Health
Wellness
Beauty

ASX Announcement

1H25 Appendix 4D and Financial Report

26 February 2025

Pursuant to ASX Listing Rule 4.2A, McPherson's Limited (**ASX:MCP**) releases its 1H25 Appendix 4D and Financial Report for the period ended 31 December 2024.

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**

McPherson's Limited
Appendix 4D
Half year report

1. Company details

Name of entity: McPherson's Limited
ABN: 98 004 068 419
Reporting period: Half year ended 31 December 2024
Previous period: Half year ended 31 December 2023

2. Results for announcement to the market

	Previous Period $'000		**Reporting Period $'000**
Sales revenue from continuing operations	76,506	down 7.6% to	**70,716**
Profit / (loss) from continuing operations before tax excluding material items[1]	3,134	n/m[2]	**(1,560)**
Profit / (loss) from continuing operations after tax excluding material items[1]	2,094	n/m[2]	**(1,257)**
Profit / (loss) before tax[3]	2,662	n/m[2]	**(1,113)**
Profit / (loss) after tax[3]	1,580	n/m[2]	**(910)**
Profit / (loss) after tax attributable to members[3]	1,580	n/m[2]	**(910)**

Dividends	**Amount per security**	**Franked amount per security**
Interim ordinary dividend	**-**	**-**
Previous corresponding period – ordinary dividend	2.0¢	2.0¢

3. Net tangible assets per ordinary security

	Reporting period	**Previous period**
Net tangible assets per ordinary security	0.23	0.24

[1] Excluding material items (refer to Note 2) and discontinued operations (refer to Note 13) in both financial year results.
[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] Including material items (refer to Note 2) and discontinued operations (refer to Note 13) in both financial year results.

MCPHERSON'S LIMITED AND CONTROLLED ENTITIES

A.C.N. 004 068 419

INTERIM FINANCIAL REPORT

PERIOD ENDED 31 DECEMBER 2024

Directors' Report

The Board of Directors presents the following report on the consolidated entity consisting of McPherson's Limited (the Company or McPherson's) and the entities it controlled (collectively referred to hereafter as the Group) at the end of, or during, the half year ended 31 December 2024 (1H25).

(a) Directors

The following persons were Directors of McPherson's Limited from the beginning of the financial year to the date of this report, except as indicated:

A. Mervis	▸ Chair of the Board ▸ Member of the Audit Committee and the People and Culture Committee
B. Charlton	▸ Chief Executive Officer and Managing Director
J.M. McKellar	▸ Chair of the People and Culture Committee ▸ Member of the Risk and Compliance Committee
A.J. Cook	▸ Chair of the Risk and Compliance Committee ▸ Member of the Audit Committee and the People and Culture Committee
H.L. Thornton	▸ Chair of the Audit Committee ▸ Member of the Risk and Compliance Committee

(b) Principal activities

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, skin care, vitamins, supplements and personal care items such as facial wipes, cotton pads and foot comfort products.

McPherson's revenue is primarily derived from its diversified portfolio of owned market-leading brands, including Manicare, Dr. LeWinn's, Swisspers, Lady Jayne, and Fusion Health.

Manufacturing is outsourced to various suppliers, predominantly in Asia and Australia. McPherson's maintains a presence in Hong Kong and has representation in mainland China, focused on product sourcing and quality assurance.

(c) Review of operations

Results for the year

The 1H25 results reflect a demanding six-month period in which revenue has come from the Company's predominantly pure play health, wellness and beauty business while the Company's cost base continues to reflect residual fixed costs following the divestment of Multix[4]. During 1H25 a range of strategic advertising and promotional activities were undertaken to drive growth and build momentum in the Company's core brands. Early indications that this investment is yielding results are encouraging with four out of five core brands reporting revenue growth in 1H25 and some promising market share gains. The Company's strong balance sheet continues to provide flexibility to fund transformation initiatives.

Continuing Operations removes the impact of Multix, which has since been divested.

[4] Multix is a trademark owned by International Consolidated Business Group Pty Ltd as trustee for ICBG Unit Trust (ABN 73 804 885 700).

(c) Review of operations (continued)

Results for the year (continued)

Continuing Operations

Results	1H25 ($m)	1H24 ($m)	Change ($m)	Change (%)
Revenue	70.7	76.5	(5.8)	(7.6%)
Underlying EBITDA[5]	2.0	7.0	(5.0)	(71.3%)
Material items (before tax)	(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. 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 customer 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.

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.

[5] 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 (page 20).

(c) Review of operations (continued)

Business Unit Performance

Australia and New Zealand (ANZ)

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 impacting statutory results

McPherson's has recognised $0.4 million in pre-tax material items expense in its 1H25 statutory result (1H24: $2.6 million) comprising:

- $1.0 million impairment of non-core portfolio brands Revitanail ($0.6 million) and 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.
- $0.4 million in restructuring costs associated with right-sizing the organisation's employee base.
- $0.3 million in professional fees and other expenses relating to transformation projects.
- The above items 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).

(c) Review of operations (continued)

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%[6] (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.

(d) 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.

(e) Events subsequent to balance date

Change to Operating Model
On 24 February 2025, McPherson's Limited announced a number of key developments to progress its transition to an outsourced third-party warehousing and logistics route-to-market model, comprising third-party warehousing and pharmacy wholesaling. These key developments include:

- The signing of a sub-lease agreement with Excel Logistics Pty Ltd (Excel) for the Kingsgrove (Sydney) warehouse from 1 March 2025 until the end of the current lease in June 2027. Excel will have access to a portion of the warehouse from 1 March 2025 to 30 June 2025 and will thereafter take full possession from 1 July 2025 to 30 June 2027.

- The appointment of Excel as a third-party logistics provider (3PL). Under the agreement, McPherson's will outsource the warehousing of McPherson's brands for all channels, excluding New Zealand, to Excel.

- Advanced discussions with experienced pharmacy wholesalers for the distribution of McPherson's products to the pharmacy channel within Australia. Clifford Hallam Healthcare Pty Ltd (CH2) has been engaged by McPherson's as a wholesaler for its Fusion Health brand in the health food channel.

As a result of these developments, McPherson's is proposing changes that may impact approximately 65 roles within its warehouse team over the coming months as the transition takes effect. McPherson's 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. These 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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[6] Calculated as net cash flow from operating activities before interest and tax divided by Underlying EBITDA.

(e) Events subsequent to balance date (continued)

Amendment to Financing Facility
On 25 February 2025, as a component of its capital allocation framework review, McPherson's Limited entered into an amendment agreement to reduce its existing debt facility capacity from $47.5 million to $27.5 million. The reduction specifically related to the Company's revolving working capital facility, which has reduced from $45.0 million to $25.0 million. The Company will maintain its $2.5 million documentary facility (covering the Group's bank guarantee and letters of credit requirements) and its overdraft facility of $5.0 million. The reduction in capacity was sought by the Company to right-size the debt facility to match the working capital requirements of the business following the divestment of 'Multix' in June 2024. The Company's reduced debt facility will remain subject to the existing terms and conditions of its facility agreement, including meeting its debt covenants on reporting dates as well as other terms and conditions imposed by its lenders that govern access to the debt facility. The term of the Company's amended debt facility remains unchanged and expires in March 2026.

(f) Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that instrument, all financial information in this Directors' Report and the Financial Report have been rounded to the nearest thousand dollars unless otherwise stated.

(g) Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Signed in accordance with a resolution of the Directors:

Ari Mervis
Chair of the Board
26 February 2025

Brett Charlton
Managing Director
26 February 2025

Auditor's Independence Declaration

As lead auditor for the review of McPherson's Limited for the half-year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of McPherson's Limited and the entities it controlled during the period.

P.J. Carney

Paddy Carney
Partner
PricewaterhouseCoopers

Sydney
26 February 2025

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	Note	Half Year December 2024 $'000	Half Year December 2023[1] $'000
Continuing Operations			
Revenue			
Sales revenue		**70,716**	76,506
Other income		**23**	28
Total revenue and other income		**70,739**	76,534
Expenses			
Materials and consumables		**(29,181)**	(32,037)
Employee costs		**(16,184)**	(18,915)
Advertising and promotions		**(13,782)**	(10,472)
Cartage and freight		**(2,424)**	(2,529)
Third party warehousing		**(399)**	(567)
Rental expenses		**(203)**	(154)
Depreciation		**(2,791)**	(2,714)
Amortisation		**(404)**	(246)
Realisation of Foreign Currency Translation Reserve	2	**1,319**	-
Impairment of intangible asset	9	**(989)**	-
Other expenses		**(7,314)**	(7,203)
Operating (loss) / profit before finance costs and income tax		**(1,613)**	1,697
Interest income		**124**	25
Borrowing costs		**(508)**	(975)
Net finance costs		**(384)**	(950)
(Loss) / profit before income tax from continuing operations		**(1,997)**	747
Income tax benefit / (expense)	6	**462**	(507)
(Loss) / profit for the year after tax from continuing operations		**(1,535)**	240
Discontinued Operations			
Profit from discontinued operations, net of income tax	13	**625**	1,340
(Loss) / profit for the year after tax		**(910)**	1,580
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges		**1,366**	(745)
Realisation of Foreign Currency Translation Reserve	2	**(1,319)**	-
Exchange differences on translation of foreign operations		**11**	64
Income tax (expense) / benefit relating to these items		**(410)**	227
Other comprehensive (expense) / income for the year		**(352)**	(454)
Total comprehensive (expense) / income for the year		**(1,262)**	1,126
Total comprehensive income for the year to owners of McPherson's Limited arises from:			
Continuing operations		**(1,887)**	(214)
Discontinued operations		**625**	1,340
		(1,262)	1,126
Earnings per share		**Cents**	Cents
Basic / diluted (loss) / earnings per share	12	**(0.6)**	1.1
Basic / diluted (loss) / earnings per share from continuing operations	12	**(1.1)**	0.2

The above consolidated statement of comprehensive income should be read in conjunction with the following notes.

[1] The December 2023 comparative numbers of the Group have been restated to show the discontinued operations separately from the continuing operation

	Note	31 December 2024 $'000	30 June 2024 $'000
Current assets			
Cash and cash equivalents		**11,723**	24,769
Trade and other receivables		**23,435**	24,002
Inventories	7	**21,876**	25,663
Derivative financial instruments	3	**1,136**	100
Current tax receivable		**783**	524
Other assets	8	**935**	721
Total current assets		**59,888**	75,779
Non-current assets			
Property, plant and equipment		**5,591**	5,966
Right-of-use assets		**7,776**	8,510
Intangible assets	9	**54,664**	54,498
Other assets	8	**1,489**	2,148
Total non-current assets		**69,520**	71,122
Total assets		**129,408**	146,901
Current liabilities			
Trade and other payables		**23,638**	26,475
Borrowings	10	**83**	10,673
Lease liabilities		**3,450**	3,400
Provisions		**4,673**	5,795
Derivative financial instruments	3	**13**	387
Total current liabilities		**31,857**	46,730
Non-current liabilities			
Lease liabilities		**4,685**	5,564
Provisions		**1,393**	1,435
Deferred tax liabilities		**3,326**	3,535
Total non-current liabilities		**9,404**	10,534
Total liabilities		**41,261**	57,264
Net assets		**88,147**	89,637
Equity			
Contributed equity	11	**217,218**	217,218
Reserves		**(2,052)**	(1,472)
Accumulated losses		**(127,019)**	(126,109)
Total equity		**88,147**	89,637

The above consolidated balance sheet should be read in conjunction with the following notes.

	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 30 June 2024	**217,218**	**(1,472)**	**(126,109)**	**89,637**
Loss for the half year	-	-	(910)	(910)
Other comprehensive (expense) / income	-	(352)	-	(352)
Total comprehensive (expense) / income	**-**	**(352)**	**(910)**	**(1,262)**
Share-based payment transactions with employees	-	(228)	-	(228)
Total transactions with employees	**-**	**(228)**	**-**	**(228)**
Balance at 31 December 2024	**217,218**	**(2,052)**	**(127,019)**	**88,147**

	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 30 June 2023	**217,218**	**(1,966)**	**(105,800)**	**109,452**
Profit for the half year	-	-	1,580	1,580
Other comprehensive (expense) / income	-	(454)	-	(454)
Total comprehensive (expense) /income	**-**	**(454)**	**1,580**	**1,126**
Transactions with shareholders				
Dividends provided for or paid	-	-	(1,439)	(1,439)
Share-based payment transactions with employees	-	319	-	319
Total transactions with shareholders	**-**	**319**	**(1,439)**	**(1,120)**
Balance at 31 December 2023	**217,218**	**(2,101)**	**(105,659)**	**109,458**

The above consolidated statement of changes in equity should be read in conjunction with the following notes.

	Note	**Half Year December 2024 $'000**	Half Year December 2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**81,750**	109,887
Payments to suppliers and employees (inclusive of GST)		**(79,014)**	(100,767)
Interest received		**124**	25
Interest and borrowing costs paid		**(390)**	(1,001)
Income tax paid		**(694)**	(1,739)
Net cash inflows from operating activities		**1,776**	6,405
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		**(639)**	(635)
Payments for purchase of intangible assets		**(1,628)**	3
Net cash outflows from investing activities		**(2,267)**	(632)
Cash flows from financing activities			
Proceeds from borrowings		**-**	12,497
Repayment of borrowings		**(10,691)**	(12,000)
Repayment of leases liabilities		**(1,873)**	(1,797)
Dividends paid	5	**-**	(1,439)
Net cash outflows from financing activities		**(12,564)**	(2,739)
Net (decrease) / increase in cash held		**(13,055)**	3,034
Cash at beginning of the half year		**24,769**	7,031
Effects of exchange rate changes		**9**	(3)
Cash and cash equivalents held at end of the half year		**11,723**	10,062

The above consolidated statement of cash flows should be read in conjunction with the following notes.

1. Summary of material accounting policies

McPherson's Limited is a company domiciled in Australia. The consolidated interim financial report for the half year period ended 31 December 2024 comprises McPherson's Limited and the entities it controlled at the end of, or during, the half year period (the "Group").

(a) Basis of Preparation

This interim financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The Group is a for-profit entity for the purpose of preparing the interim financial statements. The report is presented in Australian dollars.

This interim financial report does not include all the notes included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the Annual Report for the year ended 30 June 2024 and the announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period, except for the changes in accounting policies and the adoption of new and amended standards set out hereafter.

The interim financial report has been prepared on the basis of historical cost, except where assets and liabilities are stated at their fair values in accordance with relevant accounting policies.

New and amended standards / interpretations not yet adopted
In July 2024, an IFRS Interpretations Committee's agenda decision was published which clarifies certain requirements for segment reporting disclosures. The agenda decisions do not have an effective date and the Group will continue to evaluate the requirements in this area and assess the impact, and have not adopted it in December 2024.

For other new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Critical accounting estimates and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant is discussed below.

Estimated recoverable amount of goodwill and indefinite life brand names
The Group tests goodwill and indefinite lived brand names annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. In calculating the recoverable amount of these assets, the use of key assumptions is required.

Provision for inventory obsolescence
Inventories are valued at the lower of cost and net realisable value. Estimates are required to be made in relation to the recoverable amount of inventory based on projected sales volumes and sell prices.

2. Material Items

The Group's Consolidated Statement of Comprehensive Income includes the following items that are material because of their nature and size:

31 December 2024	**Expense / (Income) $'000**	**Tax (benefit) / expense $'000**	**Total $'000**
Realisation of Foreign Currency Translation Reserve (FCTR)[1]	**(1,319)**	**84**	**(1,235)**
Restructuring expenses	**463**	**(151)**	**312**
Transformation expenses	**304**	**(91)**	**213**
Brand impairment	**989**	**-**	**989**
Total material items from continuing operations	**437**	**(158)**	**279**
No material items from discontinued operations			

31 December 2023	**Expense / (Income) $'000**	**Tax (benefit) / expense $'000**	**Total $'000**
Restructuring expenses	1,596	(478)	1,118
Change in amortisation period of Exclusive Distribution Agreement (EDA)[2]	611	-	611
Professional fees in relation to ASIC matter[3]	180	(54)	126
Total material items from continued operations	**2,387**	**(532)**	**1,855**
Restructuring expenses	192	(58)	134
Total material items from discontinued operations	**192**	**(58)**	**134**

[1] McPherson's Consumer Products Pte. Ltd (Singapore) was deregistered in the half year ended 31 December 2024. In line with Australian Accounting Standards, the accumulated balance of FCTR is fully realised and recorded in the Consolidated Profit and Loss at the time of deregistration.
[2] In the half year ended 31 December 2023, a revised amortisation period of 5 years to 30 June 2027 (2023: 20-year amortisation period to 30 June 2042) was applied to the EDA on a straight line basis, given the difficulties experienced in accurately forecasting the sales volumes under the agreement.
[3] The professional fees in relation to the ASIC matter will likely be incurred until the matter is resolved.

3. Fair Value Measurement of Financial Instruments

The following financial instruments held by the Group were measured and recognised at fair value at 31 December 2024 and 30 June 2024 on a recurring basis:

	31 December 2024				30 June 2024			
Recurring fair value measurements	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value								
Derivative financial instruments	**-**	**1,136**	**-**	**1,136**	-	100	-	100
Total financial assets at fair value	**-**	**1,136**	**-**	**1,136**	**-**	**100**	**-**	**100**
Financial liabilities at fair value								
Derivative financial instruments	**-**	**(13)**	**-**	**(13)**	-	(387)	-	(387)
Total financial liabilities at fair value	**-**	**(13)**	**-**	**(13)**	**-**	**(387)**	**-**	**(387)**

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Group holds level 2 instruments as at 31 December 2024.

Level 2 instruments
The fair value of the derivative financial instruments is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. The fair value of forward exchange and option contracts is determined using forward exchange market rates at the end of the reporting period.

4. Segment Information

Operating segments are reported in a manner which is consistent with the internal reporting provided to the chief operating decision makers. The Chief Operating Decision Maker has been identified as the CEO and Managing Director of McPherson's Limited.

The internal reports reviewed by the Chief Operating Decision Maker, which are used to make strategic decisions, are presented in two operating segments:

- Australia and New Zealand (ANZ); and
- International.

The Group's financing (including finance costs, finance income and other income) and income taxes are managed on a Group basis and are not allocated to operating segments. Assets and liabilities are reported on a consolidated level to the Group's Chief Operating Decision Maker.

Segment revenues
Segment revenues are allocated based on the location in which the customer is located. Sales between segments are eliminated on consolidation.

Revenues from continuing operations of approximately $31,925,000 (2024: $38,604,000) were derived from one (2024: two) external customer, which individually amount to 10% or more of the Group's revenue. These revenues were attributable to the Australia and New Zealand segment.

4. Segment Information (continued)

Segment results

	Australia and New Zealand $'000	International $'000	Corporate $'000	Consolidated $'000	Less: Discontinued Operations $'000	Continuing Operations $'000
31 December 2024						
Sales to external customers	70,262	1,853	-	72,115	1,399	70,716
Total sales revenue	**70,262**	**1,853**	**-**	**72,115**	**1,399**	**70,716**
Other income	-	15	8	23	-	23
Total segment revenue and other income (excluding interest)	**70,262**	**1,868**	**8**	**72,138**	**1,399**	**70,739**
EBITDA / (LBITDA) before material items	**5,753**	**(796)**	**(2,054)**	**2,903**	**884**	**2,019**
Depreciation and amortisation expense	(2,958)	(68)	(169)	(3,195)	-	(3,195)
Segment EBIT / (LBIT) before material items	**2,795**	**(864)**	**(2,223)**	**(292)**	**884**	**(1,176)**
Material items before tax and borrowing costs	(2,110)	(18)	1,691	(437)	-	(437)
Segment EBIT / (LBIT) including material items	**685**	**(882)**	**(532)**	**(729)**	**884**	**(1,613)**
Interest income				124	-	124
Borrowing costs				(508)	-	(508)
(Loss) / profit before income tax				**(1,113)**	**884**	**(1,997)**
Income tax benefit / (expense)				203	(259)	462
(Loss) / profit after income tax				**(910)**	**625**	**(1,535)**

Assets are reported on a consolidated level to the Group's Chief Operating Decision Maker.

4. Segment Information (continued)

Segment results (continued)

	Australia and New Zealand $'000	International $'000	Corporate $'000	Consolidated $'000	Less: Discontinued Operations $'000	Continuing Operations $'000
31 December 2023						
Sales to external customers	100,030	3,368	-	103,398	26,891	76,506
Total sales revenue	**100,030**	**3,368**	**-**	**103,398**	**26,891**	**76,506**
Other income	-	28	-	28	-	28
Total segment revenue and other income (excluding interest)	**100,030**	**3,396**	**-**	**103,426**	**26,891**	**76,534**
EBITDA / (LBITDA) before material items	**11,766**	**(223)**	**(2,392)**	**9,151**	**2,107**	**7,044**
Depreciation and amortisation expense	(2,710)	(81)	(169)	(2,960)	-	(2,960)
Segment EBIT / (LBIT) before material items	**9,056**	**(304)**	**(2,561)**	**6,191**	**2,107**	**4,084**
Material items before tax and borrowing costs	(2,251)	-	(328)	(2,579)	(192)	(2,387)
Segment EBIT / (LBIT) including material items	**6,805**	**(304)**	**(2,889)**	**3,612**	**1,915**	**1,697**
Interest income				25	-	25
Borrowing costs				(975)	-	(975)
Profit before income tax				**2,662**	**1,915**	**747**
Income tax expense				(1,082)	(575)	(507)
Profit after income tax				**1,580**	**1,340**	**240**

Assets are reported on a consolidated level to the Group's Chief Operating Decision Maker.

5. Dividends

Details of dividends paid or declared in respect of the current financial period are as follows:

	Half Year December 2024 $'000	Half Year December 2023 $'000
Ordinary No final dividend was paid for the financial year ended 30 June 2024 (2023: 1.0 cent per fully paid share)	**-**	1,439
Dividends not recognised at the end of the half year No interim dividend was declared for the half year ended 31 December 2024 (2023: 2.0 cents per fully paid share)	**-**	2,879
Franked Dividends Franked dividends paid after 31 December 2024 will be franked out of existing franking credits. Franking credits available for subsequent reporting periods based on a tax rate of 30% amount to:	**17,620**	18,949

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the reporting period.

6. Income Tax

	Half Year December 2024 $'000	Half Year December 2023 $'000
(Loss) / profit from continuing operations before income tax expense	**(1,997)**	747
Profit from discontinued operations before income tax expense	**884**	1,915
	(1,113)	2,662
Prima facie income tax (benefit) / expense at 30%	**(334)**	799
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Tax rate differences in overseas entities	**11**	(31)
Share-based payments (write back) / expense	**(69)**	96
Under / (over) provision in prior periods	**57**	9
Amortisation of contract asset and inventory prepayment	**133**	301
Realised foreign currency gain not taxable	**(312)**	-
Impairment of brand name	**297**	-
Other	**14**	(92)
Income tax (benefit) / expense	**(203)**	1,082
Income tax (benefit) / expense is attributable to:		
(Loss) / profit from continuing operations	**(462)**	507
(Loss) / profit from discontinued operations	**259**	575
Income tax (benefit) / expense	**(203)**	1,082

7. Inventories

	31 December 2024 $'000	30 June 2024 $'000
Raw materials	2,012	2,670
Finished goods	24,284	30,029
Total inventories	**26,296**	**32,699**
Provision for inventory obsolescence	(4,420)	(7,036)
Total inventories, net of obsolescence provision	**21,876**	**25,663**

8. Other assets

	31 December 2024 $'000	30 June 2024 $'000
Preferred Brand Agreement – current	935	721
Preferred Brand Agreement – non-current	1,489	2,148
Total other assets	**2,424**	2,869

The PBA contract asset is being amortised to the income statement, as a decrease in revenue corresponding to the run rate of sales benefitting from the agreement, over the initial five-year term of the agreement. While three five-year options exist to renew the PBA, these options are exercisable at Chemist Warehouse's discretion. Consequently, this asset is being amortised over the initial five-year term. The key assumptions used in assessing the recoverability of the PBA asset are the sales growth rates and the discount rate.

9. Intangible Assets

	31 December 2024 $'000	30 June 2024 $'000
Goodwill	23,729	23,729
Brand names	26,722	27,711
Customer relationships	2,700	2,700
Accumulated amortisation	(1,378)	(1,211)
Total customer relationships	**1,322**	1,489
Other intangibles	11,072	10,075
Accumulated amortisation	(8,181)	(8,506)
Total other intangibles	**2,891**	1,569
Total intangibles	**54,664**	54,498

9. Intangible Assets (continued)

Reconciliations
Reconciliations of the carrying amounts of each class of intangible assets at the beginning and end of the half year are set out below:

	Goodwill $'000	Brand names $'000	Customer relationships $'000	Other intangibles $'000	Total $'000
Carrying amount at 30 June 2024	**23,729**	**27,711**	**1,489**	**1,569**	**54,498**
Additions	-	-	-	1,559	1,559
Amortisation charge	-	-	(167)	(237)	(404)
Impairment charge	-	(989)	-	-	(989)
Carrying amount at 31 December 2024	**23,729**	**26,722**	**1,322**	**2,891**	**54,664**

Acquired brand names are not amortised under AASB 138 *Intangible Assets*, as the Directors consider these to have an indefinite life. The brand names are subject to an annual impairment test.

Acquired customer relationships are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis over their estimated useful lives of 8 years.

Impairment testing

Goodwill
Goodwill is allocated to the following cash generating units:

	31 December 2024 $'000	30 June 2024 $'000
Australia and New Zealand (ANZ)	**23,729**	23,729

Key assumptions used
The Group tests whether goodwill has suffered any impairment in accordance with the Group's accounting policies. For the reporting period ended 31 December 2024, the recoverable amount of the cash-generating units (CGUs) has been determined using a Fair Value less Costs of Disposal (FVLCD) approach based on a five-year projection period. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. The FVLCD valuation approach is considered to be a more appropriate representation of fair value given the state of transformation in progress.

The following assumptions were used in the 2024 FVLCD calculation (2023: FVLCD calculation):

- EBIT growth rates as per the 5-year plan approved by the Board (consistent approach with the previous financial year). The 5-year plan takes into account past performance, the impact of transformation activities and management's expectations of market development;
- 21.8% pre-tax discount rate (FY24: 18.4%) estimated using the Capital Asset Pricing Model (CAPM) and reflecting the risks specific to the CGU;
- 2.5% terminal growth rate (FY24: 2.5%) based on the Reserve Bank of Australia's long-term target inflation rate; and
- 2% costs of disposal (FY24: 2%) estimated based on the company's experience with disposal of assets.

As at 31 December 2024, the FVLCD calculation for the ANZ CGU exceeded the carrying value of its net assets. The surplus amount for the ANZ CGU is $14,795,000 (30 June 2024: ANZ CGU surplus is $16,564,000).

Impairment charge
No goodwill impairment charge was recognised at 31 December 2024 (FY24: nil).

Impact of reasonably possible changes in key assumptions
If the projected EBIT of the ANZ CGU declined by 20% below current estimates, an impairment charge of $3.0 million would arise for the ANZ Goodwill.

9. Intangible Assets (continued)

Brand names

Brand names are tested for impairment on an individual basis annually, and more frequently if events or changes in circumstances indicate that they might be impaired. The recoverable amount of a brand name is determined using a FVLCD approach. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

The FVLCD calculations are prepared using the relief from royalty analysis. Each analysis calculates the future net contribution expected to be generated by the brand, which is based on the latest Board approved 5-year plan. The selected royalty rates consider (a) royalty rate benchmarking sourced from third-party databases as well as (b) recent and forecasted EBIT by brand.

The carrying values of the purchased brand names are:

	31 December 2024 $'000	30 June 2024 $'000
Manicare	**9,366**	9,366
Dr. LeWinn's	**5,719**	5,719
Fusion Health	**4,200**	4,200
Swisspers	**4,156**	4,156
Lady Jayne	**1,956**	1,956
Other brand names	**1,325**	2,314
Total brand names	**26,722**	**27,711**

Key assumptions used

The assumptions used in the brand name relief from royalty analysis and the discounted cash flow analysis, are set out below:

31 December 2024						
Brands	**Valuation method**	**Estimated annual sales revenue growth rates**	**Royalty relief rates as % of revenue**	**Terminal year growth rates**	**Post-tax discount rates**	**Pre-tax discount rates**
Manicare	FVLCD	(4.7%)-12.5%	4.5%	2.5%	14.5%	20.0%
Dr. LeWinn's	FVLCD	3.3%-9.9%	3.5%	2.5%	16.0%	22.0%
Fusion Health	FVLCD	2.4%-31.4%	3.8%	2.5%	14.5%	20.0%
Swisspers	FVLCD	(2.0%)-6.9%	2.5%	2.5%	13.0%	17.8%
Lady Jayne	FVLCD	(2.8%)-14.5%	2.5%	2.5%	14.5%	20.0%
Other brand names	FVLCD	(3.7%)-8.1%	2.3%-5.5%	2.5%	14.5%	20.1%

30 June 2024						
Brands	**Valuation method**	**Estimated annual sales revenue growth rates**	**Royalty relief rates as % of revenue**	**Terminal year growth rates**	**Post-tax discount rates**	**Pre-tax discount rates**
Manicare	FVLCD	3.0%–8.0%	7.0%	2.5%	13.5%	18.4%
Dr. LeWinn's	FVLCD	11.7%–18.4%	4.0%	2.5%	15.0%	20.3%
Fusion Health	FVLCD	5.0%–16.4%	4.0%	2.5%	13.5%	18.4%
Swisspers	FVLCD	3.0%–4.9%	2.5%	2.5%	12.0%	16.3%
Lady Jayne	FVLCD	3%–10.2%	3.5%	2.5%	13.5%	18.4%
Other brand names	FVLCD	(1.7%)–13%	0%–7.5%	(4.0%)–2.5%	13.5%	18.3%-18.4%

9. Intangible Assets (continued)

Impairment charge
At 31 December 2024, an impairment charge of $589,000 relating to Revitanail and $400,000 relating to Maseur was recognised. The impairment reflects the trading performance of the brands, and reduced EBIT margins in part reflective of residual costs from the Multix divestment. The valuations for Revitanail and Maseur also reflect an increase in discount rates. No impairment charges were recognised for other brands (total impairment charges for all brands of FY24: $2,761,000).

Impact of reasonably possible changes in key assumptions
If the projected sales by brand were 10.0% below the current estimates, an impairment charge of $0.5 million would arise for Swisspers, and $0.7 million would arise for Dr. LeWinn's.

If the royalty rates by brand were 50 basis points below the current estimates, an impairment charge of $0.9 million would arise for Swisspers, $1.0 million would arise for Dr. LeWinn's and $0.2 million would arise for Fusion Health. An additional impairment charge of $0.1 million would arise for Maseur.

If the projected sales by brand were 10.0% below the current estimates and the royalty rates by brand were 50 basis points below the current estimates, an impairment charge of $1.3 million would arise for Swisspers, $1.5 million would arise for Dr. LeWinn's, and $0.6 million would arise for Fusion Health. An additional impairment charge of $0.2 million would arise for Maseur.

If the discount rates by brand were 100 basis points above the current estimates, an impairment charge of $0.5 million would arise for Swisspers, and $0.6 million for Dr. LeWinn's.

10. Borrowings

	31 December 2024 $'000	30 June 2024 $'000
Bank loan – secured	-	10,000
Debt issue costs	(114)	(215)
Other Borrowings – unsecured	197	888
Total current borrowings	**83**	**10,673**
Total borrowings	**83**	**10,673**

The Group's three-year facility, denominated in Australian dollars, has a facility limit of $47.5 million (2024: $47.5 million) and expires in March 2026. This facility comprises two tranches:

- $45.0 million revolving working capital facility; and
- $2.5 million documentary facility, covering the Group's bank guarantee and letters of credit requirements.

Drawings under the $45.0 million working capital tranche of the facility are required to be backed by eligible trade debtor and eligible inventory assets.

Under the terms of the borrowing facilities, the Group is required to comply with the following key financial covenants:

- Secured leverage ratio must not exceed 2.50 times;
- Interest cover ratio must be at least 3.50 times; and
- Total shareholder funds must not be less than $70,000,000.

As at 31 December 2024, the Company had successfully obtained a waiver for the interest cover ratio requirement. As a condition of the waiver, for the financial year ending 30 June 2025, drawings under the $45.0 million working capital tranche of the facility require year-to-date underlying EBITDA to be materially in line with management estimates.

As at 31 December 2024, the Group was compliant with its debt covenants and the additional condition of the waiver.

In addition to the three-year $47.5 million facility, the Group holds a $5.0 million overdraft facility (2024: $5.0 million).

10. Borrowings (continued)

Maturity profile of the Group's non-derivative financial liabilities
The table below classifies the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

31 December 2024	**Less than 1 year $'000**	**Between 1 & 2 years $'000**	**Between 2 & 3 years $'000**	**Between 4 & 6 years $'000**	**Total Contractual Cash Flows $'000**	**Carrying Amount $'000**
Non-derivatives						
Payables	23,638	-	-	-	**23,638**	**23,638**
Borrowings	197	-	-	-	**197**	**83**
Lease liabilities	3,502	3,084	1,495	207	**8,288**	**8,135**
Total non-derivative financial liabilities	**27,337**	**3,084**	**1,495**	**207**	**32,123**	**31,856**

30 June 2024	Less than 1 year $'000	Between 1 & 2 years $'000	Between 2 & 3 years $'000	Between 4 & 6 years $'000	Total Contractual Cash Flows $'000	Carrying Amount $'000
Non-derivatives						
Payables	26,475	-	-	-	26,475	26,475
Borrowings	11,522	-	-	-	11,522	10,673
Lease liabilities	3,400	2,773	2,678	176	9,028	8,964
Total non-derivative financial liabilities	41,397	2,773	2,678	176	47,025	46,112

11. Contributed Equity

	31 December 2024 $'000	30 June 2024 $'000
Issued and paid up capital		
143,949,141 fully paid ordinary shares (June 2024: 143,949,141)	**217,218**	217,218

12. Earnings Per Share

	Half Year December 2024 Cents	Half Year December 2023 Cents
Basic (loss) / earnings per share	**(0.6)**	1.1
Basic (loss) / earnings per share excluding specific material items	**(0.4)**	2.5
Basic (loss) / earnings per share from continuing operations	**(1.1)**	0.2
Basic (loss) / earnings per share from continuing operations excluding specific material items	**(0.9)**	1.5

The diluted (loss) / earnings per share equals basic (loss) / earnings per share because there are no potential dilutive shares impacting the weighted average number of shares.

13. Discontinued Operations

On 28 June 2024, following a strategic review, McPherson's Limited completed the sale of its Multix brand and inventory to International Consolidated Business Group Pty Ltd, as trustee for the ICBG Unit Trust (ICBG), for $19.2 million (inclusive of post-completion adjustments). McPherson's and ICBG had entered into a transitional services agreement (TSA) under which McPherson's continued to assist ICBG with the transition of 'Multix" to ICBG. The costs incurred in relation to servicing the TSA and the recovery of these costs from ICBG, along with accounting adjustments relating to sales cut off and accruals release, are recorded as discontinued operations for the period ended 31 December 2024.

Financial information relating to the discontinued operation for the period is set out below.

	31 December 2024 $'000	31 December 2023 $'000
Revenue and other income	**1,399**	26,891
Expenses	**(515)**	(24,785)
Profit from operating activities before income tax and material items	**884**	**2,106**
Material items before tax	**-**	(192)
Income tax expense	**(259)**	(574)
Profit after income tax of discontinued operations	**625**	**1,340**
Net cash inflow from operating activities	**1,065**	5,987
Net increase in cash from discontinued operations	**1,065**	5,987
	Cents	Cents
Basic (loss) / earnings per share from discontinued operations	**0.4**	0.9
Diluted (loss) / earnings per share from discontinued operations	**0.4**	0.9

14. Related parties

Transactions with controlled entities

Transactions between McPherson's Limited and its controlled entities in the Group during the half-year consisted of:

- Amounts advanced to and by McPherson's Limited
- Amounts repaid to McPherson's Limited
- Amounts borrowed by McPherson's Limited
- Payment and receipt of interest on certain advances at prevailing rates
- Payment of dividends to McPherson's Limited
- Receipt and payment of tax, rent, management and license fees

Balances and transactions between McPherson's Limited and its controlled entities have been eliminated on consolidation and are not disclosed in this note.

15. Contingent Liabilities

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 Chief Executive Officer and Managing Director in relation to events during the period 30 October 2020 to 1 December 2020. The company is defending these proceedings and has not recognised a provision for the matter in the financial statements because there is no current liability or present obligation. The proceedings have been listed for a final hearing on liability in the Federal Court of Australia to occur commencing on 10 June 2025. Given the current stage of the proceedings, it is not practicable for the company to meaningfully determine a possible outcome or range of outcomes in relation to them for the purposes of disclosing an estimate of any possible financial effect, or an indication of the uncertainties relating to the amount or timing of any possible outflow.

15. Contingent Liabilities (continued)

The Group is subject to claims and litigation during the normal course of its business. The Board has considered matters, which are or may be subject to litigation at 31 December 2024, and is of the opinion that no material liability exists other than specifically provided for in these financial statements.

16. Subsequent Events

Change to Operating Model

On 24 February 2025, McPherson's Limited announced a number of key developments to progress its transition to an outsourced third-party warehousing and logistics route-to-market model, comprising third-party warehousing and pharmacy wholesaling. These key developments include:

- The signing of a sub-lease agreement with Excel Logistics Pty Ltd (Excel) for the Kingsgrove (Sydney) warehouse from 1 March 2025 until the end of the current lease in June 2027. Excel will have access to a portion of the warehouse from 1 March 2025 to 30 June 2025 and will thereafter take full possession from 1 July 2025 to 30 June 2027.

- The appointment of Excel as a third-party logistics provider (3PL). Under the agreement, McPherson's will outsource the warehousing of McPherson's brands for all channels, excluding New Zealand, to Excel.

- Advanced discussions with experienced pharmacy wholesalers for the distribution of McPherson's products to the pharmacy channel within Australia. Clifford Hallam Healthcare Pty Ltd (CH2) has been engaged by McPherson's as a wholesaler for its Fusion Health brand in the health food channel.

As a result of these developments, McPherson's is proposing changes that may impact approximately 65 roles within its warehouse team over the coming months as the transition takes effect. McPherson's 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. These include redundancy and implementation costs, and non-cash write downs of right-of-use assets associated with the head lease and warehousing equipment.

Amendment to Financing Facility

On 25 February 2025, as a component of its capital allocation framework review, McPherson's Limited entered into an amendment agreement to reduce its existing debt facility capacity from $47.5 million to $27.5 million. The reduction specifically related to the Company's revolving working capital facility, which has reduced from $45.0 million to $25.0 million. The Company will maintain its $2.5 million documentary facility (covering the Group's bank guarantee and letters of credit requirements) and its overdraft facility of $5.0 million. The reduction in capacity was sought by the Company to right-size the debt facility to match the working capital requirements of the business following the divestment of 'Multix' in June 2024. The Company's reduced debt facility will remain subject to the existing terms and conditions of its facility agreement, including meeting its debt covenants on reporting dates as well as other terms and conditions imposed by its lenders that govern access to the debt facility. The term of the Company's amended debt facility remains unchanged and expires in March 2026.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 9 to 25 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half year ended on that date; and

(b) there are reasonable grounds to believe that McPherson's Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Ari Mervis
Chair of the Board
26 February 2025

Brett Charlton
Managing Director
26 February 2025

Independent auditor's review report to the members of McPherson's Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of McPherson's Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Consolidated Balance Sheet as at 31 December 2024, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, selected explanatory notes and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of McPherson's Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report, in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

P.J. Carney

Paddy Carney
Partner

Sydney
26 February 2025