



MAYNE PHARMA PROVIDES UPDATE ON TIMETABLE FOR CAPITAL MANAGEMENT INITIATIVES

12 January 2023, Adelaide Australia: Mayne Pharma Group Limited (Mayne Pharma or the Company) (ASX:MYX) a specialty pharmaceutical company focused on commercialising novel and generic pharmaceuticals today announces a revision to the timetable associated with the capital management initiatives announced on 28 October 2022 and approved by shareholders at the Annual General Meeting (AGM) on 30 November 2022.

The capital management initiatives of up to A\$113 million followed the completion of the sale of Metrics Contract Services (Metrics). The package proposed comprised a fully franked special dividend of approximately \$47.3 million (2.72 cents per share¹) and a pro-rata capital return of up to \$65.5 million (approximately 3.8 cents per share²) subject to a class ruling from the Australian Taxation Office (ATO). In addition, the Company proposed a share consolidation in which every twenty (20) shares will be consolidated into one (1) share, with any resulting fractions of shares to be rounded down to the nearest whole number of shares or zero, as applicable.

In the period following the AGM, Mayne Pharma announced that it entered into an exclusive license agreement with TherapeuticsMD, Inc. (TXMD) for three branded women's health products and a portfolio of prenatal vitamins. This transaction is part of the ongoing portfolio repositioning under the leadership of new Chief Executive Officer Shawn Patrick O'Brien and his management team.

Due to the timing of this transaction which has now completed, ongoing discussions with parties to secure renewed financing arrangements, and the potential divestment of the Company's US retail generics business which was disclosed in the Cleansing Notice on 30 December 2022, the Board believes it is prudent to defer the capital return (but not the special dividend or share consolidation) by at least two months to March 2023. The Board will provide a further update on the capital return in late February or early March but reserves the right to further defer, reduce, or cancel the capital return if it determines such action is in the best interests of the Company and assists in delivering shareholder value by having a capital structure which provides more flexibility to support the new strategy and growth initiatives.

Mayne Pharma Chair Frank Condella said, "The Board recognised the importance of returning funds to shareholders following the Metrics sale. Our main goal is to position Mayne Pharma for sustainable growth and the TXMD transaction is expected to solidify the Company's place as a leader in the US women's health market. It's critical that we maintain the appropriate funding flexibility to achieve our strategic objectives."

At the time the capital management initiatives were announced in October 2022 and at the AGM, the Board did not anticipate that the TXMD transaction would be agreed upon, but recognised that the portfolio of TXMD products would be a strong strategic fit and highly complementary. The

¹ Before any share consolidation

² Before any share consolidation and before buy-back and cancellation of approximately 24 million forfeited and unallocated employee loan shares, as announced on 3 January 2023.

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Board believes that deferring the capital return is a prudent approach whilst it manages the timing of cash flows from recent and potential transactions and any renewed financing facilities.

The Board is confident that the new leadership team will deliver on the portfolio repositioning in line with the Company's strategy and that the Company is now on a clear pathway to improve shareholder returns over time.

The timing of the special dividend will proceed as planned and in accordance with the timetable included in the AGM notice of meeting, with a record date of 7pm on 19 January 2023, and payment on 27 January 2023. The share consolidation will take effect immediately after the record date for the special dividend and Mayne Pharma's shares will commence trading on a normal settlement basis on 25 January 2023.

TherapeuticsMD Inc ("TXMD") Transaction

The TXMD transaction is expected to further strengthen Mayne Pharma's position as a leading women's healthcare provider in the US, to complement NEXTSTELLIS®. The licensed portfolio of three on-market branded products and a portfolio of pre-natal vitamins was acquired for an upfront payment of US\$140 million and US\$13.1 million of working capital and pre-paid royalties. The transaction was funded through a combination of cash, existing debt facilities and the issue of a US\$27.95 million convertible note to Rubric Capital Management LP.

Capital Structure and Portfolio Update

Following the completion of the Metrics transaction and with NEXTSTELLIS® in its early stages of growth, the Company is seeking to put in place and restructure corporate debt and working capital facilities in line with the more focused portfolio and geographic split of revenue and earnings. Discussions are ongoing and the Company will keep the market updated as to its progress.

The Company noted in its Cleansing Notice on 30 December 2022 that it is currently engaged in a process for the potential divestment of its US based portfolio of retail generic on-market and pipeline products following several approaches from interested parties. Discussions are preliminary and there is no certainty of Mayne Pharma entering into an agreement relating to this process or any transaction concluding.

Mayne Pharma CEO Shawn Patrick O'Brien commented "Significant progress has been achieved in the early days of our new leadership as we execute our strategy to commercialise our existing product suite and to broaden our portfolio with complementary products that leverage our existing commercial infrastructure. The deferral and further consideration of any possible reduction or cancellation of the capital return by the Board reflects the mismatch of timing of cash flows and a conservative approach to our balance sheet in the short term."

Mayne Pharma is scheduled to report its results for 1H FY23 on Friday 24 February and will provide an update on the capital return in late February or early March.

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Impact of the Change to the Capital Management Timeline

As a result of the Board's decision to adjust the capital management initiatives as outlined above, any capital return will be made after the share consolidation. This means that the amount of the capital return per share will increase as a result of the share consolidation (assuming the capital return is paid at the full amount of \$65.5m) and some shareholders will lose some of their entitlement to the capital return as a result of the rounding down of fractional entitlements approved by shareholders at the AGM, but this is not expected to be material. For example, if the capital return were paid according to the original timetable at the full amount of \$65.5m, a shareholder with 119 shares would receive a total capital return of approximately \$4.52 (119 x 3.8c). Where the capital return is paid at the full amount of \$65.5m after the share consolidation, the amount per share increases to approximately 76 cents per share (3.8c x 20) and the same shareholder would have 5 shares (119 divided by 20, rounded down to the nearest whole number) and receive a capital return of approximately \$3.80 (76 cents x 5). The maximum amount that any shareholder would lose as a result of 'rounding down' (assuming the capital return is paid at the full \$65.5m) is approximately 72 cents in aggregate.

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Authorised for release to the ASX by the Board

NEXTSTELLIS is a registered trademark of a third party

About Mayne Pharma

Mayne Pharma is an ASX-listed specialty pharmaceutical company focused on commercialising novel and generic pharmaceuticals, offering patients better, safe and more accessible medicines. Mayne Pharma also provides contract development and manufacturing services to clients worldwide. Mayne Pharma has a 40-year track record of innovation and success in developing new oral drug delivery systems. These technologies have been successfully commercialised in numerous products that continue to be marketed around the world. To learn more about Mayne Pharma, please visit maynepharma.com.

