Health
Wellness
Beauty

ASX Announcement

1H25 Financial Results

26 February 2025

McPherson's Limited (**ASX: MCP**) today announces its results for the six months ended 31 December 2024 (1H25). The prior comparable period, 1H24, has been presented on a Continuing Operations basis so that both periods reflect the performance of the Company excluding the Multix[1] brand and assets, which were divested in June 2024.

Highlights

- Revenue from Continuing Operations of $70.7 million (1H24: $76.5 million), down 7.6%.
- Core brand[2] revenue down 2% to $62.5 million (1H24: $63.8 million); four out of five achieved moderate growth, offset by Dr LeWinn's performance.
- Underlying EBITDA[3] from Continuing Operations of $2.0 million (1H24: $7.0 million).
- Statutory net loss after tax of ($0.9) million (1H24: net profit of $1.6 million).
- Basic loss per share of (0.6) cents, down from basic earnings per share of 1.1 cents in 1H24.
- Net cash position[4] of $11.6 million compared to $14.1 million at 30 June 2024.
- Steady progress on transformation, supported by strong balance sheet.
- New operating model identified and implementation underway: expected to substantially address the residual shared fixed cost base following the divestment of Multix.

McPherson's CEO, Brett Charlton, said: *"Our 1H25 results reflect a demanding six-month period in which our revenue has come predominantly from our pure play health, wellness and beauty business while our cost base continues to reflect residual fixed costs following the divestment of Multix. During 1H25 we have undertaken a range of strategic advertising and promotional activities to drive growth and build momentum in our core brands. We have also undertaken extensive foundational consumer research to position our core brands for the future. Early indications that our investment is yielding results are encouraging with four out of five core brands reporting revenue growth in 1H25 and some promising market share gains. Our strong balance sheet continues to give us flexibility to fund our transformation.*

"Earlier this week we announced that we would begin implementing our new operating model, which was selected following a comprehensive review of our direct to store model. We will transition to a third-party warehousing and logistics operating model which will simplify and streamline McPherson's and allow us to focus on our brands, customers and people. When implemented, it will also allow us to substantially address the residual shared fixed cost that remains in the business following the divestment of Multix and create a variable and scalable cost base to support future growth."

[1] The Multix brand and assets are together referred to as Multix (**Multix**). Multix is a trademark owned by International Consolidated Business Group Pty Ltd as trustee for ICBG Unit Trust (ABN 73 804 885 700).
[2] Core brands: Manicare, Lady Jayne, Dr LeWinn's, Swisspers and Fusion Health.
[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 operational performance of the business. Underlying EBITDA excludes material items. A reconciliation of Underlying EBITDA to net profit after tax is shown in the Company's 1H25 Results Presentation (slide 20) dated 26 February 2025.
[4] Net cash is defined as cash and cash equivalents, less borrowings, excluding lease liabilities.

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Overview of 1H25 Performance

Continuing Operations

The 1H25 financials reflect the company's results as a health, wellness and beauty company. The prior comparable period, 1H24, reflects the same business, referred to as McPherson's Continuing Operations. Continuing Operations removes the 1H24 impact of Multix, which has since been divested.

Results[5]	1H25 ($m)	1H24 ($m)	Change ($m)	Change (%)
Revenue	70.7	76.5	(5.8)	(7.6%)
Underlying EBITDA	2.0	7.0	(5.0)	(71.3%)
Material items (before tax)[6]	(0.4)	(2.4)	1.9	(81.7%)
EBITDA including material items	1.6	4.7	(3.1)	(66.0%)

Revenue for the half was $70.7 million, down 7.6% compared to $76.5 million in 1H24. The majority of this decline ($3.2 million) reflects the decision to exit non-strategic lower margin brands (Sugar Baby and Eylure), which McPherson's exited over the course of FY24 following its November 2023 strategy re-set.[7] The remaining shortfall is attributable to the Company's portfolio brands (down $1.3 million), and core brands (down $1.3 million), which were impacted by the performance of Dr LeWinn's and the timing of year-end orders falling in the first month of 2H25.

Core brand revenue overall was down 2.0% to $62.5 million and accounted for 88.4% of total revenue, up from 83.4% in 1H24. While overall core brand sales declined 2.0%, four of the five core brands achieved revenue growth: Manicare recorded revenue of $23.9 million (+0.6% on 1H24), Swisspers recorded revenue of $10.5 million (+2.5% on 1H24), Lady Jayne recorded revenue of $9.6 million (+0.8% on 1H24), and Fusion Health recorded revenue of $7.6 million (+4.3% on 1H24). Dr LeWinn's recorded revenue of $10.9 million, down 15.8% compared to 1H24, chiefly due to the performance of the international business.

Sales of the Company's supporting portfolio brands were $8.1 million, down 14.0% from $9.4 million in 1H24. This result was primarily driven by the performance of A'kin and Bondi Fragrance, due to supply issues, and Oriental Botanicals, which was impacted by the Company's strategic decision to focus on Fusion Health. The Maseur brand performed more positively, with revenue up 3.3%.

Underlying EBITDA from Continuing Operations was $2.0 million, down from $7.0 million in 1H24. Contribution after A&P (CAAP) from core brands is $5.6 million lower, primarily reflecting a $4.1 million upweight in A&P investment, together with the impacts of mix (channel and brand), and marginally lower sales activity. The result also reflects some impact from the removal of non-strategic exit brands during FY24. As previously announced, a deliberate decision was taken to weight brand investment to 1H25 (rather than 2H24 in FY24) to support the core brands and create momentum going into the second half of the financial year. A&P spend was invested in working media and out-of-home and in-store promotions for core brands and was designed to align with major customers' promotional activities. It also included investment in foundational consumer research for McPherson's core brands, which will be used to support more informed investment in 2H25 and beyond.

Employee costs were $1.7 million lower than in 1H24 due to restructuring activities in Australia and New Zealand in 1H24 and further headcount reductions in 1H25, including in Hong Kong. Other expenses have remained flat, with the Company's investment in Salesforce® software offset by various cost saving initiatives.

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[5] Due to the effect of rounding, numbers and percentages may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.
[6] Refer to Note 2 of the Consolidated Financial Statements for a summary of material items that have been identified due to their nature and size.
[7] Refer to ASX announcement "McPherson's Strategy Update & Strategic Review of the Multix Brand," 15 November 2023.

EBITDA from Continuing Operations after material items was $1.6 million, down from $4.7 million in 1H24. Material items from Continuing Operations were ($0.4) million pre-tax and are discussed in more detail below.

Business Unit Performance

Australia and New Zealand (ANZ)[8]

Results	1H25 ($m)	1H24 ($m)	Change ($m)	Change (%)
Continuing Operations:				
Revenue	68.9	73.1	(4.3)	(5.8%)
Underlying EBITDA	4.9	9.7	(4.8)	(49.6%)

The ANZ Business Unit reported revenue of $68.9 million, down 5.8% on 1H24.

Within Australia and New Zealand, revenue from the Company's core brands grew 0.2% overall during 1H25. Fusion Health performed most strongly with revenue up 3.7% driven by a significant improvement in stock availability, instore A&P and increased pharmacy distribution. Manicare revenue increased 0.6%, reflecting ranging increases in major grocery and pharmacy customers, and new product launches. Swisspers revenue increased 2.3% driven by improved range presentation in a major pharmacy customer and growth in the grocery channel. Lady Jayne revenue increased 0.9% driven by innovation in electrical hair tools and brushes, offset in part by a category-wide range rationalisation by a major grocery customer.

Revenue from Dr LeWinn's was down 5.9%, reflecting the shift of category growth to lower priced non-premium brands, the impact of competitor promotional activity in 2Q25 and the phasing of customer orders in December 2024.

Underlying EBITDA of $4.9 million, down 49.6% on 1H24, chiefly as a result of A&P spend (refer above).

International

Results	1H25 ($m)	1H24 ($m)	Change ($m)	Change (%)
Continuing Operations:				
Revenue	1.9	3.4	(1.5)	(45.0%)
Underlying EBITDA	(0.8)	(0.2)	(0.6)	256.4%

The $1.5 million decline in sales was primarily due to Dr LeWinn's revenue, which were down 60.2%, reflecting the cycling of a major serum pipe fill order into China in July 2023. Sales during the period were also challenged by market conditions, which saw intense competitive activity on facial skincare brands in the China market. Maseur sales to the Pacific Islands were also under pressure due to an increase in competitor products.

Underlying EBITDA was ($0.8) million, down from ($0.2) million in 1H24, chiefly as a result of reduced revenue. This was partially offset by employee and other operational cost savings. A new head of the China business was appointed in late 1H25 to oversee an increased in-country sales effort.

Material Items

McPherson's has recognised $0.4 million in pre-tax losses from material items. These comprise a $1.0 million impairment of non-core portfolio brands, Revitanail ($0.6 million) and

[8] Continuing Operations for Australia and New Zealand are presented here on the basis of Australia and New Zealand minus the Discontinued Operations. Refer to note 4 of Appendix D: Interim Statutory Accounts.

Maseur ($0.4 million), reflecting the trading performance of these brands, and reduced EBIT margins in part reflective of residual costs from the divestment of Multix. The Company incurred restructuring costs of $0.4 million associated with right-sizing the organisation's employee base, and professional fees and other expenses ($0.3 million) in relation to transformation projects. These have been partially offset by a $1.3 million gain from the realisation of the accumulated balance of the Foreign Currency Translation Reserve (FCTR) of its Singapore subsidiary, following the deregistration of McPherson's Consumer Products Pte. Ltd (Singapore).

Net Cash and Cash Flow

Net Cash at 31 December 2024 was $11.6 million, compared to $14.1 million at 30 June 2024. The Company was undrawn on its financing facilities at 31 December 2024.

Operating cash flows of $1.8 million were generated during the half, representing a cash conversion of 137%[9] (1H24: 130%). The benefits of reduced inventory holdings combined with net inflows from the unwind of Multix working capital were offset by the timing of trade debtor receipts and the payment of prior period restructuring costs.

The Company invested $2.3 million in Salesforce® software and in-store activation assets, accounting for the majority $2.5 million decline in net cash during the period.

Following the divestment of the Multix brand and inventory assets, and as a component of its capital allocation framework review, the Company has reviewed its working capital requirements, and subsequent to 1H25, rightsized its working capital facility down from $45 million to $25 million. This action will further reduce the Company's financing costs into 2H25.

Dividends

Given the balance of retained losses, including the loss after tax position for the half year ended 31 December 2024, the Board determined that it was not appropriate to declare an interim dividend for the half year period ended 31 December 2024. In addition to the retained loss position, the Board is mindful of the capital needs to support the business and de-risk the substantial transformation strategy that is underway.

In light of the transformation of the business, the Board is reviewing the Company's capital allocation framework, which will consider the right framework for the Company's future needs.

Transformation & strategy update

As announced to the ASX on Monday 24 February 2025, McPherson's has moved forward to the next stage of the implementation of its new operating model.

As part of this, McPherson's has entered an agreement to engage to outsource the warehousing of McPherson's brands for all channels excluding New Zealand to Excel Logistics Pty Ltd (**Excel**) as a third-party warehousing provider (**3PL**). Excel will, subject to customary conditions of landlord and financier consent, sublease the Kingsgrove warehouse from McPherson's from 1 March 2025 until the end of the current head lease in June 2027.

McPherson's remains in advanced stages of negotiations with major pharmacy wholesalers, for the distribution of McPherson's products to the pharmacy channel within Australia.

Implementation of the new route to market is expected to unlock incremental annual underlying EBIT[10] in the order of $4.0 to $5.0 million from FY26 onwards and the Company

[9] Calculated as net cash flow from operating activities before interest and tax divided by Underlying EBITDA.
[10] 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.

expects to incur material items in the order of $9.0 million to $11.0 million in FY25, comprising a mix of cash and non-cash items.

Near term priorities & outlook

Management remains focused on progressing the transformation of the business. The priority for 2H25 is the implementation of the new operating model as a pathway to unlocking significant residual cost post the Multix divestment.

Year-to-date, McPherson's continues to see early indicators that, following disciplined investment, 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.

Investor call details

An investor call with be held today, Wednesday 26 February, at 1:00pm (AEST). Investors can join using the following links:

- **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).

Investors who join will be required to register.

Authorisation

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

For further information please contact:

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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 LeWinn's, Swisspers and Fusion Health. McPherson's strategy is to invest in and grow these brands through the pharmacy, grocery and e-commerce channels in the Asia-Pacific. 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 Stock Exchange.

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