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ASX Announcement

1H25 Financial Results Presentation

26 February 2025

McPherson's Limited (**ASX:MCP**) announces that the results for the half year ended 31 December 2024 (**1H25**) will be presented at a webcast hosted by the Chief Executive Officer and Managing Director – Brett Charlton and Chief Financial Officer – Mark Sherwin.

Attached is McPherson's 1H25 Financial Results Presentation.

Shareholders are invited to participate in a webcast and conference call briefing in relation to the Company's 1H25 Financial Results. Details of the webcast and conference call are as follows:

Date and Time: Wednesday 26 February 2025 at 1:00pm (AEDT)
Webcast https://meetings.lumiconnect.com/300-182-583-517 **Phone registration** If you are unable to join using the above link, you can dial in by telephone on +61 3 4151 9001 **(Australian toll free)**. Using the links above, shareholders will be required to register to participate in the briefing call.

Authorisation

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

For further information please contact

Mark Sherwin (Chief Financial Officer) at msherwin@mcpher.com.au
Craig Durham (General Counsel & Company Secretary) at cdurham@mcpher.com.au

About McPherson's Limited

McPherson's Limited is a supplier of some of Australia's well-known essential health, beauty, and wellness products. McPherson's has five core household brands: 'Manicare', 'Lady Jayne', 'Dr LeWinns', 'Swisspers' and 'Fusion Health.' McPherson's strategy is to invest in and grow these brands through the pharmacy, grocery and e-commerce channels. In addition, the Company supplies a supporting portfolio of other popular brands in attractive segments of the market including haircare, vitamins and supplements, fragrance, and nutrition. McPherson's is headquartered in Sydney, has offices in Melbourne, Auckland, Hong Kong and Shanghai, and is listed on the Australian Securities Exchange.

For further information, please visit **www.mcphersons.com.au**

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1H25 Financial Results Presentation

26 February 2025

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Multix
Throughout this presentation, Multix refers to the Multix trademark owned by International Consolidated Business Group Pty Ltd as trustee for ICBG Unit Trust (ABN 73 804 885 700).

EBITDA
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 20 of this presentation.

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PCP
References to PCP refer to “Prior Corresponding Period”.

Agenda

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BRETT CHARLTON

Chief Executive Officer and Managing Director

MARK SHERWIN

Chief Financial Officer

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Introduction & Strategy

Brett Charlton

1H25 Results

Steady progress on transformation, with result yet to reflect new operating model

REVENUE[1]	CORE BRAND REVENUE	UNDERLYING EBITDA[1, 2]
$70.7m	$62.5m	$2.0m
▼ (7.6%) | On 1H24: $76.5m	▼ (2.0%) | On 1H24: $63.8m	▼ (71.3%) | On 1H24: $7.0m

UNDERLYING NET PROFIT/LOSS AFTER TAX[1]	STATUTORY NET PROFIT/LOSS AFTER TAX	NET CASH POSITION
($1.3m)	($0.9m)	$11.6m
n.m.[3] | On 1H24: $2.1m	n.m.[3] | On 1H24: $1.6m	▼ (17.7%) | On 1H24: $14.1m

- Solid result in a demanding period
- Sales from continuing operations includes impact of exit from non-strategic lower margin brands
- Core brand sales reflect growth in four core brands; offset by performance of Dr LeWinn's
- Underlying EBITDA[1] impacted by decision to weight A&P spend to 1H25
- ($0.4) million in pre-tax material items, chiefly related to portfolio brand impairments and transformation costs
- Net cash and strong balance sheet continues to provide flexibility to fund transformation

1 From Continuing Operations.

2 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 20 of this presentation. Underlying EBITDA excludes material items.

3 Ratio not considered meaningful as the current period is in a loss position compared to a profit position in the previous comparison period.

Core Brand Performance

Four out of five core brands in growth with demonstrated share gains

	1H25 Revenue	Sales Performance[1]	Commentary	Category Performance[2]	MCP Brand Performance[2]
manicare	$23.9m	▲ +0.6%	• Positive performance in major grocery & pharmacy driven by increased ranging and launch of new products • Performing ahead of category; A&P spend deployed across a range of social media platforms with timing to align with promotional activity by major customers	(1.9%) Beauty Tools & Accessories	(0.5%)
DR.LEWINN'S	$10.9m	▼ (15.8%)	• ANZ down 5.9% due to increased promotional intensity in 2Q25 and year end phasing • International down 60.2% reflecting competitor intensity and the cycling of a major serum pipe fill order into China in July 2023 • Comprehensive brand reset due FY26	+4.6% Facial Skincare	(2.6%)
swisspers	$10.5m	▲ +2.5%	• Improved range presentation supported growth in major pharmacy customer • Strong performance in grocery benefitting from increased distribution and promotion • Grew ahead of category supported by strong sampling in market to drive conversion	(1.0%) Cotton	+2.4%
Lady Jayne	$9.6m	▲ +0.8%	• Growth supported by innovation in electrical hair tools (three new product launches) and strong performance in brushes • Some impact from category-wide range rationalisation by major grocery customer • Performing ahead of category, with support from upweighted A&P	(2.7%) Hair Tools & Accessories	(0.6%)
FUSION health ancient wisdom modern medicine	$7.6m	▲ +4.3%	• Significant improvement in stock availability due to new manufacturer • Performance driven by in-store A&P activity in Joint & Muscle and Cold & Flu categories • Increased pharmacy distribution through improvements in our supply chain efficiency • Growth supported by social media campaigns and out-of-home advertising	+4.6% Vitamins	+16.1%

1 1H25 sales vs 1H24 sales.
2 Circana scan data (AU Grocery & Pharmacy) YTD value w/e 5-Jan-25.

Transformation Roadmap: Progress to Date

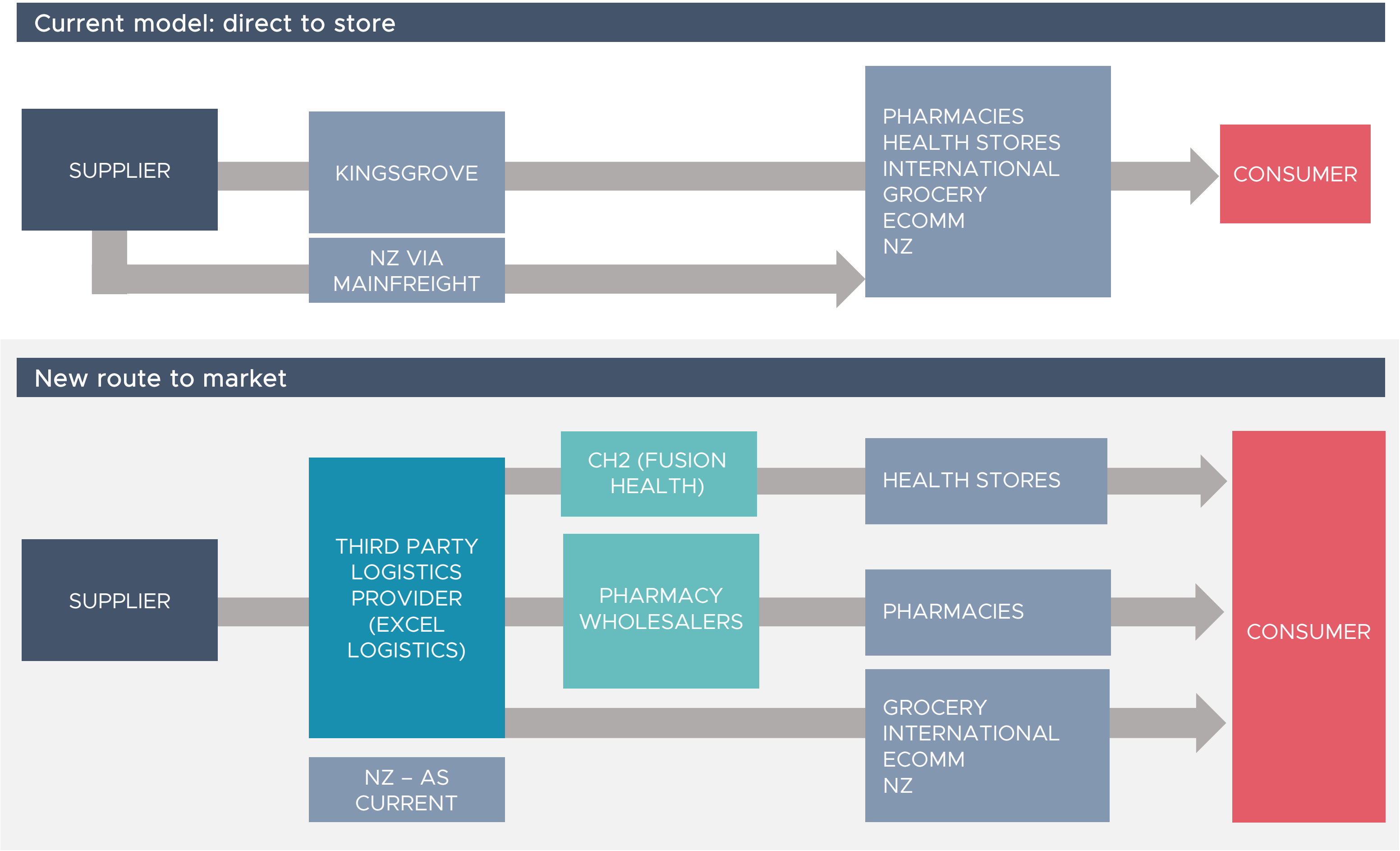
Clear plan to unlock value

	1H24	2H24	1H25
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	• Route to market review completed • New model identified • Re-set international business
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	• Upweighted A&P spend • Foundational consumer research: Usage & Attitude and qualitative research • Core brand share gains • Optimising e-commerce
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	• Salesforce® REX and TPM go-live • Building data capabilities • Established offshore design team • Right-sized financing facility • Rationalising international cost base (China, HK & ROW)

- Priority during 1H25 has been route to market – material developments announced
- Starting to access quality brand data
- Indications of early-stage progress for core brands

Transformation Update

New route to market with third-party warehousing and pharmacy wholesalers



- Signed agreements with:
  - Excel Logistics: Kingsgrove warehouse sublease[1] and warehousing of McPherson's brands for all channels ex. New Zealand
  - CH2: wholesaler for Fusion Health brand in health store channel
- Advanced negotiations with major pharmacy wholesalers
- Clear strategic benefits:
  - Simplification of distribution model: deliveries reduce from ~14K per month to <200 per month
  - Focus on brands, customers and people
  - Materially enhanced service proposition for retailers and consumers in the pharmacy channel
  - Expanded points of distribution and reach
  - Transition to variable model that will scale
  - Expected to unlock annual underlying EBIT[2] in the order of \$4.0 million to \$5.0 million, substantially addressing residual fixed cost
  - Working capital efficiencies through lower inventory requirements

1 Subject to customary conditions of landlord and financier consent.

2 Earnings before interest and tax (EBIT) 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 operational performance of the business. Underlying EBIT excludes material items.

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1H25 Financial Results

Mark Sherwin

Summary Financials for Continuing Operations

Focus remains on driving performance in core brands

All figures in $m	1H25	1H24	$ Var	% Var
Revenue[1]	**70.7**	**76.5**	**(5.8)**	**(7.6%)**
Expenses				
Material Costs & Consumables	(29.2)	(31.4)	2.2	(7.1%)
Employee Costs	(15.9)	(17.6)	1.7	(9.6%)
Advertising and Promotion (A&P)	(13.8)	(10.5)	(3.3)	31.6%
Cartage & Freight	(2.4)	(2.5)	0.1	(4.2%)
Third Party Warehousing	(0.4)	(0.6)	0.2	(29.6%)
Other Expenses	(7.1)	(6.9)	(0.1)	1.7%
Underlying EBITDA	**2.0**	**7.0**	**(5.0)**	**(71.3%)**
Depreciation & Amortisation	(3.2)	(3.0)	(0.2)	7.9%
Net interest cost	(0.4)	(1.0)	0.6	(59.6%)
Underlying NPBT	**(1.6)**	**3.1**	**(4.7)**	**n.m.[2]**
Income tax expense	0.3	(1.0)	1.3	n.m.[2]
Underlying NPAT	**(1.3)**	**2.1**	**(3.4)**	**n.m.[2]**

Key ratio % of Sales Revenue	1H25	1H24	% Var
Gross Margin %[3]	58.7%	58.9%	(0.2 ppts)
EBITDA %	2.9%	9.2%	(6.3 ppts)

1 Includes other income.
2 Ratio not considered meaningful as the current period is in a loss position compared to a profit position in the previous comparison period.
3 Calculated as (Revenue *less* Material Costs & Consumables) / Revenue.

- Revenue decline of $5.8 million reflects:
  - Exit of non-strategic lower margin brands Sugar Baby and Eylure (down $3.2 million)
  - Shortfall on portfolio brands (down $1.3 million), in part impacted by supply issues
  - Core brand sales (down $1.3 million) largely due to Dr LeWinn's International
- Four out of five core brands in growth
- Gross Margin % marginally behind PCP reflecting higher weighting of core brand revenue (1H25: 88.4% vs 1H24: 83.4%); offset by negative brand and channel mix
- Employee savings reflect restructuring activities, including international operations and ongoing OPEX efficiencies
- Deliberate decision to weight A&P investment to 1H25 to support core brand momentum, including with foundational consumer research
- Net interest cost savings reflect repayment of borrowings following sale of Multix

Summary Financials by Business Unit

Encouraging core brand performance in Australia and New Zealand

Australia and New Zealand

REVENUE[1]

$68.9m

▼ (5.8%) | on 1H24: $73.1m

UNDERLYING EBITDA[1, 2]

$4.9m

▼(49.6%) | on 1H24: $9.7m

International

REVENUE[1]

$1.9m

▼(45.0%) | on 1H24: $3.4m

UNDERLYING EBITDA[1, 2]

($0.8)m

▼256.4% | on 1H24: ($0.2m)

Australia and New Zealand

- Sales decline of $4.3 million largely reflects decision to exit non-strategic brands (Sugar Baby and Eylure), and overall performance of portfolio brands
- Revenue from core brands up 0.2% to $61.1 million; shortfall in Dr LeWinn's offset by growth in remaining four brands
- EBITDA decline mostly reflects decision to weight A&P investment to 1H25; impact from reduced sales partially offset by savings in employee costs

International

- Sales impacted by cycling of a major Dr LeWinn's serum pipe fill order in July 2023 and challenging market conditions with intense competitive activity
- New Head of China appointed to oversee execution of McPherson's strategy in that market
- EBITDA decline largely reflects sales performance, with partial offset from employee savings associated with restructuring activities

1 From Continuing Operations.

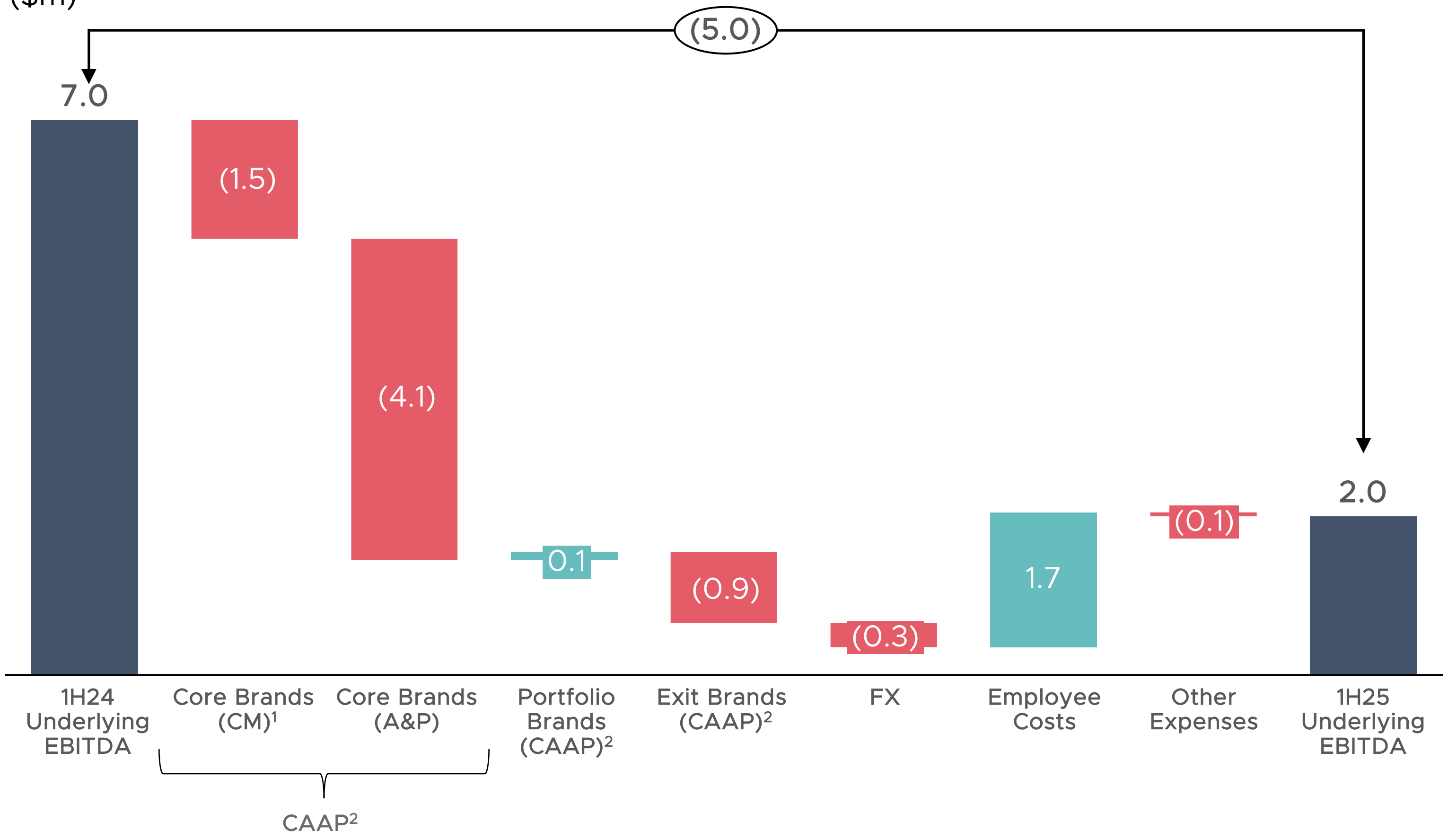
2 Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-GAAP measure and does not have a standardised meaning prescribed by GAAP. However, the Company believes that, in combination with GAAP measures, it assists in providing investors with a comprehensive understanding of the underlying operational performance of the business. A reconciliation of EBITDA to net profit after tax is shown on slide 21 of this presentation.

Underlying EBITDA Bridge

Brand investment weighted to 1H25 to support momentum in core brands

Underlying EBITDA

($m)



1 CM (Contribution Margin) comprises Sales *less* material costs and consumables, cartage & freight and third-party warehousing.

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

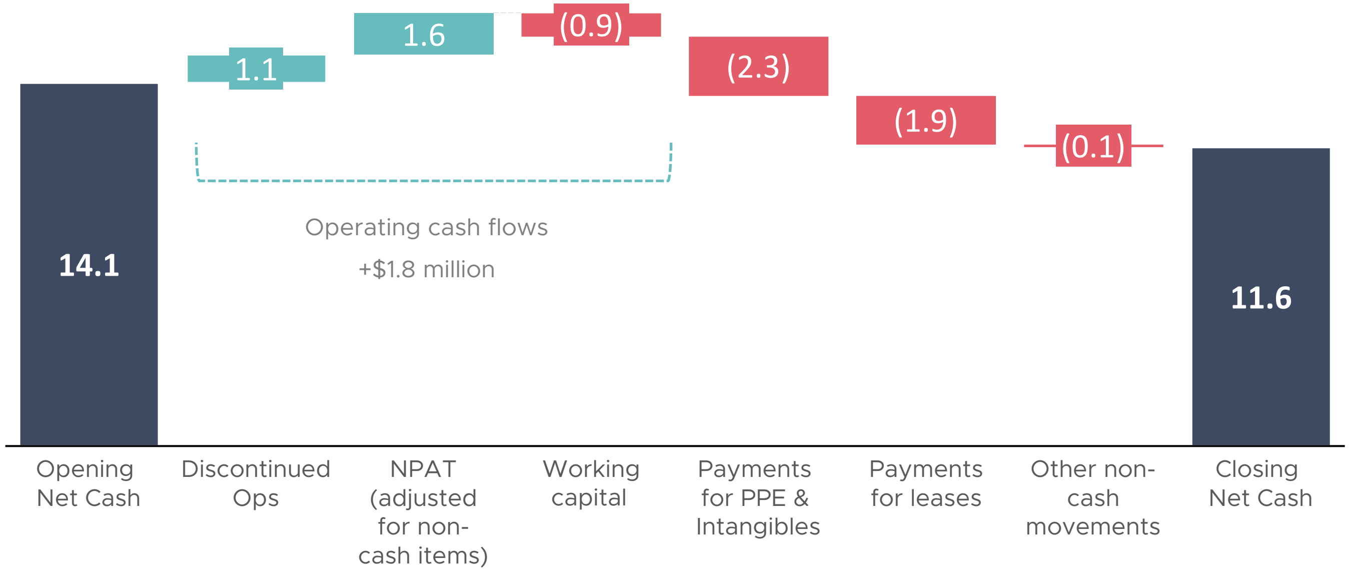
- Contribution from core brands reflects:
  - Sales decline of $1.3 million, driven by performance of Dr LeWinn's chiefly in the International business
  - Negative mix impact due to decline of high-margin Dr LeWinn's and channel shift to major pharmacy and grocery (from independent pharmacy)
- Front weighted A&P spend to 1H25:
  - Aligned with promotional activities by major customers to support early brand momentum
  - Investment in working media, out-of-home and in-store promotions for core brands
  - Foundational consumer research for core brands to support more informed investment in 2H25 and beyond
- Marginally weaker AUD/USD vs prior period (net of hedge cover)
- Employee savings reflect restructuring activities
- Other expenses include license fees for new Salesforce® software offset by various cost saving initiatives

Net Cash Bridge

Strong net cash position to fund transformation initiatives

Net Cash

($m)



All figures in $m	Dec 2024	Dec 2023	Variance
Net cash inflows from operating activities	1.8	6.4	(4.7)
Net cash (outflows) from investing activities	(2.3)	(0.6)	(1.6)
Net cash (outflows) from financing activities	(12.6)	(2.7)	(9.8)
Net (decrease) / increase in cash held	(13.1)	3.0	(16.1)

1 Calculated as net cash flow from operating activities before interest and tax divided by Underlying EBITDA.

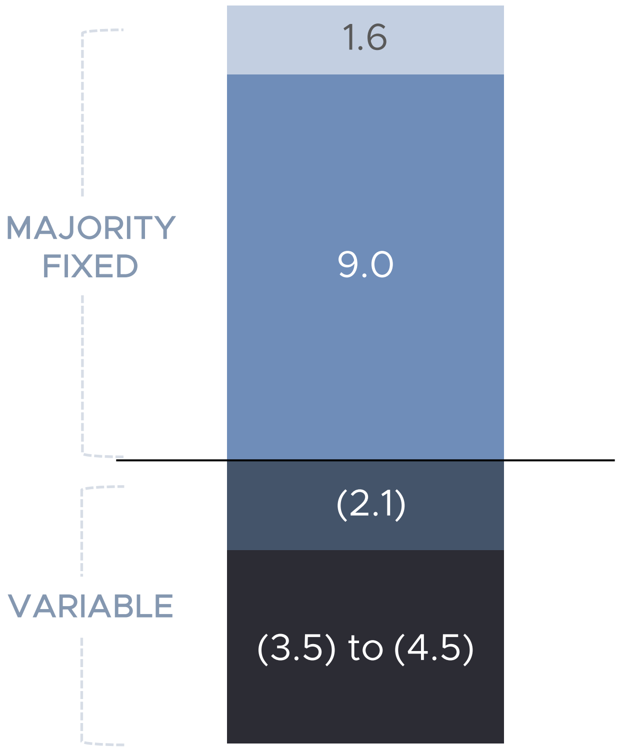
2 The sale of Multix brand and inventory assets was deemed a taxable supply for GST purposes.

- Operating cash flows of $1.8 million with cash conversion of 137%[1] (1H24: 130%)
- Working capital unwind of $1.1 million following sale of Multix
- Working capital movement reflects:
  - Benefit from continuing reduction in inventory
  - Offset by timing of trade debtor receipts and payment of prior period restructuring costs
- Payment for PPE & Intangibles includes investment in Salesforce® software and in-store activation assets
- Repayment of borrowings following sale of Multix included in financing activities
- Right-sized financing facility from $45 million to $25 million at start of 2H25

Transformation Update

Transition from majority fixed to variable cost route to market model

Annual Incremental Underlying EBIT[1]



$4.0m to $5.0m

- Sub-lease of Kingsgrove warehouse from 1 March 2025 to end of head lease in June 2027

- Employee cost savings from exit of warehouse and inhouse distribution capabilities
- Significant reduction in cartage & freight costs associated with previous direct-to-store model
- Other warehouse and distribution savings associated with transition to outsourced 3PL model

- Transition to new outsourced 3PL

- Cost of new pharmacy wholesaler model
- Partial offset from benefit of increased distribution and service capability

One-off cash and non-cash material items[2] in the order of $9.0 to $11.0 million in FY25

1 Annual incremental underlying EBIT in the order of $4.0 to $5.0 million from FY26 onwards. Earnings before interest and tax (EBIT) 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 operational performance of the business. Underlying EBIT excludes material items.

2 Material items include redundancy and implementation costs, and non-cash write downs of right-of-use assets associated with the head lease and warehousing equipment.

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2H25 Priorities & Summary

Brett Charlton

Transformation Roadmap: Looking Ahead

Focused on the logical steps to effect transformation

	FY24	1H25	2H25	FY26
Overall	• November 2023: strategy re-set • June 2024: divestment of Multix • Identified potential new route to market	• Route to market review completed • New model identified • Re-set international business	• Implement new route to market and supporting operating model • Phased sub-lease of warehouse • Align brands to right channels and customers • Cash and non-cash material items connected with new operating model	• 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	• Upweighted A&P spend • Foundational consumer research: Usage & Attitude and qualitative research • Core brand share gains • Optimising e-commerce	• Complete Usage and Attitude study • Disciplined investment in advertising and promotional activity on core brands – informed by data • Accelerate innovation plans • Expand core brand distribution in China	• Clear wins from new products, R&D • Virtuous cycle of performance and investment to drive higher returns • Dr LeWinn's brand reset
Productivity & efficiency	• Headcount reduction • Enhanced inventory management, improved trade receivables • Systems and process overhaul • Salesforce CRM – retail execution • Logistics and formulated products tenders completed	• Salesforce® REX and TPM go-live • Building data capabilities • Established offshore design team • Right-sized financing facility • Rationalising international cost base (China, HK & ROW)	• Unlock annual underlying EBIT in the order of \$4.0 to \$5.0 million • Company-wide process review • Working capital efficiencies linked to new route-to-market model • Continue capital allocation framework review	• First full-year run-rate of benefits • Significantly reduced level of material transformation expenses • Complete the capital allocation framework

2H25 Priorities and Outlook

Priority is new operating model

- Relentless focus on delivering on transformation of the business
- Priority for 2H25 is implementation of the new operating model – pathway to unlocking significant residual cost post-Multix divestment
- Year-to-date, McPherson's continues to see early indicators that disciplined investment in its brands are gaining traction with customers and consumers, including gains in category market share
- Management continues to anticipate that FY25 underlying EBITDA will be majority weighted to 2H25

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Appendix

Appendix 1

Reconciliation of underlying EBITDA to NPAT

$'000			1H25			1H24
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Underlying EBITDA	2,019	884	**2,903**	7,044	2,107	**9,151**
Depreciation and amortisation expense	(3,195)	-	**(3,195)**	(2,960)	-	**(2,960)**
Material items (excluding tax)[1]	(437)	-	**(437)**	(2,387)	(192)	**(2,579)**
Net interest cost	(384)	-	**(384)**	(950)	-	**(950)**
Statutory (loss)/profit before tax	(1,997)	884	**(1,113)**	747	1,915	**2,662**
Income tax (expense)/benefit (excluding material items)	303	(259)	**44**	(1,039)	(633)	**(1,672)**
Income tax (expense)/benefit (material items)	159	-	**159**	532	58	**590**
Statutory (loss)/profit after tax	(1,535)	625	**(910)**	240	1,340	**1,580**

1 Refer to Note 2 of the Interim Financial Report for the six months to 31 Dec 2024 for a breakdown of material items for continuing and discontinued operations.