23 February 2023

ASX Market Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street,
Sydney NSW 2000

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Attached for release is the Blackmores Limited Financial Report for the half year ended 31 December 2022.

Further information on Blackmores can be found at www.blackmores.com.au.

This announcement was authorised for release by the Board of Directors.

Helen Mediati
Group General Counsel & Company Secretary
Blackmores Limited

BLACKMORES
GROUP

FINANCIAL REPORT

For the Half-Year Ended
31 December 2022

CONTENTS

PAGE

Directors' Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

The Directors of Blackmores Limited submit herewith the Financial Report of Blackmores Limited and its subsidiaries (the Group) for the half-year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows:

The names of the Directors of Blackmores Limited (the Company) during and since the end of the half-year were:

Chair:
Wendy Stops (Chair since 25 November 2022)
Anne Templeman-Jones (Resignation effective 25 November 2022)

Directors:
Erica Mann
Stephen Roche
Alastair Symington
Sharon Warburton

Review of Operations and Financial Results

The Directors report that revenue for the six months to 31 December 2022 (1H FY23) was $338.0m, down 1.6% on the prior corresponding period (pcp) (1H FY22)[1]. Statutory profit after tax attributable to Blackmores' Shareholders of $24.3m was 19.6% higher than the first half of 2022.

Revenue from Australia/New Zealand (ANZ) increased 3.9% to $150.8m; China revenue increased by 6.1% to $93.7m. International revenue decreased 15.1% to $93.5m, with the 1H FY23 result compared to strong performance in the pcp, which included a surge in demand for immunity products, particularly in the Indonesia and Thailand markets.

Gross margin for the Group at 53.3% was 0.6 percentage points (ppts) below pcp, with margin improvement in ANZ and China, offset by lower gross margin in International due to the strong pcp comparison. However, compared to 2H FY22, gross margin was up 1.5ppts. Advertising and promotion (A&P) spend[2] was 17.6% higher than pcp, as the Group stepped up investment behind its market leading brands including the re-instatement of the Blackmores running festival. A&P[2] was 11.5% of Revenue in 1H FY23, compared to 9.6% in pcp. Operating expenditure[3] was $137.2m in 1H FY23, reducing by 6.3% compared to pcp, predominately due to lower freight costs and the delayed start of certain Cloud IT projects, as well as reductions in Employment and Professional and consulting expenses.

In the current period, the Hong Kong and Taiwan businesses have been transferred from the International segment to the China segment following changes to Group Executive responsibilities, considering consumer demographics and spending patterns. This resulted in an increase in revenue for China of $6.3m in the current period ($6.1m in pcp) and Earnings before interest and tax (EBIT) of $0.9m ($1.3m in pcp) with a corresponding reduction in International.

Revenue in the **ANZ** segment of $150.8m was up 3.9% on pcp. When minor sales of contract manufactured product from Braeside are excluded, sales to retail customers and consumers increased 5.6% compared to pcp. We increased investment to deliver growth across our key campaigns, retaining #1 status in Arthritis & Joint[4] and Muscle[5].

Blackmores, BioCeuticals and PAW brand health measures remain strong, and we retained our number one market position in Australia in our key segments[6]. Gross margin increased compared to pcp, due to product mix and trade spend efficiencies. A&P[2] was higher compared to pcp, returning to long term normalised levels, following lower investment in the prior year as a result of COVID-19 lockdowns. Operating expenses for ANZ declined due to benefits of operating efficiency programs, resulting in underlying EBIT growth of 5.0%. Our strategy to leverage the consumer trust and the brand equity of Blackmores continues to support an in-market price premium, which has been successful in driving higher earnings.

1. The Group has reviewed co-marketing arrangements with customers, previously disclosed as part of Selling and marketing expenses, and to the extent that the consideration payable to a customer is not a payment for a distinct good or service and in excess of the fair value, then the Group will treat the payment as part of Trade spend, promotional and other rebates, which is offset against Revenue. Prior comparative financial information has been reclassified, resulting in a $2.4m reduction in Revenue and a corresponding reduction in Selling and marketing expenses.
2. Advertising and promotion spend includes Selling, Marketing, Research and innovation expenses.
3. Operating expenditure is determined on an underlying basis and is derived from Total expenses, excluding Raw materials and consumables, Selling and marketing and Research and innovation expenditure.
4. IQVIA Nielsen Domestic Market Share for Arthritis & Joint segment MAT 4/2/23.
5. IQVIA Nielsen Domestic Market Share for Muscle segment MAT 4/2/23.
6. Nielsen/IQVIA Scan data to 31/12/22 Domestic Leading VDS brand in Australia.
Nielsen/IQVIA Scan data FYTD 31/12/22 Domestic Leading VDS practitioner brand in pharmacy across Australia.

Directors' Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Revenue in the **China** segment (including Hong Kong and Taiwan) increased 6.1% (6.1% in constant currency) compared to pcp. Cross border e-commerce channel (CBEC) growth was in line with pcp and category growth, while revenue from the Corporate Diagou channel was up. The Double 11 e-commerce shopping festival continued to be a key contributor to the 1H FY23 result with Gross merchandise value sales from e-commerce platforms up 19% vs pcp. Key product growth areas were eye and premium fish oil, which more than doubled. Gross margin improved compared to pcp, due to price increases and favourable product mix in the half, more than offsetting supply cost increases. Underlying EBIT increased by 9.8% compared to pcp and underlying EBIT margin increased 0.3ppts to 9.6%, benefiting largely from continued operational efficiency. Blackmores improved its brand position to #3[7] in VDS brands across all CBEC platforms in China during the Double 11 festival.

International revenue declined by 15.1% vs pcp (15.6% in constant currency), due to COVID-19 surges in demand for immunity products in the pcp, which were not repeated. Thailand revenue was in line with pcp, with the revenue declines predominantly in Indonesia, Malaysia, and the Export business. Gross margin declined compared to pcp. Despite the revenue decline, market share and brand strength continued to increase in the six-month period with distribution and market share gains in Indonesia. In Thailand, Blackmores maintained its leading VDS brand position while regaining its number one position in Malaysia[8]. Operating expenditure declined. Underlying EBIT for International decreased during the half by 40.2%, to $11.0m.

Supply chain savings remain a key focus for the Group, with the leading value proposition delivering an additional $6.0m of gross savings in the first half which, together with pricing, offset input cost price increases.

During the first half, Blackmores Institute (BI), the academic, education and research arm of the Group, continued to lead excellence in education ranking number 4[9] in Australia in 2022. The BI team won two prestigious LearnX Diamond awards (Best Product Knowledge and Best Micro course category for the BeCertified Program) and 35,387 online education courses were completed by Pharmacy staff in Australasia representing a 12% increase compared to pcp. The research arm of BI continued the execution of clinical trials that had been impacted by COVID-19 and commenced support of government granted studies on major health epidemics.

Financial Position of the Group

Net assets at 31 December 2022 increased by 5.8% from 30 June 2022 to $432.2m. Total assets increased by 1.2% to $597.8m in the half, while Total current assets increased by 2.5% to $384.0m. Cash and cash equivalents were $75.1m at 31 December 2022, a 8.7% decrease compared to 30 June 2022. Inventory of $168.8m was $13.5m higher than June 2022 due to a continued focus on enhancing customer service levels and reducing the number of out of stock products. Receivables of $119.8m were 1.1% lower than June 2022. Non-current assets declined by 1.2% due to lower Property, plant and equipment and Right-of-use assets, partially offset by higher net deferred tax assets. Total liabilities of the Group decreased by 9.1% to $165.6m compared to 30 June 2022. No Bank liabilities existed at 31 December 2022 and 30 June 2022, while available debt facilities were $140.1m.

Cash generated from the Group's operations before interest and tax was $18.8m, a decrease of 61.7% or $30.3m compared with 1H FY22 due to lower earnings before interest and tax, higher inventory levels and a decrease in amounts owing to suppliers at period end.

Events after the reporting period

Interim Dividend

On 23 February 2023, the Directors declared an interim dividend of 87 cents per share, fully franked. The record date is 9 March 2023, and the dividend is payable on 28 March 2023. The dividend payout ratio of 70% takes into consideration alternative uses of capital considering Blackmores capital management framework. The Company's Dividend Reinvestment Plan (DRP) will not apply to the interim dividend.

Other than the matters noted above, no other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations or the Group's state of affairs in future years.

7. Smart Path China VDS Ecommerce Market Share data for the period ending Nov 2022.
8. IQVIA / Nielsen; Scan data to 31/12/2022.
9. 2022 Advantage Survey.

Directors' Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Looking ahead

For the remainder of FY23, markets are expected to remain somewhat uncertain with continuing themes of cost inflation and rising interest rates impacting consumer sentiment and shopper behaviour.

Within this environment, Blackmores remains focused on executing its strategic and commercial plans and leveraging the Group's channel and geographic diversity.

In ANZ, the Group will continue to invest in its market leading brands and execute its pipeline of higher margin new products while implementing price/mix strategies to help offset further inflationary pressure.

In China, while COVID-19 restrictions have eased since December 2022, it remains too early to assess the impact on post lockdown consumer behaviour. Blackmores will remain focused on leveraging its strong brand across e-Commerce platforms and drive premiumisation in fish oil and further new product development.

In International, we continue to monitor market activity within a slower growth environment. Blackmores continues to focus on executing new product development across all markets. In Indonesia, additional focus remains on expanding distribution through the independent pharmacy channel and enhancing value per store. In Malaysia, growth in modern trade is expected to be partially offset by slower growth in independent pharmacies. Blackmores will continue to focus on consolidating its market leading position in Thailand.

Blackmores will successfully complete phase one of its gross annualised cost savings targets in FY23. Blackmores is now implementing the next phase of its cost savings programme and has identified an initial $34-44 million in additional gross cost savings over FY24-FY26. In addition, work is underway to validate further cost savings which we expect will be updated with the FY23 results. The Group will continue the development of significant Technology and Digital improvements.

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 4 of this half-year Financial Report.

Rounding Off Amounts

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the half-year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated

Signed in accordance with a resolution of Directors made pursuant to s.306 (3) of the Corporations Act 2001.

On behalf of the Directors

Wendy Stops
Chair

Dated in Sydney, 23 February 2023

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

The Board of Directors
Blackmores Limited
20 Jubilee Avenue
Warriewood NSW 2102

23 February 2023

Dear Board Members

Auditor's Independence Declaration to Blackmores Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Blackmores Limited.

As lead audit partner for the review of the half year financial report of Blackmores Limited for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jo. M. Clinton

John M Clinton
Partner
Chartered Accountants

Independent Auditor’s Review Report

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

Independent Auditor’s Review Report to the Members of Blackmores Limited

Conclusion

We have reviewed the half-year financial report of Blackmores Limited (the “Company”) and its subsidiaries (the “Group”), which comprises the condensed consolidated statement of financial position as at 31 December 2022, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration as set out on pages 7 to 21.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group 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 2022 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.*

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor’s review report.

Directors’ Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 2022 and 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*.

Independent Auditor's Review Report

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

John M Clinton
Partner
Chartered Accountants
Sydney, 23 February 2023

Directors' Declaration

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and give a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Wendy Stops
Chair

Dated in Sydney, 23 February 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	NOTES	31 December 2022 $'000	31 December 2021[1] $'000
Revenue[1]	2.1	**338,023**	343,643
Other income	2.1	**684**	1,166
Revenue and other income		**338,707**	344,809
Raw materials and consumables used		**126,362**	127,079
Employee benefit expenses[1]	2.3	**88,800**	90,014
Selling and marketing expenses[1]		**35,156**	29,721
Research and innovation expenses[1]		**3,651**	3,286
Depreciation and amortisation expenses		**13,216**	14,388
Facility and maintenance expenses		**7,692**	8,438
Professional and consulting expenses		**6,002**	7,230
Freight expenses		**7,745**	10,877
Licences and registration expenses		**5,094**	4,973
Cloud IT expenses		**2,067**	5,125
Impairment of financial assets		**240**	(97)
Other expenses[1]		**6,707**	6,216
Total expenses		**302,732**	307,250
Earnings before interest and tax	2.2.2	**35,975**	37,559
Interest revenue		**396**	69
Interest expense		**(818)**	(1,907)
Net interest expense		**(422)**	(1,838)
Profit before tax		**35,553**	35,721
Income tax expense		**(10,005)**	(10,535)
Profit after tax for the half-year		**25,548**	25,186
Attributable to:			
Owners of the parent		**24,288**	20,303
Non-controlling interests		**1,260**	4,883
		25,548	25,186
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign controlled entities		**1,045**	3,234
Net loss on cash flow hedging instruments (net of tax)		**(1,957)**	(192)
Asset revaluation reserve movement		**(292)**	(95)
Other comprehensive (expense)/income for the period (net of tax)		**(1,204)**	2,947
Total comprehensive income for the period		**24,344**	28,133
Total comprehensive income attributable to:			
Owners of the parent		**23,457**	22,610
Non-controlling interests		**887**	5,523
		24,344	28,133
EARNINGS PER SHARE			
Basic earnings per share (cents)	3.3.1	**124.9**	104.8
Diluted earnings per share (cents)	3.3.1	**123.3**	104.1

1. Reclassifications have been recognised reducing Revenue, Employee benefit expenses and Other expenses and correspondingly increasing Selling and marketing, Research and innovation expenses in the current and prior comparative period (pcp) in the Condensed Consolidated Statement of Profit or Loss. Refer note 1.3 for further information.

Notes to the Condensed Consolidated Financial Statements are included on pages 12 to 21.

Condensed Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2022

	NOTES	31 December 2022 $'000	30 June 2022 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**75,078**	82,193
Receivables		**119,802**	121,075
Inventories		**168,824**	155,357
Tax assets		**1,134**	404
Prepayments and other assets		**16,827**	12,290
Derivative assets	4.1	**2,304**	3,130
Total current assets		**383,969**	374,449
NON-CURRENT ASSETS			
Property, plant and equipment		**108,323**	110,234
Right-of-use assets		**21,037**	24,506
Goodwill and intangible assets		**65,109**	67,456
Deferred tax assets		**16,436**	10,980
Other financial assets	4.1	**1,400**	1,606
Other non-current assets		**1,543**	1,594
Total non-current assets		**213,848**	216,376
Total assets		**597,817**	590,825
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**105,151**	127,125
Tax liabilities		**11,410**	7,652
Lease liabilities	3.1	**7,857**	7,901
Provisions		**17,017**	15,966
Other liabilities		**3,517**	687
Derivative liabilities	4.1	**2,143**	581
Total current liabilities		**147,095**	159,912
NON-CURRENT LIABILITIES			
Lease liabilities	3.1	**14,061**	17,343
Provisions		**4,421**	4,888
Total non-current liabilities		**18,482**	22,231
Total liabilities		**165,577**	182,143
Net assets		**432,240**	408,682
EQUITY			
CAPITAL AND RESERVES			
Issued capital	3.2	**202,319**	201,133
Reserves		**16,243**	12,824
Retained earnings		**200,636**	182,570
Equity attributable to shareholders of Blackmores Limited		**419,198**	396,527
Equity attributable to non-controlling interests		**13,042**	12,155
Total equity		**432,240**	408,682

Notes to the Condensed Consolidated Financial Statements are included on pages 12 to 21.

Condensed Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	ISSUED CAPITAL	EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE	CASH FLOW HEDGING RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	CAPITAL RESERVE	ASSET REVALUATION RESERVE	RETAINED EARNINGS	ATTRIBUTABLE TO OWNERS OF BLACKMORES LTD	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2021	196,126	2,536	203	1,263	-	-	173,028	373,156	5,798	378,954
Profit for the period	-	-	-	-	-	-	20,303	20,303	4,883	25,186
Other comprehensive income/(expense) for the period (net of tax)	-	-	(192)	2,594	429	(95)	(429)	2,307	640	2,947
Total comprehensive income for the period	-	-	(192)	2,594	429	(95)	19,874	22,610	5,523	28,133
Dividends declared	-	-	-	-	-	-	(8,162)	(8,162)	(2,338)	(10,500)
Share-based payments expense	-	2,012	-	-	-	-	-	2,012	-	2,012
Vested share rights, settled on market	-	(915)	-	-	-	-	-	(915)	-	(915)
Transfer to retained earnings	-	268	-	-	-	-	(268)	-	-	-
Issue of shares under Dividend Reinvestment Plan (DRP)	1,638	-	-	-	-	-	-	1,638	-	1,638
Issue of shares under employee incentive plans (net of tax)	14	(14)	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	197,778	3,887	11	3,857	429	(95)	184,472	390,339	8,983	399,322
Balance at 1 July 2022	**201,133**	**5,738**	**1,653**	**5,024**	**429**	**(20)**	**182,570**	**396,527**	**12,155**	**408,682**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**24,288**	**24,288**	**1,260**	**25,548**
Other comprehensive income/(expense) for the period (net of tax)	**-**	**-**	**(1,957)**	**1,418**	**-**	**(292)**	**-**	**(831)**	**(373)**	**(1,204)**
Total comprehensive income for the period	**-**	**-**	**(1,957)**	**1,418**	**-**	**(292)**	**24,288**	**23,457**	**887**	**24,344**
Dividends declared	**-**	**-**	**-**	**-**	**-**	**-**	**(6,222)**	**(6,222)**	**-**	**(6,222)**
Share-based payments expense	**-**	**4,521**	**-**	**-**	**-**	**-**	**-**	**4,521**	**-**	**4,521**
Vested share rights, settled on market	**-**	**(271)**	**-**	**-**	**-**	**-**	**-**	**(271)**	**-**	**(271)**
Issue of shares under Dividend Reinvestment Plan (DRP)	**1,186**	**-**	**-**	**-**	**-**	**-**	**-**	**1,186**	**-**	**1,186**
Balance as at 31 December 2022	**202,319**	**9,988**	**(304)**	**6,442**	**429**	**(312)**	**200,636**	**419,198**	**13,042**	**432,240**

Notes to the Condensed Consolidated Financial Statements are included on pages 12 to 21.

Condensed Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	NOTES	31 December 2022 $'000	31 December 2021[1] $'000
CASH FLOWS FROM OPERATING ACTIVITIES[1]			
Receipts from customers (net of promotional and other rebates)		**376,627**	370,223
Payments to suppliers and employees		**(357,816)**	(321,082)
Cash generated from operations		**18,811**	49,141
Interest and other costs of finance paid		**(818)**	(1,906)
Income taxes paid		**(11,786)**	(11,950)
Net cash flows from operating activities		**6,207**	35,285
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**396**	68
Proceeds from disposal of assets		**125**	-
Payments for property, plant and equipment		**(3,419)**	(3,594)
Payments for intangible assets		**(1,390)**	(525)
Dividends received		**57**	45
Net cash flows used in investing activities		**(4,231)**	(4,006)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of lease liabilities	3.1	**(4,126)**	(4,073)
Dividends paid – owners of BKL parent		**(5,036)**	(6,524)
Dividends paid – non-controlling interests[2]		**-**	(2,338)
Payments for vested share rights		**(270)**	(915)
Net cash used in financing activities		**(9,432)**	(13,850)
Net (decrease)/increase in cash and cash equivalents		**(7,456)**	17,429
Cash and cash equivalents at the beginning of the period		**82,193**	70,054
Effects of exchange rate changes on the balance of cash held in foreign currencies		**341**	1,898
Cash and cash equivalents at the end of the period[3]		**75,078**	89,381

1. Reclassifications have been recognised reducing Revenue, Employee benefit expenses and Other expenses and correspondingly increasing Selling and marketing, Research and innovation expenses in the current and pcp in the Condensed Consolidated Statement of Profit or Loss. Refer note 1.3 for further information.
2. PT Kalbe Blackmores Nutrition, a consolidated subsidiary in the Group, paid a dividend of $2.3m to its minority shareholder, PT Sanghiang Perkasa, our Indonesian Joint Venture Partner, which holds 49.9% and is a subsidiary entity of the PT Kalbe Farma Tbk Group. No dividend was paid in the six-months ended 31 December 2022.
3. Included in Cash and cash equivalents is cash held in offshore locations, required to fund growth in International markets and investments in Technology and Digital.

Notes to the Condensed Consolidated Financial Statements are included on pages 12 to 21.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Half-Year Ended
31 December 2022

01 General Information

Blackmores Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the symbol 'BKL'), incorporated in Australia and operating in Australia, New Zealand and Asia.

Blackmores Limited's registered office and its principal place of business is as follows:
20 Jubilee Avenue, Warriewood, NSW 2102
Telephone +61 2 9910 5000

The Group's principal activity is the development, manufacture, sales and marketing of health products for humans and animals, including vitamins and herbal and mineral nutritional supplements.

1.1 REPORTING ENTITY

Blackmores Limited is a company domiciled in Australia. The Condensed Consolidated Interim Financial Report (Financial Report) of Blackmores Limited as at and for the half-year ended 31 December 2022 comprises Blackmores Limited and its subsidiaries (the Group).

The Annual Financial Report of the Group as at and for the year ended 30 June 2022 is available upon request from the registered office of Blackmores at 20 Jubilee Avenue, Warriewood, NSW 2102 or online at blackmores.com.au.

1.2 STATEMENT OF COMPLIANCE

The half-year Financial Report is a General Purpose Financial Report prepared in accordance with the Corporations Act 2001 and AASB134 'Interim Financial Reporting'. Compliance with AASB 134 'Interim Financial Reporting' ensures compliance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an Annual Financial Report and should be read in conjunction with the most recent Annual Financial Report as at and for the financial year ended 30 June 2022.

1.3 BASIS OF PREPARATION

The half-year Financial Report has been prepared on the basis of historical cost, except for certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year Financial Report are consistent with those adopted and disclosed in the Group's Annual Financial Report for the year ended 30 June 2022 unless otherwise indicated.

In the current period Research and innovation expenses, previously disclosed as part of Selling and marketing and Other expenses, have been separately disclosed on the face of the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, to enhance usefulness of financial information provided.

The Group has reviewed co-marketing arrangements with customers, previously disclosed as part of Selling and marketing expenses, and to the extent that the consideration payable to a customer is not for a distinct good or service and is in excess of the fair value, then the Group will treat the payment as part of Trade spend, promotional and other rebates, which is offset against Revenue. Prior comparative financial information has been reclassified, resulting in a $2.4m reduction in Revenue and a corresponding reduction in Selling and marketing expenses.

It has also been determined that Product adviser employee costs, whose services are predominately performed in customer stores as part of selling conversion activities, should be included in Selling and marketing expenses. These were previously disclosed as part of Employee benefit expenses. $4.0m was reclassified from Employee benefit expenses in the current period to Selling and marketing expenses ($4.1m in pcp).

In the current period the Hong Kong and Taiwan businesses have been transferred from the International segment to the China segment following changes to Group Executive responsibilities, considering consumer demographics and spending patterns.
Refer note 2.2 Segment Information.

1.4 ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the half-year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

01 General Information

1.5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the half-year Financial Report 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 expenses. Actual results may differ from these estimates.

In preparing this half-year Financial Report, the significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainty in estimation were the same as those applied to the Annual Financial Report for the financial year ended 30 June 2022.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

1.5.1 Ongoing impact of COVID-19

In the current financial year the China region was particularly impacted by on-going restrictions and lockdowns and since re-opening, a large spike in the number of COVID-19 cases; however conditions have since improved. Management continues to monitor the global situation and its impact on the Group's financial position, liquidity, operations, suppliers and industry.

Although the Group cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic returns to the extent previously experienced, it may have a material adverse effect on the Group's future financial performance and liquidity.

1.5.2 Climate related risks

The Group is closely monitoring the impacts of climate and climate related risks and has outlined sustainability targets to mitigate the potential impacts of these risks. The Group is monitoring the activities of the International Sustainability Standards Board (ISSB), the Australian Accounting Standards Board (AASB) and other relevant bodies with regards to reporting requirements, which will be addressed as part of the sustainability goals and reporting of the Group.

1.5.3 Geopolitical risks

The Group continues to monitor the impact to our business of global geopolitical risks. The Group does not have any direct customers or suppliers impacted by the Ukraine/Russia conflict. Further, the Group is not directly impacted by sanctions relating to this conflict.

Despite this, global supply chain disruptions have impacted the Group's performance in the current year, though we have seen recent improvements to this.

1.6 APPLICATION OF NEW AND REVISED STANDARDS

In the current half-year, the Group has applied the below amendments to Australian Accounting Standards (and Interpretations) issued by the Australian Accounting Standards Board (the Board) that are effective for the Group's annual reporting period that began on 1 July 2022.

Their adoption has had no material impact on the disclosures and/or amounts reported in these financial statements:

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.

02 Our Operations

Blackmores is a leading natural healthcare company across the Asia Pacific region. Blackmores' operations include product innovation and formulation, sourcing of the highest quality ingredients, programs to ensure compliance with standards of good manufacturing and the marketing, sales and distribution of products to customers and consumers.

2.1 REVENUE AND OTHER INCOME

	Consolidated Half-year ended	
	31 December 2022 $'000	31 December 2021 $'000
Sales (net of discounts)[1]	**410,616**	413,838
Trade spend, promotional and other rebates[1]	**(72,593)**	(70,195)
Revenue	**338,023**	343,643
JSS (Singapore) COVID-19 relief payments	-	40
Other	**684**	1,126
Other income	**684**	1,166
Revenue and other income	**388,707**	344,809

1. Reclassifications have been recognised reducing Revenue and correspondingly reducing Selling and marketing expenses in the current and prior comparative periods in the Condensed Consolidated Statement of Profit or Loss. Refer note 1.3 for further information.

Key estimates and judgements

Promotional and other rebates

Recognition of rebate accruals at balance date requires management to exercise significant judgement with respect to the amount of required accruals based on a combination of actual and forecast customer sales volumes for the period as well as growth and/or contributions by customers towards promotional activities.

For the half-year, the Group recognised trade spend, promotional and other rebates of $72.6m (2021: $70.2m) which have been charged against sales revenue as disclosed in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Other income

Other income includes gain on sale of asset $0.2m (2021: Nil), research and development income $0.3m (2021: $0.3m) and Government grants income $0.1m (2021: $0.5m).

Accounting policies

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for discounts, estimated customer returns, trade spend, and promotional and other rebates which are considered variable consideration. Co-marketing activities which are not separable and aligned to a fair market value are treated as trade spend.

Sale of goods

Revenue from the sale of goods is recognised when the performance obligation of the sale has been fulfilled and control of the goods has been transferred to the customer. This occurs when goods are delivered and legal title is passed. In certain markets, where contractually obliged to, Blackmores accepts returned goods from customers and provides a refund. A claims provision has been recognised as a reduction against revenue to reflect expected returns incurred.

Sale of goods on consignment

Revenue from the sale of goods on consignment is recognised upon the sale of the goods by the consignee. Control of the goods remains with Blackmores until such time as the goods are sold by the consignee. Customer returns are estimated based on recent historical experience and provisions are offset against Receivables.

Discounts, promotional and other rebates

The amount of revenue recognised for a transaction is net of any discounts, promotional and other rebates, which includes growth rebates, and/or co-marketing contributions to customers towards promotional activities.

Government grants and assistance income

Government grants and assistance income, are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. If conditions are attached to the grant which must be satisfied before the Group is eligible to receive the contribution, the recognition of the grant as other income will be deferred until those conditions are satisfied.

02 Our Operations

2.2 SEGMENT INFORMATION

Information reported to the Group's Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment reporting is based on three key regions, ANZ, International, and China. In the current period the Hong Kong and Taiwan businesses have been transferred from the International segment to the China segment following changes to Group Executive responsibilities, considering consumer demographics and spending patterns. This resulted in an increase in Revenue for China of $6.3m (2021: $6.1m) and EBIT of $0.9m (2021: $1.3m) with a reduction in International of the same amounts. The Group reports three revenue generating operating segments, and a fourth Corporate segment.

The reportable segments under AASB 8 are as follows:

ANZ	CHINA	INTERNATIONAL	CORPORATE
Comprising the Blackmores, PAW by Blackmores, Impromy and BioCeuticals practitioner brands sold across Australia and New Zealand, and manufacturing on behalf of third parties within our Braeside facility. Excluding sales to corporate exporters which are instead mapped to the China or International markets to which they sell.	Comprising Blackmores brand, PAW by Blackmores sold in China via CBEC (in country), China Export Division, Hong Kong and Taiwan.	Comprising the Blackmores brands in Thailand, Malaysia, Singapore, South Korea, Indonesia, India, Philippines, Vietnam, and Pakistan.	Those costs which cannot be reliably allocated to a specific segment, or which have been incurred as a function of being an ASX listed business in Australia and for long-term growth opportunities.

Financial information is presented to the CODM on an Underlying basis below. Underlying is a non-Statutory measure of financial performance derived from Statutory financial information, after adjustment for material one-off items that are non-recurring in nature, which the Group's CODM determined do not reflect the on-going operations of the Group. A reconciliation between Underlying and Statutory EBIT is presented below (Underlying and Statutory Revenue are aligned).

2.2.1 Revenue by segment

	Consolidated Half-year ended	
	31 December 2022 $'000	31 December 2021 $'000
ANZ[1]	**150,760**	145,158
International[2]	**93,554**	110,137
China[1,2]	**93,709**	88,349
	338,023	343,643

1. Selling and marketing expenses for ANZ of $1.0m (2021: $ 0.7m) and China of $1.7m (2021: $1.7m) have been reclassified to Revenue, refer note 1.3 for further information.
2. Revenue for Hong Kong and Taiwan entities of $6.3m (2021: $6.1m), have been transferred from the International segment to the China segment, aligned with changes in Group Executive responsibilities.

The Group had one customer who contributed more than 10% of the Group's revenue in the period (2021: one). Revenue earned from this customer amounts to $61.7m (2021: $51.6m). This customer is reported in the ANZ segment.

2.2.2 EBIT by segment

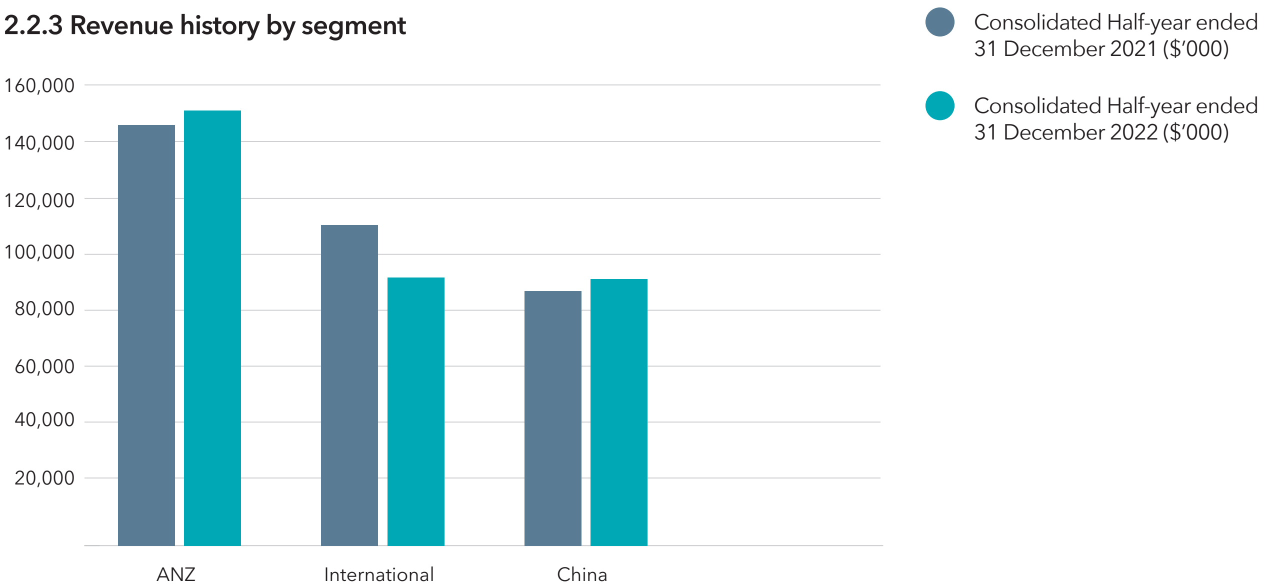
	Half-year ended 31 December 2022				
	ANZ	International[2]	China[2]	Corporate	Total
Underlying EBIT[1]	27,367	11,047	9,037	(11,269)	36,182
Business transformation	(9)	-	(121)	(263)	(393)
Net gain on sale of non-core assets	-	-	-	186	186
Statutory EBIT	**27,358**	**11,047**	**8,916**	**(11,346)**	**35,975**

	Half-year ended 31 December 2021				
	ANZ	International[2]	China[2]	Corporate	Total
Underlying EBIT[1]	26,121	18,372	8,218	(14,411)	38,300
COVID-19 Support Payments	-	40	-	-	40
Business transformation	-	-	-	(647)	(647)
Other non recurring income (Costs)	-	-	-	(134)	(134)
Statutory EBIT	26,121	18,412	8,218	(15,192)	37,559

1. Underlying EBIT is a non-Statutory measures of financial performance derived from Statutory EBIT, after adjustment for material one-off items that are non-recurring in nature, which the Board have determined do not reflect the on-going operations of the Group.
2. EBIT for Hong Kong and Taiwan of $0.9m (2021: $1.3m) have been transferred from the International segment to the China segment, aligned with changes in Group Executive responsibilities.

02 Our Operations

2.2.3 Revenue history by segment



2.3 PROFIT FOR THE YEAR

Profit for the year from continuing operations has been arrived at after charging:	Consolidated Half-year ended 31 December 2022 $'000	31 December 2021 $'000
Employee benefits expense[1]		
Defined contribution plans	**5,643**	4,836
Redundancy payments	**570**	647
Other employee expenses	**78,066**	82,520
Share-based payments:		
Equity-settled share-based payments	**4,521**	2,011
	88,800	90,014
Employee benefits expense disclosed as part of Selling and marketing expenses[1]	**4,037**	4,143
	92,837	94,157
Provision for stock obsolescence	**5,687**	2,604
Hedge ineffectiveness	**-**	-

1. Product advisor employment expenses have been reclassified from Employee benefit expenses to Selling and marketing expenses in the current and pcp, given their services are predominately performed in customer stores as part of selling conversion activities.

2.4 OTHER FINANCIAL INFORMATION

	Consolidated Half-year ended 31 December 2022 $'000	31 December 2021 $'000
Cost of goods sold (COGS)	**157,812**	158,434

The Group's internal measurement for COGS in the period differs from 'Raw Materials and Consumables Used', in that it includes the allocation of direct labour and overheads relating to production at the Braeside facility and packing at the Warriewood facility. In the statutory presentation in the Condensed Consolidated Statement of Profit or Loss, which is presented by nature, these costs appear within employee benefits, depreciation and amortisation, and other expense line items. Since the acquisition of Braeside and the Group's move into manufacturing, COGS provides additional useful information for the users of our Financial Statements to understand the costs associated with our operations and how they compare to prior periods.

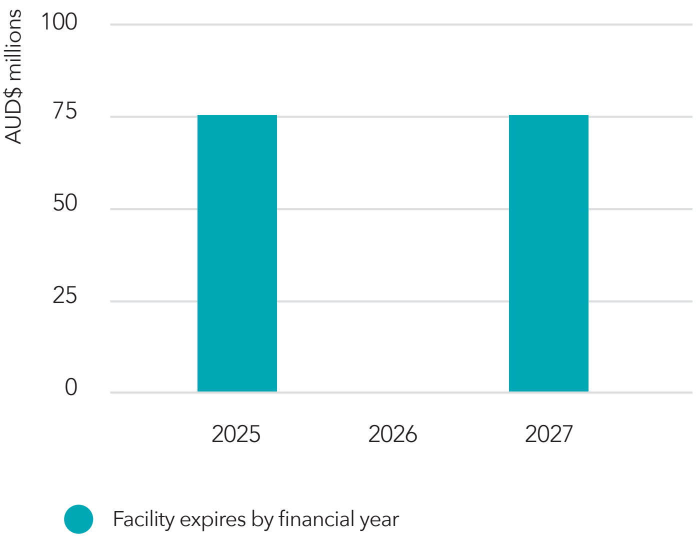
03 Our Financing

3.1 INTEREST-BEARING LIABILITIES

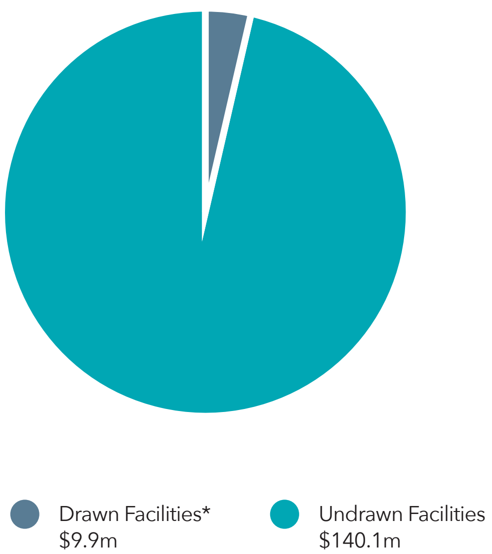
	31 December 2022 $'000	30 June 2022 $'000
Current		
Lease liabilities	**7,857**	7,901
Non-current		
Lease liabilities	**14,061**	17,343
Interest-bearing liabilities	**-**	-

	Interest-bearing Liabilities		Lease Liabilities	
	31 December 2022 $'000	30 June 2022 $'000	31 December 2022 $'000	30 June 2022 $'000
Reconciliation				
Balance at the start of the year	-	-	25,244	29,748
Non-cash movements	-	-	1,168	4,535
Principal repayments	-	-	(4,126)	(8,180)
Interest repayment	-	-	(368)	(859)
Balance at the end of the year	**-**	**-**	**21,918**	25,244

Blackmores Limited Debt Maturity Profile



Blackmores Limited Debt Facilities



*Drawn facilities relate to bank guarantees. Refer to note 5.1.

03 Our Financing

3.2 ISSUED CAPITAL

	31 December 2022 NUMBER	31 December 2022 ISSUED CAPITAL $'000	30 June 2022 NUMBER	30 June 2022 ISSUED CAPITAL $'000
Fully Paid Ordinary Shares				
Balance at beginning of year	19,430,442	201,133	19,365,519	196,126
Issue of shares under Executive and Employee Share Plans	-	-	193	14
Issue of shares under Dividend Reinvestment Plan (DRP)	18,065	1,186	64,730	4,993
Balance at end of financial/year	**19,448,507**	**202,319**	19,430,442	201,133

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

3.3 SHAREHOLDER RETURNS

3.3.1 Earnings per share

	Consolidated Half-year ended	
	31 December 2022 $'000	31 December 2021 $'000
Profit attributable to shareholders of Blackmores Limited	**24,288**	20,303
	Number	Number
WANOS[1] used in the calculation of basic EPS[2]	**19,441**	19,376
WANOS[1] used in the calculation of diluted EPS[2]	**19,702**	19,507
	Cents	Cents
Basic EPS	**124.9**	104.8
Diluted EPS	**123.3**	104.1

1. Weighted average number of ordinary shares.
2. The variance in the WANOS used in the calculation of the basic EPS and the diluted EPS is attributable to employee share plans.

3.3.2 Dividends

	Consolidated Half-year ended			
	31 December 2022		31 December 2021	
	CENTS PER SHARE	TOTAL $'000	CENTS PER SHARE	TOTAL $'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend declared in respect of prior financial year				
- fully franked at 30% corporate tax rate	**32**	**6,222**	42	8,162
- paid as cash		**5,036**		6,524
- taken as shares issued through DRP		**1,186**		1,638
		6,222		8,162
Unrecognised amounts				
Fully paid ordinary shares				
Interim dividend payable in respect of current financial year				
- fully franked at 30% corporate tax rate	**87**	**16,920**	63	12,212

04 Our Financial Risk Management Approach

4.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the Condensed Consolidated Financial Statements approximate their fair values.

Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

Fair value measurements recognised in the Condensed Consolidated Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		31 December 2022 $'000	30 June 2022 $'000
Financial assets			
Unquoted equities	Level 3	**1,400**	1,606
Foreign exchange derivatives	Level 2	**2,304**	3,130
		3,704	4,736
Financial liabilities			
Foreign exchange derivatives	Level 2	**2,143**	581
		2,143	581

05 Other

5.1 CONTINGENT LIABILITIES

Blackmores has been in discussions with a relevant authority in one of the countries in which it trades pertaining to the historical use of and compliance to export classification codes and related exemptions claimed under free trade agreements between the periods of 2009 to 2014. These discussions have been ongoing for over 6 years. The relevant authority has issued assessments for approximately A$9.9m (adjusted for FX). The Group has issued corresponding bank guarantees of A$9.9m (adjusted for FX). Blackmores has initiated an appeals process for these assessments. Blackmores considers that it has correctly interpreted and complied with all relevant requirements under the free trade agreement and continues to pursue all legal avenues of objection. It remains unclear when a resolution to this matter will be reached. As at the date of signing, no legal liability exists in relation to the assessments under applicable laws of that jurisdiction. A reliable estimate of potential risks or probable outflows, if any, cannot be determined. Accordingly, applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets, no liability has been recorded in the accounts at 31 December 2022.

5.2 EVENTS AFTER THE REPORTING PERIOD

Interim Dividend

The Directors declared after 31 December 2022 an interim dividend of 87 cents per share fully franked as described in note 3.3.2. The Company's DRP will not apply to the interim dividend.

Other than the foregoing, no other matter or circumstance has arisen since 31 December 2022 that has significantly affected or may significantly affect the Group's operations, or the Group's state of affairs in future years.

Blackmores Limited
Australia's Leading Natural Health Company[1]
ACN 009 713 437

20 Jubilee Avenue
Warriewood NSW 2102, Australia
Phone: +61 2 9910 5000
Fax: +61 2 9910 5555

blackmores.com.au

1. Leading VDS brand in Australia. Source: Domestic Nielsen/IQVIA Scan data to 31/12/22 Nielsen/IQVIA Scan data FYTD 31/12/22 Domestic Leading VDS practitioner brand in pharmacy across Australia.