-Lodgement

Dear Sir/Madam

Mayne Pharma Group Limited
Interim Results

Please find attached the Appendix 4D Half Year Report, Directors' Report, the Financial Report and Auditor's Independent Review Report relating to the results for the half-year ended 31 December 2023.

This information should be read in conjunction with Mayne Pharma Group Limited's 2023 Annual Report.

This announcement comprises the information required by ASX Listing Rule 4.2A and the statement required by Rule 4.2C.2.

Yours faithfully,
Mayne Pharma Group Limited

Laura Loftus
Company Secretary

mayne pharma
Mayne Pharma Group Limited
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RESULTS FOR ANNOUNCEMENT TO THE MARKET
APPENDIX 4D – HALF YEAR REPORT

	% Change	Dec 2023 $'000	Dec 2022 $'000
Revenue from ordinary activities	260%	**187,926**	52,230
Profit / (loss) from continuing operations before income tax expense		**(74,865)**	(146,660)
Profit / (loss) from continuing operations after income tax expense		**(70,549)**	(113,810)
Profit / (loss) from discontinued activities after income tax		**(3)**	403,737
Profit / (loss) after income tax		**(70,552)**	289,927
Attributable to: Equity holders of the parent Non-controlling interests		 (70,552) -	 290,020 (93)
		(70,552)	289,927
Other comprehensive income after income tax expense		**(7,382)**	3,369
Total comprehensive income after income tax expense		**(77,934)**	293,296
Attributable to: Equity holders of the parent Non-controlling interests		 (77,934) -	 293,976 (680)
		(77,934)	293,296

Net tangible assets per ordinary share [1]	**($0.47)**	$0.04

	2023 $	2022 $
Basic earnings per share continuing operations	(0.88)	(1.38)
Diluted earnings per share continuing operations	(0.88)	(1.38)
Final dividend in respect of the financial year ended 30 June per share	-	-
Special dividend in respect of the period ended 31 December per share (pcp 54.4 cent on a post consolidation basis)	-	2.72

(1) Net tangible assets include Right-of-use lease assets

Refer to the Directors' Report and the accompanying ASX announcement dated 26 February 2024 for a brief commentary on the results.

Addressing the needs of patients

mayne pharma

Half Year Financial Report

FOR THE HALF YEAR ENDED 31 DECEMBER 2023
(PRIOR CORRESPONDING PERIOD: HALF YEAR ENDED 31 DECEMBER 2022)

CONTENTS

CORPORATE INFORMATION

DIRECTORS:	Mr Frank Condella (Chair) Mr Shawn Patrick O'Brien (Managing Director and CEO) Mr Patrick Blake Ms Ann Custin Ms Anne Lockwood (appointed 30 November 2023) Dr Kathryn MacFarlane Mr David Petrie Prof Bruce Robinson, AC
COMPANY SECRETARY:	Ms Laura Loftus
REGISTERED OFFICE	1538 Main North Road Salisbury South South Australia 5106
PRINCIPAL PLACES OF BUSINESS:	1538 Main North Road Salisbury South South Australia 5106 3301 Benson Drive Suite 401 Raleigh North Carolina 27609 USA
AUDITORS:	BDO Audit Pty Ltd Collins Square | Tower Four Level 18, 727 Collins Street Melbourne VIC 3008
SOLICITORS:	Minter Ellison Lawyers Collins Arch Level 20, 447 Collins Street Melbourne VIC 3000
SHARE REGISTRY:	Computershare Investor Services Pty Ltd Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Telephone: (03) 9415 4184 Facsimile: (03) 9473 2500
BANKER:	Westpac 150 Collins Street Melbourne VIC 3000
ABN:	76 115 832 963
DOMICILE AND COUNTRY OF INCORPORATION:	Australia
LEGAL FORM OF ENTITY:	Public company listed on the Australian Securities Exchange (MYX)

DIRECTORS' REPORT

The Directors of Mayne Pharma Group Limited (the Company or Mayne Pharma) submit their report for the half-year ended 31 December 2023.

DIRECTORS

The names of the Company's Directors in office during the half-year and until 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
Ms Anne Lockwood (appointed 30 November 2023)
Dr Carolyn Myers (resigned 31 July 2023)
Dr Kathryn MacFarlane
Mr David Petrie
Prof Bruce Robinson, AC

REVIEW OF RESULTS

Mayne Pharma reported revenue for the half year of $187.9m reflecting a strong performance by the Women's Health segment (formerly BPD) and the Dermatology segment (formerly PPD). Women's Health revenue was $72.4m with NEXTSTELLIS® achieving break even run rate in December 2023 and growth contribution from ANNOVERA®, IMVEXXY® and BIJUVA®. Dermatology revenue was $80.9m up over 600% on the prior comparable period (pcp).

The Consolidated Entity's net loss attributable to members of the Company for the half-year ended 31 December 2023 was a loss of $70.5m (half-year ended 31 December 2022: net profit $290.0m). The pcp profit included a $403.7m profit from discontinued operations which included the profit on sale of the Metrics Contract Services (MCS) business.

Set out below is a summary of the financial performance attributable to Mayne Pharma shareholders for the six months ended 31 December 2023. 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. Earnings before interest tax, impairment, depreciation and amortisation (EBITDA) is used as a key measure of the earnings considered by management in operating the business and assessing performance.

The reconciliation of reported results and underlying results from continuing operations is as follows:

SALES AND PROFIT	REPORTED ATTRIBUTABLE TO MEMBERS DEC 2023 $M	EARN-OUT REASSESSMENT (1) $M	RESTRUCTURING (2) $M	LITIGATION(3) $M	MARK TO MARKET REASSESSMENT DERIVATIVE (4) $M	UNDERLYING DEC 2023 $M
Revenue	187.9					187.9
Gross profit	105.8					105.8
Gross profit %	*56%*					*56%*
EBITDA	**(21.9)**	16.7	0.4	2.8	10.0	**8.0**
Depreciation / Amortisation	(35.9)					(35.9)
PBIT	**(57.8)**	16.7	0.4	2.8	10.0	**(27.9)**
Net finance costs	(17.0)					(17.0)
PBT	**(74.8)**	16.7	0.4	2.8	10.0	**(44.9)**

(1) Earn-out and deferred consideration liabilities reassessment.
(2) Restructuring costs principally related to organisational restructuring.
(3) Drug pricing and health care investigations, US Department of Justice and related litigation costs.
(4) Mark to market / fair value reassessment of the conversion derivative relating to convertible notes.

The non IFRS financial information is unaudited. A more detailed analysis of the operating performance is included in the ASX Announcement and Results Presentation dated 26 February 2024.

REVIEW OF OPERATIONS

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

The Women's Health segment has shown considerable growth with 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 the performance turned around 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 grant. New equipment to be installed include a high speed encapsulator and a high-speed blister packing line with serialisation capabilities.

The group has continued the on-market share buy-back that it commenced in May 2023, with $10.9m outlaid during the half.

During the pcp the Group announced the following transactions:

- On 4 October 2022, Mayne Pharma announced the completion of the sale of the Metrics Contract Services (MCS) business to Catalent Pharma Solutions, Inc. The MCS business operating results and the profit on disposal are included as part of discontinued operations in the pcp.

- The Group completed an exclusive license agreement effective 31 December 2022 to license products from TherapeuticsMD, Inc. (TXMD) (and hence there are no results from operations for the TXMD portfolio in the pcp). These assets were added to the Women's Health portfolio and CGU alongside NEXTSTELLIS®.

- During the six months to 30 June 2023, the Group completed the sale of the Retail Generics business to Dr. Reddy's Laboratories. As a result of the sale, the Retail Generics business has also been treated as a discontinued business for the current reporting period and the pcp.

The Group recorded revenue of $187.9m, up 260% on pcp and gross profit was $105.8m, up 600% on pcp. The current period includes the products licensed from TXMD, growth of Nextstellis and improved results for Dermatology.

Gross profit reported as a percentage of sales revenue was 56.3% versus 28.8% in the pcp.

The Consolidated Entity operates in three operating segments being International, Women's Health (formerly BPD) and Dermatology (formerly PPD). During the pcp, the Consolidated Entity sold the MCS segment and has therefore included MCS in discontinued operations (refer Note 5). The Consolidated Entity also sold the Retail Generics business effective 7 April 2023 which has also been disclosed as part of discontinued operations (refer Note 5). The segment note in the financial statements (Note 2) shows the sales, gross margin (GM), direct operating expenses (opex) and the direct contribution (being the GM less direct opex) for each segment on a continuing operations basis.

Women's Health (formerly known as Branded Products Division) (WH)

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

Women's Health revenue increased 439% to $72.4m ($13.4m pcp) and gross profit increased 448% to $58.7m ($10.7m pcp) for the period. Direct contribution was $18.1m ($26.0m loss pcp) due to the inclusion of ANNOVERA®, BIJUVA®, IMVEXXY® and branded pre-natal vitamins (licensed from TXMD in December 2022) and the continued growth of NEXTSTELLIS®.

Dermatology (formerly known as Portfolio Products Division)

The Dermatology Division distributes established Dermatology products in the US.

Revenue increased 624% to $80.9m ($11.2m pcp), gross profit increased to $36.6m (negative $4.5m pcp) and direct contribution increased to a $18.1m ($22.5m loss pcp) for the period.

Dermatology improved performance was a result of improved price realisation from: mix of products (RHOFADE®, authorised generic ORACEA® (AG ORACEA®)), reductions in co-pay cost per unit as a result of the Company's co-pay monitoring program, and pricing adjustments.

International

International's revenue and gross profit are derived 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.

International revenue increased to $34.6m ($27.6m pcp), gross profit increased by 18% to $10.5m ($8.9m pcp) and direct contribution increased 57% to $4.4m ($2.8m pcp) for the period.

Revenue growth occurred for International with KAPANOL®, ASTRIX® and SUBA®-itraconazole contributing to the growth together with the Salisbury site supplying product to Dr Reddy's post the sale of the Retail Generics business. NEXTSTELLIS® sales (in Australia) grew by 140% compared to pcp (and compared to 2HFY23).

Direct operating costs were stable at $6.1m.

Expenses

Net research, development, medical and regulatory affairs expense (total costs less amounts qualifying for capitalisation) was $10.2m, an increase in expense of $2.6m on the pcp. This increase comes from higher wage expenses from the addition of Medical Science Liaisons and FDA required studies for our branded women's health portfolio.

Marketing and distribution expenses were $65.0m, a net increase of $3.7m on the pcp. The increase includes $1.6m impact of foreign currency translation and the inclusion of TXMD products promotion in the current period. Savings were made in the current period from the Company's completion and shift in focus related to the NEXTSTELLIS® direct-to-consumer (DTC) program.

Administration and other expenses were $72.6m, an increase of $8.8m on the pcp. The current period includes the reassessment of the convertible notes related derivative of $10.0m (pcp nil). This category includes non-cash and / or non-operating items such as:

- Amortisation of intangible assets $31.5m ($22.3m pcp);
- Reassessment of derivative fair value $10.0m (nil pcp);
- Share based payments expense $2.5m ($2.2m pcp);
- Share based payments relating to restructuring and MCS sale nil ($2.5m pcp);
- Foreign exchange losses $0.9m (nil pcp);
- Loss on deconsolidation of INTI nil ($3.1m pcp);
- Restructuring expenses $0.4m ($6.8m pcp); and
- Litigation costs $2.8m ($2.6m pcp).

Amortisation expense includes $12.6m (pcp $14.3m) for NEXTSTELLIS® and $14.9m (pcp nil) for the TXMD assets. The balance of amortisation relates to Dermatology and International intangibles.

Excluding these items, administration and other expenses increased by $0.1m to $24.5m, which includes a $0.3m increase due to foreign exchange translation (December 2023 average exchange rate 0.6531 compared to December 2022 average exchange rate 0.6706).

There were no asset impairments in the current period. In the pcp, specific intangible impairments of $5.6m related to discontinued products and MPI CGU impairments of $8.5m were recorded.

Finance expenses were $21.1m, a decrease of $5.6m on the pcp. Included in net finance income/expenses are financing related foreign exchange losses of $3.5m (pcp $13.8m losses). Discount unwind on earnout and deferred consideration increased to $15.3m (pcp $5.9m) in the current period with the inclusion of the TXMD earn-out in December 2022.

The tax benefit of $4.3m comprised:

- Current period income tax expense for the six months to 31 December 2023 of $0.8m;
- Prior year under provision of $0.1m; and
- Benefit of $5.2m relating to the movement in net tax deferred tax assets and liabilities.

REVIEW OF BALANCE SHEET

Cash

Cash increased by $16.6m compared to 30 June 2023.
Amounts invested in marketable securities (December 2023 $36.7m, June 2023 $127.5m) are not included in cash. Marketable securities are deposits in a money market fund with underlying investments in short term US government debt and repurchase obligations. Marketable securities are included in "Other Financial Assets" in the financial statements.

Refer to Review of Cash Flows for further commentary.

Inventory, receivables and trade payables

The company made a net investment in net working capital of $19.8m during the period. There was a net working capital release relating to discontinued operations of $5.9m with an investment in working capital for continuing operations of $25.7m. The continuing operations investment included additional inventory ($14.6m) and trade receivables growth ($9.7m) in support of new product launches and revenue growth. Reduction in trade and other payables included payments for gross-to-net payables for the divested Retail Generics divested business. The balance sheet and statement of cashflows include values relating to both continuing operations and discontinued operations. The balance sheet values are also impacted, compared to the pcp, by currency translation with the December 2023 exchange rate of 0.6812 compared to the June 2023 exchange rate of 0.664.

Intangible assets and goodwill

Intangible assets decreased by $32.6m compared to the balance at 30 June 2023. The movement comprised of:

- An increase of $13.0m for other intangible asset additions for the RHOFADE® acquisition;
- A decrease of $31.5m for amortisation; and
- A decrease of $14.2m due to foreign currency translation with the AUD / USD exchange rate increasing from 0.6640 at 30 June 2023 to 0.6812 at 31 December 2023.

Property, plant & equipment

Property, plant and equipment increased by $0.6m compared to the balance at 30 June 2023. The movement comprised of:

- An increase of $3.6m for additions which includes capital works programs and general site maintenance capital expenditure;
- A decrease of $0.5m for disposals;
- A decrease of $2.6m for depreciation; and
- A decrease of $0.1m due to foreign currency translation.

Interest bearing liabilities.

Interest bearing liabilities includes lease liabilities. Lease liabilities were $6.6m at reporting date. Mayne Pharma issued convertible notes in December 2022 with total cash received of US$27.95m. The convertible notes liability has been split into two components – the loan liability ($30.0m included in interest bearing liabilities at reporting date) and the conversion option (derivative) component (initially recognised at $9.7m and subsequently restated at fair value each reporting period – which is included in the balance sheet as "Other financial liabilities"). The receivables facility was repaid during the period.

Other financial liabilities

Other financial liabilities increased by $25.6m from 30 June 2023 including as a result of:

- An increase of $15.3m due to the unwinding of the discount for the various earn-out liabilities and deferred consideration liabilities;
- An increase of $10.0m due to fair value restatement of the option derivative relating to convertible notes;
- An increase of $16.7m due to re-assessments of various earn-out and deferred consideration liabilities;
- A decrease of $8.3m due to payments made for earn-outs and deferred settlements; and
- A decrease relating to foreign exchange and foreign currency translation of $8.0m.

REVIEW OF CASH FLOWS

Cash at 31 December 2023 was $109.2m, representing an increase of $16.6m from 30 June 2023. Amounts invested in marketable securities (December 2023 $36.7m, June 2023 $127.5m) are not included in cash. Marketable securities are deposits in a money market fund with underlying investments in short term US government debt and repurchase obligations. Marketable securities are included in "Other Financial Assets" in the financial statements.

A summary of operating cash flows is as follows:

	Dec 2023 $M	Dec 2022 $M
Operating cash flow before working capital movements	(8.9)	(106.7)
Working capital (investment) / release	(19.8)	49.9
Net Operating cash flows	**(28.7)**	**(56.8)**
Less estimated cashflows relating to discontinued operations (incl transaction costs) outflows / (inflows)	9.5	(39.9)
Estimated net operating cashflows from continuing operations	(19.2)	(96.7)

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. Continuing operations cash flows were impacted by inventory and trade receivables build as a result of new product launches and sales growth.

	Dec 2023 $M	Dec 2022 $M
Investing cash flows	67.7	478.0

Notable cash flows during the period included:

- $3.2m payments for net capital expenditure;
- $13.0m payments for intangible asset acquisitions relating to the RHOFADE® acquisition;
- $91.6m received from liquidating marketable securities; and
- Earn-out and deferred settlement payments totalling $8.2m.

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

	Dec 2023 $M	Dec 2022 $M
Financing cash flows	(20.2)	(338.8)

Notable cash flows during the period included:

- Net repayment of borrowings (receivables facility) of $11.0m;
- Net interest receipts $3.5m;
- Lease payments (right-of-use) assets $1.8m; and
- On-market share buyback program payments $10.9m.

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

DIVIDEND

No dividend was declared or paid for the period ended 31 December 2023.

In the pcp, the Directors declared a special dividend of 54.4 cents per share (post consolidation basis, 2.72 cents per share on a pre-consolidation basis) following the sale of the MCS business, which was paid on 27 January 2023.

ROUNDING

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in this report and in the financial report. Amounts in this report and in the financial report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars or, in certain cases, to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

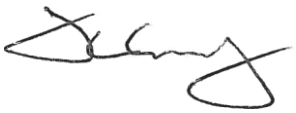
The Auditor's independence declaration is included on page 12 of the Financial Report.

EVENTS SUBSEQUENT TO REPORTING DATE

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 consolidated entity.

Signed in accordance with a resolution of the Directors.

Dated this 26th day of February 2024.



Frank Condella
Chair

Shawn Patrick O'Brien
Managing Director and CEO

AUDITOR'S INDEPENDENCE DECLARATION

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Australia

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

As lead auditor for the review of Mayne Pharma Group Limited for the half-year ended 31 December 2023, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 26 February 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	31 December 2023 $'000	31 December 2022 $'000
Continuing operations			
Sale of goods		170,307	37,631
Services revenue		16,886	14,072
Royalties revenue		516	395
License fees		217	132
Revenue	2	**187,926**	**52,230**
Cost of sales	2, 3	(82,143)	(37,169)
Gross profit		**105,783**	**15,061**
Interest income		4,064	2,682
Other income		924	3,790
Earn-out and deferred consideration liabilities reassessments		(16,650)	(38)
Research, development, medical and regulatory affairs expenses		(10,244)	(7,684)
Marketing and distribution expenses		(65,005)	(61,141)
Administrative and other expenses	3	(72,642)	(63,889)
Asset impairments	10	-	(8,795)
Finance expenses - other	3	(2,299)	(6,867)
Foreign exchange (losses) / gains related to financing activities	3	(3,538)	(13,883)
Finance expenses – related to earn-outs & deferred consideration liabilities including discount unwind	3	(15,258)	(5,898)
Net (loss) / profit before income tax		(74,865)	(146,660)
Income tax credit / (expense)	4	4,316	32,850
Net (loss) / profit for the period from continuing operations		(70,549)	(113,810)
Discontinued operations			
Profit after tax for the period from discontinued operations	5	(3)	403,737
Net (loss) / profit for the period		(70,552)	289,927
Attributable to:			
Equity holders of the Parent		(70,552)	290,020
Non-controlling interests		-	(93)
		(70,552)	289,927

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	31 December 2023 $'000	31 December 2022 $'000
Other comprehensive income for the period, net of tax			
Items which may be reclassified to profit/loss			
Unrealised (loss) / gain on cash flow hedges		-	(1,334)
Income tax effect			-
Exchange differences on translation		(8,295)	4,994
Income tax effect		913	(291)
Total comprehensive income for the period		(77,934)	293,296
Attributable to:			
Equity holders of the Parent		(77,934)	293,976
Non-controlling interests		-	(680)
		(77,934)	293,296
Basic earnings per share		(87.8) cents	352 cents
Diluted earnings per share		(87.8) cents	352 cents
Earnings per share from continuing operations:			
Basic earnings (loss) per share from continuing operations		(87.8) cents	(138) cents
Diluted earnings (loss) per share from continuing operations		(87.8) cents	(138) cents

This statement should be read in conjunction with the accompanying notes to the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	31 December 2023 $'000	30 June 2023 $'000
Current assets			
Cash and cash equivalents	6	109,227	92,616
Trade and other receivables	7	184,682	194,887
Inventories	8	91,904	82,700
Income tax receivable		14,181	14,630
Other financial assets (includes marketable securities)		45,584	136,624
Other current assets		29,725	32,172
Total current assets		475,303	553,629
Non-current assets			
Other non-current assets		15,480	2,320
Property, plant and equipment	9	44,278	43,726
Right-of-use assets		6,075	7,756
Deferred tax assets	4	26,871	22,659
Intangible assets	10	584,641	617,264
Total non-current assets		677,345	693,725
Total assets		1,152,648	1,247,354
Current liabilities			
Trade and other payables	11	226,486	246,513
Interest-bearing loans and borrowings	12	3,468	14,427
Other financial liabilities	13	52,122	35,299
Income tax payable		1,165	-
Provisions	14	12,417	14,720
Total current liabilities		295,658	310,959
Non-current liabilities			
Interest-bearing loans and borrowings	12	33,107	33,078
Other financial liabilities	13	269,652	260,856
Deferred tax liabilities	4	6,133	7,799
Provisions	14	325	302
Total non-current liabilities		309,217	302,035
Total liabilities		604,875	612,994
Net assets		547,773	634,360
Equity			
Contributed equity	15	1,223,920	1,233,692
Reserves		164,175	170,438
Retained Earnings		(840,322)	(769,770)
Total equity		547,773	634,360

This statement should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Contributed Equity $'000	Share-Based Payment Reserve $'000	Foreign Currency Translation Reserve $'000	Cash Flow Hedge Reserve $'000	Other Reserve $'000	Retained Earnings $'000	Total $000	Non-Controlling Interests $000	Total Equity $'000
Balance at 1 July 2023	1,233,692	55,957	117,624	-	(3,143)	(769,770)	634,360	-	634,360
Profit / (loss) for the period	-	-	-	-	-	(70,552)	(70,552)	-	(70,552)
Other comprehensive income									
Foreign exchange translation (net of tax)	-	-	(7,382)	-	-	-	(7,382)	-	(7,382)
Cash flow hedge	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	(7,382)	-	-	(70,552)	(77,934)	-	(77,934)
Transactions with owners in capacity as owners									
On-market share buy-back	(10,932)	-	-	-	-	-	(10,932)	-	(10,932)
Equity contribution re LTI program	1,160	(1,160)	-	-	-	-	-	-	-
Share-based payments	-	2,279	-	-	-	-	2,279	-	2,279
Balance at 31 December 2023	1,223,920	57,076	110,242	-	(3,143)	(840,322)	547,773	-	547,773
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	-	-	-	-	-	290,020	290,020	(93)	289,927
Other comprehensive income									
Foreign exchange translation (net of tax)	-	-	5,290	-	-	-	5,290	(587)	4,703
Cash flow hedge	-	-	-	(1,334)	-	-	(1,334)	-	(1,334)
Total comprehensive income	-	-	5,290	(1,334)	-	290,020	293,976	(680)	293,296
Transactions with owners in capacity as owners									
Dividend provided	-	-	-	-	-	(46,669)	(46,669)	-	(46,669)
Disposal of subsidiary		-	-	-	-	-	-	8,333	8,333
Share-based payments	-	5,004	-	-	-	-	5,004	-	5,004
Balance at 31 December 2022	1,238,537	53,928	105,870	-	(3,143)	(596,998)	798,194	-	798,194

This statement should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	31 December 2023 $'000	31 December 2022 $'000
Cash flows from operating activities			
Receipts from customers		374,914	253,718
Payments to suppliers and employees		(400,371)	(272,905)
Tax paid		(38)	(3,796)
		(25,495)	(22,983)
Restructuring, transaction and DOJ costs		(3,226)	(33,826)
Net cash flows from operating activities	6	(28,721)	(56,809)
Cash flows from investing activities			
Payments for plant and equipment		(3,174)	(3,766)
Receipt of government grant relating to plant and equipment		-	1,900
Redemption of marketable securities		91,628	-
Payments for intangible assets		(13,020)	(212,166)
Payments for capitalised development costs		-	(395)
Earn-out and deferred settlement payments		(8,227)	(11,954)
Working capital acquired as part of TXMD asset acquisition		-	(18,105)
Net proceeds from the sale of the MCS business		-	722,521
Net cash flows used in investing activities		67,207	478,035
Cash flows from financing activities			
Proceeds from borrowings (receivables finance facility – net of fees)		-	102,045
Repayment of borrowings (receivables finance facility)		(10,990)	(119,299)
Proceeds from borrowings (convertible notes – net of fees)		-	40,995
Repayment of borrowings (syndicated facility)		-	(358,698)
Payments of interest		(537)	(4,503)
Receipts of interest		4,064	2,682
Payment of lease liabilities (right-of-use assets)		(1,806)	(2,042)
On market share buy-back		(10,932)	-
Net cash flows from financing activities		(20,201)	(338,820)
Net increase/(decrease) in cash and cash equivalents		18,285	82,406
Cash and cash equivalents at beginning of period		92,616	96,672
Effect of foreign exchange changes on cash held in foreign currencies		(1,674)	(3,537)
Cash and cash equivalents at end of period	6	109,227	175,541

This statement should be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The financial report for the half-year ended 31 December 2023 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial report.

Under AASB 134 Interim Financial Reporting, measurement is generally made on an annual reporting period to date basis. However, it is recognised that the interim period is part of a larger annual reporting period not an independent reporting period.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2023 and considered together with any public announcements made by Mayne Pharma Group Limited during the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations of the *ASX Listing Rules*.

(b) Change in presentation

Where required, items in the December 2022 comparatives have been reclassified to reflect the current presentation and enable better comparison between periods. This includes re-presentation of the Statement of Comprehensive Income for the period ended 31 December 2022 to separate the results of discontinued operations (refer to Note 5).

(c) Changes in accounting policy and adoption of new accounting standards

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2023.

New and/or amended standards that were effective for the Group as of 1 July 2023 did not have a material impact on the financial statements of the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

(d) New accounting standards and interpretations

At the date of authorisation of the financial report, no Standards and Interpretations relevant to the Group were issued but not yet effective.

(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. Updates to the following significant judgements and estimates are included in the relevant notes to this half year financial report:

• Note 2 - Reporting Segments	Revenue recognition
• Note 4 - Income tax	Recognition of deferred tax assets and liabilities
• Note 10 – Intangible assets	Development expenditure capitalisation, impairment and assessment of useful lives
• Note 11 - Trade and Other Payables	Customer rebates, returns and loyalty programs
• Note 13 – Other Financial Liabilities	Fair value of derivative, earn-out and deferred consideration liabilities

2. SEGMENT REPORTING

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

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

The Consolidated Entity operates in three operating segments being Dermatology (formerly PPD), Women's Health (formerly BPD) and International. During the prior corresponding period, the Consolidated Entity sold the Metrics Contract Services segment (MCS) and has therefore included MCS in discontinued operations (refer Note 5). During the year ended 30 June 2023, the Retail Generics business which previously formed part of the PPD segment was sold and has therefore also been included in discontinued operations.

Dermatology Division (formerly PPD)

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

Women's Health Division (formerly BPD)

The Women's Health Division distributes branded women's health products in the US.

International

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

	Dermatology	Women's Health	International	Total Consolidated
	$'000	$'000	$'000	$'000
Half Year ended 31 December 2023				
Sale of goods	80,929	72,389	16,989	170,307
Services income	-	-	16,886	16,886
Royalty income	-	-	516	516
Licence fee income	-	-	217	217
Revenue	80,929	72,389	34,608	187,926
Cost of sales	(44,322)	(13,693)	(24,128)	(82,143)
Gross profit	36,607	58,696	10,480	105,783
Direct operating expenses	(18,505)	(40,617)	(6,057) [1]	(65,179)
Direct contribution	18,102	18,079	4,423	40,604
Other income				924
Earn-out and deferred consideration liabilities reassessments				(16,650)
Asset impairments				-
Amortisation of intangible assets				(31,463)
Finance expenses (net) (includes discount unwind relating to earn-outs)				(17,031)
Unallocated / indirect expenses (includes derivative value reassessment)				(51,249)
Profit / (loss) before income tax				(74,865)
Income tax (expense) / benefit				4,316
Net profit / (loss) for the period from continuing operations				(70,549)

Note: (1) Direct operating expenses for the International segment include finance, HR and IT expenses whereas the US segments share such services and hence no allocation for such services has been made to the Dermatology and Women's Health segments.

	Dermatology $'000	Women's Health $'000	International $'000	Total Consolidated $'000
Half Year ended 31 December 2022				
Sale of goods	11,177	13,427	13,027	37,631
Services income	-	-	14,072	14,072
Royalty income	-	-	395	395
Licence fee income	-	-	132	132
Revenue	11,177	13,427	27,626	52,230
Cost of sales	(15,704)	(2,715)	(18,750)	(37,169)
Gross profit	(4,527)	10,712	8,876	15,061
Direct operating expenses	(17,945)	(36,699)	(6,052)[1]	(60,696)
Direct contribution	(22,472)	(25,987)	2,824	(45,635)
Other income				3,790
Earn-out and deferred consideration liabilities reassessments				38
Asset impairments				(8,795)
Amortisation of intangible assets				(22,268)
Finance expenses (net) (includes discount unwind relating to earn-outs)				(23,966)
Restructuring costs (including loss on disposal INTI)				(12,392)
Unallocated / indirect expenses				(37,432)
Profit / (loss) before income tax				(146,660)
Income tax credit / (expense)				32,850
Profit / (loss) after income tax from continuing operations				(113,810)

Note: (1) Direct operating expenses for the International segment include finance, HR and IT expenses whereas the US segments share such services and hence no allocation for such services has been made to the Dermatology and Women's Health segments.

Geographical segment information	31 December 2023 $'000	31 December 2022 $'000
Australia	20,113	19,440
United States	154,955	24,604
Other	12,858	8,186
Total external revenue	**187,926**	52,230
Revenue from customer contracts		
Recognised at a point in time	171,040	38,158
Recognised over time	16,886	14,072
Total external revenue from customer contracts	**187,926**	52,230
Revenue by product group / service		
Third party contract services and manufacturing	16,886	14,072
Generic and branded products	170,307	37,631
Other revenue	733	527
Total external revenue	**187,926**	52,230

3. EXPENSES

	31 December 2023 $'000	31 December 2022 $'000
Finance expenses		
Interest expense	524	4,681
Amortisation of borrowing costs	1,537	1,951
Interest expense – right-of-use asset lease liabilities	238	235
	2,299	6,867
Change in fair value attributable to the unwinding of the discounting of earn-out and deferred consideration liabilities	15,258	5,898
Foreign exchanges losses relating to funding activities including earn-outs and deferred consideration liabilities	3,538	13,883
Total finance expense	**21,095**	26,648
Depreciation property, plant & equipment	2,563	2,657
Depreciation right-of-use assets	1,853	1,756
Total Depreciation (continuing operations)	**4,416**	4,412
Depreciation is included in the following categories in the Statement of Profit Loss –		
Cost of sales	2,371	2,350
Research, development, medical and regulatory affairs expenses	191	201
Marketing and distribution expenses	1,342	216
Administrative and other expenses	512	1,645
Total Depreciation (continuing operations)	**4,416**	4,412
Cost of sales include the following:		
Inventory write-offs	-	266
Provision for inventory obsolescence	1,319	1,432
Employee benefits expense [(1)]		
Wages and salaries	43,893	45,421
Superannuation expense	2,325	2,332
Share-based payments expense	2,515	4,754
Other employee benefits expense	1,940	3,000
Total employee benefits expense (continuing operations)	**50,673**	55,507
Administration and other expenses include the following:		
Litigation costs	2,826	2,612
Share-based payments expense	2,515	2,213
Share-based payments expense - restructuring	-	1,536
Share-based payments expense – MCS sale related	-	1,005
Amortisation of intangible assets	31,463	22,268
Loss on disposal of INTI shares	-	3,058
Mark to market of derivative related to convertible note	9,993	-
Foreign exchange losses	900	-
Restructuring expenses [(2)]	447	6,793
All other administration and other expenses	24,498	24,404
Total Administration and other expenses	**72,642**	63,889

The above expenses relate to continuing operations only.

Notes: (1) Employee benefit expense is included in various expense categories and cost of sales.
(2) Restructuring expense mainly relates to organisational transformation to simplify the operating model.

4. INCOME TAX

(a) The major components of income tax expense are:

	31 December 2023 $'000	31 December 2022 $'000
Current income tax		
Current income tax	(770)	(900)
Adjustment in respect of current income tax of previous years	(71)	(1,524)
Deferred income tax		
Relating to movement in net tax deferred tax assets and liabilities	5,155	38,301
Income tax credit / (expense) in the consolidated statement of profit or loss and other comprehensive income	**4,314**	35,877

(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

	31 December 2023 $'000	31 December 2022 $'000
The prima facie tax on operating (loss) / profit differs from the income tax provided in the accounts as follows:		
Profit / (loss) before income tax	(74,866)	254,050
Prima facie tax credit / (expense) at 30%	22,459	(76,214)
Effect of R&D concessions	93	182
Under provision in respect of prior years	(71)	(1,524)
Non-deductible expenses for tax purposes		
Amortisation	(1,077)	(913)
Share-based payments	(684)	(1,501)
Asset impairments	-	(1,837)
Transaction costs	-	(6,007)
Other non-deductible expenses	(3,701)	(268)
Non assessable income for tax purposes	-	129,427
Effect of different tax rate in US	(6,146)	(12,874)
US State taxes	2,101	3,131
Tax losses not recognised	-	(89)
Restatement of DTA re changes to US state tax rates	7,120	183
Deferred tax asset derecognition adjustment	(15,780)	4,181
Income tax credit / (expense)	**4,314**	**35,877**
Income tax credit / (expense) from continuing operations	4,316	32,850
Income tax credit / (expense) from discontinued operations	(2)	3,027
Income tax credit / (expense)	**4,314**	35,877

(c) Recognised deferred tax assets and liabilities

	31 December 2023 $'000	30 June 2023 $'000
Deferred tax assets		
Intangible assets	26,491	18,434
Provisions	8,969	11,483
Payables	29,236	29,563
Inventory	3,607	6,468
Carry forward tax losses and R&D credits	156,880	152,885
US State taxes	27,651	19,744
Other	338	335
Less deferred tax asset not recognised	(225,258)	(215,473)
	27,914	23,439
Reconciliation to the Statement of Financial Position		
Total Deferred Tax Assets	27,914	23,439
Set off against Deferred Tax Liabilities	(1,043)	(780)
Net Deferred Tax Assets(1)	**26,871**	22,659
Deferred tax liabilities		
Property, plant and equipment	1,188	1,324
Intangible assets	1,585	1,783
US State taxes	139	85
Unrealised foreign exchange gains	3,436	4,793
Other	828	594
	7,176	8,579
Reconciliation to the Statement of Financial Position		
Total Deferred Tax Liabilities	7,176	8,579
Set off against Deferred Tax Assets	(1,043)	(780)
Net Deferred Tax Liabilities(2)	**6,133**	7,799

Notes: (1) Represents Australian and US Deferred Tax Assets that cannot be offset against US Deferred Tax Liabilities.
(2) Represents US Deferred Tax Liabilities that cannot be offset against Australian Deferred Tax Assets.

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

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.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. In the current period, when this assessment occurred, it indicated that, due to the expected length of time needed to recover the deferred tax asset, it continued to be not probable that all the deferred tax assets would be recovered and hence a writedown to the expected probable recoverable amount was made in the current period of $15.8m.

5. DISCONTINUED OPERATIONS

On 4 October 2022 Mayne Pharma completed the sale of the MCS business. MCS was previously reported as a standalone operating segment.

The results of discontinued operations were as follows –

	31 December 2023 $'000	31 December 2022 $'000
Service revenue	-	21,829
Cost of sales	-	(12,503)
Gross Margin	-	9,326
Profit on sale of MCS business	-	434,594
Sale transaction costs	(11)	(20,550)
Operating expenses	(54)	(2,784)
Operating profit before tax from discontinued operations	(65)	420,586
Tax benefit / (expense)	12	(1,485)
Profit for the period from discontinued operations - MCS	(53)	419,101

Estimated operating cashflow relating to discontinued operations MCS (Dec 22 includes transaction costs)	(300)	(10,400)
Investing cashflows related to discontinued operations		
Proceeds from sale of MCS	-	722,521
Contracted payments to purchaser of MCS (included in Earnout payments in the Statement of Cashflows)	(4,331)	-
Payments for plant and equipment	-	(2,681)

There were no material financing cashflows specific to discontinued operations.

The above results for 31 December 2022 (pcp) represent three months trading for the MCS business up to the date of disposal plus the profit on sale of the MCS business.

On 7 April 2023, Mayne Pharma completed the sale of the Retail Generics business. The Retail Generics business was previously included as part of the PPD operating segment.

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

	31 December 2023 $'000	31 December 2022 $'000
Sales revenue	4,041	47,971
Cost of sales	(2,278)	(56,103)
Gross Margin	1,763	(8,132)
Sale transaction costs	(279)	-
Impairments	-	(5,284)
Amortisation	-	(2,415)
Earn-out and deferred consideration liabilities reassessments	-	385
Operating expenses	(1,420)	(4,429)
Operating profit before tax from discontinued operations	64	(19,876)
Tax expense	(14)	4,512
Profit / (loss) for the period from discontinued operations – Retail Generics	50	(15,364)

Estimated operating cashflow relating to discontinued operations Retail Generics	(9,280)	50,338
Investing cashflows related to discontinued operations		
Earn-out and deferred settlement payments	-	(14)
Payments for capitalised development costs	-	(54)

	31 December 2023 $'000	31 December 2022 $'000
Profit / (loss) after tax for the period from discontinued operations	(3)	403,737

	31 December 2023 $	31 December 2022 $
Basic and diluted earnings per share discontinued operations	-	4.91

6. CASH AND CASH EQUIVALENTS

(a) For the consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	31 December 2023 $'000	30 June 2023 $'000
Cash at bank and in hand	109,227	92,616

(b) Reconciliation of net profit after income tax to net cash flow from operating activities

	31 December 2023 $'000	31 December 2022 $'000
Net profit / (loss) after income tax	(70,552)	289,927
Adjustments for:		
Depreciation and amortisation	37,418	34,507
Share-based payments	2,279	5,004
Earn-out and deferred consideration liability reassessments	16,650	(347)
Discount unwind earn-out and deferred consideration liabilities	15,258	5,899
Derivative value restatement	9,993	-
Other finance (income) / expenses	(3,295)	1,713
Profit on disposal of MCS business	-	(434,574)
Loss on disposal INTI	-	3,058
Asset impairments	-	14,078
Net unrealised foreign exchange differences	2,405	10,196
Non-cash provisions – inventory and restructuring	(14,704)	3,328
Changes in tax balances:		
Decrease / (Increase) in deferred tax assets	(4,657)	(22,753)
(Decrease) / Increase in current and deferred tax liabilities	305	(16,767)
Operating cash flows before working capital movements	(8,900)	(106,732)
Changes in working capital:		
Decrease / (Increase) in receivables	5,756	59,128
Decrease / (Increase) in inventories	3,168	(14,265)
(Increase) in other assets	(11,927)	(6,168)
(Decrease) / Increase in creditors	(14,668)	14,057
Increase / (Decrease) in provisions	(2,150)	(2,830)
Total working capital movements	(19,821)	49,922
Net cash flow from operating activities	(28,721)	(56,809)

7. TRADE AND OTHER RECEIVABLES

	31 December 2023 $'000	30 June 2023 $'000
Trade receivables (net of charge-backs)	176,550	180,838
Trade receivables – profit share	3,877	5,983
Provision for impairment	(9,188)	(9,426)
Other receivables	13,443	17,492
	184,682	194,887

At 30 June 2023, some of the Group's receivables were sold under the receivables financing program (refer Note 12). The Group considers the economic substance rather than the legal form of the transactions in assessing the business model of the underlying receivables. Accordingly, transactions that fail AASB 9 derecognition criteria are not considered true sales and thus, the business model of the underlying receivables continues to be holding to collect contractual cash flows and therefore are measured at amortised cost.

No receivables were sold at reporting date.

8. INVENTORIES

	31 December 2023 $'000	30 June 2023 $'000
Raw materials and stores at cost	15,684	21,596
Work in progress at cost	10,983	9,331
Finished goods at lower of cost and net realisable value	65,237	51,773
	91,904	82,700

The Group has recognised provisions at reporting date for obsolescence and net realisable value adjustments of $8,094,000 (30 June 2023: $22,767,000).

9. PROPERTY, PLANT AND EQUIPMENT

	LAND $'000	BUILDINGS $'000	PLANT AND EQUIPMENT $'000	CAPITAL WORKS IN PROGRESS $'000	TOTAL $'000
Six months ended 31 December 2023					
Balance at beginning of period net of accumulated depreciation	2,981	15,339	25,419	(13)	43,726
Additions	-	-	-	3,648	3,648
Transfers from capital under construction	-	-	929	(929)	-
Depreciation charge for year	-	(249)	(2,314)	-	(2,563)
Disposals	-	-	(339)	(123)	(462)
Foreign currency restatement	-	-	(69)	(2)	(71)
Balance at end of year net of accumulated depreciation	2,981	15,090	23,626	2,581	44,278
As at 31 December 2023					
At cost	2,981	19,924	60,845	7,381	91,131
Accumulated depreciation	-	(4,834)	(37,219)	-	(42,053)
Accumulated impairments	-	-	-	(4,800)	(4,800)
Net carrying amount	2,981	15,090	23,626	2,581	44,278

10. INTANGIBLE ASSETS AND GOODWILL

	Customer Contracts, Customer Relationships Product Rights & Intellectual Property	Development Expenditure	Marketing & Distribution Rights	Trade Names	Total
	$'000	$'000	$'000	$'000	$'000
Six months ended 31 December 2023					
Balance at beginning of the period net of accumulated amortisation and accumulated impairments	588,969	2,039	6,549	19,707	617,264
Additions	13,020	-	-	-	13,020
Disposal	-	-	-	-	-
Amortisation	(28,857)	(663)	(259)	(1,684)	(31,463)
Specific impairments	-	-	-	-	
CGU impairments	-	-	-	-	-
Exchange differences	(14,180)	-	-	-	(14,182)
Balance at end of period net of accumulated amortisation and accumulated impairments	558,952	1,376	6,290	18,023	584,641
As at 31 December 2023					
Cost	825,748	36,133	33,729	63,778	959,388
Accumulated amortisation	(177,901)	(10,170)	(13,588)	(41,450)	(243,109)
Accumulated impairments	(88,895)	(24,587)	(13,851)	(4,305)	(131,638)
Net carrying amount	558,952	1,376	6,290	18,023	584,641

No impairments were recorded in the current period (pcp $8.8m for continuing operations (MPI) and $5.3m for discontinued operations (Retail Generics)).

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 and trademarks) have been assessed as having finite useful lives and, as such, are amortised over their useful lives. The useful lives range from five to fifteen years and are tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in an accounting estimate.

Significant accounting estimates and assumptions

Impairment intangible assets

No impairments were recorded in the current period (pcp: $8.8m for continuing operations and $5.3m for discontinued operations).

The recoverable values of the CGUs are equal to or above their carrying values.

An asset is considered impaired when its balance sheet carrying amount exceeds its estimated recoverable value, 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 method which utilises net present value techniques using post-tax cash flows and discount rates for all CGUs except MPI which has been assessed using a fair value less cost of disposal approach.

The estimates used in calculating net present value from the value in use approach 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 (compound 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.

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.

Intangible Impairment Testing Methodology

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

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 recoverable value of each asset at 31 December 2023 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 5.5-year forecast period plus a terminal value calculation for the CGU (where appropriate);
- 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 CGUs as at 31 December 2023 is shown in the table below.

A$000's	Derm	Women's Health	Infectious Disease	MPI	Total
Intangible Assets	29,582	545,997	4,800	4,262	**584,641**

The allocation of intangible assets to CGU's as at 30 June 2023 was shown in the table below:

A$000's	Derm	Women's Health	Infectious Disease	MPI	Total
Intangible Assets	19,996	587,210	5,357	4,701	**617,264**

Key Assumptions

Key assumptions in impairment testing methodology include:

- Cash flow forecasts for the on-market portfolio are based on FY24 forecast results as well as specific cash flows which have been forecast out to FY29. A terminal growth or erosion rate is then applied;
- Risk weighted pipeline cash flows are included in each of the relevant CGUs;
- Corporate overheads have been allocated to the relevant CGU based on their respective gross margin contributions;
- 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 time value of money and the risks specific to the CGU and have been determined using the WACC. The pre and post-tax discount rates used are shown below (and are unchanged from 30 June 2023).

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

Forecast gross margin growth rates including pipeline products are shown in the table below. These average growth rates are assumptions determined to satisfy applicable accounting standards but should not be used for guidance.

December 2023	Assumed Average Forecast Gross Margin Growth Rates[1]	Assumed Terminal Value Growth Rate
Dermatology CGU	0.7%	-3.0%
Women's Health CGU	39.1%	0% - 5.9% (2)
MPI CGU	7.4%	2.0%
Infectious Disease	-6.4%	0%)

Notes: (1) Growth rates refer to the Compound Annual Growth Rates (CAGR) over the forecast period and includes both on-market and pipeline assets.
(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.

June 2023	Assumed Average Forecast Gross Margin Growth Rates 1st five years	Assumed Terminal Value Growth Rate
Dermatology	55.7%	n/a (1)
Women's Health	44.9%	-5.9% to-30.1%
MPI	11.4%	2.0%
Infectious Disease	-9.0%	0%

Notes: (1) Gross margin growth rate for Dermatology CGU reflects that applicable over three-year period to disposal. Exit value assumed is based on a multiple of earnings so no terminal growth rate is applied.

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

	Carrying Value[1]	Recoverable Value	Difference
Dermatology CGU	44.7	162.5	117.8
Women's Health CGU	575.2	654.9	79.7
MPI CGU	71.2	71.2	-
Infectious Disease CGU	5.3	10.0	4.7

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

Sensitivity to changes in assumptions

The tables below show the sensitivity of the changes in key variables on recoverable values for CGUs assessed on a VIU basis.

A$m	+/-1% Change in Gross Margin Growth	+/-1% Change in Terminal Growth Rate	+/-1% Change in WACC[1]
Dermatology CGU	+3.7/-3.8	+5.2/-4.5	-5.4/+6.3
Women's Health CGU	+11.2/-11.3	+39.9/-56.8	-86.4/+76.2
MPI CGU	+1.3/-1.4	+1.2/-0.9	-2.1/+2.7
Infectious Disease CGU	+0.1/-0.1	+0.5/-0.4	-0.4/+0.5

Note: (1) Change refers to the movement in the post-tax WACC.

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

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

- **MPI**: as the carrying amount of the CGU has been written down to its recoverable amount any further adverse changes in performance compared to current forecasts will result in impairment.

Estimation of useful lives of assets

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.

11. TRADE AND OTHER PAYABLES

	31 December 2023 $'000	30 June 2023 $'000
Trade payables	42,774	32,027
Accrued rebates, returns and loyalty programs	167,845	181,301
Other payables	15,867	33,185
	226,486	246,513

12. INTEREST-BEARING LOANS AND BORROWINGS

	31 December 2023 $'000	30 June 2023 $'000
Current		
Receivables financing	-	10,810
Lease liabilities – right-of-use assets	3,468	3,617
	3,468	14,427

	31 December 2023 $'000	30 June 2023 $'000
Non-current		
Convertible notes	30,019	28,480
Lease liabilities – right-of-use assets	3,088	4,598
	33,107	33,078

Convertible notes

On 31 December 2022 the Group issued convertible notes with a face value of US$27.95m which converted to AUD on issue date (@ 0.679 A$41.163m). 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 past 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 A$41.163m.

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 13). At time of issue this derivative was a $9.743m liability. This embedded derivative will be subsequently accounted for at fair value.
- Loan liability representing the net proceeds received less the fair value of the conversion option. The loan liability will be subsequently accounted for at amortised cost and is classified as interest bearing loans and borrowings (as above).

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

Receivables financing facility

The receivables financing facility was established in December 2018 and has been renewed annually with the most recent renewal occurring in January 2023. It has a limit of US$50m and was not drawn at reporting date. Receivables were sold with no recourse to Mayne Pharma in relation to credit risk and generally roll each 90 days as each debtor pays amounts outstanding. Any receivables sold continued to be recognised on the Group's balance sheet as accounting derecognition criteria has not been met as Mayne Pharma retains certain risks in relation to the variability of charge-backs, rebates, returns and loyalty programs.

13. OTHER FINANCIAL LIABILITIES

	31 December 2023 $'000	30 June 2023 $'000
Current		
Earn-out liabilities and deferred consideration – various products/distribution rights	22,586	15,203
Derivative related to convertible notes	22,438	12,445
Deferred liability – MCS sale related	7,098	7,651
	52,122	35,299

	31 December 2023 $'000	30 June 2023 $'000
Non-current		
Earn-out liabilities and deferred consideration – various products/distribution rights	263,926	252,135
Deferred liability – MCS sale related	5,726	8,721
	269,652	260,856

The Consolidated Entity has recognised various earn-out and deferred consideration liabilities relating to various asset purchases. Most earn-outs are based on a percentage of net sales and typically payable on a quarterly basis for a period of between two and ten years. Deferred consideration liabilities are based on sales milestones and typically payable after the end of the quarter in which the sales milestone was achieved.

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.

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.

Significant accounting estimates and assumptions

Earn-out and deferred consideration liabilities

The earn-out liabilities are based on expected future cash flows determined as a percentage of net sales or gross margin. 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. Movements in the liabilities from changes in these assumptions and forecasts are reported in the consolidated statement of profit or loss and other comprehensive income.

Earn-out liabilities represent the net present value of estimated future payments. After the initial recognition, 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 at reporting date include a charge representing the unwinding of the discounting of the earn-out liabilities of $15,258,000 (pcp: $5,898,000) 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 $16,650,000 expense / increase to earn-outs (pcp $346,000 credit / decrease to earn-outs)

As at 31 December 2023 the deferred consideration amounts consist mainly of fixed amounts which are subject to sales milestone requirements.

Derivative related to convertible notes

Convertible notes have been separated into two liabilities – the fair value of the loan liability recorded at amortised cost and is classified as interest bearing loans and borrowings and the fair value of the conversion option (embedded derivative) which is included above in "Other financial liabilities".

14. PROVISIONS

	31 December 2023 $'000	30 June 2023 $'000
Current		
Employee entitlements	12,270	14,566
Restructuring	147	154
	12,417	14,720

	31 December 2023 $'000	30 June 2023 $'000
Non-current		
Employee entitlements	325	302
	325	302

15. CONTRIBUTED EQUITY

(a) Issued capital

	31 December 2023 $'000	30 June 2023 $'000
Ordinary shares, fully paid	1,223,920	1,233,692

(b) Movements in share capital

	Number	$'000
Balance at beginning of period	83,422,114	1,233,692
Conversion of employee LTI awards	-	1,160
Share buy backs / share cancellations – on market	(2,176,287)	(10,932)
Balance at end of period	**81,245,827**	**1,223,920**

On-market share buy-back

The Company commenced an on-market share buy-back on 22 May 2023. The Company may purchase up 15% (as approved at the AGM on 30 November 2023) of the shares on issue. Up to 31 December 2023, the Company had purchased 3,828,461 shares for a total value of $17,155,376 (approx. 4.5% of shares on issue). On-market share buy-backs were paused effective close of trade 31 December 2023 and remain on pause until after results release, consistent with Mayne Pharma's Securities Trading Policy.

16. DIVIDENDS

No dividend has paid or declared in the current period. In the pcp, the Board declared a special fully franked dividend of 54.4 cents per share (post consolidation basis - 2.72 cents per share on a pre-consolidation basis). The dividend was paid on 27 January 2023.

17. COMMITMENTS AND CONTINGENCIES

A. Capital Commitments

The Group had $4.1m of contractual obligations for the purchase of capital equipment relating to the Salisbury site as at 31 December 2023. This includes expenditure contracted at 31 December relating to the Salisbury modernisation program for which Mayne is receiving a federal government grant.

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, 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

All these legal claims and allegations are being vigorously contested. No payment is considered probable and possible related amounts cannot be reliably estimated and as such no amounts have been provided at reporting date.

Drug pricing matters – investigations

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

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

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

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. There are no other criminal cases pending except those for which sentencing decisions have not yet been made for those defendants who previously admitted guilt.

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 US cases have been consolidated into multidistrict litigation pending in the Eastern District of Pennsylvania. Mayne Pharma is strongly defending the allegations made in these civil complaints.

Federal Health care – investigation

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

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

Shareholder Class Action

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

Paragraph IV Litigation

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

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

18. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 31 December 2023.

	31 December 2023 $'000	30 June 2023 $'000
Financial liabilities		
Current		
Earn-out and deferred consideration liabilities	29,684	22,854
Embedded derivative convertible notes	22,438	12,445
	52,122	35,299
Non-current		
Earn-out and deferred consideration liabilities	269,652	260,856
	269,652	260,856

Trade and other receivables, trade and other payables, other financial assets and other liabilities are considered short term and their fair values approximates the carrying values.

Fair Value

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

	Carrying Amount		Fair Value	
	31 Dec 2023 $'000	30 June 2023 $'000	31 Dec 2023 $'000	30 June 2023 $'000
Liabilities				
Earn-out and deferred consideration liabilities	299,336	283,710	299,336	283,710
Embedded derivative convertible notes	22,438	12,445	22,438	12,445

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 in "Other financial liabilities" (refer Note 13). At time of issue this derivative was a $9.743m liability. This embedded derivative has subsequently been accounted for at fair value through profit and loss.

Loan liability representing the net proceeds received less the fair value of the conversion option. The loan liability is subsequently accounted for at amortised cost and is classified as interest bearing loans and borrowings (refer Note 12).

The value of the derivative has been determined using a Binomial Lattice model. Significant inputs to the model utilised at 31 December 2023 are Mayne Pharma's:

- Stock price, $6.15
- Conversion price $5.356
- Expected volatility, 45%
- Estimated credit spread 9.01%.

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

The Consolidated Entity has recognised various earn-out liabilities relating to various asset purchases. Most earn-outs are based on a percentage of net sales or gross margin and typically payable on a quarterly basis for a period of between two and ten years.

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.

At balance date the deferred consideration amounts consist mainly of fixed amounts which are subject to sales milestone requirements.

Set out below are the significant unobservable inputs to valuation as at 31 December 2023:

Earn-out / deferred consideration	Valuation technique	Significant unobservable inputs	Input used	Sensitivity of the input to fair value
Mithra-NEXTSTELLIS® – deferred consideration liability	DCF	Forecast net sales WACC	 10.2%	5% increase (decrease) in net sales would change the expected timing of milestone payments resulting in an increase (decrease) in fair value by $9.0m / ($3.0m). 1% increase / (decrease) in the WACC would result in decrease / (increase) in fair value by $6.5m / ($6.9m).
TXMD earn-out and deferred consideration liability	DCF	Forecast net sales WACC	 10.2%	5% increase (decrease) in net sales would change the expected timing of milestone payments resulting in an increase (decrease) in fair value by $6.3m / ($5.7m). 1% increase / (decrease) in the WACC would result in decrease / (increase) in fair value by $6.9m / ($7.4m).

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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.

Assets and liabilities measured at fair value

As at 31 December 2023, the Group held the following financial instruments carried at fair value in the Statement of Financial Position:

	Level 2		Level 3	
	31 December 2023 $'000	30 June 2023 $'000	31 December 2023 $'000	30 June 2023 $'000
Financial Liabilities				
Earn-out and deferred consideration liabilities	-	-	299,336	283,710
Embedded derivative convertible notes	-	-	22,438	12,445

Reconciliation of fair value measurements of Level 3 financial instruments

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

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

	2023 Earn-out & deferred consideration liabilities $'000
Opening balance	283,710
Acquisitions / additions	-
Discount unwind	15,258
Reassessments	16,650
Foreign currency restatement	(8,007)
Payments	(8,275)
Closing Balance	299,336

During the six-month period ended 31 December 2023, there were no transfers between Level 1 and Level 2 fair value measurements. The fair value increments and decrements were recorded in determining profit before tax.

19. EVENTS SUBSEQUENT TO REPORTING DATE

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 consolidated entity.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

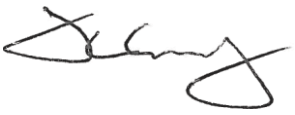
(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position as at 31 December 2023 and the performance for the half-year ended on that date of the consolidated entity; and

  (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* 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.

On behalf of the Board



Frank Condella
Chair

Shawn Patrick O'Brien
Managing Director and CEO

Melbourne, 26 February 2024

AUDITOR'S INDEPENDENT REVIEW REPORT

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mayne Pharma Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Mayne Pharma Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

Benjamin Lee
Director

Melbourne, 26 February 2024

INTELLECTUAL PROPERTY & GLOSSARY

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

GLOSSARY

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

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

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

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

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

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

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