

15 November 2023

McPherson's Strategy Update & Strategic Review of the Multix Brand

McPherson's Limited (**McPherson's**) today announced clear actions to improve performance following a review and reset of its strategy. McPherson's will focus on a core portfolio of its leading consumer brands in high growth categories, focused specifically on health, wellness and beauty. McPherson's will also streamline its brand portfolio, reshape its operating model, and adjust its cost base to drive growth and to support this strategy.

Strategy Update

McPherson's owns a portfolio of some of the best-known brands in Australia that touch 3 out of 4 Australian households every year.¹ The new McPherson's strategy aims to drive productivity and growth in higher margin and higher growth categories where McPherson's has a competitive advantage, and allow for disciplined re-investment into its core brands and portfolio expansion opportunities. The new strategy focuses on two key categories:

- **Core brands:** McPherson's will focus on five key brands: Manicare, Lady Jayne, Dr LeWinns, Swisspers and Fusion Health. These brands have been identified as McPherson's most successful, recognisable brands in high margin categories, where McPherson's can invest to achieve sustainable growth and an increase in market share.
- **Supporting portfolio brands:** in addition to McPherson's core brands, McPherson's will continue to support A'kin, Maseur footcare, Wagner vitamins and supplements, Bondi Fragrance, Foster Grant eyecare, INC sports nutrition, Oriental Botanicals, and Happy Flora gut health support. These brands will provide incremental profit and scale by offering an attractive range of in-demand consumer health, wellness and beauty products primarily to the pharmacy and e-commerce channels.

McPherson's will cease private label offerings and exit non-strategic agency brand relationships in an orderly manner, to focus on its core and portfolio brands.

To deliver on this strategy, McPherson's will reshape its operating model to a functionally based model which the Board believes is appropriate for an FMCG business of this nature. As part of this, McPherson's will continue to focus on execution in the Australian/New Zealand and international markets separately. As a result of this reconfiguration, McPherson's will eliminate approximately 40 positions across the business before the end of this calendar year, representing approximately 12% of McPherson's workforce. This headcount reduction is targeted at ensuring that McPherson's is appropriately structured to capitalise on the strength of its core brands, while releasing funds for investments in productivity, and profitable revenue driving activities.

Strategic Review of the Multix Brand

The Board has appointed KPMG to undertake a strategic review of the Multix brand.

¹ Source: Circana Shopper Panel 1 January 2023

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Established in 1971, Multix is one of Australia's leading brands of bags, wraps and foils. Multix products are recognised for their innovation and sustainability, for example its Plant Based Cling product. In FY23 Multix achieved revenues of A\$49 million.

CEO Brett Charlton said: "Since I started as the CEO of McPherson's in August 2023, the Board and leadership team have undertaken a thorough review of the Company's strategy to focus on increasing profitable growth and improving returns for shareholders.

Our new strategy is to focus on our strongest core brands. These brands will be supported by a portfolio of other attractive brands that will enhance our relationship with retailers and our customer proposition, while driving our profitability and scale. We are exiting non-strategic agency relationships, in addition to undertaking a strategic review of the Multix brand.

We recognise the need to rebalance our operating model, skill sets and cost base. Regrettably, this requires the removal of approximately 40 positions. Decisions like this are never easy and we thank all those involved for their contribution to McPherson's. We are committed to working closely with each impacted employee to provide them with the appropriate level of support.

McPherson's will be hosting its AGM on 28 November 2023 where I look forward to providing further details on the strategic direction, as well as an update on current trading performance."

This ASX announcement has been authorised by McPherson's Board of Directors.

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About McPherson's Limited

McPherson's, established in 1860, is a leading supplier of Health, Wellness and Beauty products with operations in Australia, New Zealand and Asia. McPherson's markets and distributes beauty care, hair care, skincare, vitamins, supplements, and personal care items such as facial wipes, cotton pads and foot comfort products, as well as a range of kitchen essentials such as baking paper, cling wrap and aluminium foil.

McPherson's revenue is primarily derived from its diversified portfolio of owned, market-leading brands, including Manicare, Lady Jayne, Swisspers, Dr. LeWinn's, A'kin, Multix, Fusion Health, Oriental Botanicals, and Maseur. McPherson's also manages several third party brands. For further information on McPherson's business, and to view the most recent announcements, please refer to the Company's website: <https://www.mcphersons.com.au>

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