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## MAYNE PHARMA REPORTS FY23 RESULTS

- Successfully refocused the Company around core businesses with the exclusive US license to a portfolio of on-market women's health products (ANNOVERA®, IMVEXXY® and BIJUVA®) and pre-natal vitamins and the sale of Metrics Contract Services (MCS) and US Retail Generics
- Reported revenues of \$183.6m, up 17% on FY22
- Continued revenue growth of Branded Products, \$61.9m FY23 v \$10.6m FY22 (up 484%) and International \$64.7m FY23 v \$54.4m FY22 (up 19%)
- Portfolio Products rebounded in the second half of the year, with 2HFY23 revenue up 313% from 1HYF23
- Net Operating cash outflow of \$42.7m, with positive operating cash flow of \$14.1m generated in 2HFY23
- Ended the year with a \$172.6m net cash position vs net debt of \$317m at the end of FY22
- Provided a \$46.7m special dividend to shareholders and initiated an on-market share buyback of up to 10%
- FY23 Statutory and Underlying results (including FY22 comparables) are presented on a continuing operations basis thereby excluding Metrics Contract Services (MCS) and US Retail Generics (previously included in Portfolio Products (PPD) Segment)
- Fully audited accounts expected to be released within the next two weeks

### Group Financial Overview<sup>1</sup>

A\$million	FY23	FY22	Change (%)
Reported Revenue	\$183.6	\$157.1	17%
Reported Gross Profit	\$83.5	\$71.6	17%
Reported EBITDA	(\$102.0)	\$9.0	n/a
Reported Net Loss After Tax	(\$317.4)	(\$220.1)	(44%)
Underlying EBITDA <sup>2</sup>	(\$95.3)	(\$59.6)	(60%)

1. Net profit (loss) after tax and EBITDA are attributable to members of the Company. EBITDA is considered by the Directors to be a meaningful measure of the operating earnings and performance of the Group and that this information may be useful for investors. EBITDA excludes asset impairments. The IFRS information is still in the process of being audited. Fully audited accounts are expected to be released within the next two weeks.
2. Refer to FY23 Results Presentation for current year adjustments to underlying EBITDA

### Financial and Operational Summary

- Branded Products (BPD) revenue of \$61.9m up 484% on FY22 reflecting significantly improved sales of NEXTSTELLIS® and contribution from a portfolio of on-market women's health products and pre-natal vitamins ("women's health expansion portfolio") acquired 31 December 2022 as part of an exclusive product licensing transaction with TherapeuticsMD, Inc (TXMD). BPD sales in the second half were impacted by a one-time co-pay and managed

care accrual of \$9.5m. Normalising for this one-time impact, the BPD segment delivered underlying positive direct contribution of \$7.2m in 2HFY23<sup>1</sup>.

- Portfolio Products (PPD) revenue of \$57m, down 38% on FY22 reflecting poor performance in 1HFY23 attributable to the normalisation of Dermatology channel inventory and increased co-pay liability accruals. Significant improvement in 2HFY23 with sales of \$45.9m as normal sales cadence returned and the launch of new products.
- International revenue increased 19% to \$64.7m largely due to increased contract manufacturing in 2HFY23. During 2HFY23, the International segment showed significant improvement in direct contribution of \$4.1m (1HFY23: \$2.8m).

**Mayne Pharma's CEO, Mr Shawn Patrick O'Brien said,** "Fiscal year 2023 has been one of significant change at Mayne Pharma. We have reshaped the business to focus on our core areas of Women's Health, Dermatology and our International operations. Both our BPD/Women's Health and International segments showed year-over-year revenue growth, and, in the second half, we delivered improved operational and financial performance across all three segments.

"In our BPD segment we've seen a substantial improvement in unit sales for NEXSTELLIS® following a 2HFY23 refocus of our sales and marketing strategy, and unit sales of the recently licensed ANNOVERA®, IMVEXXY® and BIJUVA® have all been in line with plan. When normalising for one-time accounting impacts, the BPD portfolio delivered positive direct contribution during the second half of the fiscal year.

"Following a disappointing performance in Dermatology in 1HFY23, revenue rebounded in 2HFY23 due to consistent sales volumes, a stabilised pricing environment, and the launch of DORYX® MPC 60 mg. During 2HFY23, we sold the US Retail Generics portion of PPD for US\$90m, thereby releasing working capital and streamlining the business to focus on the dermatology market.

"The transformation program we initiated with our International business is also starting to deliver results and we continue to focus on improving efficiency and identifying opportunities to utilise the capacity at our TGA and FDA accredited Salisbury facility to drive further growth.

"With strong performance across all three segments during 2HFY23, Mayne Pharma generated positive operating cash flow of \$14.1m. Also, in 2HFY23, following the divestment of MCS and US Retail Generics and the exclusive licensing of the women's health expansion portfolio, we were able to pay a \$47m special dividend and buy back shares on market.

"We ended the year with net cash of \$172.6m, compared to net debt of \$317m at the end of FY22, a nearly half billion net cash improvement. Going into FY24, we will continue to maintain a conservative capital structure, allowing us to deliver strong operational and financial performance while we finish working through the final accounting matters associated with the three major transactions we closed during FY23.

"With accelerating sales momentum and ongoing cost discipline, Mayne Pharma enters FY24 well positioned for sustainable long-term growth. As we target a positive annual operating cash flow, we will continue seeking accretive opportunities to expand our portfolio and strengthen Mayne Pharma's market position in women's health and dermatology. We will maintain our conservative approach to capital management."

<sup>1</sup> Underlying direct contribution calculated as revenue less margin and OPEX, excluding discontinued impacts, depreciation and amortisation.

## Operating Performance

### Branded Products Division (BPD) / Women's Health

BPD revenue was \$61.9m, up 484% on FY22, driven primarily by an increase in sales of NEXTSTELLIS® and the addition of the licensed portfolio revenues in 2HFY23. NEXTSTELLIS® revenue was US\$14.1m vs US\$4.2m in FY22 with sales momentum building. Dispensed cycles were up 2.5x July 2023 v July 2022 and up 80% in 2HFY23 vs 1HFY23 attributable to the positive impact of our refreshed leadership and marketing strategy. Revenue from the women's health expansion portfolio contributed US\$24.4m in 2HFY23.

Gross profit for BPD was \$53.9m, up 541% on FY22 with margin improving to 88%. Direct operating expenses increased by 48% on FY22 to \$81.6m reflecting increased investment in sales and marketing across the expanded Women's Health portfolio. Expenses in 2HFY23 increased 25% vs 1HFY23 to \$45.4m largely attributable to sales and marketing to support the expanded portfolio. We will continue to judiciously invest in the sales and marketing of our BPD segment, using cost savings achieved in other areas of the business.

Direct contribution for FY23 was a loss of \$27.6m (FY22: loss of \$46.6m), driven by the addition of the in-licensed products. 2HFY23 underlying direct contribution was \$7.2m, adjusted for the one-off accounting charge impacting BPD.

### Portfolio Products Division (PPD) / Dermatology

Following the completion of the sale of the US Retail Generics business to Dr Reddy's Laboratories SA, a subsidiary of Dr Reddy's Laboratories, Ltd (BSE: 500124, NSE: DRREDDY, NYSE: RDY, NSEIFSC: DRREDDY) the PPD segment is now solely comprised of the Dermatology portfolio.

PPD revenue was \$57m, a decrease of 38% on FY22 driven by poor performance in 1HFY23 as a result of elevated channel inventories, competitive market pressure and GTN adjustments. Revenue in 2HFY23 recovered with sales increasing from \$11.1m to \$45.9m as the sales channel normalised and we launched DORYX® MPC 60 mg.

PPD gross profit was \$10.7m, down 76% on FY22 reflecting the poor 1HFY23 results, partially offset by significant 2HFY23 improvement.

### International

The International operating segment's revenue was \$64.7m, up 19% on FY22. Gross profit of \$18.9m was up 7% on FY22 whilst direct operating expenses increased 26% to \$12.1m driven by launch costs for NEXTSTELLIS® in Australia with increased staff and marketing activities.

International direct contribution of \$6.9m declined by 15% vs FY22. After a disappointing 1HFY23 performance largely attributable to manufacturing performance and product availability issues, 2HFY23 performance improved following the implementation of a business improvement plan focused on efficiency and productivity as well as CDMO activity. 2HFY23 direct contribution of \$4.1m was an increase of 46% on 1HFY23.

## Debt and Cash Flow

The Company recorded cash outflow from operating activities of \$42.7m in FY23. However, a positive operating cash flow of \$14.1m was achieved in 2HFY23, in line with the significant improvement in business performance.

The Company ended the year with cash on hand of \$220.1m and net cash of \$172.6m (after allowing for interest bearing borrowings including lease liabilities). The Company's receivables finance facility was drawn to \$10.8m at the end of the year, down from \$63.1m in FY22, reflecting the wind down of the US Retail Generics business.

Mayne Pharma continues to adopt a conservative capital structure. Management is focused on delivering operational and financial performance improvements across the business while finalising the integration and closeout of working capital of the licensed Women's Health portfolio and divested US Retail Generics portfolio.

## Outlook

The Company expects to complete integration of the in-licensed women's health assets in FY24 with a focus on growth and improving net selling prices. The Company is pursuing a growth strategy with the expected launch of low strength BIJUVA® and by leveraging our salesforce scale and effectiveness. For NEXTSTELLIS® the Company is targeting a breakeven run rate<sup>2</sup> in 1HFY24, with continued growth throughout FY24.

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

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

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

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<sup>2</sup> Breakeven is defined as gross margin equivalent to direct OPEX on an annualised basis.



## ASX Announcement

### Further information

Additional details about Mayne Pharma's results are included in the Company's Preliminary Financial Report, investor presentation slides and webcast, all of which can be found on Mayne Pharma's website [www.maynepharma.com](http://www.maynepharma.com).

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Authorised for release to the ASX by the Board.

### Important information

*This announcement contains forward-looking statements that involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to the Company. These forward-looking statements use words such as 'potential', 'expect', 'anticipate', 'intend', 'plan', 'target' and 'may', and other words of similar meaning. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company). Actual future events may vary materially from the forward-looking statements and the assumptions on which the forward-looking statements are based. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Subject to the Company's continuous disclosure obligations at law and under the listing rules of the Australian Securities Exchange, the Company disclaims any obligation to update or revise any forward-looking statements. The factors that may affect the Company's future performance include, among others: changes in economic conditions; changes in the legal and regulatory regimes in which the Company operates; litigation or government investigations; decisions by regulatory authorities including approval of our products as well as their decisions on label claims; competitive developments affecting our products; changes in behaviour of major customers, suppliers and competitors; interruptions to manufacturing or distribution; acquisitions and divestitures; the success of research and development activities and research collaborations and the Company's ability to protect its intellectual property.*