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Friday, 25 February 2022

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 2021.

This information should be read in conjunction with Mayne Pharma Group Limited's 2021 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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maynepharma.com

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PO Box 700, Salisbury, SA 5108 Australia

RESULTS FOR ANNOUNCEMENT TO THE MARKET
APPENDIX 4D – HALF YEAR REPORT

	% Change	Dec 2021 $'000	Dec 2020 $'000
Revenue from ordinary activities	(5.9)	**196,435**	208,842
Profit / (loss) from ordinary activities before income tax expense		**(63,702)**	(229,255)
Profit / (loss) from ordinary activities after income tax expense		**(50,597)**	(181,679)
Attributable to:			
Equity holders of the parent		(50,370)	(181,286)
Non-controlling interests		(227)	(393)
		(50,597)	(181,679)
Other comprehensive income after income tax expense		**24,761**	(89,929)
Total comprehensive income after income tax expense		**(25,836)**	(271,608)
Attributable to:			
Equity holders of the parent		(25,721)	(270,229)
Non-controlling interests		(115)	(1,379)
		(25,836)	(271,608)

Net tangible assets per ordinary share [1]	**$0.11**	$0.04

	2021 Cents	2020 Cents
Basic earnings per share	**(3.1)**	(11.6)
Diluted earnings per share	**(3.1)**	(11.6)
Final dividend in respect of the financial year ended 30 June per share	**Nil**	Nil
Interim dividend in respect of the period ended 31 December per share	**Nil**	Nil

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

No dividend has been declared in relation to the period ended 31 December 2021.

Refer to the Directors' Report and the accompanying ASX announcement dated 25 February 2022 for a brief commentary on the results.

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Half Year Financial Report

FOR THE HALF YEAR ENDED 31 DECEMBER 2021
(PRIOR CORRESPONDING PERIOD: HALF YEAR ENDED 31 DECEMBER 2020)

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CORPORATE INFORMATION

DIRECTORS:	Mr Frank Condella (Chair) Mr Ian Scholes (Deputy Chair) Mr Scott Richards (Managing Director and CEO) Mr Patrick Blake Ms Nancy Dolan Dr Kathryn MacFarlane Dr Carolyn Myers 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 1240 Sugg Parkway Greenville North Carolina 27834 USA
AUDITORS:	Ernst & Young 8 Exhibition Street Melbourne VIC 3000
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)

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DIRECTORS' REPORT

The Directors of Mayne Pharma Group Limited ("the Company" or "Mayne Pharma") submit their report for the half-year ended 31 December 2021.

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 Ian Scholes, Deputy Chair
Mr Scott Richards, Managing Director and CEO
Mr Patrick Blake
Ms Nancy Dolan
Prof Bruce Robinson, AC
Dr Carolyn Myers (appointed 4 October 2021)
Dr Kathryn MacFarlane (appointed 1 February 2022)
Mr Roger Corbett, AO (resigned 30 September 2021)
Mr Bruce Mathieson (resigned 30 September 2021)

REVIEW OF RESULTS

The Consolidated Entity's net loss attributable to members of the Company for the half-year ended 31 December 2021 was $50.4m (half-year ended 31 December 2020: net loss $181.3m).

Set out below is a summary of the financial performance attributable to Mayne Pharma shareholders for the six months ended 31 December 2021. The summary includes Mayne Pharma's share of Inhibitor Therapeutics Inc (INTI). 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 is as follows:

SALES AND PROFIT	REPORTED ATTRIBUTABLE TO MEMBERS DEC 2021 (1) $M	EARN-OUT REASSESSMENT (2) $M	RESTRUCTURING (3) $M	DISCONTINUED PRODUCTS(4) $M	IMPAIRMENT(5) $M)	LITIGATION(6) $M	INTI – MAYNE PHARMA'S SHARE (7) $M	SALE OF LAND(8) $M	UNDERLYING DEC 2021 $M
Revenue	196.4			(0.8)					195.6
Gross profit	89.3			5.6					94.9
Gross profit %	*45%*								*49%*
EBITDA	**48.8**	(32.1)	3.4	5.6		1.6	0.1	(3.7)	**23.7**
Depreciation / Amortisation	(41.5)						0.2		(41.3)
Impairments	(56.0)				56.0				-
PBIT	**(48.7)**	(32.1)	3.4	5.6	56.0	1.6	0.3	(3.7)	**(17.6)**

(1) The values in the above table are values attributable to members of Mayne Pharma and hence include only Mayne Pharma's share of INTI. The Consolidated Statement of Profit or Loss and Other Comprehensive Income and supporting notes such as note 5 for income tax include 100% of INTI and hence differ from the above values.
(2) Earn-out and deferred consideration liabilities reassessment with the majority ($30.5m) relating to NEXTSTELLIS®
(3) Restructuring costs principally related to organisational restructuring.
(4) Exit costs for discontinued products.
(5) Impairments relate to intangibles.
(6) Drug pricing and health care investigations, US Department of Justice and related litigation costs.
(7) INTI – Mayne Pharma's share of INTI's EBITDA loss.
(8) Gain on the sale of surplus land.

The non IFRS financial information is unaudited.

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A more detailed analysis of the operating performance is included in the ASX Announcement and Results Presentation dated 25 February 2022.

REVIEW OF OPERATIONS

The following information is provided on a total group basis, rather than that attributable to Mayne Pharma's members and hence includes 100% of the revenues and expenses incurred by Inhibitor Therapeutics Inc (INTI) where applicable (INTI revenue 2021: nil; 2020: nil).

The Group recorded revenue of $196.4m, down 6% on prior comparative period ("pcp") and gross profit was $89.3m, down 8% on pcp impacted by continued competition in the retail generic market and the COVID pandemic impacting branded products.

Gross profit reported as a percentage of sales revenue was 45.5% versus 46.4% in the pcp.

Foreign currency has been a headwind over the period for revenue, gross profit and EBITDA with the average AUD to USD FX rate strengthening 1 cent to 0.732 versus 0.723 in the pcp. At the underlying EBITDA level, the FX impact was unfavourable versus the pcp by $0.2m.

The Consolidated Entity operates in four operating segments being Metrics Contract Services (MCS), International, Branded Products (BPD) and Portfolio Products (PPD). In the current period, the Consolidated Entity changed its US product reporting segments from Specialty Products (SPD) and Generic Products (GPD) to Branded Products and Portfolio Products. This was to align with its current operating model which was reorganised to simplify operations and enable the business to respond more effectively to changing market dynamics. The segment note in the financial statements (Note 2) shows the sales, GM, direct operating expenses (opex) and the direct contribution (being the GM less direct opex) for each segment.

Metrics Contract Services

MCS's revenue and gross profit are derived from the provision of contract pharmaceutical development, manufacturing and analytical services to third party customers principally in the US.

MCS segment revenues were $46.0m, up 20% on 1HFY22 ($38.5m pcp), gross profit increased by 33% to $24.7m ($18.5m pcp) and direct contribution increased by 38% to $22.1m ($16.1m pcp) for the period. In US dollar terms, MCS sales were up 21% to US$33.7m (pcp US$27.8m).

MCS benefited from new commercial manufacturing revenues which now represent 27% of segment revenues up from 14% in the pcp. MCS supports 68 projects across the pharmaceutical value chain with 62 products in development and six commercial clients. Its customers include 12 of the top 20 global pharma companies.

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.

International revenue increased 29% to $27.6m ($21.3m pcp), gross profit increased by 27% to $8.8m ($6.9m pcp) and direct contribution increased 155% to $4.1m ($1.6m pcp) for the period.

All business lines contributed to revenue growth with Australian products revenue up 15% to $10.0m and services revenue up 43% to $13.4m. There were 21 active formulation development projects up from 9 in the pcp. Key growth products include KAPANOL®, SOLARAZE®, aspirin and erythromycin.

Branded Products Division (BPD)

The Branded Products Division distributes medically differentiated specialty products in the US in the launch or growth phase. This division includes NEXTSTELLIS, TOLSURA® and SOLTAMOX®.

BPD revenue increased 185% to $4.2m ($1.5m pcp) and gross profit increased 142% to $3.3m ($1.4m pcp) for the period. Direct contribution was -$22.5m (-$3.2m pcp) due to the investment in the launch of NEXTSTELLIS which commenced in late June 2021. The company has spent $21.5m during the half year on NEXTSTELLIS marketing and distribution expenses to launch the product.

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In USD terms, NEXTSTELLIS revenues were US$1.1m, TOLSURA revenues were US$1.3m up 61% on pcp and SOLTAMOX revenues were US$0.7m up 188% on pcp.

Portfolio Products Division (PPD)

The Portfolio Products Division distributes established products in the US on a portfolio basis. The segment includes two key business lines: dermatology which markets a portfolio of brands and generics to largely non-retail customers and retail generics which markets a portfolio of generics to largely retail customers.

Revenue decreased 20% to $118.6m ($147.6m pcp), gross profit decreased 25% to $52.6m ($70.1m pcp) and direct contribution decreased 28% to $36.7m ($51.4m pcp) for the period.

PPD performance was impacted by ongoing pricing pressure and additional competition across the retail generic portfolio. Dermatology performance improved with revenue of $41.7m up 8% on pcp.

Expenses

Net research and development expense after qualifying capitalisation (of $0.8m) was $7.4m, a decrease in expense of $2.7m (28%) on the pcp. Reduction in spend on generic product projects (which are more likely to be capitalised) and maintenance of spend in the Speciality Products area (R&D in this area is generally not capitalised) has resulted in the level of R&D capitalisation declining from 20% in the pcp to 10% this half.

	Dec 2021 $M	Dec 2020 $M
Total R&D costs incurred	8.2	12.9
Development costs capitalised	(0.8)	(2.6)
R&D expensed	7.4	10.3

Marketing and distribution expenses were $49.0m, an increase of $20.2m (70%) on the pcp. NEXTSTELLIS marketing and distribution expenses were $21.5m in the 1HFY22.

Administration and other expenses were $62.0m, a decrease of $0.1m on the pcp. This category includes non-cash and non-operating items such as

- Amortisation of intangible assets which was $31.9m ($28.3m pcp);
- Share based payments expense $3.1m ($3.8m pcp);
- Restructuring expenses were $3.4m ($0.6m pcp); and
- Litigation costs $1.6m ($1.3m pcp).

Excluding these items and the FX loss ($1.4m) and the NEXTSTELLIS set up costs ($1.4m) in the pcp, administration and other expenses decreased by $3.0m to $22.3m due to cost control initiatives.

Asset impairments include specific intangible impairments of $2.0m related to discontinued products. CGU impairments of $54.0m were made relating to the PPD Generic Women's Health CGU ($51.3m) and the Infectious Disease CGU ($2.7m).

Finance expenses were $15.0m, a decrease of $2.4m (14%) on the pcp. The decrease is mainly attributable to discount unwind impacts on earnout and deferred consideration in the current period. Finance expenses excluding the impact of earn-outs and deferred consideration liabilities declined by $0.3m on the pcp. These impacts are detailed in Note 3 of the accounts.

The tax benefit of $13.1m comprised:

- Current period income tax expense for the six months to 31 December 2021 of $2.0m;
- Prior year under provision of $0.1m; and
- Benefit of $15.2m relating to the movement in net tax deferred tax assets and liabilities.

REVIEW OF BALANCE SHEET

Cash

Cash increased by $16.8m compared to 30 June 2021. Refer to Review of Cash Flows for further commentary.

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Inventory, receivables and trade payables

Receivables increased by $23.4m, inventory increased by $9.4m and trade and other payables increased by $17.0m compared to 30 June 2021. The investment in working capital was largely to support the launch of NEXTSTELLIS and new dermatology products, as well as the expansion of Australian operations.

Intangible assets and goodwill

Intangible assets decreased by $64.4m compared to the balance at 30 June 2021. The movement comprised of:

- An increase of $0.8m for capitalised development costs;
- An increase of $3.8m for other intangible asset additions;
- A decrease of $2.0m for specific impairments;
- A decrease of $54.0m for CGU impairments;
- A decrease of $31.9m for amortisation; and
- An increase of $18.8m due to foreign currency translation with the AUD / USD exchange rate decreasing from 0.75070 at 30 June 2021 to 0.7262 at 31 December 2021.

Property, plant & equipment

Property, plant and equipment increased by $0.4m compared to the balance at 30 June 2021. The movement comprised of:

- An increase of $4.8m for additions which includes the capital works programs and general site maintenance capital expenditure;
- A decrease of $8.4m for depreciation;
- A decrease of $1.5m for disposals; and
- An increase of $5.5m due to foreign currency translation.

Interest bearing liabilities.

Interest bearing liabilities includes lease liabilities which were $8.8m at balance date. Excluding lease liabilities interest bearing liabilities increased to $378.5m from $337.0m at 30 June 2021. The net drawing of additional borrowings during the period was $32.7m.

Other financial liabilities

Other financial liabilities decreased by $26.0m from 30 June 2021 including as a result of:

- An increase of $9.5m due to the unwinding of the discount for the various earn-out liabilities and deferred consideration liabilities;
- An increase of $3.8m due to asset acquisitions;
- A decrease of $32.1m due to re-assessments of various earn-out and deferred consideration liabilities;
- A decrease of $12.2m due to payments made for earn-outs and deferred settlements; and
- An increase relating to foreign exchange and foreign currency translation of $5.7m.

Included in earn-out and deferred consideration liabilities reassessments of $32.1m is $30.5m relating to the reassessment of the NEXTSTELLIS deferred consideration liability. The NEXTSTELLIS reassessment was a result of various market conditions differing from the original business case. These include the impact of COVID, the longer time for physician and patient activation, higher rates of prescription abandonment and the cost of insurance coverage.

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REVIEW OF CASH FLOWS

Cash at 31 December 2021 was $114.7m, representing an increase of $16.8m from 30 June 2021.

A summary of operating cash flows is as follows:

	Dec 2021 $M	Dec 2020 $M
Operating cash flow before working capital movements	18.7	55.8
Working capital (investment) / release	(18.3)	(9.6)
Net Operating cash flows	0.4	46.2

Operating cash flow was impacted by the launch of NEXTSTELLIS (for both operating expenses as well as working capital investment) and additional working capital to support additional dermatology products and the expansion of the Australian business. Operating cash flows in the pcp were boosted by income tax refunds of $13.8m compared to income tax payments of $0.1m in the current period.

	Dec 2021 $M	Dec 2020 $M
Investing cash flows	(12.6)	(18.7)

Notable cash flows during the period included:

- $4.8m payments for capital expenditure;
- Proceeds from sale of land $5.2m;
- $0.8m in capitalised development expenditure; and
- Earn-out and deferred settlement payments totalling $12.2m.

	Dec 2021 $M	Dec 2020 $M
Financing cash flows	26.4	(20.7)

Notable cash flows during the period included:

- Net additional borrowings of $32.7m (net of fees)
- Net interest payments $5.0m; and
- Lease payments (right-of-use) assets $1.4m.

DIVIDEND

The Directors have not declared an interim dividend in relation to the period ended 31 December 2021.

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 hundred 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 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 consolidated entity.

Signed in accordance with a resolution of the Directors.

Dated at Melbourne, this 25th day of February 2022.

Scott Richards
Director

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AUDITOR'S INDEPENDENCE DECLARATION

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Building a better working world

Auditor's Independence Declaration to the Directors of Mayne Pharma Group Limited

As lead auditor for the review of the half year financial report of Mayne Pharma Group Limited for the half year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

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

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

c. No non-audit services provided that contravene 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 financial period

Ernst & Young

David Petersen
Partner

25 February 2022

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Notes	31 December 2021 $'000	31 December 2020 $'000
Sale of goods		136,760	160,538
Services revenue		59,408	47,871
License fee revenue		-	212
Royalties revenue		267	221
Revenue		**196,435**	**208,842**
Cost of sales	3	(107,128)	(111,986)
Gross profit		**89,307**	**96,856**
Interest income		367	603
Other income		4,157	776
Earn-out and deferred consideration liabilities reassessments		32,052	5,689
Research and development expenses		(7,446)	(10,318)
Marketing and distribution expenses		(49,021)	(28,779)
Administrative and other expenses	3	(62,021)	(62,116)
Asset impairments	9	(56,007)	(214,476)
Finance expenses - other	3	(6,093)	(6,437)
Finance expenses – related to earn-outs & deferred consideration liabilities including discount unwind	3	(8,997)	(11,053)
Net (loss) / profit before income tax		(63,702)	(229,255)
Income tax credit / (expense)	4	13,105	47,576
Net (loss) / profit for the period		(50,597)	(181,679)
Attributable to:			
Equity holders of the Parent		(50,370)	(181,286)
Non-controlling interests		(227)	(393)
		(50,597)	(181,679)
Other comprehensive income for the period, net of tax			
Items which may be reclassified to profit/loss			
Unrealised (loss) / gain on cash flow hedges		866	1,169
Income tax effect		-	-
Exchange differences on translation		24,861	(98,107)
Income tax effect		(1,078)	7,995
Items that will not be reclassified to profit or loss in future periods			
Exchange differences on translation		112	(986)
Income tax effect		-	-
Total comprehensive income for the period		(25,836)	(271,608)
Attributable to:			
Equity holders of the Parent		(25,721)	(270,229)
Non-controlling interests		(115)	(1,379)
		(25,836)	(271,608)
Basic earnings per share		(3.1) cents	(11.6) cents
Diluted earnings per share		(3.1) cents	(11.6) cents

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	31 December 2021 $'000	30 June 2021 $'000
Current assets			
Cash and cash equivalents	5	114,733	97,980
Trade and other receivables	6	206,680	183,283
Inventories	7	111,883	102,510
Income tax receivable		7,843	7,696
Other financial assets		2,478	2,733
Other current assets		24,117	22,326
Total current assets		467,734	416,528
Non-current assets			
Income tax receivable		13,012	12,588
Other non-current assets		4,218	4,108
Property, plant and equipment	8	212,910	212,453
Right-of-use assets		7,973	9,142
Deferred tax assets	4	190,254	172,211
Intangible assets including goodwill	9	571,751	636,154
Total non-current assets		1,000,118	1,046,656
Total assets		1,467,852	1,463,184
Current liabilities			
Trade and other payables	10	130,822	113,798
Interest-bearing loans and borrowings	11	54,571	54,043
Income tax payable		1,327	-
Other financial liabilities	12	27,782	36,080
Provisions	13	14,402	18,606
Total current liabilities		228,904	222,527
Non-current liabilities			
Interest-bearing loans and borrowings	11	332,695	292,776
Other financial liabilities	12	144,161	161,838
Deferred tax liabilities	4	12,578	13,460
Provisions	13	653	1,004
Total non-current liabilities		490,087	469,078
Total liabilities		718,991	691,605
Net assets		748,861	771,579
Equity			
Contributed equity	14	1,238,537	1,238,537
Reserves		116,650	88,883
Retained Earnings		(609,433)	(559,063)
Equity attributable to equity holders of the Parent		745,754	768,357
Non-controlling interests		3,107	3,222
Total equity		748,861	771,579

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	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 2021	1,238,537	43,321	49,783	(1,078)	(3,143)	(559,063)	768,357	3,222	771,579
Profit for the period	-	-	-	-	-	(50,370)	(50,370)	(227)	(50,597)
Other comprehensive income									
Foreign exchange translation (net of tax)	-	-	23,783	-	-	-	23,783	112	23,895
Cash flow hedge	-	-	-	866	-	-	866	-	866
Total comprehensive income	-	-	23,783	866	-	(50,370)	(25,721)	(115)	(25,836)
Transactions with owners in capacity as owners									
Shares issued (net of issue costs)	-	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-	-	-	-
Tax effect of employee share options	-	-	-	-	-	-	-	-	-
Share-based payments	-	3,118	-	-	-	-	3,118	-	3,118
Balance at 31 December 2021	1,238,537	46,439	73,566	(212)	(3,143)	(609,433)	745,754	3,107	748,861
Balance at 1 July 2020	1,238,584	35,581	120,650	(3,485)	(3,143)	(350,640)	1,037,547	4,766	1,042,313
Profit for the period	-	-	-	-	-	(181,286)	(181,286)	(393)	(181,679)
Other comprehensive income									
Foreign exchange translation (net of tax)	-	-	(90,112)	-	-	-	(90,112)	(986)	(91,098)
Cash flow hedge	-	-	-	1,169	-	-	1,169	-	1,169
Total comprehensive income	-	-	(90,112)	1,169	-	(181,286)	(270,229)	(1,379)	(271,608)
Transactions with owners in capacity as owners									
Shares issued (net of issue costs)	-	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-	-	-	-
Tax effect of employee share options	-	-	-	-	-	-	-	-	-
Share-based payments	-	3,794	-	-	-	-	3,794	-	3,794
Balance at 31 December 2020	1,238,584	39,375	30,538	(2,316)	(3,143)	(531,926)	771,112	3,387	774,499

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

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CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Notes	31 December 2021 $'000	31 December 2020 $'000
Cash flows from operating activities			
Receipts from customers		228,784	277,835
Payments to suppliers and employees		(217,194)	(235,164)
Tax paid		(50)	-
Tax received		-	13,884
		11,540	56,555
Payments for research and non-capitalised development expenditure		(6,503)	(8,893)
Restructuring, transaction and DOJ costs		(4,638)	(1,464)
Net cash flows from operating activities	5	399	46,198
Cash flows from investing activities			
Payments for plant and equipment		(4,773)	(6,378)
Payments for intangible assets		-	(2,045)
Payments for capitalised development costs		(827)	(2,586)
Earn-out and deferred settlement payments		(12,167)	(7,712)
Net proceeds from sale of land		5,159	-
Net cash flows used in investing activities		(12,608)	(18,721)
Cash flows from financing activities			
Proceeds from borrowings (receivables finance facility – net of fees)		80,843	106,099
Repayment of borrowings (receivables finance facility)		(72,707)	(95,991)
Proceeds from borrowings (syndicated facility - net of fees)		29,540	8,362
Repayment of borrowings (syndicated facility)		(5,000)	(31,916)
Payments of interest		(5,329)	(6,324)
Receipts of interest		367	603
Payment of lease liabilities (right-of-use assets)		(1,352)	(1,591)
Net cash flows from financing activities		26,362	(20,758)
Net increase/(decrease) in cash and cash equivalents		14,153	6,719
Cash and cash equivalents at beginning of period		97,980	137,785
Effect of foreign exchange changes on cash held in foreign currencies		2,600	(12,969)
Cash and cash equivalents at end of period	5	114,733	131,535

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The financial report for the half-year ended 31 December 2021 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 2021 and considered together with any public announcements made by Mayne Pharma Group Limited during the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations of the *ASX Listing Rules*.

Change in presentation

For this reporting period, Mayne Pharma has made a change to reporting segments. The comparatives in the segment note have been restated to reflect the new segments.

Where required, items in the June 2021 and December 2020 comparatives have been reclassified to reflect the current presentation and enable better comparison between periods.

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 2021.

New and/or amended standards that were effective for the Group as of 1 July 2021 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.

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.

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 four operating segments being, Portfolio Products Division (PPD), Branded Products Division (BPD), Metrics Contract Services (MCS) and International. In the current period, the Consolidated Entity changed its US product reporting segments from Specialty Products (SPD) and Generic Products (GPD) to Branded Products and Portfolio Products. This was to align with its current operating model which was reorganised to simplify operations and enable the business to respond more effectively to changing market dynamics. The

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comparatives reflect the new segments.

Portfolio Products Division

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

Branded Products Division

The Branded Products Division distributes medically differentiated specialty products in the US in the launch or growth phase.

Metrics Contract Services

The Metrics Contract Services segment's revenue and gross profit are derived from providing contract pharmaceutical development, manufacturing and analytical services to third-party customers principally in the US.

Mayne Pharma International

The Mayne Pharma 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.

	Portfolio Products	Branded Products	Metrics Contract Services	International	Total Consolidated
	$'000	$'000	$'000	$'000	$'000
Half Year ended 31 December 2021					
Sale of goods	118,636	4,195	-	13,929	136,760
Services income	-	-	46,037	13,371	59,408
Royalty income	-	-	-	267	267
Licence fee income	-	-	-	-	-
Revenue	118,636	4,195	46,037	27,567	196,435
Cost of sales	(66,075)	(917)	(21,336)	(18,800)	(107,128)
Gross profit	52,561	3,278	24,701	8,767	89,307
Direct operating expenses	(15,839)	(25,743)	(2,573)	(4,685)[1]	(48,840)
Direct contribution	36,722	(22,465)	22,128	4,082	40,467
Other income					4,509
Earn-out and deferred consideration liabilities reassessments					32,052
Asset impairments					(56,007)
Amortisation of intangible assets					(31,866)
Research and development expenses					(7,446)
Finance expenses					(15,090)
Other unallocated expenses					(30,321)
Profit / (loss) before income tax					(63,702)
Income tax (expense) / benefit					13,105
Net profit / (loss) for the period					(50,597)

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 BPD, PPD and MCS segments.

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	Portfolio Products $'000	Branded Products $'000	Metrics Contract Services $'000	International $'000	Total Consolidated $'000
Half Year ended 31 December 2020					
Sale of goods	147,573	1,471	-	11,494	160,538
Services income	-	-	38,496	9,375	47,871
Royalty income	-	-	-	221	221
Licence fee income	-	-	-	212	212
Revenue	147,573	1,471	38,496	21,302	208,842
Cost of sales	(77,499)	(115)	(19,969)	(14,403)	(111,986)
Gross profit	70,074	1,356	18,527	6,899	96,856
Direct operating expenses	(18,709)	(4,597)	(2,433)	(5,301)[1]	(31,040)
Direct contribution	51,365	(3,241)	16,094	1,598	65,816
Other income					1,379
Earn-out and deferred consideration liabilities reassessments					5,689
Asset impairments					(214,476)
Amortisation of intangible assets					(28,264)
Research and development expenses					(10,318)
Finance expenses					(17,490)
Other unallocated expenses					(31,591)
Profit / (loss) before income tax					(229,255)
Income tax (expense) / benefit					47,576
Net profit / (loss) for the period					(181,679)

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 BPD, PPD and MCS segments.

Geographical segment information]

Revenue from external customers	31 December 2021 $'000	31 December 2020 $'000
Australia	17,814	15,870
United States	168,868	187,540
Korea	1,917	1,314
Other	7,836	4,118
Total external revenue	**196,435**	208,842

Revenue from customers contracts	31 December 2021 $'000	31 December 2020 $'000
Recognised at a point in time	137,027	160,971
Recognised over time	59,408	47,871
Total external revenue from customer contracts	**196,435**	208,842

Revenue by product group / service	31 December 2021 $'000	31 December 2020 $'000
Third party contract services and manufacturing	59,408	47,871
Generic and branded products	136,760	160,538
Other revenue	267	433
Total external revenue	**196,435**	208,842

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3. EXPENSES

	31 December 2021 $'000	31 December 2020 $'000
Finance expenses		
Interest expense	4,065	5,154
Unused line fees	443	893
Amortisation of borrowing costs	609	1,134
(Gain) / Loss on modification of syndicated loan facility	-	(1,821)
Foreign exchanges losses relating to funding activities	798	869
Interest expense – right-of-use asset lease liabilities	178	208
	6,093	6,437
Foreign exchanges (gains) / losses related to earn-outs and deferred consideration liabilities	(522)	919
Change in fair value attributable to the unwinding of the discounting of earn-out and deferred consideration liabilities	9,519	10,134
	8,997	11,053
Total finance expense	**15,090**	17,490
Depreciation property, plant & equipment [1]	8,425	8,184
Depreciation right-of-use assets [2]	1,398	1,734
Total Depreciation	**9,823**	9,918
Cost of sales include the following:		
Inventory write-offs	3,366	760
Provision for inventory obsolescence	1,485	2,964
Net realisable value inventory adjustments [3]	767	452
Employee benefits expense [4]		
Wages and salaries	57,959	53,607
Superannuation expense	2,703	2,363
Share-based payments expense	3,118	3,794
Other employee benefits expense	4,570	2,932
Total employee benefits expense	**68,350**	62,696
Administration and other expenses include the following:		
Foreign exchange loss	-	1,414
Litigation costs	1,554	1,377
Share-based payments expense	3,118	3,794
Amortisation of intangible assets	31,866	28,264
NEXTSTELLIS – set-up costs (costs incurred prior to sales commencing)	-	1,385
Restructuring expenses [5]	3,376	617
All other administration and other expenses	22,107	25,265
Total Administration and other expenses	**62,021**	62,116

Notes:
(1) Depreciation owned assets expense is included in cost of sales ($7,540,000), research and development expenses ($453,000) and administration and other expenses ($433,000).
(2) Depreciation right-of-use assets expense is included in marketing expenses ($404,000) and administration and other expenses ($994,000).
(3) Net realisable adjustments relate to discontinued products.
(4) Employee benefit expense is included in various expense categories and cost of sales.
(5) Restructuring expense mainly relates to organisational transformation to simplify the operating model.

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4. INCOME TAX

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

	31 December 2021 $'000	31 December 2020 $'000
Current income tax		
Current income tax	(2,001)	(4,209)
Adjustment in respect of current income tax of previous years	(74)	(276)
Deferred income tax		
Relating to movement in net tax deferred tax assets and liabilities	15,180	52,061
Income tax credit / (expense) in the consolidated statement of profit or loss and other comprehensive income	**13,105**	47,576

(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 2021 $'000	31 December 2020 $'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	(63,702)	(229,255)
Prima facie tax credit / (expense) at 30%	19,111	68,777
Effect of R&D concessions	918	1,322
Under provision in respect of prior years	(74)	(276)
Non-deductible expenses for tax purposes		
Amortisation	(1,026)	(2,305)
Share-based payments	(936)	(1,068)
Asset impairments	(417)	(2,274)
Other non-deductible expenses	(65)	(169)
Deferred tax asset not previously recognised	505	-
Effect of different tax rate in US	(6,377)	(20,850)
US State taxes	1,527	5,224
Tax losses not recognised	(65)	(285)
Restatement of DTA re changes to US state tax rates	4	(520)
Income tax credit / (expense)	**13,105**	47,576

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(c) Recognised deferred tax assets and liabilities

	31 December 2021 $'000	30 June 2021 $'000
Deferred tax assets		
Intangible assets	83,167	72,889
Earn-outs and deferred consideration liabilities	38,350	41,943
Provisions	14,006	14,388
Payables	18,996	17,832
Inventory	7,583	6,022
Carry forward tax losses and R&D credits	26,324	17,507
US State taxes	16,458	14,954
Other	(104)	1,628
	204,780	187,163
Reconciliation to the Statement of Financial Position		
Total Deferred Tax Assets	204,780	187,163
Set off against Deferred Tax Liabilities	(14,526)	(14,952)
Net Deferred Tax Assets[1]	**190,254**	172,211
Deferred tax liabilities		
Property, plant and equipment	13,028	13,312
Intangible assets	11,830	13,191
US State taxes	1,475	1,527
Unrealised foreign exchange gains	491	-
Other	280	382
	27,104	28,412
Reconciliation to the Statement of Financial Position		
Total Deferred Tax Liabilities	27,104	28,412
Set off against Deferred Tax Assets	(14,526)	(14,952)
Net Deferred Tax Liabilities[2]	**12,578**	13,460

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.

5. CASH AND CASH EQUIVALENTS

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

	31 December 2021 $'000	30 June 2021 $'000
Cash at bank and in hand	114,733	97,980

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

	31 December 2021 $'000	31 December 2020 $'000
Net profit / (loss) after income tax	(50,597)	(181,679)
Adjustments for:		
Depreciation and amortisation	42,298	39,267
Share-based payments	3,118	3,794
Earn-out and deferred consideration liability reassessments	(32,052)	(5,689)
Discount unwind earn-out and deferred consideration liabilities	9,519	10,135
Other finance expenses	4,973	5,713
Profit on disposal of land	(3,683)	-
Asset impairments	56,007	214,476
Net unrealised foreign exchange differences	(12)	1,015
Loss / (gain) on modification of syndicated loan facility	-	(1,821)
Non-cash provisions – inventory and restructuring	2,297	4,316
Changes in tax balances:		
Decrease / (Increase) in deferred tax assets	(12,174)	(43,973)
(Decrease) / Increase in current and deferred tax liabilities	(981)	10,281
Operating cash flows before working capital movements	18,713	55,835
Changes in working capital:		
Decrease / (Increase) in receivables	(17,379)	(13,498)
Decrease / (Increase) in inventories	(8,478)	(16,143)
(Increase) in other assets	(733)	(7,407)
(Decrease) / Increase in creditors	13,392	30,178
Increase / (Decrease) in provisions	(5,116)	(2,767)
Total working capital movements	(18,314)	(9,637)
Net cash flow from operating activities	399	46,198

6. TRADE AND OTHER RECEIVABLES

	31 December 2021 $'000	30 June 2021 $'000
Trade receivables (net of charge-backs)	195,750	173,031
Trade receivables – profit share	2,069	907
Provision for impairment	(482)	(466)
Other receivables	9,343	9,811
	206,680	183,283

Some of the Group's receivables are sold under the receivables financing program (refer note 11). The Group considers the economic substance rather than the legal form of the transactions in assessing the business model of the underlying receivables, accordingly, transactions that fail AASB 9 derecognition criteria are not considered true sales and thus, the business model of the underlying receivables continues to be holding to collect contractual cash flows and therefore are measured at amortised cost.

Receivables sold on a non-recourse basis total US$37.6m at balance date. The book value of the receivables approximates the value the finance provided. Receivables are sold with no recourse to Mayne Pharma in relation to credit risk, although the receivables continue to be recognised on the Group's balance sheet as accounting derecognition criteria has not been met as Mayne Pharma retains certain risks in relation to the variability of charge-backs, rebates, returns and loyalty programs. Also refer note 12.

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7. INVENTORIES

	31 December 2021 $'000	30 June 2021 $'000
Raw materials and stores at cost	32,157	34,161
Work in progress at cost	11,531	10,052
Finished goods at lower of cost and net realisable value	68,195	58,298
	111,883	102,510

8. PROPERTY, PLANT AND EQUIPMENT

	LAND $'000	BUILDINGS $'000	PLANT AND EQUIPMENT $'000	CAPITAL WORKS IN PROGRESS $'000	TOTAL $'000
Six months ended 31 December 2021					
Balance at beginning of period net of accumulated depreciation	9,167	95,544	92,506	15,236	212,453
Additions	-	-	2,628	2,208	4,836
Transfers from capital under construction	-	7,448	-	(7,448)	-
Depreciation charge for year	-	(1,816)	(6,609)	-	(8,425)
Disposals	(1,483)	-	(15)	-	(1,498)
Foreign currency restatement	158	2,717	2,271	398	5,544
Balance at end of year net of accumulated depreciation	7,842	103,893	90,781	10,394	212,910
As at 31 December 2021					
At cost	7,842	123,154	173,434	15,486	320,106
Accumulated depreciation	-	(19,261)	(82,653)	-	(102,104)
Accumulated impairments	-	-	-	(5,092)	(5,092)
Net carrying amount	7,842	103,893	90,781	10,394	212,910

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9. INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Customer Contracts, Customer Relationships Product Rights & Intellectual Property	Development Expenditure	Marketing & Distribution Rights	Trade Names	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Six months ended 31 December 2021						
Balance at beginning of the period net of accumulated amortisation and accumulated impairments	20,346	538,251	20,027	22,498	35,032	636,154
Additions	-	10	828	3,847	-	4,685
Amortisation	-	(26,791)	(1,060)	(1,759)	(2,256)	(31,866)
Specific impairments	-	(1,984)	(23)	-	-	(2,007)
CGU impairments	-	(49,038)	(4,962)	-	-	(54,000)
Exchange differences	674	17,399	262	355	95	18,785
Balance at end of period net of accumulated amortisation and accumulated impairments	21,020	477,847	15,072	24,941	32,871	571,751
As at 31 December 2021						
Cost	61,593	1,538,462	179,534	75,822	68,985	1,924,396
Accumulated amortisation	-	(342,014)	(21,475)	(15,907)	(36,059)	(415,455)
Accumulated impairments	(40,573)	(718,601)	(142,987)	(34,974)	(55)	(937,190)
Net carrying amount	21,020	477,847	15,072	24,941	32,871	571,751

In the current period, specific impairments were recorded totalling $2.0m (pcp $23.4m) which related to discontinued products. CGU impairments of $54.0m were recorded relating to the PPD WH CGU ($51.3m) and the BPD Infectious Disease CGU ($2.7m)

Goodwill and intangibles

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

The aggregate carrying amounts of goodwill are allocated to the Group's cash-generating units as follows:

	31 December 2021 $'000	30 June 2021 $'000
MCS	20,629	19,955
International	391	391
Total Goodwill	21,020	20,346

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

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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 of goodwill and intangible assets

Intangible asset impairments recognised during the period totalled A$54.2m (pcp: $214.5m) following a detailed review of the Company's intangible assets (which considered the current and projected US market dynamics for the portfolio and the industry) and consisted of the following:

- Specific intangible assets A$2.0m
- PPD – Women's Health CGU Assets A$51.3m
- BPD – Infectious Disease CGU Assets A$2.7m

The PPD – Women's Health CGU impairment was allocated to as follows:

- Customer Contracts, Customer Relationships Product Rights & Intellectual Property $49.0m
- Development expenditure $2.3m

The BPD – Infectious Disease CGU impairment wholly related to development expenditure.

The recoverable values of the other 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.

The estimates used in calculating net present value 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.

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Goodwill and Intangible Impairment Testing Methodology

For impairment testing, intangible assets are allocated to individual CGUs (which are based on the product Therapeutic Groups or 'TG') which are then combined into the overall reporting segment CGUs of PPD, BPD, MCS and MPI for goodwill testing which is performed at the segment level.

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.

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

The change in reportable operating segments during the period as described in Note 2 did not impact the identification of the Therapeutic Good CGUs (TG CGUs) as a TG CGU still represents the smallest identifiable group of assets that generate largely independent cash flows.

The testing methodology for the recoverable value of each asset at 31 December 2021 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 4.5-year forecast period plus a terminal value calculation 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.

Purchased assets not yet launched and R&D in process represent products in development but not yet launched. These assets, and related cashflows, are included in the relevant CGU for testing purposes and are also tested individually and on an annual basis.

The allocation of intangible assets to CGUs as at 31 December 2021 is shown in the table below.

A$000s	PPD Generic Other	PPD Generic Women's Health	PPD Derm	BPD Women's Health	MCS	BPD Infectious Disease	BPD - Soltamox	MPI	Total
Intangible Assets	27,789	81,786	160,557	246,470	3,042	7,917	1,169	22,001	**552,545**
Goodwill	-	-	-	-	20,629	-		391	**21,020**
Total Intangible Assets including Goodwill	**27,789**	**81,786**	**160,557**	246,470	**23,671**	**7,917**	**1,169**	**22,392**	**571,751**

The allocation of intangible assets to CGU's as at 30 June 2021 was shown in the table below:

A$000's	PPD Generic Other	PPD Generic Women's Health	PPD Derm	BPD Women's Health	MCS	BPD Infectious Disease	BPD - Soltamox	MPI	Total
Intangible Assets	32,102	137,137	160,573	251,184	3,372	11,194	1,248	18,998	**615,808**
Goodwill	-	-	-	-	19,955	-	-	391	**20,346**
Total Intangible Assets including Goodwill	**32,102**	**137,137**	**160,573**	**251,184**	**23,327**	**11,194**	**1,248**	**19,389**	**636,154**

Key Assumptions

Key assumptions in impairment testing methodology include:

- Cash flow forecasts for the on-market portfolio are based on FY22 forecast results as well as specific cash flows which have been forecast out to FY26. A terminal growth rate is then applied;
- Risk weighted pipeline cash flows are included in each of the relevant TG/Segment CGUs;
- Corporate overheads have been allocated to the relevant TG/Segment CGU based on their respective gross

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margin contributions;
- Other net assets have been allocated to the relevant TG/Segment CGU; and
- Individual CGU discount rates have been used.

Discount rates reflect Management's estimate of 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 2021).

- PPD Generic Other: Pre-Tax – 12.5% / Post Tax – 9.6%
- PPD Generic Women's Health: Pre-Tax – 12.5% / Post Tax – 9.6%
- PPD Dermatology : Pre-Tax – 13.3% / Post Tax – 10.2%
- BPD Women's Health : Pre-Tax – 13.3% / Post Tax –10.2%
- BPD Infectious Disease : Pre-Tax – 14.2% / Post – Tax 10.2%
- BPD Soltamox : Pre-Tax – 14.2% / Post – Tax 10.2%
- MCS: Pre-Tax – 13.3% / Post Tax – 10.2%
- MPI: 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 2021	Assumed Average Forecast Gross Margin Growth Rates[1]	Assumed Terminal Value Growth Rate
PPD Generic Other CGU	-5.2%	-3.0%
PPD Generic Women's Health CGU	-2.1%	-3.0%
PPD Dermatology CGU	5.8%	-5.0%
BPD Women's Health CGU	129.4%(2)	-5.0%
BPD Infectious Disease CGU	35.8%	-5.0%
BPD Soltamox CGU	57.5%	-5.0%
MPI CGU	10.5%	2.0%
MCS CGU	11.4%	2.0%

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) BPD Women's Health was launched in late FY21 and is anticipated to reach annual net sales of A$200m across FY26 forecast period.

June 2021	Assumed Average Forecast Gross Margin Growth Rates 1st five years	Assumed Terminal Value Growth Rate
PPD Generic Other CGU	-3.7%	-3.0%
PPD Generic Women's Health CGU	9.0%	-3.0%
BPD Dermatology CGU	1.8%	-5.0%
BPD Women's Health CGU	143.0%	-5.0%
BPD Infectious Disease CGU	36.7%	-5.0%
BPD Soltamox CGU	33.7%	-5.0%
MCS CGU	12.3%	2.0%
MPI CGU	7.5%	2.0%

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

	Carrying Value(1)	Recoverable Value	Difference
PPD Generic Other CGU	149.0	177.9	28.9
PPD Generic Women's Health CGU	101.7	101.7	-
PPD Dermatology CGU	209.0	260.6	51.6
BPD Women's Health CGU	261.9	394.5	132.6
BPD Infectious Disease CGU	15.6	15.6	-
BPD Soltamox CGU	1.2	21.6	20.4
MCS CGU	201.3	374.3	173.0
MPI CGU	49.5	120.2	70.8

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

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Sensitivity to changes in assumptions

The tables below show the sensitivity of the changes in key variables on recoverable values.

A$m	+/-1% Change in Gross Margin Growth	+/-1% Change in Terminal Growth Rate	+/-1% Change in WACC[1]
PPD Generic Other CGU	+14.9 /-14.3	+6.8/-5.5	-13.3/+15.7
PPD Generic Women's Health CGU	+6.5 /-6.3	+5.0/-4.3	-7.4/+8.7
PPD Dermatology CGU	+17.3 /-16.8	+11.6/-10.1	-15.9/+18.2
BPD Women's Health CGU	+27.7 /-27.2	+26.7/-23.4	-34.3/+39.5
BPD Infectious Disease CGU	+2.2 /-2.1	+0.9/-0.8	-1.4/+1.6
BPD Soltamox CGU	+0.9/-1.0	+1.1/-0.9	-1.5/+1.8
MCS CGU	+27.3/-26.3	+38.0/-29.8	-42.4/+54.2
MPI CGU	+11.5/-11.0	+16.7/-12.8	-15.7/+20.5

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:

- **PPD Dermatology**: forecasts for this CGU have incorporated significant Gross Margin contributed from the addition of new products launching in FY22 and modest rates of Gross Margin erosion for established products over the forecast period. Forecasts also assumed modest annual reductions in operating expenditure over the forecast period. Should these operating expenditure savings not be achieved, a total Gross Margin reduction of greater than approximately 6% across the forecast period is likely to cause impairment.

- **PPD Generic Other**: the US generic pharmaceutical market is subject to competitive pressures that can result in significant impacts on product Gross Margin. The forecast assumes a modest rate of gross margin erosion over the forecast period. A total gross margin reduction of greater than approximately 8%, in addition to the assumed erosion, across the forecast period, is likely to cause impairment.

- **PPD Generic Women's Health and Infectious Disease**: as the carrying amount of these CGUs has been written down to their recoverable amounts, any further adverse changes in performance compared to current forecasts will result in impairment.

10. TRADE AND OTHER PAYABLES

	31 December 2021 $'000	30 June 2021 $'000
Trade payables	46,260	42,363
Accrued rebates, returns and loyalty programs	61,912	50,704
Other payables	22,650	20,731
	130,822	113,798

11. INTEREST-BEARING LOANS AND BORROWINGS

	31 December 2021 $'000	30 June 2021 $'000
Current		
Syndicated loan (working capital facility)	-	9,000
Receivables financing	51,778	42,158
Lease liabilities – right-of-use assets	2,793	2,885
	54,571	54,043

	31 December 2021 $'000	30 June 2021 $'000
Non-current		
Syndicated loan	326,692	285,802
Lease liabilities – right-of-use assets	6,003	6,974
	332,695	292,776

Syndicated loan and working capital facilities

The loan facility is supported by a syndicate of seven banks and was extended in December 2018 and modified in December 2019, December 2020 and December 2021. The total loan facility limit is US$300m consisting of the 4-year US$100m term loan (matures November 2024) and a 5-year US$200m revolving facility (matures November 2023). The facility can be drawn in either USD or AUD.

A working capital facility of A$10m is also available. The working capital facility matures November 2023.

The total amount drawn, across all facilities, at 31 December 2021 was US$150m and A$124m (June 2021: US$150m and A$99m).

The facility is unsecured at reporting date and incurs interest based on either LIBOR (for USD) or BBSY (for AUD) (both have a zero floor) plus a margin based on a net debt leverage ratio. The loan is subject to certain covenants and has an unused line fee payable based on the undrawn amount. Mayne Pharma can request an increase up to a pre-approved leverage ratio for June 2022 and, if Mayne Pharma makes such a request, Mayne Pharma has committed to provide a general security deed in favour of the lenders. If no request is made by Mayne Pharma to increase the leverage ratio, the facility will remain unsecured.

The Group complies with the covenants at reporting date.

At 31 December 2021, the variable interest rate was 2.285% (2020: 2.22%). The Group has interest rate swap contracts to hedge the interest rate risk exposure with 50% of the outstanding US dollar loan amount and 48% of the AUD loan amounts hedged at 31 December 2021 (30 June 2021: US dollar loans 50%, AUD loans 61%). The interest rate risk is managed using interest rate swaps in which the Group agrees to exchange, at specific intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The syndicated facility was modified in the prior period with a gain on modification of $1.8m recognised in the profit or loss account.

Receivables financing facility

The receivables facility was established in December 2018 and has been renewed annually with the most recent renewal occurring in November 2021, has a limit of US$50m and was drawn to US$37.6m at reporting date. Receivables are sold with no recourse to Mayne Pharma in relation to credit risk and generally roll each 90 days as each debtor pays amounts outstanding. The receivables continue to be recognised on the Group's balance sheet as accounting derecognition criteria has not been met as Mayne Pharma retains certain risks in relation to the variability of charge-backs, rebates, returns and loyalty programs.

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12. OTHER FINANCIAL LIABILITIES

	31 December 2021 $'000	30 June 2021 $'000
Current		
Mark to market value of interest rate swap contracts	212	1,078
Earn-out liabilities – various products/distribution rights	11,183	14,718
Deferred consideration – various products/distribution rights	16,387	20,284
	27,782	36,080

	31 December 2021 $'000	30 June 2021 $'000
Non-current		
Earn-out liabilities – various products/distribution rights	8,798	8,593
Deferred consideration – various products/distribution rights	135,363	153,245
	144,161	161,838

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.

Deferred consideration recognised includes amounts which have contingent conditions such as FDA approvals, sales milestones and on market conditions (e.g. timing of commercial launches, 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 asset purchase agreements, using best estimates as to timing and likelihood of payments.

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. 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 $9,519,000 (pcp: $10,135,000) for the period.

At 31 December 2021 the deferred consideration amounts consist mainly of amounts which are subject to FDA approvals or sales milestone requirements.

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13. PROVISIONS

	31 December 2021 $'000	30 June 2021 $'000
Current		
Employee entitlements	10,807	13,079
Restructuring	3,861	5,527
Other	200	-
	14,868	18,606

	31 December 2021 $'000	30 June 2021 $'000
Non-current		
Employee entitlements	653	654
Restoration	-	350
	653	1,004

14. CONTRIBUTED EQUITY

(a) Issued capital

	31 December 2021 $'000	30 June 2021 $'000
Ordinary shares, fully paid	1,238,537	1,238,537

(b) Movements in share capital

	Number	$'000
Balance at beginning of period	1,764,840,757	1,238,537
Shares issued to employees under the LTI non-recourse loan funded arrangement (subject to risk of forfeiture) (net of forfeitures)	-	-
Balance at end of period	**1,764,840,757**	**1,238,537**

15. DIVIDENDS

The Board has decided to preserve the Company's capital and no interim dividend has been declared.

16. COMMITMENTS AND CONTINGENCIES

The partly owned subsidiary INTI continues to require a secure source of funding. There is a risk that INTI will be unable to obtain additional financing when needed on commercially reasonable terms, if at all. Mayne Pharma has no obligation to provide additional funding. If INTI's external fund-raising activities are successful, Mayne Pharma could lose control of INTI.

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

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

Drug pricing matters - litigation

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

Product liability - amiodarone

In the last few years, Mayne Pharma Inc and other pharmaceutical companies have been sued in multi-plaintiff/coordinated complaints in California involving allegations relating to amiodarone. The issues involved include allegations of failure to adequately warn about risks associated with amiodarone, failure to provide the FDA-required medication guide, off-label promotion, and conspiring with the other defendants to downplay the risks of the drug. Plaintiffs have filed individually against Mayne Pharma Inc in Delaware. Mayne Pharma continues to defend these proceedings vigorously, and some lawsuits have already been dismissed.

Federal Health care – investigation

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

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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.

Other matters

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

17. 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 2021.

	31 December 2021 $'000	30 June 2021 $'000
Financial liabilities		
Current		
Mark to market valuation – interest rate swaps	212	1,078
Earn-out and deferred consideration liabilities	27,570	35,002
Syndicate loan and receivables financing	51,778	51,158
	79,560	87,238
Non-current		
Earn-out and deferred consideration liabilities	144,161	161,838
Syndicated loan	326,692	285,802
	470,853	447,640

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.

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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 2021 $'000	30 June 2021 $'000	31 Dec 2021 $'000	30 June 2021 $'000
Liabilities				
Mark to market valuation – interest rate swaps	212	1,078	212	1,078
Earn-out and deferred consideration liabilities	171,731	196,841	171,131	196,841

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

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.

Deferred consideration recognised includes amounts which have contingent conditions such as FDA approvals and on market conditions (e.g. timing of commercial launches, no entry of a new competitor into the relevant market, achievement of cumulative net sales milestones). 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 31 December 2021:

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 $3.5m / ($8.9m). 1% increase / (decrease) in the WACC would result in decrease / (increase) in fair value by $6.7m / ($7.2m).
Lexette earn-out and deferred consideration liability	DCF	Forecast net sales WACC	 10.2%	5% increase (decrease) in net sales would result in an increase (decrease) in fair value by $0.3m / ($0.3m). 1% increase (decrease) in the WACC would result in decrease (increase) in fair value by $0.4m / ($0.4m).
Mithra – gNuvaring – deferred consideration liability	DCF	Timing of ANDA approval		A delay of 1 year for the ANDA approval would decrease the fair value by $1.4m.

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.

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Assets and liabilities measured at fair value

As at 31 December 2021, the Group held the following financial instruments carried at fair value in the Statement of Financial Position:

	Level 2		Level 3	
	31 December 2021 $'000	30 June 2021 $'000	31 December 2021 $'000	30 June 2021 $'000
Financial Liabilities				
Mark to market valuation – interest rate swaps	212	1,078	-	-
Earn-out and deferred consideration liabilities	-	-	171,131	196,841

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:

	2021 Earn-out & deferred consideration liabilities $'000
Opening balance	196,841
Acquisitions	3,847
Discount unwind	9,519
Reassessments	(32,053)
Foreign currency restatement	5,744
Payments	(12,167)
Closing Balance	171,731

During the six-month period ended 31 December 2021, 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.

18. 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, I 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 2021 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

Scott Richards
Director

Melbourne, 25 February 2022

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AUDITOR'S INDEPENDENT REVIEW REPORT

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

Conclusion

We have reviewed the accompanying half-year financial report of Mayne Pharma Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising 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 half-year financial report of the Group does not comply with the Corporations Act 2001, including:
a) Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and

b) 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 (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Half-Year 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 responsibilities for the review of the half-year 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 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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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.

Ernst & Young

David Petersen
Partner
Melbourne

25 February 2022

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