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FY24 Results Presentation

29 August 2024

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Agenda

01 **Introduction & Strategy**
Brett Charlton

02 **Financial Results**
Mark Sherwin

03 **1H25 Priorities & Summary**
Brett Charlton

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Introduction & Strategy

Brett Charlton

FY24 Results

Logical steps taken to reset the business; result reflects scale of transformation underway

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Results from continuing operations[1]

$144.6m

Sales

$122.4 million from core brands

▼ 6.8% | On FY23: **$155.2m**

$7.7m

Underlying EBITDA[3]

▼36.8% | On FY23: **$12.1m**

$(11.4m)

Statutory net loss after tax

On FY23: **$(1.3m)**

Total Group results[2]

$197.6m

Sales

▼ 6.0% | On FY23: **$210.3m**

$15.2m

Underlying EBITDA[3]

▲ 1.1% | On FY23: **$15.0m**

$(16.0m)

Statutory net loss after tax

On FY23: **$(5.1m)**

Continuing Operations

- Decline in sales reflects decision to exit non-strategic agency and owned brands
- Core brand sales broadly in line with FY23; reflect improved 2H24 vs prior comparative period (PCP)
- Underlying EBITDA negatively impacted by FX and non-core brands
- Significant material items from strategic re-set and transformation leading to statutory loss

Total Group

- Underlying EBITDA in line with FY23 despite challenging macro environment
- Strong Operating Cash Flow supported by improved inventory management
- Strengthened balance sheet: $14.1 million net cash (FY23: $6.5 million net debt)

1 On 28 June 2024, McPherson's announced the sale of its Multix brand and inventory assets (Multix), which is reported as a discontinued operation. Results from continuing operations excludes the results from Multix

2 Total Group results are inclusive of continuing and discontinued operations

3 Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-GAAP measure and does not have a standardised meaning prescribed by GAAP. However, the Company believes that, in combination with GAAP measures, it assists in providing investors with a comprehensive understanding of the underlying operational performance of the business. A reconciliation of EBITDA to net profit after tax is shown on slide 25 of this presentation.

Transformation Roadmap: Part 1

Clear plan to unlock value

	Phase 1 1H FY24	Phase 2 2H FY24
Overall	▪ November 2023: strategy re-set ▪ Clear plan to unlock value ▪ Logical steps to transform business	▪ June 2024: divestment of Multix ▪ Identified potential new route to market
Brands	▪ Identified 5 core brands ▪ Ceased private label ▪ Exited non-strategic and agency brands	▪ Core brand performance stronger ▪ Increased consumer A&P ▪ Reduced long-tail SKUs ▪ Multix divested post strategic review
Productivity & efficiency	▪ Headcount reduction to reduce cost	▪ Enhanced inventory management ▪ Improved trade receivables ▪ Systems process and overhaul ▪ Salesforce CRM – retail execution ▪ Tenders completed for logistics and formulated products

- Year 1 of transformation
- Foundational steps undertaken across brands and cost structure
- New, experienced leadership team in place to deliver on transformation
- Divesting Multix, being more focused, streamlined
- Stable core brand performance at a time of transformation
- Pure-play health, wellness and beauty company following Multix divestment

Strategic Review of Multix

Non-core business with different drivers to McPherson's core brands

Review of Multix

- November 2023: strategic review commenced
- Multix fundamentally a different business to McPherson's core:
  - Structural changes in bags, wraps and foils category
  - Lower growth than health, wellness and beauty
  - Strong competition from private label products
  - Consumers continuing to trade down
  - More challenging to have a point of difference
- More exposed to currency, commodity and freight cycles
- Previously impaired Multix brand in FY23
- Improvement in commodity and freight costs in FY24 presented opportunity for divestment
- Sale for $19 million[1] announced June 2024

Operational Transformation Update

- Direct variable costs and fixed costs removed with divestment
- Large portion of the shared fixed cost base has been retained
- Key priority is addressing residual cost base
- Costs of Group infrastructure are significant
- Legacy Warehouse Management System would likely require complete replacement in the next 2-3 years
- Potential new route to market identified - would right-size cost base and support growth
- Pure-play health, wellness and beauty company focused on people, customers and brands

[1] Subject to agreed post-completion contractual adjustments

Our Strategy

Our new strategy is designed to grow our core brands in high growth categories

	Brand Overview	Near Term Priorities
manicare	▪ Australia's No. 1 Beauty Tools and Accessories brand ▪ Quality and expertise across 150+ SKUs including Essential Beauty Tools, Eyelashes and Nails`	▪ Emphasise superior quality to drive category leadership ▪ Comprehensive pricing review ▪ In-depth consumer research underway
Lady Jayne	▪ Australia's No.1 Hairbrush & Accessories brand ▪ Established 1928 ▪ Brushes, accessories & rechargeables/electricals	▪ Grow hairbrush category through innovation ▪ Expand and grow rechargeables/electricals ▪ In-depth consumer research
Dr. LeWinn's	▪ Australian made anti-aging skincare brand ▪ Cutting edge ingredients ▪ Clinically tested, proven formulations	▪ Full brand re-launch in development ▪ New business and expansion model for China ▪ In-depth consumer research
swisspers	▪ Australia & New Zealand's No. 1 cotton brand ▪ Premium cotton for Personal and Baby Care	▪ Drive consumer trade up from private label ▪ Emphasise superior quality ▪ Accelerate innovation plans
FUSION health ancient wisdom modern medicine	▪ Premium Vitamins and Supplements brand ▪ Traditional medicine and modern science ▪ Australian-made	▪ Strengthen brand positioning through consumer research ▪ Optimise range and expand distribution

Core Brand Performance

Core brand sales in 2H24 below 1H24. However, stronger relative performance in 2H24 vs. PCP

Brand	Sales Performance[1]	Commentary
manicare	▼ (2.4)%	▪ Increased activity from lower-priced competitors; unfavourable 1H24 range review with major customer ▪ Positive performance in grocery supported by deeper and more meaningful promotions ▪ Improved performance in 2H24; re-stocked in the same major customer post 1H24 range review
Lady Jayne	▲ +5.8%	▪ Growth supported by innovation in electrical hair tools; new ranging in major customer in 2H24 ▪ Stronger performance in 2H24 driven by growth in rechargeables and brushes across all accounts
Dr. LeWinn's	▲ +2.1%	▪ Supply constraints resolved across majority of SKUs in 1H24 ▪ Successful ceramides platform launch in ANZ ▪ Growth in sales weighted to 1H24 due to timing of replenishment orders across major accounts
swisspers	▲ +5.2%	▪ Growth driven by strong performance in grocery channel ▪ Channel pricing dynamics between private label and Swisspers drove a positive outcome ▪ Growth weighted to 2H24 supported by increased promotional activity
FUSION health – ancient wisdom modern medicine	▼ (11.4)%	▪ Supply challenges associated with manufacturing constraints and product dating issues ▪ Prior year comparative reflects major account initial stocking ▪ Significant improvement in DIFOT during 2H24 and new manufacturer appointed in late FY24

[1] FY24 sales vs FY23 sales

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FY24 Financial Results

Mark Sherwin

Key Messages

Continuing Operations

- FY24 result presented on the basis of the Group's Continuing Operations, following divestment of Multix[1]
- Sales declined 6.8% to $144.6 million, reflecting decision to exit non-strategic and agency brands
- Sales of core brands outperformed portfolio and other group brands; resulting in higher margin product mix
- Underlying EBITDA down $4.5 million to $7.7 million; unfavourable impact from FX and non-core brands
- Net cash position of $14.1 million supported by strong operating cash flows and sale proceeds from Multix divestment

Discontinued Operation (Multix)

- Sales[2] declined 3.8% to $53.0 million, as consumers continue to trade down to private label
- Improved underlying EBITDA mostly reflects more favourable commodity and freight pricing
- Continuing Operations retain residual shared cost base, including warehouse capacity and fixed overhead costs

[1] On 28 June 2024, McPherson's announced the sale of its Multix brand and inventory assets
[2] Including from Multix-branded and private label products

Summary Financials for Continuing Operations

Five core brands continue to outperform the rest of the group

All figures in $m	FY24	FY23	$ Var	% Var
Revenue[1]	**144.7**	**155.2**	**(10.6)**	**(6.8%)**
Expenses				
Material Costs & Consumables	(60.9)	(66.7)	5.8	(8.8%)
Employee Costs	(33.7)	(34.7)	1.1	(3.1%)
Advertising and Promotion (A&P)	(22.2)	(21.5)	(0.6)	2.9%
Cartage & Freight	(4.8)	(5.0)	0.2	(3.9%)
Third Party Warehousing	(0.8)	(0.9)	0.1	(10.8%)
Other Expenses	(14.6)	(14.1)	(0.5)	3.2%
Underlying EBITDA	**7.7**	**12.1**	**(4.5)**	**(36.7%)**
Depreciation & Amortisation	(5.9)	(6.0)	0.1	(1.3%)
Net interest cost	(1.8)	(1.8)	(0.1)	3.7%
Underlying NPBT	**(0.0)**	**4.4**	**(4.4)**	**(101.0%)**
Income tax expense	(0.3)	(2.1)	1.8	(85.9%)
Underlying NPAT	**(0.3)**	**2.3**	**(2.6)**	**(115.0%)**

Key ratio % of Sales Revenue	FY24	FY23	% Var
Gross Margin %[2]	57.9%	57.0%	+0.9ppt
EBITDA %	5.3%	7.8%	(2.5ppt)

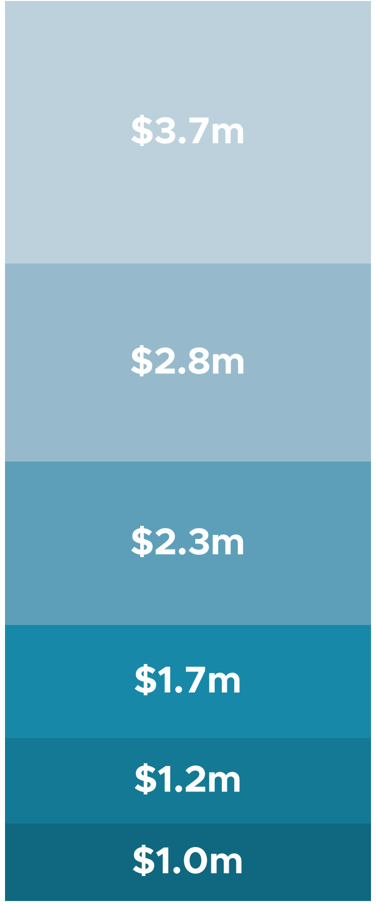
- Sales of core brands outperformed portfolio and other group brands; resulting in a higher margin product mix for the Group
- Core brand sales broadly in line with FY23 (0.7%); stronger 2H24 performance (2H24: +1.8% vs PCP; 1H24 (2.9%) vs PCP)
- Portfolio brand sales declined $2.7 million, driven by supply challenges and a transition of focus from our Oriental Botanicals brand to the Fusion brand
- Non-strategic and agency brand sales declined $6.9 million during the year - exited in line with strategy
- Underlying EBITDA decline mostly reflects impact of FX (weaker AUD/USD) and performance of portfolio brands
- Income tax expense includes add-back of non-deductible expenses including share-based payments

[1] Includes other income
[2] Calculated as (Revenue *less* Material Costs & Consumables) / Revenue

Material Items from Continuing Operations (pre-tax)

Material items reflect trading environment and the re-set of the business in FY24

Material Items



Total = $12.7m

Impairment of Exclusive Distribution Agreement (EDA). As a result of current performance, the inventory prepayment was fully written down during year. McPherson's is reviewing its strategy with respect to EDA brand performance, including opportunities to expand deeper into the Pharmacy channel and different supply chain solutions to expand shelf-life

Impairment of other non-core portfolio brands including Maseur, Oriental Botanicals and Revitanail reflecting trading performance and the impact of the Multix brand residual cost base on the profitability of other brands in the portfolio

Inventory write-downs associated with product rationalisation and exit of non-core agency brands

Restructuring costs associated with right-sizing the organisation's employee base

Amortisation of the Exclusive Distribution Agreement (EDA) inventory prepayment

Other material items (leadership transition costs and ASIC matter[1] professional fees)

[1] As announced to the ASX on 9 December 2022, ASIC has commenced civil proceedings in the Federal Court of Australia against McPherson's Limited and a former Managing Director in relation to events during the period 30 October 2020 to 1 December 2020. On 21 August 2024, the Company announced the proceedings have been listed for a final hearing on liability in the Federal Court of Australia to occur commencing on 2 June 2025.

Summary Financials by Business Unit[1]

Australia and New Zealand (ANZ)

$139.1m
Sales revenue from continuing operations
▼ 5.1% | On FY23: **$146.6m**

$12.8m
Underlying EBITDA from continuing operations
▼ 27.3% | On FY23: **$17.6m**

International

$5.6m
Sales revenue from continuing operations
▼ 40.5% | On FY23: **$9.3m**

$(0.6m)
Underlying EBITDA from continuing operations
▲ 55.9% | On FY23: **$(1.3m)**

ANZ

- Sales decline of (5.1%) largely reflects decision to exit non-strategic and agency brands
- Revenues from core brands $117.9 million vs. $118.4 million in FY23; improved 2H24 performance on PCP
- ANZ business is typically weighted to 1H, reflecting the timing of seasonal promotional events and the lead-in to Christmas
- EBITDA decline mostly reflects unfavourable FX, stock provisions and performance of portfolio brands

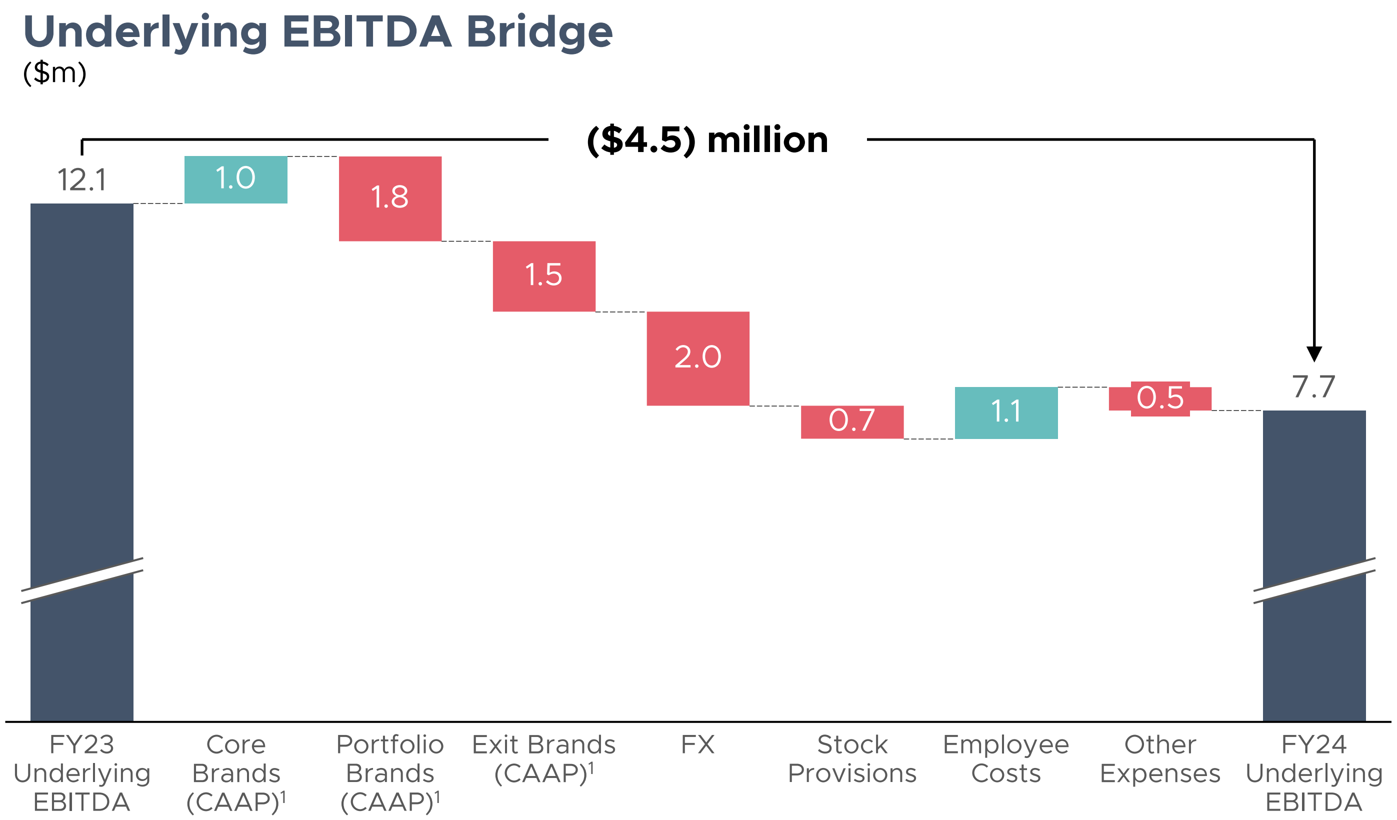
International

- Revenues impacted by decision to exit non-strategic agency and distributor partners in Singapore
- Performance of Dr LeWinn's in China was marginally ahead of the prior year (+0.5% vs. FY23) despite supply challenges
- New social e-commerce partner appointed to leverage strong Dr LeWinn's awareness in China in August 2024
- EBITDA improvement reflects margin benefit from favourable product mix; and employee savings associated with restructuring activities

[1] Business unit refers the ANZ and International segments

Underlying EBITDA Bridge

Continuing Operations



- Contribution from core brands reflects positive brand mix and is net of upweighted A&P investment
- Contribution decline from portfolio brands due to supply challenges during FY24 and a transition of focus from our Oriental Botanicals brand to the Fusion brand
- Contribution loss from exit of non-strategic and agency brands; cycling FY23 change to distribution model in Singapore
- Unfavourable FX reflects weaker AUD/USD vs PCP; continuing operations remain exposed to foreign currency
- Increased stock provisioning on certain SKU's due to shelf-life constraints
- Employee cost savings reflect restructuring activities during the year; partially offset by cost of new executive team
- Other expenses includes licence fees for new sales software

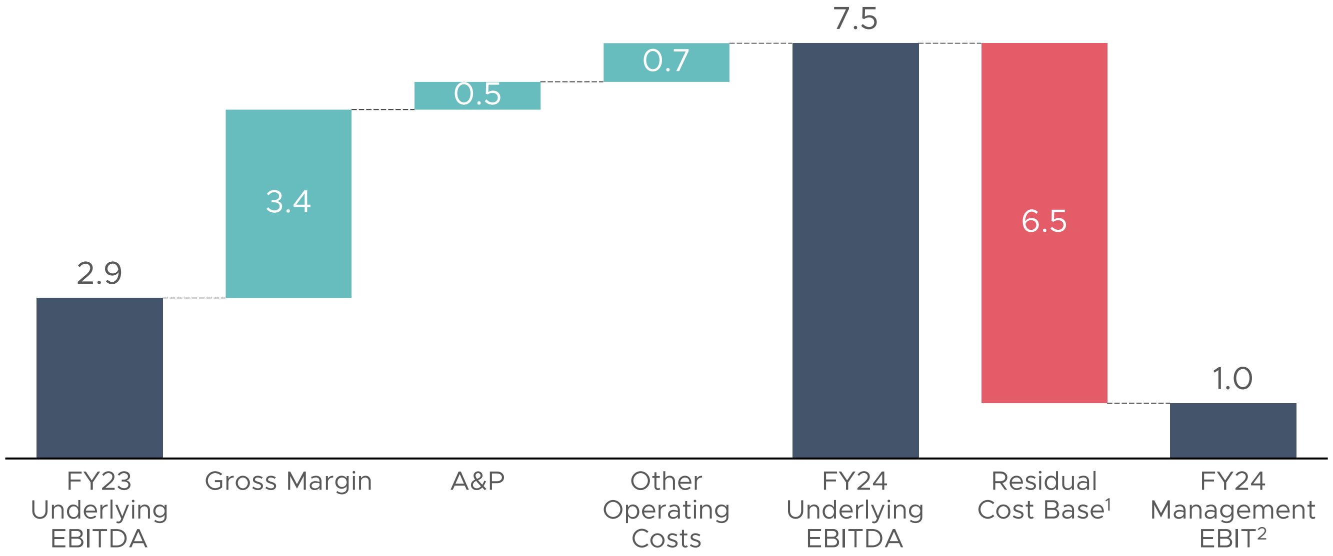
[1] CAAP (Contribution after A&P) comprises Sales *less* material costs and consumables, cartage & freight, third-party warehousing, and A&P

Multix Divestment

Recovering performance in FY24 presented opportunity to divest

All figures in $m	FY24	FY23	$ Var
Sales Revenue	**53.0**	**55.1**	**(2.1)**
Underlying EBITDA (Discontinued Operation)	**7.5**	**2.9**	**4.6**
EBITDA %	14.2%	5.2%	+9.0ppt

Underlying EBITDA Bridge
($m)



Multix Result

- Sales decline reflects consumer shift to private label products and full year impact of FY23 range reductions
- Gross Margin improvement reflects cyclical nature of business – FY24 benefited from downturn in commodity and freight pricing; partially offset by unfavourable FX (weaker AUD/USD)
- EBITDA supported by reduced A&P investment and employee cost savings linked to restructuring activities

Residual Cost Base

- Direct variable and fixed costs removed on divestment; shared residual cost base remains
- Indirect residual costs of ~$6.5 million comprise:
  - Warehouse lease & occupancy costs
  - Indirect employee costs
  - IT & Technology
  - Insurance
  - Corporate overheads
- Management now targeting removal of residual costs supported by potential new route-to-market strategy

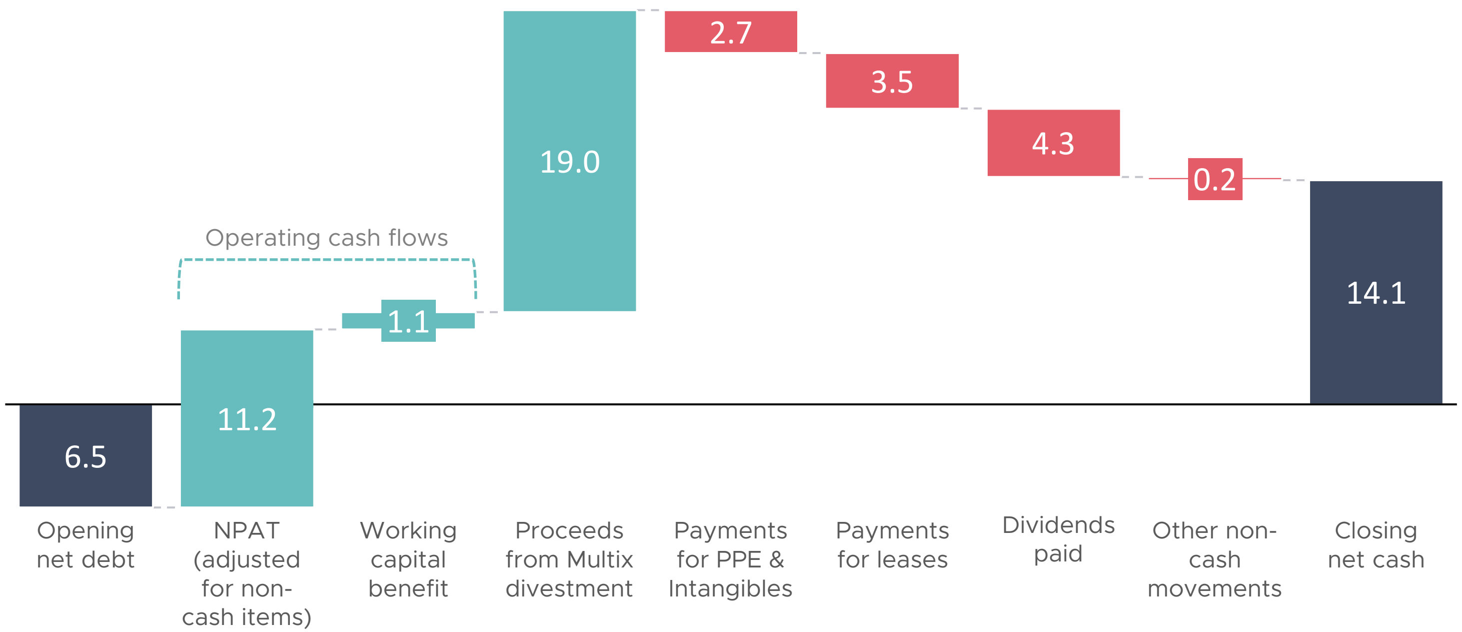
[1] Residual cost base is an approximate indication of allocated indirect costs to support the Multix business
[2] Management EBIT is a non-GAAP internally reported measure of performance after the allocation of indirect costs, including corporate and administrative overheads, depreciation & amortisation

Net Cash Position

Supported by strong operating cash flows and proceeds from Multix divestment

Net Debt / Cash Bridge

($m)



All figures in $m	June 2024	June 2023	Variance
Net cash inflows from operating activities	**12.3**	**6.5**	**5.8**
Net cash (outflows) from investing activities	**16.3**	**(1.8)**	**18.1**
Net cash (outflows) from financing activities	**(10.9)**	**(10.9)**	**-**
Net increase/(decrease) in cash held	**17.7**	**(6.2)**	**23.9**

- Strong operating cash flows of $12.3 million (FY23: $6.5 million) supported by improved working capital (reduced inventory holdings)
- Payment for PPE & Intangibles includes investment in new sales software
- Proceeds from Multix divestment of $19.0 million (excl. GST)
- Total dividends paid were $4.318m in FY24 (FY23: $5.758m)

Capital Management & Dividends

Capital management policy review underway

- Balance of retained losses (including current year loss) mean McPherson's is not in a position to pay a final dividend for FY24
- McPherson's will conduct a review of its capital allocation framework and dividend policy to better align with McPherson's refreshed strategy
- The total dividend for FY24 will therefore be the 2 cents per share paid on 22 March 2024

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1H25 Priorities & Summary

Brett Charlton

Transformation Roadmap: Part 2

Clear plan to unlock value; FY25 key year in transformation plan

	Phase 1 1H24	Phase 2 2H24	Phase 3 FY25	Phase 4 FY26
Overall	▪ November 2023: strategy re-set ▪ Clear plan to unlock value ▪ Logical steps to transform business	▪ June 2024: divestment of Multix ▪ Identified potential new route to market	▪ Streamlined, focused organisation ▪ Roll out changes to operating model to release residual cost ▪ Align brands to right channels and customers ▪ Capital management review	▪ New, simplified operating model fully functional ▪ Focus on people, brands and customers ▪ Core brands active and competing in their categories ▪ Higher ROI from A&P investment
Brands	▪ Identified 5 core brands ▪ Ceased private label ▪ Exited non-strategic agency brands	▪ Core brand performance stronger ▪ Increased consumer A&P ▪ Reduced long-tail SKUs ▪ Multix divested post strategic review	▪ Drive core brand growth ▪ Disciplined investment in advertising and promotional activity on core brands ▪ Increase knowledge base through research ▪ Accelerate innovation plans	▪ Clear wins from new products, R&D ▪ Virtuous cycle of performance and investment to drive higher returns
Productivity & efficiency	▪ Headcount reduction to reduce cost ✔	▪ Enhanced inventory management ▪ Improved trade receivables ▪ Systems and process overhaul ▪ Salesforce CRM – retail execution ▪ Tenders completed for logistics and formulated products ✔	▪ Proceeds from Multix to de-risk and accelerate transformation ▪ Implement stage 2 Salesforce – Trade Promotions ▪ Working capital efficiencies linked to new route-to-market model	▪ First full-year run-rate of benefits ▪ Significantly reduced level of material transformation expenses

Market Outlook

Focused on transformation

- McPherson's remains focused on the execution of its transformation while growing its core brands. This requires coordinated commercial execution in a challenging economic environment. At the same time, the Company continues to work on removing its residual cost base

- McPherson's remains encouraged by the growth potential in its core brands and early indications of momentum. Year-to-date there has been some growth in revenue compared to the same period last year for the Group's core brands

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Q&A

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Thank You

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Appendix

Appendix 1:

Reconciliation of Underlying EBITDA to NPAT

$'000			2024			2023
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Underlying EBITDA	7,674	7,530	**15,204**	12,148	2,888	**15,036**
Depreciation and amortisation expense	(5,910)	-	**(5,910)**	(5,985)	-	**(5,985)**
Material items (excluding tax)[1]	(12,673)	(14,020)	**(26,693)**	(3,661)	(8,300)	**(11,961)**
Net interest cost	(1,827)	-	**(1,827)**	(1,762)	-	**(1,762)**
Statutory (loss)/profit before tax	(12,736)	(6,490)	**(19,226)**	740	(5,412)	**(4,672)**
Income tax (expense)/benefit	1,350	1,885	**3,235**	(2,013)	1,624	**(389)**
Statutory (loss)/profit after tax	(11,386)	(4,605)	**(15,991)**	(1,273)	(3,788)	**(5,061)**

[1]Refer to Slide 13 for breakdown of material items (excluding tax) from continuing operations. Material items (excluding tax) from discontinued operations comprise:

- $13.4m loss on divestment of the Multix business
- $0.6m in restructuring costs associated with the Multix divestment