McBride plc
(‘McBride’ or the ‘Group’)

Strong first half performance underpinned by continued consumer shift to private label

Full year profit expectations raised

27 February 2024

McBride, the leading European manufacturer and supplier of private label and contract manufactured products for the domestic household and professional cleaning/hygiene markets, announces its unaudited interim results for the six months ended 31 December 2023 (the ‘period’).

Improved profitability, underpinned by continued volume growth

- Ongoing consumer and retailer shift to high-quality private label products supported further growth across the Group
- Total volume growth of 6.4%, with private label volumes increasing by 10.1%, taking further market share in a rising private label market
- Encouraging volume progress in strategic focus areas of Germany and laundry, growing 10.5% and 9.8% respectively, ahead of overall market
- Strong operational delivery supporting higher volumes, together with the impact of prior year pricing actions and raw material input costs stability driving margin recovery
- Profitable performance across all five divisions
- Transformation programme on track to deliver target of £50m net benefits over five years
- Group formally committed to the Science Based Targets initiative (SBTi) in December 2023 as part of its wider sustainability agenda

Financial highlights

- Group revenue of £468.0m (2022: £426.3m), up 9.8% (9.9% at constant currency(1))
- Adjusted operating profit(2) of £30.5m (2022: loss of £1.3m)
- Adjusted profit before taxation(2) of £22.4m (2022: loss of £7.9m)
- Profit before taxation of £17.4m (2022: loss of £20.0m)
- Net debt(2) decreased to £145.7m (30 June 2023: £166.5m), liquidity increased to £85.0m (30 June 2023: £59.3m)
- Negotiated termination of the 'upside sharing' mechanism announced on 25 October 2023

Optimistic outlook underpinned by strong market dynamics

- Demand levels in early months of 2024 in line with the first half; favourable trends for private label markets expected to continue throughout 2024
- New contract wins expected to start deliveries in the second half of 2024
- Inflationary pressures remain, especially relating to employment, general supplies, financing costs and energy; geopolitical tensions create further inflationary and supply chain risks
- Full year adjusted operating profit now expected to be 10-15% ahead of previous internal expectations
- Net debt/adjusted EBITDA(2) now expected to be below 2x by 30 June 2024

Chris Smith, Chief Executive Officer, commented:

"McBride has continued with its positive momentum in the first half of this financial year. It is pleasing to see all five divisions continuing to grow on a constant currency basis, supporting our customers with high-quality products to meet the consumer shift to private label. This strong

performance is a result of the commitment across all the business teams to provide our customers with highest quality, best value products and the strongest innovation options in the sector.

Our focus on operational delivery will see our second half year deliver ahead of our plan with full year adjusted operating profit now expected to be 10-15% ahead of previous internal expectations.

As we progress our Transformation programme, with specific initiatives to enhance McBride's capabilities and tools for the future, we remain focused on performance delivery today. This focus, together with our continued drive to reduce debt levels, will ensure McBride is well positioned to achieve further progress in the near and medium term and we look to the future with confidence."

£m unless otherwise stated	**Half year to 31 Dec 2023**	Half year to 31 Dec 2022	Reported change	Constant currency change[1]
Group revenue	**468.0**	426.3	9.8%	9.9%
Adjusted operating profit/(loss)[2]	**30.5**	(1.3)	31.8	32.0
Operating profit/(loss)	**29.5**	(2.6)	32.1	
Adjusted profit/(loss) before taxation[2]	**22.4**	(7.9)	30.3	
Profit/(loss) before taxation	**17.4**	(20.0)	37.4	
Adjusted diluted earnings/(loss) per share[3]	**9.1p**	(4.2)p	13.3p	
Diluted earnings/(loss) per share	**7.0p**	(9.7)p	16.7p	
Net debt	**145.7**	169.4	(23.7)	
Adjusted return on capital employed[2]	**22.8%**	(5.5)%	28.3ppts	

[1]Comparatives translated at six months to 31 December 2023 exchange rates.
[2]Refer to note 2 for definition.
[3]See note 6.

Analyst and investor presentation

A presentation for analysts and investors will be held at 10.00am today at the office of Instinctif Partners.

Capital Markets Day

McBride will be hosting a Capital Markets Day for analysts and investors at 11.00am on Wednesday 13 March 2024 at the office of Instinctif Partners. To register your interest, please contact McBride@instinctif.com.

McBride plc 0161 203 7401
Chris Smith, Chief Executive Officer
Mark Strickland, Chief Financial Officer

Instinctif Partners 0207 457 2020
Guy Scarborough
Vivian Lai

Overall business performance

McBride delivered a much-improved performance for the first six months of the financial year, with all divisions profitable. At a Group level, revenue increased 9.8% to £468.0 million, with profit before taxation of £17.4 million (2022: loss of £20.0m).

The Group has built on the momentum in the second half of the last financial year with the current period benefitting from continued strong demand for McBride's high-quality private label products, as retailers look to support their customers as they continue to transition to better quality products to mitigate cost-of-living pressures. Private label share in the overall household cleaning products market in Europe is estimated to have risen to c.35% by volume, up over 4ppts since 2021. In the period, McBride private label volumes are up 10.1%. In its core strategic focus areas of Germany and laundry, McBride achieved pleasing volume growth of 10.5% and 9.8% respectively. The Group's ability to deliver its strong private label performance continues to be driven by several key factors. The execution of McBride's strategy to embed specialism and focus in the divisional teams, together with a commitment to improving customer service levels and maintaining consistent product quality, has strengthened McBride's position as a supplier of choice and led to further contract wins.

Gross margin continued to recover as a result of pricing actions implemented in the last financial year, helping to offset the input cost inflation seen by the business in previous periods. During the period, raw material input costs remained relatively stable but inflationary pressures remain from employment, general supplies, energy and financing costs. The Group continues to monitor closely risks from global supply chain volatility arising from geopolitical tensions.

Service levels on customer deliveries have significantly improved year on year, following a series of targeted improvement areas, including supply route and carrier changes. Additionally, physical changes to the business' current warehouse network have been successfully completed and a review is in progress to ensure future alignment to strategic growth plans.

Reducing levels of debt is a key priority for the business and further progress was made in the period with net debt £20.8 million lower at £145.7 million. This reduction resulted from improved profit levels and good operating capital management.

McBride's Transformation agenda is progressing at pace, targeting £50 million net benefits over the next five years. The programme is being led by a standalone team to ensure successful execution of its objectives. The implementation of the Commercial Excellence, Service Excellence and SAP programmes in particular will be key factors in driving McBride's future success.

Outlook

The early part of the second half of the financial year has seen demand levels continue in line with trends seen in the first six months, and the Group expects to see the favourable trends for private label markets continue throughout 2024. In addition, a number of new contract wins are expected to commence during the next six months, adding further volumes. As a result the Group now expects full year adjusted operating profit to be ahead of previous internal expectations by 10-15%.

The rampant inflation seen in recent years is not expected to return at this stage, therefore the Group expects input costs to remain stable for the coming period. However, geopolitical tensions could present further inflationary and supply chain risks.

The Group now anticipates that net debt/adjusted EBITDA(1) will be below 2x by 30 June 2024.

(1)Refer to note 2 for definition.

Divisional performance review

Revenue	**Half year to 31 Dec 2023 £m**	Half year to 31 Dec 2022 £m	Reported change %	Constant currency change %
Liquids	**266.4**	237.7	12.1%	11.8%
Unit Dosing	**116.5**	111.4	4.6%	4.5%
Powders	**47.2**	42.7	10.5%	10.5%
Aerosols	**25.4**	21.3	19.2%	19.2%
Asia Pacific	**12.5**	13.2	(5.3)%	4.2%
Group	**468.0**	426.3	9.8%	9.9%

Adjusted operating profit/(loss)	**Half year to 31 Dec 2023 £m**	Half year to 31 Dec 2022 £m	Reported change £m	Constant currency change £m
Liquids	**22.8**	0.2	22.6	22.7
Unit Dosing	**7.9**	2.2	5.7	5.4
Powders	**3.2**	(1.2)	4.4	4.5
Aerosols	**0.5**	—	0.5	0.6
Asia Pacific	**0.7**	0.8	(0.1)	(0.1)
Corporate	**(4.6)**	(3.3)	(1.3)	(1.1)
Group	**30.5**	(1.3)	31.8	32.0

Liquids performance review

Liquids revenue grew by 11.8% on a constant currency basis, driven by private label volumes, which were up 10.7%. Strong demand for private label continues to be driven by consumers switching from branded products to high-quality private label products. This positive performance was also supported by net contract wins secured in the last financial year, particularly in the German market. Laundry and dishwash maintained good momentum reporting revenue growth of 20.0% and 11.1% respectively.

The division delivered an adjusted operating profit of £22.8 million, which was £22.7 million higher on a constant currency basis, mostly as a result of volume growth and supported by improved margins as the business benefitted from the effect of last year's pricing actions agreed with customers.

Service levels continued to improve, which aligned with retailers' primary focus on consistent supply and product availability.

Unit Dosing performance review

Unit Dosing revenue increased 4.5% on a constant currency basis to £116.5 million, supported in particular by volume growth in dishwash. Private label volume growth of 7.4% was partly offset by a reduction in contract manufacturing volumes. The division generated an adjusting operating profit of £7.9 million, an increase of £5.7 million compared to the prior year period.

The division made significant investments to deliver new product launches in the period, in addition to investing in new product launches anticipated for the first half of the next financial year. Furthermore, capacity increases for dishwasher tablets and laundry capsules are scheduled to go on stream in the second half of the current financial year, supporting growth and service improvements for specific product formats, in line with consumer demand.

The division will continue to focus on meeting the trend for higher doses per consumer unit with new product launches focusing on compacted products and leveraging sustainable packaging.

Powders performance review

Powders revenue grew by 10.5% on a constant currency basis to £47.2 million, with adjusted operating profit of £3.2 million (2022: loss of £1.2m).

In the period, Powders saw a decline in private label sales as a result of a sole supply account moving to dual supply, but these volumes were compensated by improved sales to contract manufacturing, primarily in the professional cleaning sector. Total volumes were lower in the period, but the impact of prior year pricing actions resulted in revenue growth.

While the market remains competitive, Powders' performance demonstrates the effectiveness of the division's strategy and its ability to adapt to customers' needs. Powders continues to be well placed to deliver volume growth and remains focused on achieving further efficiencies to offset potential cost inflation.

Aerosols performance review

Aerosols revenue grew by 19.2% on a constant currency basis to £25.4 million, making it McBride's fastest growing division. The division delivered an adjusted operating profit in the period of £0.5 million (2022: £nil).

This positive performance was driven by accelerating growth in Germany and Iberia with several tender wins. Within the division, private label and personal care were top performers, with private label sales increasing by 27.8%. The division also introduced several innovative changes to its packaging and formulations, which improved cost efficiency and made its products more sustainable.

Aerosols remains committed to building on its existing strong relationships with customers and continuing to drive operational excellence.

Asia Pacific performance review

Asia Pacific saw revenue increase by 4.2% on a constant currency basis to £12.5 million. The division delivered adjusted operating profit of £0.7 million (2022: £0.8m).

Expanding volumes through the new site in Malaysia is the key priority for the business. In the period, the local team has engaged positively with new contract manufacturing customers and successfully launched a number of new products in Malaysia. The team is in discussions with several new partners in Vietnam and also delivered its first household cleaning products in the Australian market.

Group operating results

Operating profit of £29.5 million was a significant improvement on the prior year (2022: loss of £2.6m). Adjusted operating profit of £30.5 million was also significantly better than the prior year (2022: loss of £1.3m), whilst the adjusted operating profit margin increased to 6.5% (2022: (0.3)%).

Group EBITDA

Half-year adjusted EBITDA[1] of £40.9 million (2022: £8.8m) reflected the Group's strong trading performance.

	Half year to 31 Dec 2023 £m	Half year to 31 Dec 2022 £m	Year ended 30 Jun 2023 £m
Operating profit/(loss)	**29.5**	(2.6)	10.3
Exceptional items in operating profit/(loss) (note 4)	**—**	—	0.8
Amortisation of intangibles (note 8)	**1.0**	1.3	2.4
Adjusted operating profit/(loss)	**30.5**	(1.3)	13.5
Depreciation of property, plant and equipment (note 8)	**8.6**	8.2	16.8
Depreciation of right-of-use assets (note 8)	**1.8**	1.9	3.8
Adjusted EBITDA	**40.9**	8.8	34.1

[1]Definition and reconciliation provided in note 16.

Exceptional items

Total exceptional items of £4.0 million were charged to finance costs during the period (2022: £10.8m). The costs in the period relate to the Group's financing confirmation, with the largest driver being £3.5 million of finance costs recognised in October 2023 when the Group agreed with its lender group an early settlement of the upside sharing mechanism. Costs incurred in the prior period related to the independent business review and refinancing of the Revolving Credit Facility (RCF).

Finance costs

At £8.1 million, adjusted finance costs[1] were £1.5 million higher than the prior period (2022: £6.6m), driven by revised terms under the Group's RCF agreement announced on 29 September 2022 and increases to market interest rates.

[1]Total finance costs less finance costs relating to exceptional items.

Taxation

Reported profit before taxation is £17.4 million (2022: loss of £20.0m). Adjusted profit before taxation is £22.4 million (2022: loss of £7.9m). The tax charge on adjusted profit before taxation for the year is £6.0 million (2022: £0.7m credit) and the effective tax rate is 27% (2022: 9%).

The total tax charge is £4.7 million (2022: £3.2m credit) and the statutory effective tax rate for the period is 27% (2022: 16%).

Earnings per share

On an adjusted basis, basic earnings per share was 9.5 pence (2022: loss of 4.2p). Total adjusted diluted earnings per share was 9.1 pence (2022: loss of 4.2p), with basic earnings per share at 7.3 pence (2022: loss of 9.7p).

Payments to shareholders

Under the amended terms of the RCF, McBride plc may not, except with the consent of its lender group, declare, make or pay any dividend or distribution to its shareholders prior to an 'exit event', being a change of control; refinancing of the RCF in full; prepayment and cancellation of the RCF in full; or upon the termination date of the RCF, being May 2026. Hence, the Board is not recommending an interim dividend for the period.

Cash flow and balance sheet

	Half year to 31 Dec 2023 £m	Half year to 31 Dec 2022 £m	Year ended 30 Jun 2023 £m
Adjusted EBITDA	**40.9**	8.8	34.1
Working capital excluding provisions and pensions	**8.6**	12.2	7.1
Share-based payments and loss on disposal of property, plant and equipment	**0.9**	0.5	0.8
Non-exceptional impairment of property, plant and equipment	**0.2**	—	—
Pension deficit reduction contributions	**(2.0)**	(2.0)	(4.0)
Free cash flow[(1)]	**48.6**	19.5	38.0
Exceptional items	**(0.5)**	(0.8)	(1.4)
Interest on borrowings and lease liabilities less interest receivable	**(6.2)**	(3.6)	(11.4)
Refinancing costs paid	**(5.6)**	(10.6)	(12.3)
Taxation (paid)/received	**(2.6)**	0.1	(1.8)
Net cash generated from operating activities	**33.7**	4.6	11.1
Net capital expenditure[(2)]	**(10.5)**	(6.8)	(16.3)
Debt financing activities	**(10.4)**	5.3	2.6
Settlement of derivatives	**(0.4)**	(0.1)	0.4
Net increase/(decrease) in cash and cash equivalents	**12.4**	3.0	(2.2)

Free cash flow in the period was £48.6 million (2022: £19.5m).

Working capital inflows of £8.6 million (2022: £12.2m) remained strong as the Group continued its focus on working capital management.

During the period, net capital expenditure was £10.5 million (2022: £6.8m) in cash terms. The increase has resulted from the easing of restrictions on cash outflows that was required to manage liquidity in recent years. The Group continues to prioritise capital expenditure to underpin its strategy of focused investment in growth categories.

The Group's net assets increased to £43.6 million (30 June 2023: £37.1m). Gearing[(3)] decreased to 74% (30 June 2023: 78%) as net debt levels reduced significantly. Adjusted return on capital employed of 22.8% was higher than the prior year (2022: (5.5)%) driven by the significant improvement in profitability.

[(1)]Refer to note 16 for definition.
[(2)] Net capital expenditure is capital expenditure including capital payments on lease liabilities less proceeds from sale of fixed assets.
[(3)]Gearing represents net debt divided by the average of current and prior year year-end capital, being total equity plus net debt.

Bank facilities and net debt

Net debt at 31 December 2023 was £20.8 million lower than the prior year end at £145.7 million (30 June 2023: £166.5m).

Throughout the period, the Group had a €175 million multi-currency, sustainability-linked RCF. This facility ensures the Group continues to have significant levels of liquidity headroom.

At 31 December 2023, liquidity[(1)] was £85.0 million (30 June 2023: £59.3m). Liquidity throughout the period remained comfortably above the RCF's minimum liquidity covenant of £15 million.

At 31 December 2023, the net debt cover ratio as defined under the RCF funding arrangements was 1.2x (30 June 2023: 2.9x) and the interest cover was 4.7x (30 June 2023: 2.7x). The amount undrawn on the facility was €73.9 million (30 June 2023: €46.7m).

At 31 December 2023, the Group had a number of facilities whereby it could borrow against certain of its trade receivables. In the UK, the Group had a £20 million facility, committed until May 2026. In Germany, the Group had a €40 million facility, committed until May 2026. In France, Belgium and Spain, the Group had an unlimited facility, committed until May 2026. The Group can borrow from the provider of the relevant facility up to the lower of the facility limit and the value of the receivables.

(1)Refer to note 2 for definition.

Pensions

In the UK, the Group operates a defined benefit pension scheme, which is closed to new members and future accrual.

The deficit in the Robert McBride Pension Fund ('the Fund') increased during the period to £30.6 million (30 June 2023: £24.7m). The main driver of the movement was a significant reduction in corporate bond yields. This led to a decrease in the discount rate used to value the Fund's liabilities, which in turn led to an increase in the value of the liabilities. This was partially offset by positive asset returns, the Group's deficit reduction contributions of £2.0 million and a decrease in the assumption used for future inflation.

Following the triennial valuation at 31 March 2021, the Group and Trustee agreed a new deficit reduction plan based on the scheme funding deficit of £48.4 million. The current level of deficit contributions of £4.0 million per annum is payable until 31 March 2028.

Separately, the Group has agreed that, from 1 October 2024, conditional profit-related contributions of £1.7 million per annum may be paid over the period to 31 March 2028. If adjusted operating profit exceeds £35 million, additional annual deficit contributions of £1.7 million will be due over the following year. If adjusted operating profit is below £30 million then no profit-related contributions will be due in the following year. If reported adjusted operating profit is between £31 million and £35 million, a proportion of the £1.7 million contribution will be due over the following year, with incremental increases of £0.34 million of additional contributions for each whole £1 million of adjusted operating profit in excess of £30 million. Finally, the Group has agreed to make additional contributions such that the total deficit contributions in any year match the value of any dividends paid in that same year. The funding arrangements and recovery plan will be reviewed by the Group and Trustee as part of the 31 March 2024 valuation.

The Group has other post-employment benefit obligations outside the UK that amounted to £2.0 million (30 June 2023: £1.9m).

Environmental, social and governance (ESG)

McBride works to integrate the principles of long-term environmental and social sustainability within its business strategy. The approach to sustainability is underpinned by an analysis of the ESG issues that are most relevant and important in the context of McBride's business activities. The Group recognises it must tackle climate change to remain viable and, as such, places ESG issues at the core of its approach to sustainability.

McBride continues to report progress via an ESG dashboard and deliver on the 2025 targets for operations and product sustainability. The Group continues to make progress on improving energy efficiency, reducing waste to landfill and increasing the proportion of renewable electricity used in its operations.

McBride's corporate carbon footprint has been measured for three consecutive years covering Scope 1, 2 and 3 emissions. During the period, the Group has established science-based targets and formally committed to the Science Based Target initiative (SBTi). These targets will guide efforts and ensure McBride's actions are aligned to the latest scientific understanding on climate change.

Key initiatives undertaken in the period to support the goal of creating a positive social impact for colleagues, stakeholders and local communities have been:

- running diversity, equity and inclusion workshops for senior leaders across the business;
- inviting all European colleagues to provide their feedback in an engagement survey;
- building programmes of social activities in all locations; and
- launching the ‘McBride Gives’ volunteering scheme in Poland.

During the period, McBride has also started its journey toward compliance with the forthcoming EU Corporate Sustainability Due Diligence Directive (CSDDD). The Group is building internal cross-functional alignment and understanding of CSDDD requirements and what this means for McBride and its supply chains. The aim is to achieve clarity on the high-level ESG risks and impacts that are the most significant to supply chains, and to carry out targeted supplier risk assessment and engagement. In relation to potential social and environmental issues known to affect specific raw material supply chains, McBride will conduct a deeper-dive risk assessment and due diligence. The results of such risk assessments and supplier screenings will be integrated into existing supplier management systems and processes.

Principal risks and uncertainties

The Group is subject to risk factors both internal and external to its business and has a well-established set of risk management procedures. The risks and uncertainties that the Directors believe could have the most significant impact on the Group’s business are:

- changing market, customer and consumer dynamics;
- disruptions to systems and processes;
- financing risks;
- supply chain resilience;
- safe and high-quality products;
- health and safety;
- climate change and environmental concerns;
- challenges in attracting and retaining talent;
- increased regulation; and
- economic, political and macro environment instability.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with UK-adopted IAS 34 ‘Interim Financial Reporting’ and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4 of the Disclosure and Transparency Rules.

- The interim management report includes a fair review of the information required by:
  (a) DTR 4.2.7 of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  (b) DTR 4.2.8 of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any material changes in the related party transactions described in the last annual report that could do so.

Chris Smith
Chief Executive Officer

Mark Strickland
Chief Financial Officer

27 February 2024

Condensed interim consolidated income statement

	Note	**Unaudited Half year to 31 Dec 2023 £m**	Unaudited Half year to 31 Dec 2022 £m	Audited Year ended 30 Jun 2023 £m
Revenue	3	**468.0**	426.3	889.0
Cost of sales		**(297.1)**	(311.2)	(625.4)
Gross profit		**170.9**	115.1	263.6
Distribution costs		**(40.8)**	(38.5)	(77.9)
Administrative costs		**(96.5)**	(77.7)	(171.6)
Impairment of trade receivables		**(3.6)**	(1.5)	(3.5)
Loss on disposal of property, plant and equipment		**(0.3)**	—	(0.3)
Impairment of property, plant and equipment		**(0.2)**	—	—
Operating profit/(loss)		**29.5**	(2.6)	10.3
Finance costs		**(12.1)**	(17.4)	(25.4)
Profit/(loss) before taxation		**17.4**	(20.0)	(15.1)
Taxation	5	**(4.7)**	3.2	3.6
Profit/(loss) for the period		**12.7**	(16.8)	(11.5)

Earnings/(loss) per ordinary share attributable to the owners of the parent during the period

Basic earnings/(loss) per share	6	**7.3p**	(9.7)p	(6.6)p
Diluted earnings/(loss) per share	6	**7.0p**	(9.7)p	(6.6)p

Condensed interim consolidated statement of comprehensive income

	Unaudited Half year to 31 Dec 2023 £m	Unaudited Half year to 31 Dec 2022 £m	Audited Year ended 30 Jun 2023 £m
Profit/(loss) for the period	**12.7**	(16.8)	(11.5)
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:			
Currency translation differences of foreign subsidiaries	**1.0**	2.6	(0.6)
(Loss)/gain on net investment hedges	**(0.6)**	(0.5)	0.4
(Loss)/gain on cash flow hedges in the period	**(1.5)**	3.4	3.7
Cash flow hedges transferred to profit or loss	**(0.8)**	(0.5)	(1.4)
Taxation relating to the items above	**0.6**	(0.7)	(0.4)
	(1.3)	4.3	1.7
Items that will not be reclassified to profit or loss:			
Net actuarial loss on post-employment benefits	**(7.3)**	(10.3)	(14.1)
Taxation relating to item above	**1.8**	2.6	3.5
	(5.5)	(7.7)	(10.6)
Total other comprehensive expense	**(6.8)**	(3.4)	(8.9)
Total comprehensive income/(expense)	**5.9**	(20.2)	(20.4)

Condensed interim consolidated balance sheet

	Note	**Unaudited As at 31 Dec 2023 £m**	Unaudited As at 31 Dec 2022 £m	Audited As at 30 Jun 2023 £m
Non-current assets				
Goodwill	8	**19.8**	19.8	19.7
Other intangible assets	8	**6.1**	6.5	6.5
Property, plant and equipment	8	**115.8**	121.1	117.8
Derivative financial instruments	9	**1.6**	3.8	4.5
Right-of-use assets	8	**8.7**	9.9	8.5
Deferred tax assets		**45.3**	32.9	41.6
		197.3	194.0	198.6
Current assets				
Inventories		**109.4**	128.2	121.5
Trade and other receivables		**147.7**	131.1	145.7
Current tax asset		**2.0**	5.3	2.3
Derivative financial instruments	9	**0.8**	1.5	0.6
Cash and cash equivalents	10	**14.3**	8.0	1.6
		274.2	274.1	271.7
Total assets		**471.5**	468.1	470.3
Current liabilities				
Trade and other payables		**215.5**	211.9	219.6
Borrowings	9	**63.2**	47.5	49.3
Lease liabilities	9	**3.3**	3.8	3.5
Derivative financial instruments	9	**0.1**	0.2	1.8
Current tax liabilities		**10.3**	4.0	6.7
Provisions		**2.2**	2.8	2.7
		294.6	270.2	283.6
Non-current liabilities				
Borrowings	9	**87.6**	119.3	109.8
Lease liabilities	9	**5.9**	6.8	5.5
Pensions and other post-employment benefits	11	**32.6**	24.7	26.6
Provisions		**2.6**	3.9	2.6
Deferred tax liabilities		**4.6**	5.9	5.1
		133.3	160.6	149.6
Total liabilities		**427.9**	430.8	433.2
Net assets		**43.6**	37.3	37.1
Equity				
Issued share capital		**17.4**	17.4	17.4
Share premium account		**68.6**	68.6	68.6
Other reserves		**77.6**	81.5	78.9
Accumulated losses		**(120.0)**	(130.2)	(127.8)
Total equity		**43.6**	37.3	37.1

Condensed interim consolidated cash flow statement

	Note	**Unaudited Half year to 31 Dec 2023 £m**	Unaudited Half year to 31 Dec 2022 (restated)[1] £m	Audited Year ended 30 Jun 2023 £m
Operating activities				
Profit/(loss) before taxation		**17.4**	(20.0)	(15.1)
Finance costs		**12.1**	17.4	25.4
Exceptional items excluding finance costs	4	**—**	—	0.8
Share-based payments charge		**0.6**	0.5	0.5
Depreciation of property, plant and equipment	8	**8.6**	8.2	16.8
Depreciation of right-of-use assets	8	**1.8**	1.9	3.8
Loss on disposal of property, plant and equipment		**0.3**	—	0.3
Amortisation of intangible assets	8	**1.0**	1.3	2.4
Impairment of property, plant and equipment		**0.2**	—	—
Operating cash flow before changes in working capital and exceptional items		**42.0**	9.3	34.9
(Increase)/decrease in receivables		**(0.6)**	17.6	(1.3)
Decrease/(increase) in inventories		**13.5**	(5.7)	(2.7)
(Decrease)/increase in payables		**(4.3)**	0.3	11.1
Operating cash flow after changes in working capital before exceptional items		**50.6**	21.5	42.0
Additional cash funding of pension schemes		**(2.0)**	(2.0)	(4.0)
Cash generated from operations before exceptional items		**48.6**	19.5	38.0
Cash outflow in respect of exceptional items		**(0.5)**	(0.8)	(1.4)
Cash generated from operations		**48.1**	18.7	36.6
Interest paid		**(6.2)**	(3.6)	(11.4)
Refinancing costs paid		**(5.6)**	(10.6)	(12.3)
Taxation (paid)/received		**(2.6)**	0.1	(1.8)
Net cash generated from operating activities		**33.7**	4.6	11.1
Investing activities				
Purchase of property, plant and equipment		**(7.8)**	(4.0)	(10.3)
Purchase of intangible assets		**(0.6)**	(0.5)	(1.7)
Settlement of derivatives used in net investment hedges		**(0.4)**	(0.1)	0.4
Net cash used in investing activities		**(8.8)**	(4.6)	(11.6)
Financing activities				
Drawdown/(repayment) of overdrafts	10	**9.9**	(4.1)	(6.2)
Drawdown/(repayment) of other loans	10	**3.0**	(10.6)	(4.9)
(Repayment)/drawdown of bank loans	10	**(23.3)**	20.0	13.7
Repayment of IFRS 16 lease obligations	10	**(2.1)**	(2.3)	(4.3)
Net cash (used in)/generated from financing activities		**(12.5)**	3.0	(1.7)
Increase/(decrease) in net cash and cash equivalents		**12.4**	3.0	(2.2)
Net cash and cash equivalents at the start of the period		**1.6**	4.5	4.5
Currency translation differences		**0.3**	0.5	(0.7)
Net cash and cash equivalents at the end of the period		**14.3**	8.0	1.6

[1]Refinancing costs paid reclassified as operating activities, reported previously under financing activities.

Condensed interim consolidated statement of changes in equity

	Issued share capital £m	Share premium account £m	Other reserves: Cash flow hedge reserve £m	Other reserves: Currency translation reserve £m	Other reserves: Capital redemption reserve £m	Accumulated losses £m	Total equity £m
At 1 July 2023	**17.4**	**68.6**	**3.7**	**(2.0)**	**77.2**	**(127.8)**	**37.1**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**12.7**	**12.7**
Other comprehensive income/(expense)							
Items that may be reclassified to profit or loss:							
Currency translation differences of foreign subsidiaries	**—**	**—**	**—**	**1.0**	**—**	**—**	**1.0**
Loss on net investment hedges	**—**	**—**	**—**	**(0.6)**	**—**	**—**	**(0.6)**
Loss on cash flow hedges in the period	**—**	**—**	**(1.5)**	**—**	**—**	**—**	**(1.5)**
Cash flow hedges transferred to profit or loss	**—**	**—**	**(0.8)**	**—**	**—**	**—**	**(0.8)**
Taxation relating to the items above	**—**	**—**	**0.6**	**—**	**—**	**—**	**0.6**
	—	**—**	**(1.7)**	**0.4**	**—**	**—**	**(1.3)**
Items that will not be reclassified to profit or loss:							
Net actuarial loss on post-employment benefits	**—**	**—**	**—**	**—**	**—**	**(7.3)**	**(7.3)**
Taxation relating to item above	**—**	**—**	**—**	**—**	**—**	**1.8**	**1.8**
	—	**—**	**—**	**—**	**—**	**(5.5)**	**(5.5)**
Total other comprehensive (expense)/income	**—**	**—**	**(1.7)**	**0.4**	**—**	**(5.5)**	**(6.8)**
Total comprehensive (expense)/income	**—**	**—**	**(1.7)**	**0.4**	**—**	**7.2**	**5.9**
Transactions with owners of the parent							
Share-based payments	**—**	**—**	**—**	**—**	**—**	**0.6**	**0.6**
At 31 December 2023	**17.4**	**68.6**	**2.0**	**(1.6)**	**77.2**	**(120.0)**	**43.6**

	Issued share capital £m	Share premium account £m	Other reserves: Cash flow hedge reserve £m	Other reserves: Currency translation reserve £m	Other reserves: Capital redemption reserve £m	Accumulated losses £m	Total equity £m
At 1 July 2022	17.4	68.6	1.8	(1.8)	77.2	(106.2)	57.0
Loss for the period	—	—	—	—	—	(16.8)	(16.8)
Other comprehensive income/(expense)							
Items that may be reclassified to profit or loss:							
Currency translation differences of foreign subsidiaries	—	—	—	2.6	—	—	2.6
Gain on net investment hedges	—	—	—	(0.5)	—	—	(0.5)
Gain on cash flow hedges in the period	—	—	3.4	—	—	—	3.4
Cash flow hedges transferred to profit or loss	—	—	(0.5)	—	—	—	(0.5)
Taxation relating to the items above	—	—	(0.7)	—	—	—	(0.7)
	—	—	2.2	2.1	—	—	4.3
Items that will not be reclassified to profit or loss:							
Net actuarial loss on post-employment benefits	—	—	—	—	—	(10.3)	(10.3)
Taxation relating to item above	—	—	—	—	—	2.6	2.6
	—	—	—	—	—	(7.7)	(7.7)
Total other comprehensive income/(expense)	—	—	2.2	2.1	—	(7.7)	(3.4)
Total comprehensive income/(expense)	—	—	2.2	2.1	—	(24.5)	(20.2)
Transactions with owners of the parent							
Share-based payments	—	—	—	—	—	0.5	0.5
At 31 December 2022	17.4	68.6	4.0	0.3	77.2	(130.2)	37.3

			Other reserves				
	Issued share capital £m	Share premium account £m	Cash flow hedge reserve £m	Currency translation reserve £m	Capital redemption reserve £m	Accumulated losses £m	Total equity £m
At 1 July 2022	17.4	68.6	1.8	(1.8)	77.2	(106.2)	57.0
Loss for the year	—	—	—	—	—	(11.5)	(11.5)
Other comprehensive income/(expense)							
Items that may be reclassified to profit or loss:							
Currency translation differences of foreign subsidiaries	—	—	—	(0.6)	—	—	(0.6)
Gain on net investment hedges	—	—	—	0.4	—	—	0.4
Gain on cash flow hedges in the year	—	—	3.7	—	—	—	3.7
Cash flow hedges transferred to profit or loss	—	—	(1.4)	—	—	—	(1.4)
Taxation relating to the items above	—	—	(0.4)	—	—	—	(0.4)
	—	—	1.9	(0.2)	—	—	1.7
Items that will not be reclassified to profit or loss:							
Net actuarial loss on post-employment benefits	—	—	—	—	—	(14.1)	(14.1)
Taxation relating to item above	—	—	—	—	—	3.5	3.5
	—	—	—	—	—	(10.6)	(10.6)
Total other comprehensive income/(expense)	—	—	1.9	(0.2)	—	(10.6)	(8.9)
Total comprehensive income/(expense)	—	—	1.9	(0.2)	—	(22.1)	(20.4)
Transactions with owners of the parent							
Share-based payments	—	—	—	—	—	0.5	0.5
At 30 June 2023 (audited)	17.4	68.6	3.7	(2.0)	77.2	(127.8)	37.1

Notes to the consolidated financial information

1. Corporate information

McBride plc ('the Company') is a public company limited by shares incorporated and domiciled in the United Kingdom and registered in England and Wales. The Company's ordinary shares are listed on the London Stock Exchange. The registered office of the Company is Middleton Way, Middleton, Manchester M24 4DP. For the purposes of DTR 6.4.2R, the Home State of McBride plc is the United Kingdom.

The Company and its subsidiaries (together, 'the Group') is Europe's leading provider of private label and contract manufactured products for the domestic household and professional cleaning/hygiene markets. The Company develops and manufactures products for the majority of retailers and major brand owners throughout Europe and the Asia-Pacific region.

2. Accounting policies

Basis of preparation

The interim financial information for the six months period ended 31 December 2023 has been prepared on the basis of the accounting policies set out in the 2023 Annual Report and Accounts and in accordance with UK adopted IAS 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority.

This interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2023, which were prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention, modified in respect of financial assets and liabilities (derivative financial instruments) at fair value through profit or loss, assets held for sale and defined benefit pension plan assets.

The results for each half year are unaudited and do not represent the Group's statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim financial information has not been reviewed or audited. The Group's statutory accounts were approved by the Directors on 18 September 2023 and have been reported on by PricewaterhouseCoopers LLP and delivered to the Registrar of Companies. The report of PricewaterhouseCoopers LLP was (i) unqualified and (ii) did not contain a statement under section 498 of the Companies Act 2006.

Going concern

In determining the appropriate basis of preparation of the financial statements for the six months to 31 December 2023, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Group meets its funding requirements through internal cash generation and bank credit facilities. The Group has access to a €175 million multi-currency RCF, with covenants in respect of liquidity, debt cover and interest cover. The Group also has facilities whereby it can borrow against certain of its trade receivables. At 31 December 2023, liquidity, as detailed in note 16, amounted to £85.0 million.

In assessing the going concern assumptions, the Board has reviewed the Group's base case scenario and considered severe but plausible downside scenarios.

The Group's base case scenario to 30 June 2025 assumes:

- revenue growth driven predominantly by volume increases resulting from net contract wins;
- interest rates remaining unchanged from current levels; and
- Sterling: Euro exchange rate of £1:€1.12.

The Directors have considered severe but plausible downside scenarios to stress test the Group's financial forecasts, with the following assumptions:

- revenue growth halved for the remainder of 2024;
- revenue growth reducing to half of that assumed in the latest view for 2025;
- interest rates increasing by a further 100 basis points; and
- Sterling appreciating significantly against the Euro to £1:€1.22.

If such a severe but plausible downside risk scenario occurs, the Group would remain compliant with current banking covenants.

After reviewing the current liquidity position, financial forecasts, stress testing of potential risks and considering the uncertainties described above, and based on the currently committed funding facilities, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence and without significant curtailment of operations for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the Group financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements from which this preliminary announcement is derived, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 30 June 2023.

Alternative performance measures (APMs)

The performance of the Group is assessed using a variety of adjusted measures that are not defined under IFRS and are therefore termed non-GAAP measures.

APM	Definition	Source
Adjusted operating profit	Operating profit before amortisation of intangible assets and exceptional items	Consolidated income statement
Adjusted EBITDA	Adjusted operating profit before depreciation	Consolidated income statement
Adjusted profit before taxation	Adjusted profit before taxation is based on adjusted operating profit less adjusted finance costs	Consolidated income statement
Adjusted profit for the period	Adjusted profit for the period is based on adjusted profit before taxation less taxation relating to non-adjusting items	Consolidated income statement
Adjusted earnings per share	Adjusted earnings per share is based on the Group's profit for the period adjusted for the items excluded from operating profit in arriving at adjusted operating profit	Note 6 Consolidated income statement
Free cash flow	Free cash flow is defined as cash generated before exceptional items	Consolidated cash flow statement
Cash conversion %	Cash conversion % is defined as free cash flow as a percentage of adjusted EBITDA	Consolidated income statement Consolidated cash flow statement
Adjusted return on capital employed (ROCE)	Adjusted ROCE is defined as rolling twelve months total adjusted operating profit divided by the average of the past two years' capital employed. Capital employed is defined as the total of goodwill and other intangible assets, property, plant and equipment, right-of-use assets,	Consolidated income statement Consolidated balance sheet

	inventories, trade and other receivables less trade and other payables.	
Liquidity	At any time, without double counting, the aggregate of: (a) cash; (b) cash equivalents; (c) the available facility at that time, which comprises the headroom available in the RCF and other committed facilities; and (d) the aggregate amount available for drawing under uncommitted facilities.	Consolidated cash flow statement Note 16
Net debt	Net debt consists of cash and cash equivalents, overdrafts, bank and other loans and lease liabilities.	Consolidated balance sheet

The APMs used may not be directly comparable with similarly titled measures used by other companies.

Adjusted measures exclude specific items that are considered to hinder comparison of the trading performance of the Group's businesses either year on year or with other businesses. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and Executive Committee and is used for internal performance analysis and in relation to employee incentive arrangements. The Directors present these measures in the financial statements in order to assist investors in their assessment of the trading performance of the Group. Directors do not regard these measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS.

During the years under review, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of intangible assets and exceptional items. Exceptional items and amortisation are excluded from adjusted operating profit because they are not considered to be representative of the trading performance of the Group's businesses during the year.

See note 16 'Additional information' for further information on alternative performance measures.

3. Segment information

Background

Financial information is presented to the Board by product technology for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. There are five separately managed and accountable business divisions:

- Liquids;
- Unit Dosing;
- Powders;
- Aerosols; and
- Asia Pacific.

Intra-group revenue from the sale of products is agreed between the relevant customer-facing units and eliminated in the segmental presentation that is presented to the Board, and therefore excluded from the below figures. Most overhead costs are directly attributed within the respective divisions' income statements. Central overheads are allocated to a reportable segment proportionally using an appropriate cost driver. Corporate costs, which include the costs associated with the Board and the Executive Leadership Team, governance and listed company costs and certain central functions (mostly associated with financial disciplines such as treasury), are reported separately. Exceptional items are detailed in note 4 and are not allocated to the reportable segments as this reflects how they are reported to the Board. Net finance costs are not allocated to the reportable segments, as the central treasury function manages this activity, together with the overall net debt position of the Group.

The Board uses adjusted operating profit to measure the profitability of the Group's businesses. Adjusted operating profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Adjusted operating profit represents operating profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses either year on year or with other businesses. During the years under review, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of intangible assets and exceptional items.

Period ended 31 December 2023 (unaudited)	**Liquids £m**	**Unit Dosing £m**	**Powders £m**	**Aerosols £m**	**Asia Pacific £m**	**Corporate £m**	**Group £m**
Segment revenue	**266.4**	**116.5**	**47.2**	**25.4**	**12.5**	**—**	**468.0**
Adjusted operating profit/(loss)	**22.8**	**7.9**	**3.2**	**0.5**	**0.7**	**(4.6)**	**30.5**
Amortisation of intangible assets							**(1.0)**
Operating profit							**29.5**
Finance costs							**(12.1)**
Profit before taxation							**17.4**
Inventories	**60.1**	**24.7**	**13.3**	**8.9**	**2.4**	**—**	**109.4**
Capital expenditure	**2.5**	**3.1**	**0.5**	**0.1**	**—**	**—**	**6.2**
Amortisation and depreciation	**6.7**	**3.0**	**0.7**	**0.3**	**0.7**	**—**	**11.4**

Period ended 31 December 2022 (unaudited)	**Liquids** £m	**Unit Dosing £m**	**Powders £m**	**Aerosols £m**	**Asia Pacific £m**	**Corporate £m**	**Group £m**
Segment revenue	237.7	111.4	42.7	21.3	13.2	—	426.3
Adjusted operating profit/(loss)	0.2	2.2	(1.2)	—	0.8	(3.3)	(1.3)
Amortisation of intangible assets							(1.3)
Operating loss							(2.6)
Finance costs							(17.4)
Loss before taxation							(20.0)
Inventories	62.6	36.2	15.5	10.3	3.6	—	128.2
Capital expenditure	1.6	1.3	0.3	0.1	0.1	—	3.4
Amortisation and depreciation	6.5	3.1	0.7	0.3	0.8	—	11.4

Year ended 30 June 2023 (audited)	**Liquids £m**	**Unit Dosing £m**	**Powders £m**	**Aerosols £m**	**Asia Pacific £m**	**Corporate £m**	**Group £m**
Segment revenue	497.9	234.2	85.9	46.2	24.8	—	889.0
Adjusted operating profit/(loss)	10.5	10.0	(0.7)	0.3	1.1	(7.7)	13.5
Amortisation of intangible assets							(2.4)
Exceptional items (note 4)							(0.8)
Operating profit							10.3
Finance costs							(25.4)
Loss before taxation							(15.1)
Inventories	59.4	33.8	15.8	9.6	2.9	—	121.5
Capital expenditure	5.9	4.9	1.7	0.4	0.3	—	13.2
Amortisation and depreciation	13.2	6.3	1.4	0.6	1.5	—	23.0

4. Exceptional items

	Unaudited Half year to 31 Dec 2023 £m	Unaudited Half year to 31 Dec 2022 £m	Audited Year ended 30 Jun 2023 £m
Environmental remediation	**—**	—	0.8
Total charged to operating profit/(loss)	**—**	—	0.8
Group refinancing:			
Independent business review and refinancing costs	**4.0**	10.8	12.2
Total charged to finance costs	**4.0**	10.8	12.2
Total exceptional items	**4.0**	10.8	13.0

During the period, exceptional costs of £4.0 million were incurred and recognised as finance costs (2022: £10.8m). The charge primarily relates to the termination of the upside sharing fee. As announced on 25 October 2023, the Group agreed to make a one-off payment of £5.0 million to its lender group in respect of the upside sharing fee. As £1.5 million had already been recognised at 30 June 2023, a further £3.5 million cost has been recognised in the period.

Costs of £10.8 million incurred in the prior year period related to the independent business review and refinancing of the RCF.

5. Taxation

Reported profit before taxation was £17.4 million (2022: loss of £20.0m). Adjusted profit before taxation was £22.4 million (2022: loss of £7.9m).

The tax charge on adjusted profit before taxation for the year is £6.0 million (2022: £0.7m credit) and the effective tax rate is a charge of 27% (2022: 9%).

The Group forecasts an adjusted effective tax rate for the full year of 30%, before discrete items, which is higher than the UK corporation tax rate of 25% due to non-UK tax rates, non-deductible items and local taxes payable**.**

6. Earnings/(loss) per ordinary share

Basic earnings/(loss) per ordinary share is calculated by dividing the profit/(loss) for the period attributable to owners of the Company by the weighted average number of the Company's ordinary shares in issue during the financial period. The weighted average number of the Company's ordinary shares in issue excludes 501,172 shares (2022: 629,200 shares), being the weighted average number of own shares held during the year in relation to employee share schemes.

	Reference	Unaudited Half year to 31 Dec 2023	Unaudited Half year to 31 Dec 2022	Audited Year ended 30 Jun 2023
Weighted average number of ordinary shares in issue (million)	a	**173.6**	173.5	173.4
Effect of dilutive share options (million)		**7.1**	2.8	2.5
Weighted average number of ordinary shares for calculating diluted earnings/(loss) per share (million)	b	**180.7**	176.3	175.9

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares in issue assuming the conversion of all potentially dilutive ordinary shares. Where potentially dilutive ordinary shares would cause an increase in earnings per share, or a decrease in loss per share, the diluted loss per share is considered equal to the basic loss per share.

During the period, the Company had equity-settled awards with a nil exercise price that are potentially dilutive ordinary shares.

Adjusted earnings/(loss) per share measures are calculated based on profit/(loss) for the period attributable to owners of the Company before adjusting items as follows:

	Reference	**Unaudited Half year to 31 Dec 2023 £m**	Unaudited Half year to 31 Dec 2022 £m	Audited Year ended 30 Jun 2023 £m
Profit/(loss) for calculating basic and diluted earnings/(loss) per share	c	**12.7**	(16.8)	(11.5)
Adjusted for:				
Amortisation of intangible assets (note 8)		**1.0**	1.3	2.4
Exceptional items (note 4)		**4.0**	10.8	13.0
Taxation relating to the above items		**(1.3)**	(2.5)	(3.9)
Profit/(loss) for calculating adjusted earnings/(loss) per share	d	**16.4**	(7.2)	—

	Reference	**Unaudited Half year to 31 Dec 2023 pence**	Unaudited Half year to 31 Dec 2022 pence	Audited Year ended 30 Jun 2023 pence
Basic earnings/(loss) per share	c/a	**7.3**	(9.7)	(6.6)
Diluted earnings/(loss) per share	c/b(1)	**7.0**	(9.7)	(6.6)
Adjusted basic earnings/(loss) per share	d/a	**9.5**	(4.2)	0.0
Adjusted diluted earnings/(loss) per share	d/b(1)	**9.1**	(4.2)	0.0

(1)Diluted loss per share is considered equal to the basic loss per share as potentially dilutive ordinary shares cause a decrease in the loss per share.

7. Payments to shareholders

Dividends paid and received are included in the financial statements in the year in which the related dividends are actually paid or received or, in respect of the Company's final dividend for the year, approved by shareholders.

Under the terms of the amended RCF announced on 29 September 2022, the Company may not, except with the consent of its lender group, declare, make or pay any dividend or distribution to its shareholders prior to an 'exit event', being a change of control, refinancing of the RCF in full, prepayment and cancellation of the RCF in full, or upon the termination date of the RCF, being May 2026. Hence, the Board is not recommending an interim dividend for the period ended 31 December 2023.

No payments to ordinary shareholders were made or proposed in respect of this period or the prior year.

Furthermore, under the RCF, the Company may not, except with the consent of its lender group, redeem or repay any of its share capital prior to an exit event. Therefore, as intimated in the announcement dated 3 October 2022, the redemption of B Shares that would normally take place in November each year will not take place.

B Shares issued but not redeemed are classified as current liabilities.

	Number 000	Nominal value £m
At 31 December 2022 (unaudited), 30 June 2023 (audited) and 31 December 2023 (unaudited)	**665,888**	**0.7**

B Shares carry no rights to attend, speak or vote at Company meetings, except on a resolution relating to the winding up of the Company.

8. Intangible assets, property, plant and equipment and right-of-use assets

	Goodwill and other intangible assets £m	Property, plant and equipment £m	Right-of-use assets £m
Net book value at 1 July 2023 (audited)	26.2	117.8	8.5
Currency translation differences	0.1	1.6	0.1
Additions	0.6	5.6	1.9
Disposal of assets	—	(0.6)	—
Depreciation charge	—	(8.6)	(1.8)
Amortisation charge	(1.0)	—	—
Net book value at 31 December 2023 (unaudited)	**25.9**	**115.8**	**8.7**

Included within 'goodwill and other intangible assets' is goodwill of £19.8 million (30 June 2023: £19.7m), computer software of £4.8 million (30 June 2023: £5.6m) and customer relationships of £0.5 million (30 June 2023: £0.6m).

Capital commitments as at 31 December 2023 amounted to £4.1 million (30 June 2023: £5.5m). At 31 December 2023, the Group was committed to future minimum lease payments of £0.6 million (30 June 2023: £2.1m) in respect of leases which have not yet commenced and for which no lease liability has been recognised.

9. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and they should be read in conjunction with the Group's Annual Report and Accounts 2023. There have been no material changes in the risk management policies since the year end.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

	Unaudited As at 31 Dec 2023 £m	Unaudited As at 31 Dec 2022 £m	Audited As at 30 Jun 2023 £m
Level 2 assets			
Derivative financial instruments			
Forward currency contracts	**—**	0.4	0.2
Interest rate swaps	**2.4**	4.9	4.9
Total financial assets	**2.4**	5.3	5.1
Level 2 liabilities			
Derivative financial instruments			
Forward currency contracts	**(0.1)**	(0.2)	—
Interest rate swaps	**—**	—	(0.3)
Upside sharing fee	**—**	—	(1.5)
Total financial liabilities	**(0.1)**	(0.2)	(1.8)

Derivative financial instruments

Derivative financial instruments comprise the foreign currency derivatives and interest rate derivatives that are held by the Group in designated hedging relationships.

Foreign currency forward contracts are measured by reference to prevailing forward exchange rates. Interest rate swaps and caps are measured by discounting the related cash flows using yield curves derived from prevailing market interest rates.

The upside sharing fee recognised at 30 June 2023 was identified as an embedded derivative. The amended RCF that the Group agreed with its lender group on 29 September 2022 included an 'upside sharing' mechanism whereby a fee would become payable by the Group to members of the lender group upon the occurrence of an 'exit event'. Such a fee was to be determined as the percentage of any increase in the market capitalisation of the Group from 29 September 2022 to the date of the exit event. For reporting to the year ended 30 June 2023, a valuation was performed using a conventional Black-Scholes pricing model with an exit date of 31 May 2024, based on the assumption that the Group would have agreed a new RCF arrangement at that time. In the first half of the current financial year, the Group agreed and paid a settlement in respect of this upside sharing fee, therefore no embedded derivative financial instrument is recognised in respect of this as at 31 December 2023.

Valuation levels and techniques
There were no transfers between levels during the year and no changes in valuation techniques.

Financial assets and liabilities measured at amortised cost
The fair value of borrowings, including overdrafts and lease liabilities, are as follows:

	Unaudited As at 31 Dec 2023 £m	Unaudited As at 31 Dec 2022 £m	Audited As at 30 Jun 2023 £m
Current	**66.5**	51.3	52.8
Non-current	**93.5**	126.1	115.3
Total borrowings	**160.0**	177.4	168.1

The fair value of the following financial assets and liabilities approximate to their carrying amount:

- trade and other receivables;
- other current financial assets;
- cash and cash equivalents; and
- trade and other payables.

10. Net debt
Movements in net debt were as follows:

	At 1 Jul 2023 £m	IFRS 16 non-cash movements[1] £m	Cash flows £m	Currency translation differences £m	**Unaudited At 31 Dec 2023 £m**
Cash and cash equivalents	1.6	—	12.4	0.3	**14.3**
Overdrafts	(0.6)	—	(9.9)	(0.5)	**(11.0)**
Bank and other loans	(158.5)	—	20.3	(1.6)	**(139.8)**
Lease liabilities	(9.0)	(2.2)	2.1	(0.1)	**(9.2)**
Net debt	(166.5)	(2.2)	24.9	(1.9)	**(145.7)**

[1]IFRS 16 non-cash movements includes additions (£2.0 million) and interest charged (£0.1 million).

11. Pensions and post-employment benefits
The Group provides a number of post-employment benefit arrangements. In the UK, the Group operates a closed defined benefit pension scheme and a defined contribution pension scheme. Elsewhere in Europe, the Group has a number of smaller post-employment benefit arrangements that are structured to accord with local conditions and practices in the countries concerned. The Group also recognises the assets and liabilities for all members of the defined contribution scheme in Belgium, accounting for the whole defined contribution section as a defined benefit scheme

under IAS 19 'Employee Benefits', as there is a risk the underpin will require the Group to pay further contributions to the scheme.

At 31 December 2023, the Group recognised a deficit on its UK defined benefit pension plan of £30.6 million (30 June 2023: £24.7m). The Group's post-employment benefit obligations outside the UK amounted to £2.0 million (30 June 2023: £1.9m).

Non-governmental collected post-employment benefits had the following effect on the Group's results and financial position:

	Unaudited Half year to 31 Dec 2023 £m	Unaudited Half year to 31 Dec 2022 £m	Audited Year ended 30 Jun 2023 £m
Profit or loss			
Service cost and administrative expenses (net of employee contributions)	**(0.4)**	(0.5)	(1.0)
Net charge to operating profit/(loss)	**(0.4)**	(0.5)	(1.0)
Net interest cost on defined benefit obligation	**(0.6)**	(0.3)	(0.5)
Net charge to profit/(loss) before taxation	**(1.0)**	(0.8)	(1.5)
Other comprehensive expense			
Net actuarial loss	**(7.3)**	(10.3)	(14.1)

	Unaudited As at 31 Dec 2023 £m	Unaudited As at 31 Dec 2022 £m	Audited As at 30 Jun 2023 £m
Balance sheet			
Defined benefit obligations			
UK – funded	**(107.6)**	(97.6)	(98.1)
Other – unfunded	**(12.5)**	(12.5)	(12.4)
	(120.1)	(110.1)	(110.5)
Fair value of scheme assets			
UK – funded	**77.0**	74.8	73.4
Other – unfunded	**10.5**	10.6	10.5
Deficit on the schemes	**(32.6)**	(24.7)	(26.6)

For accounting purposes, the UK scheme's benefit obligation as at 31 December 2023 has been calculated based on data gathered for the 2021 triennial actuarial valuation and by applying assumptions made by the Group on the advice of an independent actuary in accordance with IAS 19 'Employee Benefits'.

12. Share capital

	Allotted and fully paid	
	Number	£m
Ordinary shares of 10 pence each		
At 31 December 2022 (unaudited), 30 June 2023 (audited) and 31 December 2023 (unaudited)	**174,057,328**	**17.4**

Ordinary shares carry full voting rights and ordinary shareholders are entitled to attend Company meetings and to receive payments to shareholders.

13. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, are eliminated on consolidation and, therefore, are not required to be disclosed in these financial statements.

Key management compensation and transactions with the Group's pension and post-employment schemes for the financial year ended 30 June 2023 are detailed in note 28 (page 211) of McBride plc's Annual Report and Accounts 2023. A copy of McBride plc's Annual Report and Accounts 2023 is available on McBride's website at www.mcbride.co.uk.

14. Exchange rates

The exchange rates used to translate the results, assets, liabilities and cash flows of the Group's principal foreign operations into Sterling were as follows:

	Unaudited Half year to 31 Dec 2023	Unaudited Half year to 31 Dec 2022	Audited Year ended 30 Jun 2023
Average rate:			
Euro	**1.16**	1.16	1.15
US Dollar	**1.25**	1.17	1.20
Polish Zloty	**5.17**	5.49	5.38
Danish Krone	**8.64**	8.62	8.56
Malaysian Ringgit	**5.84**	5.32	5.41
Australian Dollar	**1.92**	1.75	1.79
Closing rate:			
Euro	**1.15**	1.13	1.17
US Dollar	**1.27**	1.20	1.27
Polish Zloty	**4.99**	5.28	5.17
Danish Krone	**8.58**	8.38	8.68
Malaysian Ringgit	**5.84**	5.30	5.91
Australian Dollar	**1.87**	1.77	1.91

15. Key performance indicators (KPIs)

Management uses a number of KPIs to measure the Group's performance and progress against its strategic objectives. The most important of these are defined below.

Financial

- Revenue: Revenue from contracts with customers from the sale of goods is measured at the invoiced amount, net of sales rebates, discounts, value added tax and other sales taxes.
- Transformation benefits: Net profit benefit achieved from the Transformation programme.
- Adjusted EBITDA margin: The calculation of Adjusted EBITDA, which when divided by revenue gives this EBITDA margin, is defined in note 2 to the 2023 Annual Report and Accounts.
- Free cash flow increase: Free cash flow is defined as cash generated before exceptional items.
- Adjusted ROCE improvement: Total adjusted operating profit divided by the total of goodwill and other intangible assets, property, plant and equipment, right-of-use assets, inventories, trade and other receivables less trade and other payables.

Non-financial

- Health and safety: The number of lost time injuries x 100,000 divided by total number of person-hours worked.
- Customer service level: The volume of products delivered in the correct volumes and within requested timescales, as a percentage of total volumes ordered by customers.
- Gender split – female: The proportion of our workforce that is female.
- Customer quality: A customer satisfaction index which combines critical issues, audit results, returns and complaints.
- Research and development expenditure: Total research and development expenditure as a percentage of Group revenue.

16. Additional information

Alternative performance measures

The performance of the Group is assessed using a variety of adjusted measures that are not defined under IFRS and are therefore termed non-GAAP measures. A reconciliation for each non-GAAP measure to the most directly comparable IFRS measure, is set out below.

Adjusted operating profit and adjusted EBITDA

Adjusted EBITDA means adjusted operating profit before depreciation and amortisation. A reconciliation between adjusted operating profit, adjusted EBITDA and the Group's reported statutory operating profit is shown below:

	Half year to 31 Dec 2023 £m	Half year to 31 Dec 2022 £m	Year ended 30 Jun 2023 £m
Operating profit/(loss)	**29.5**	(2.6)	10.3
Exceptional items (note 4)	**—**	—	0.8
Amortisation of intangibles (note 8)	**1.0**	1.3	2.4
Adjusted operating profit/(loss)	**30.5**	(1.3)	13.5
Depreciation of property, plant and equipment (note 8)	**8.6**	8.2	16.8
Depreciation of right-of-use assets (note 8)	**1.8**	1.9	3.8
Adjusted EBITDA	**40.9**	8.8	34.1

Adjusted profit before taxation and adjusted profit for the year
Adjusted profit before taxation is based on adjusted operating profit less adjusted finance costs. Adjusted profit for the period is based on adjusted profit before taxation less taxation. The table below reconciles adjusted profit before taxation to the Group's reported profit before taxation, and adjusted profit for the period to the Group's reported profit for the period.

	Half year to 31 Dec 2023 £m	Half year to 31 Dec 2022 £m	Year ended 30 Jun 2023 £m
Profit/(loss) before taxation	**17.4**	(20.0)	(15.1)
Exceptional items (note 4)	**4.0**	10.8	13.0
Amortisation of intangibles (note 8)	**1.0**	1.3	2.4
Adjusted profit/(loss) before taxation	**22.4**	(7.9)	0.3
Taxation	**(6.0)**	0.7	(0.3)
Adjusted profit/(loss) for the period	**16.4**	(7.2)	—

Adjusted earnings per share
Adjusted earnings per share is based on the Group's profit for the period adjusted for the items excluded from operating profit in arriving at adjusted operating profit, and the tax relating to those items.

Free cash flow and cash conversion %
Free cash flow is one of the Group's key performance indicators by which our financial performance is measured. It is primarily a liquidity measure. However, management also believe that free cash flow and cash conversion % are important indicators of overall operational performance as they reflect the cash generated from operations. Free cash flow is defined as cash generated before exceptional items. Cash conversion % is defined as free cash flow as a percentage of adjusted EBITDA. A reconciliation from net cash generated from operating activities, the most directly comparable IFRS measure, to free cash flow, is set out as follows:

	Half year to 31 Dec 2023 £m	Half year to 31 Dec 2022 £m	Year ended 30 Jun 2023 £m
Net cash generated from operating activities	**33.7**	4.6	11.1
Add back:			
Taxation paid/(received)	**2.6**	(0.1)	1.8
Interest paid	**6.2**	3.6	11.4
Refinancing costs paid	**5.6**	10.6	12.3
Cash outflow in respect of exceptional items	**0.5**	0.8	1.4
Free cash flow	**48.6**	19.5	38.0
Adjusted EBITDA	**40.9**	8.8	34.1
Cash conversion %	**119%**	222%	111%

Adjusted return on capital employed (ROCE)
Adjusted ROCE serves as an indicator of how efficiently we generate returns from the capital invested in the business. It is a Group KPI that is directly relatable to the outcome of investment decisions. Adjusted ROCE is defined as total adjusted operating profit/(loss) divided by the average period-end capital employed. Capital employed is defined as the total of goodwill and

other intangible assets, property, plant and equipment, right-of-use assets, inventories, trade and other receivables less trade and other payables. There is no equivalent statutory measure within IFRS. Adjusted return on capital employed is calculated as follows:

	As at 31 Dec 2023 £m	As at 31 Dec 2022 £m	As at 31 Dec 2021 £m	As at 30 Jun 2023 £m
Goodwill (note 8)	**19.8**	19.8	19.7	19.7
Other intangible assets (note 8)	**6.1**	6.5	7.6	6.5
Property, plant and equipment (note 8)	**115.8**	121.1	122.1	117.8
Right-of-use assets (note 8)	**8.7**	9.9	11.8	8.5
Inventories	**109.4**	128.2	96.4	121.5
Trade and other receivables	**147.7**	131.1	120.4	145.7
Trade and other payables	**(215.5)**	(211.9)	(183.2)	(219.6)
Capital employed	**192.0**	204.7	194.8	200.1
Average period-end capital employed	**198.4**	199.8	209.9	209.4
Rolling twelve months' adjusted operating profit/(loss)	**45.3**	(11.0)	(9.7)	13.5
Adjusted return on capital employed %	**22.8%**	(5.5)%	(4.6)%	6.4%

Liquidity

Liquidity means, at any time, without double counting, the aggregate of:

(a) cash;
(b) cash equivalents;
(c) the available facility at that time, which comprises the headroom available in the RCF and other committed facilities; and
(d) the aggregate amount available for drawing under uncommitted facilities.

	As at 31 Dec 2023 £m	As at 31 Dec 2022 £m	As at 30 Jun 2023 £m
Cash and cash equivalents	**14.3**	8.0	1.6
RCF headroom	**64.2**	35.2	40.0
Other committed facilities headroom	**6.5**	15.5	17.5
Uncommitted facilities	**—**	0.2	0.2
Liquidity	**85.0**	58.9	59.3

Net debt

Net debt consists of cash and cash equivalents, overdrafts, bank and other loans and lease liabilities.

Net debt is a measure of the Group's net indebtedness that provides an indicator of overall balance sheet strength. It is a key indicator used by management to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure.

Net debt is considered to be an alternative performance measure as it is not defined in IFRS. A reconciliation from loans and other borrowings, lease liabilities and cash and cash equivalents, the most directly comparable IFRS measures to net debt is set out below:

	As at 31 Dec 2023 £m	As at 31 Dec 2022 £m	As at 30 Jun 2023 £m
Current assets			
Cash and cash equivalents	**14.3**	8.0	1.6
Current liabilities			
Borrowings (note 9)	**(63.2)**	(47.5)	(49.3)
Lease liabilities	**(3.3)**	(3.8)	(3.5)
	(66.5)	(51.3)	(52.8)
Non-current liabilities			
Borrowings (note 9)	**(87.6)**	(119.3)	(109.8)
Lease liabilities	**(5.9)**	(6.8)	(5.5)
	(93.5)	(126.1)	(115.3)
Net debt	**(145.7)**	(169.4)	(166.5)

Note: This report contains inside information which is disclosed in accordance with the Market Abuse Regulation, which came into effect on 3 July 2016.