22 September 2022

2022 FULL YEAR RESULTS

Second year of like for like revenue growth and a good start to FY23
Building a higher growth, higher margin, simpler and more sustainable business

Jonathan Myers, Chief Executive Officer, said: *"PZ Cussons has delivered a resilient performance over the past year, against the backdrop of challenging conditions in our markets. We have achieved this through our strategy to invest in our brands, focusing on the core categories of Hygiene, Baby and Beauty, while significantly raising the bar on the way we operate. We are reporting a second year of strategic progress, with revenue and operating profit both higher than two years ago. We have made good progress in addressing the legacy issues in our business and are now moving from Turnaround to Transformation. While there is plenty more to do and the external environment remains challenging, we have made a good start to the current financial year and continue to see significant long term opportunities ahead as we build towards a higher growth, higher margin, simpler and more sustainable business."*

For the year ended	Adjusted			Statutory		
31 May	**2022**	2021	*%*	**2022**	2021[1]	*%*
Revenue	**592.8**	603.3	*(1.7)%*	**592.8**	603.3	*(1.7)%*
LFL revenue growth	**2.9%**	7.1%	*n/a*			
Operating profit	**67.9**	71.0	*(4.4)%*	**66.6**	73.9	*(9.9)%*
Operating margin	***11.5%***	*11.8%*	*(30)bps*	***11.2%***	*12.2%*	*(100)bps*
Profit before tax	**66.6**	68.6	*(2.9)%*	**65.3**	71.5	*(8.7)%*
Basic earnings per share	**12.71p**	13.12p	*(3.1)%*	**12.02p**	10.09p	*19.1%*
Dividend per share				**6.40p**	6.09p	*5.1%*

See page 14 for definitions of key terms and page 15 for the reconciliation of Alternative Performance Measures to Statutory Results
All numbers are shown based upon continuing operations, unless otherwise stated
With the exception of LFL revenue growth, all % changes are shown at actual FX rates

Group Summary

- Improvement in like for like (LFL) revenue momentum throughout FY22, with Q4 LFL growth of 7.1%, driven by strong price/mix growth and limited volume impact
- Reported revenue declined 1.7% as adverse FX movements and net disposals more than offset LFL growth
- Adjusted Profit before tax of £66.6 million, ahead of consensus expectations, with pricing and productivity initiatives largely offsetting cost inflation of c. £40 million (11% cost of sales growth)
- Proposed full year dividend of 6.40p per share, representing growth of 5.1% and reflecting the Board's confidence in the strategy and long-term business prospects
- Balance sheet further strengthened, with adjusted net debt/adjusted EBITDA leverage reducing to 0.1x
- Continued strategic progress against 'Building brands for life' including:
    - LFL revenue growth in seven of our eight existing[2] Must Win Brands ('MWB'), due to better execution of, and improved returns on, Brand Investment. Carex grew market share by 2 percentage points
    - Further portfolio simplification, with £25.8 million of proceeds from the disposal of non-core assets, including five:am and Nigerian residential properties
    - Childs Farm, acquired in March 2022, is progressing well, with a number of operational improvements already made

[1] FY21 statutory numbers have been restated as a result of certain prior year adjustments relating to tax provisions and impairment of intangible assets. There is no impact on FY21 adjusted metrics. See note 8 of the Financial Statements for further details
[2] Childs Farm was acquired in March 2022 and is our ninth Must Win Brand

    - Launch of new sustainability goals and progress towards B Corp certification: Childs Farm became a B Corp in July 2022
    - Strengthening of leadership team and commercial capabilities
- On a statutory basis, profit before tax declined by 8.7% due to the reduction in revenue and a brand impairment. EPS grew 19.1% due to a one-off tax charge in the prior period

Q1 FY23 Trading update and Outlook
- Q1 FY23: LFL revenue growth of 6.7% driven primarily by continued price/mix improvements
- FY23 outlook: Notwithstanding the significant challenges related to cost inflation and consumer spending, which will remain uncertain over the coming months, we expect to deliver FY23 results in line with current consensus estimates
- Long term ambition: LFL revenue growth of mid-single digits (compared to low-mid single digits previously) and adjusted operating profit margins in the mid-teens (compared to 11.5% in FY22)
- Investments of c. £20 million over FY22-25 to enable the continuing transformation of the business, expected to be accounted for as adjusting items

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Investor and Analyst conference call

PZ Cussons' management will host a presentation for analysts and institutional investors at 9.00am UKT to present the results and provide the opportunity for Q&A. The event will be held at:

Investec
30 Gresham Street
London
EC2V 7PG

A webcast of the presentation is available at the link below and will also be available via our corporate website, www.pzcussons.com.

https://www.investis-live.com/pzcussons/6303993b14e08212007b406e/fllwe

The Annual General Meeting will be held on 24 November 2022. Subject to approval at the AGM, the final dividend will be paid on 30 November 2022 to shareholders on the register at the close of business on 21 October 2022.

Notes to Editors

Throughout this report, reference is on occasion made to performance compared to FY20. This is intended to provide comparability to the period prior to the launch of the new strategy which took place part way through FY21, as well as to remove some of the fluctuations in performance related to Covid-19.

About PZ Cussons

PZ Cussons is a FTSE250 listed consumer goods business, headquartered in Manchester, UK. We employ nearly 3,000 people across our operations in Europe, North America, Asia-Pacific and Africa. Since our founding in 1884, we have been creating products to delight, care for and nourish consumers. Across our core categories of Hygiene, Baby and Beauty, our trusted and well-loved brands include Carex, Childs Farm, Cussons Baby, Imperial Leather, Morning Fresh, Original Source, Premier, Sanctuary Spa and St.Tropez. Sustainability and the wellbeing of our employees and communities everywhere are at the heart of our business model and strategy, and captured by our purpose: For everyone, for life, for good.

Cautionary note regarding forward-looking statements

This announcement contains certain forward-looking statements relating to expected or anticipated results, performance or events. Such statements are subject to normal risks associated with the uncertainties in our business, supply chain and consumer demand along with risks associated with macro-economic, political and social factors in the markets in which we operate. Whilst we believe that the expectations reflected herein are reasonable based on the information we have as at the date of this announcement, actual outcomes may vary significantly owing to factors outside the control of the PZ Cussons Group, such as cost of materials or demand for our products, or within our control such as our investment decisions, allocation of resources or changes to our plans or strategy. The PZ Cussons Group expressly disclaims any obligation to revise forward-looking statements made in this or other announcements to reflect changes in our expectations or circumstances. No reliance may be placed on the forward-looking statements contained within this announcement.

Group Review

Introduction from our Chief Executive Officer

It has been just over two years since I joined PZ Cussons, and I am proud of the progress that our teams have made. We have established and embarked upon our new strategy with determination and pace, refreshing our values and establishing our corporate purpose, and have made a number of significant organisational and portfolio changes. Crucially now, alongside the delivery of a more consistent financial performance, we have also raised our gaze, setting our sights on long-term opportunities to ensure we can continue to create value for our stakeholders for years to come.

Our performance during FY22 was heavily impacted by the significant effects of input cost inflation and the resulting impact on consumer spending, consistent with others operating in our sector. Within this context, we are pleased to be able to report a second year of good progress, with revenue and operating profit both higher than two years ago, prior to the launch of our new strategy.

As Covid-19 restrictions eased, we were finally able to travel to visit our markets, meeting customers, partners and consumers around the world. I also met many of our colleagues in person for the first time and, on behalf of the Board, I would like to thank the PZ Cussons team for their continued hard work and dedication.

Our response to the ongoing macro challenges

Along with the wider consumer goods industry, we have experienced a number of challenges, with supply chains still fragile from Covid-19 being further impacted by the war in Ukraine. We have seen record levels of inflation across a number of raw materials and spikes in the cost of freight and other logistics. As expected, a further consequence in recent months has been a squeeze on household budgets in various parts of the world.

Whilst we primarily operate in categories that are non-discretionary, we are working hard to ensure we continue to offer the best possible value for consumers. To that end, and given the challenging backdrop for input costs, our response has been focused on three areas:

- Working hard to reduce costs that the consumer does not see or value such as optimising logistics, maximising procurement savings and reducing overheads;
- Revenue Growth Management activity such as optimising trade investment, and managing our portfolio of product formats, their pricing and associated promotional activity and channel mix; and
- Investing in the business to achieve long-term savings, particularly in our supply chain. During the year we began the process of re-locating our procurement function to improve performance, and over the medium term we will reconfigure our supply chain to maximise efficiency.

Our strategic progress: Building brands for life. Today and for future generations.

In March 2021, we set out our new strategy: ‘Building brands for life. Today and for future generations.’ We have defined where we will play; focusing on the core categories of Hygiene, Baby and Beauty, in our four priority markets of the UK, ANZ, Indonesia and Nigeria, with a particular focus on our Must Win Brands, using the ‘PZ Cussons Growth Wheel’ as our repeatable model for execution. Underpinning this strategy, our growth will be enabled by strengthening our approach to capabilities, talent and leadership, culture and sustainability. Running through everything we do is a drive to dramatically reduce complexity across our business.

Our long-term opportunities

We see significant potential for long term growth, in both our existing four priority markets, and beyond, including the US where we have a strong Beauty business.

In Nigeria and Indonesia, Cussons Baby is a leading brand in Baby personal care, and these two markets are expected to grow by c. 11% a year between 2021 to 2026[3]. This in part reflects the strong birth rates, with approximately 12 million babies born annually in Nigeria and Indonesia combined, making the markets the third and fifth fastest growing markets globally on this basis. More broadly in Nigeria, the population is anticipated to reach 400 million by 2050[4], making it the third most populous country in the world. With a number of leading brand positions, and a strong understanding of the market, we are well placed to benefit from longer term growth.

Elsewhere, while the markets of Australia and the UK are more developed, there remain significant opportunities to maximise the potential of our brands, growing penetration of existing categories and expanding into further adjacencies where our brands have a right to win. Morning Fresh and Carex, our largest brands in these two markets respectively, are clear leaders of their categories, and have further increased their market shares during the year. Both have capacity for further product expansion over time, leveraging their existing brand equity.

More broadly, we see opportunity to grow our brands outside of their home markets through the use of our own distribution networks as well as that of third-party distributors. Imperial Leather already generates around 40% of its revenue outside of the UK, where it grew revenue nearly 30% in part due to innovation-driven share gains in Kenya. Carex was re-launched in Nigeria during the year and is quickly establishing itself as an important player in the hand hygiene category. Looking further out, we see exciting opportunities for the expansion of Childs Farm, and are well progressed with plans here, having already made a number of operational changes following the acquisition in March 2022.

Our Beauty brands also benefit from structural tailwinds, with strong category performance driven by growth in online sales and increasing demand for 'self-care' products. Over 30% of Beauty revenue was generated online in FY22 as we strengthen our offerings with key partners.

Our ability to capture these opportunities stems from our unique positioning as a 'multi-local' player. We have the centralised support and know-how to expand our brands internationally, but we are also agile in our decision-making, and adept at forging strong relationships with our local customers. Finally, sustainability is an increasingly important consideration for both consumers and our customers, and we believe that our competitiveness will strengthen, over time, as our businesses successively attain B Corp accreditation: clear evidence to our stakeholders of our products reaching the highest standards.

Our strategic progress in FY22

Throughout the year, we made good progress across the key areas of our strategy:

Build Brands

Our primary strategic focus has been on building brands, investing in their long-term equity to drive awareness and consumer loyalty. There have been a number of major campaigns focused upon our Must Win Brands, including Carex, Original Source, Premier, and Sanctuary Spa, across TV and digital media, with several returning to TV commercials for the first time in a number of years. Overall, our Brand Investment in Must Win Brands is up nearly 70% compared to FY20. This has been funded by a reduction in investment in Portfolio brands, as well as improved efficiency of the spend. Carex's 'Life's a Handful' campaign for example saw double the typical return on investment, as measured by revenue per £ of marketing spend.

We also welcomed Childs Farm to our stable of Must Win Brands, following the acquisition of the business in March 2022. Childs Farm is a leader in baby and child personal care in the UK and is highly complementary to our strategic focus behind the core categories of Baby and Hygiene. We see opportunities to leverage our brand building capabilities to strengthen its position in the UK market and to unlock potential internationally.

[3] PZ Cussons estimates based upon Euromonitor data. Category defined as 'Baby and Child-specific Products'. Growth rate cited is CAGR and represents the two markets combined
[4] Statista

Serve Consumers

Serving consumers is about winning where the shopper shops. To that end, we have for example driven significant share gains in e-commerce. In Australia, our dedicated e-commerce team has sought to replicate their in-store market share strength online, working to enrich our data, improving our 'virtual shelf' and optimising activation and promotions. As a result, we have seen our online share for Rafferty's Garden overtake our offline share. Also in Australia, an expanded product portfolio has allowed for increased listings of Morning Fresh, resulting in increased share of shelf and, ultimately, greater overall market share.

In Nigeria, we have been transforming our route-to-market capabilities, differentiating by region and channel, to improve overall distribution and customer service levels, in turn growing consumer penetration. We have more than doubled the numbers of grocery stores in which we are present over the last year and have significantly improved key metrics of distribution efficiency.

Reduce Complexity

Reducing complexity helps reduce risk in our business, and allows our teams to focus their time, efforts, and resources on driving the business forward.

A major part of our overall focus has been in Nigeria where, in addition to route-to-market improvements, including the consolidation of suppliers and distribution centres, we are simplifying our portfolio with the sale of residential properties. A project to improve the efficiency of our usage of our SAP system is underway, and we expect to begin to see the benefits of this from FY23.

In the UK, we have consolidated our marketing agencies from over 70 to fewer than 20 and as part of the successful relaunch of Imperial Leather we have significantly reduced the number of SKUs, improving supply chain efficiency and profitability.

Develop People

Through the course of FY22 we created a number of new leadership roles, including Chief Marketing Transformation Officer, Managing Director - New Business Development and Chief Sustainability Officer. These, and other leadership roles, have been filled by both hiring individuals from leading consumer goods companies, allowing us to incorporate strong, relevant industry experience, as well as internal promotions.

During the year, informed by a group of employee 'culture ambassadors', internal focus groups and our annual engagement survey, we refreshed our corporate values, and distilled our culture and ways of working, now and in the future, into four BEST values: Bold, Energetic, Striving and Together. These initiatives have been well received by employees and we will continue to embed them throughout FY23.

Grow Sustainably

Our investment in sustainability is driven in large part by growing consumer demand for greener products which presents clear commercial opportunities for us.

More sustainable products have been a feature of our performance in FY22. In particular, refill pouches that allow consumers to refill bottles and which typically lead to a reduction in plastic of at least 75%, have been rolled out across a number of brands. These include Morning Fresh in Australia, and Carex and Charles Worthington in the UK. In the case of Carex, our refill products now represent approximately 10% of the value sales of the liquid hand wash category in the UK, making sales of refills alone larger than our closest competitor. Overall, 74.4% of our plastic is now recyclable, re-usable, or compostable.

We were also pleased that Childs Farm became B Corp certified in July 2022, which is an outstanding achievement for the entire Childs Farm team, and something the broader business will now learn from as we continue to pursue B Corp certification for each of our business units.

There is more that we need to do to strengthen the business, but we have made good progress in addressing our legacy issues. Our focus now turns to the future opportunities we see, as we move from Turnaround to Transformation.

Outlook

Notwithstanding the significant challenges related to cost inflation and consumer spending, which will remain uncertain over the coming months, we expect to deliver FY23 results in line with current consensus estimates.

Reflecting FY22 comparatives, and the phasing of cost inflation and forward purchasing cover, we expect that the adjusted operating profit margin will be weighted towards H2. We expect to make investments of approximately £20 million over FY22-25 which will support the continuing transformation of the business and will be in part funded by further disposals of non-core assets. We expect these to be accounted for as adjusting items.

Longer term, the actions we have been taking and the investments we will continue to make, will build towards a higher growth, higher margin, simpler and more sustainable business. Specifically, we are increasing our LFL revenue growth ambition to mid-single digit growth (compared to low-mid single digit growth previously) and maintaining our ambition for adjusted operating profit margins in the mid-teens.

Q1 trading update

We have had a good start to FY23, with LFL revenue growth of 6.7% led primarily by continued price/mix improvements. Performance continues to be driven by Africa and APAC, with particularly strong growth in Morning Fresh in Australia and Premier in Nigeria. In Europe and Americas, Sanctuary Spa and Original Source grew strongly, but this was more than offset by the decline in the hand hygiene category impacting Carex, while St. Tropez also declined as a result of very challenging comparatives.

For the quarter ended 3 September	**Revenue**	**LFL revenue growth**
Europe and Americas	£46.7m	(5.3)%
APAC	£51.6m	9.8%
Africa	£63.6m	14.1%
Central	£0.9m	(5.5)%
Group	**£162.7m**	**6.7%**

Total revenue growth in Q1 was 23.8%. In addition to favourable FX movements and the contribution from Childs Farm, this also includes a phasing benefit of approximately 7 percentage points as a result of the greater number of reporting days in the quarter, compared to Q1 of FY22. This effect will reverse in Q4 of FY23 and there will be no impact for the financial year as a whole.

'Better for All': our ESG framework

We recognise that issues such as climate change, plastic pollution and inequality pose potential risks to our business, and that we must take action, both in mitigating their effects, as well as reducing our contribution to these issues. Accordingly, in September 2021 we welcomed our first Chief Sustainability Officer to the company. Since then, we have been focusing on ensuring that the way in which we manage, monitor and improve our environmental, social and governance (ESG) impacts aligns to our purpose and delivers better results for everyone.

Specifically, we have three focus areas which align to our corporate purpose: 'For Everyone' (our impact on people), 'For Life' (our environmental impact), and 'For Good' (how we behave as a business).

We will announce our new sustainability goals, based upon this framework, in more detail in our Annual Report. The goals are intended to be stretching enough that we can demonstrate real progress to our partners and stakeholders, but also to reflect where we are today, and the progress we have already made in many of these areas. Key environmental goals will include:

- Net zero emissions by 2045, with carbon neutrality in operations by 2025;
- Packaging sustainability: A one third reduction in virgin plastics by 2030, and ensuring packaging is 100% recyclable, refillable or compostable by 2030; and
- 30% reduction in water intensity by 2030.

Summary

In summary, we have had a second year of strategic progress, addressing our legacy issues and delivering a more consistent financial performance. There is undoubtedly more to be done however as we move from Turnaround to Transformation and we remain excited to build towards a higher growth, higher margin, simpler and more sustainable business.

Financial Review

Overview of Group financial performance

We have delivered a resilient financial performance in the context of significant cost headwinds and the knock-on impact that inflationary pressures have started to have on consumer spending. Revenue declined 1.7%, reflecting good LFL revenue growth of 2.9% and the acquisition of Childs Farm, offset by adverse FX movements and the disposal of our non-core and low-margin yoghurt business. LFL revenue growth was driven mainly by strong price/mix improvements. Volume declines were modest and were driven primarily by the normalisation of demand in the UK hand hygiene category impacting Carex. Revenue from our Must Win Brands declined by 4.8% as a result of the decline in Carex, although each of our other seven existing Must Win Brands saw growth in revenue.

The decline in adjusted operating profit margin was limited to 30bps, as a number of pricing and cost initiatives were successfully executed throughout the year. These largely offset an increase in cost inflation of approximately £40 million compared to the prior year which is equivalent to a c. 11% increase in cost of sales. Adjusted EPS declined by 3.1% as a result of the reduction in adjusted operating profit. Statutory EPS grew 19.1% due to a one-off tax charge in the prior period (relating to a remeasurement of the deferred tax balances following a rate change).

Our cash flow remained strong, with free cash flow of £58.0 million (FY21: £64.5 million), and our adjusted net debt reduced to £9.8 million (FY21: £30.7 million) representing leverage of 0.1x adjusted net debt/adjusted EBITDA. Reflecting this strong cash flow generation the Board have recommended a final dividend of 3.73p (FY21: 3.42p).

In preparing the Group financial statements for the year ended 31 May 2022, prior year adjustments were identified relating to tax liabilities and impairment of intangible assets. Further information on the nature of these items is provided in note 8.

Performance by geography

Europe and the Americas (32.6% of FY22 Group revenue)

	2022	**Reported growth/ (decline) (%)**
Revenue (£m)	£193.0m	(11.0)%
LFL revenue growth (%)	(12.3)%	n/a
Adjusted operating profit (£m)	£35.0m	(32.8)%
Margin (%)	18.1%	(590)bps
Operating profit (£m)	£22.9m	(61.4)%

Revenue declined 12.3% on a LFL basis, driven by the decline in Carex revenue which continues to face tough pandemic-driven comparatives and which more than offset strong growth elsewhere in the portfolio. Excluding the decline in Carex, Europe and the Americas revenue grew mid-single digits. The statutory revenue decline of 11.0% is after accounting for a part-year contribution from Childs Farm, the acquisition of which completed on 21 March 2022.

The UK hand hygiene category, which comprises liquid handwash and hand sanitiser, declined approximately 40% during the year as the household penetration gains made during the pandemic were not fully sustained once lockdowns ended and the prevalence of Covid-19 diminished. Carex outperformed the market however, growing share by 2 percentage points, resulting in revenue in Q4 of FY22 ahead of Q2 of FY20 - the period just prior to the outbreak of Covid-19. These gains have been driven in part by a successful 'Through the Line' marketing campaign. 'Life's a Handful' demonstrated the functional strengths of the product, in particular the two-hour protection technology, as well as making the emotional connection to the brand, recognising the role Carex can play in the everyday lives of our consumers.

Original Source and Imperial Leather both outperformed the broader UK washing and bathing category, in part reflecting their product portfolio mix, with strong offerings in the shower segment. Original Source grew as a result of a product reformulation and a successful marketing campaign - both on TV and on social media - with strong messaging targeted towards Gen Z consumers, as well as the 'I'm Plant Based' innovation which launched in the first half of the year. Imperial Leather revenue declined slightly during the year, ahead of its re-launch in June 2022, although the brand gained some share in soap segments.

Our Beauty business saw continued good growth, due to brand investment and expansion of distribution. St.Tropez revenue grew overall driven by the ongoing recovery following the pandemic and continued online growth. The brand strengthened its leading position in the US prestige tanning category, expanding across 300 new Target and Kohl's stores, which more than offset the temporary supply chain disruptions experienced in the second half of the year. Sanctuary Spa grew double-digits, as share gains driven by brand investments, aligning with the broader consumer trend of 'self-care', and good momentum across all retailers more than offset a slight contraction in the category. Charles Worthington and Fudge each grew strongly, also benefitting from distribution expansion.

Adjusted operating margin declined by 590bps as actions to mitigate cost increases were insufficient to offset the full extent of the normalisation of Carex revenue. On a statutory basis, operating profit margin declined by 1550bps as a result of an impairment of the Charles Worthington brand (see note 2 for further details).

Asia Pacific (29.3% of FY22 Group revenue)

	FY22	**Reported growth/ (decline) (%)**
Revenue (£m)	£173.8m	(7.2)%
LFL revenue growth (%)	3.0%	n/a
Adjusted operating profit (£m)	£20.9m	1.0%
Margin (%)	12.0%	90bps
Operating profit (£m)	£37.0m	77.9%

Revenue declined 7.2% reflecting the disposal of our non-core and low-margin yoghurt business, five:am, which completed in June 2021. On a LFL basis, revenue grew 3.0%.

In our Hygiene category, Morning Fresh continued to grow well. This was driven by increased retailer ranging and online presence, as well as strong market campaigns across TV and digital. In addition, we have benefitted from good innovations, with new formats including the refill pouches, Bottle for Life and the 'Clean and Green' range which each launched in the second half of the year. Market share grew by 230bps to 47.9%, making Morning Fresh larger than the next four competitors, combined. Elsewhere, Imperial Leather grew double-digits, mainly driven by continued growth in our Asia distributor markets.

Following a strong year in FY21, revenue in Cussons Baby Indonesia declined slightly as Covid-19 restrictions significantly disrupted retail channels, particularly in the first half of the year. Performance improved in the second half of the year, with better pricing and sales mix and continued growth in e-commerce. Our focus continues to be on growing the higher margin baby toiletry sub-categories such as oils, lotions and creams.

Rafferty's Garden returned to very strong growth in the second half of the year as it recovered from temporary supply disruption and gained additional listings with retailers. This included new wet food pouch flavours and snack products, including a collaboration with one of Australia's most iconic brands, Vegemite. In addition, we have driven a step-change in the performance of our e-commerce business, and Rafferty's Garden has seen a significant improvement in online share, which is now ahead of the offline business. Overall, the brand remains the clear market leader in baby food in Australia, with a market share of 30.3%, representing a slight improvement on the previous year.

Adjusted operating margin grew by 90bps driven by early and decisive actions to mitigate cost increases through both pricing and productivity initiatives, including localising the supply for some of our Rafferty's Garden snack lines. On a statutory basis, margins grew by 1020bps as operating profit included the profit on disposal of five:am and compensation received from the Australian Competition & Consumer Commission relating to an historical legal claim.

Africa (37.4% of FY22 Group revenue)

	FY22	Reported growth/ (decline) (%)
Revenue (£m)	£222.0m	15.3%
LFL revenue growth (%)	22.3%	n/a
Adjusted operating profit (£m)	£22.3m	108.4%
Margin (%)	10.0%	440bps
Operating profit (£m)	£28.6m	217.8%

LFL revenue growth of 22.3% was driven by improvements in both price/mix and volume, with strong distribution gains. Each of our major brands, including the portfolio brands Stella, Canoe and Robb, reported double-digit LFL revenue growth. Statutory revenue growth was slightly lower, at 15.3%, as a result of the devaluation of the Naira.

In our Hygiene business, Premier saw very strong growth, gaining share in both the anti-bacterial and family soap segments. This was driven in part by strong promotional activity, with one campaign for Premier Cool reaching around 35 million consumers via targeted digital marketing over a two-month period.

Morning Fresh maintained its market-leading position in the dishwashing category in Nigeria despite significant price increases and a number of regional and local players entering the category. Imperial Leather in Kenya grew strongly, driven by innovation execution. The initial performance of Carex following its re-launch during the year has also been strong and we see significant opportunity for the brand to build over time.

Cussons Baby continued to grow strongly through expansion of the product portfolio and driving trial usage and awareness through the hospital activation programme for mothers-to-be, positioning the brand as the most trusted in baby care. In Ghana and Kenya, we similarly continue to build penetration.

Our electricals revenue grew over 20% on a LFL basis, driven by a series of price increases across main product lines, and contributed revenue of £91.5 million. Gross margins improved as we continue to prioritise growing the profitability of the business.

Adjusted operating margin grew by 440bps. Against a backdrop of very strong cost inflation, this was achieved through successive price increases throughout the year, as well as a focus on optimising product mix. This included a 10% shift in the product mix of Premier, away from the family soap segment, towards higher-margin medicated products. On a statutory basis, operating profit margin increased 820bps reflecting the profit on disposal of property in Nigeria as part of the Group's Nigeria simplification project.

Other financial items

Operating profit

Adjusted operating profit for the Group was £67.9 million, which compares to £71.0 million in the prior period. This was due to a 1.7% decline in revenue, with LFL revenue growth of 2.9% being more than offset by the net effect of M&A and FX movements. The gross profit margin declined by 90bps. While productivity initiatives largely offset the significant levels of input cost inflation, we experienced an adverse mix effect as a result of the very strong revenue growth in our African business which is lower margin. Carex also contributed to the margin reduction, as a result of the decline in revenue and some stock provisions. Brand Investment decreased 70bps primarily reflecting more normal levels of Carex investment, while overheads increased 20bps as we invest in capabilities. PZ Wilmar, our joint venture, performed strongly and contributed £6.6 million to operating profit. Operating profit declined 9.9% to £66.6 million as a result of the decline in revenue and the impairment charge.

Adjusting items

Adjusting items in the year totalled a loss of £1.3 million before tax. This included a net £7.8 million income from our Nigeria simplification project where a £15.9 million profit related to the disposal of property was offset by £8.1 million of costs mainly driven by the impairment of factory assets and associated engineering spares held in inventory, £11.6 million of impairment charges related to the Charles Worthington brand, an £8.5 million reversal of previous impairment charges relating to the Rafferty's Garden brand and £4.3 million of costs associated with various transformation programmes which were initiated during FY22 and FY21. See note 2 for further details on adjusting items.

After accounting for these adjusting items, operating profit for the Group was £66.6 million which was £7.3 million lower than the prior year.

Net finance costs

Net finance costs in the year were £1.3 million, compared to £2.4 million in the prior period, as slightly higher interest costs were more than offset by increased interest income on cash deposits.

Profit before tax was £65.3 million, £6.2 million lower than the prior period. Adjusted profit before tax was £66.6 million (FY21: £68.6 million).

Taxation

The tax charge in the year for continuing operations was £13.3 million compared to £29.3 million in the prior year. One off items, including anticipated changes in UK corporation tax rates, adversely impacted the 2021 effective tax rate (ETR), with a return to a more normalised ETR in 2022 reflecting the global footprint of the Group. On an adjusted basis, the ETR for FY22 was 19.5% (FY21: 21.0%).

Profit after tax

Profit for the year from continuing operations was £52.0 million, which compared to £42.2 million in the prior year. Basic earnings per share were 12.02p, compared to 10.09p in the prior year. Adjusted basic earnings per share were 12.71p, which compares to 13.12p in the prior year. This 3.1% reduction is predominantly due to the reduction in revenue and the decline in gross profit margin.

The loss from discontinued operations in the year was £1.8 million, which was driven by the settlement of legal claims relating to Minerva, a Greek subsidiary which was disposed of in September 2019. In the prior year, the loss of £51.6 million from discontinued operations was predominantly driven by the loss on disposal of Nutricima.

Profit for the year was £50.2 million compared to a loss of £9.4 million in the prior year.

Balance sheet and cash flow

Adjusted net debt as at 31 May 2022 was £9.8 million (FY21: £30.7 million). The reduction was due to the cash flow from operations, and £25.8 million of proceeds received from the disposal of non-core assets, including five:am, the Group's Australian yoghurt brand, and residential properties in Nigeria. These were offset by the investment of £37.0 million to acquire Childs Farm. Net assets of £449.3 million (FY21: £371.5 million) further reflect the Group's strengthening balance sheet and the movements in pension schemes.

The Group is funded by a £325 million revolving credit facility of which £174 million was drawn as at 31 May 2022. The facility is committed until 28 November 2023 and we are confident of refinancing this in due course.

Total free cash flow was £58.0 million (FY21: £64.5 million) which included a net working capital outflow as we have sought to increase stock levels given supply chain uncertainty and cost volatility.

Dividend

The Board is recommending a 9% increase in the final dividend, at 3.73 pence (FY21: 3.42p) per share, making a total of 6.40 pence (FY21: 6.09p) per share for the year. This overall 5.1% increase reflects the Board's confidence in the Group's financial resilience and future growth prospects. Subject to approval at the AGM, which will be held on 24 November 2022, the final dividend will be paid on 30 November 2022 to shareholders on the register at the close of business on 21 October 2022.

Glossary

Term	Definition
Adjusted net debt	Cash, short-term deposits and current asset investments, less bank overdrafts and borrowings. Excludes IFRS 16 lease liabilities
B Corp	A B Corp is a company that has been certified by the non-profit organisation B Lab as meeting rigorous standards of environmental, social and governance performance, accountability and transparency.
Brand Investment	An operating cost related to our investment in brands (previously 'Media & Consumer')
Employee wellbeing	% score based upon a set of questions within our annual survey of employees
ETR	Effective tax rate
Free cash flow	Cash generated from operations less capital expenditure
Free cash flow conversion	Free cash flow as a % of adjusted EBITDA from continuing operations
Like for like ('LFL')	Growth on the prior year, adjusting for constant currency and excluding the impact of disposals and acquisitions
Must Win Brands	The brands in which we place greater investment and focus. They comprise: Carex, Childs Farm (acquired in March 2022), Cussons Baby, Joy, Morning Fresh, Original Source, Premier, Sanctuary Spa and St Tropez
Portfolio Brands	The brands we operate which are not Must Win Brands
PZ Cussons Growth Wheel	Our 'repeatable model' for driving commercial execution, comprising 'Consumability', 'Attractiveness', 'Shoppability' and 'Memorability'
Revenue Growth Management	Maximising revenue through ensuring optimised price points across customers and channels and across different product sizes
SKUs	Stock keeping unit
Through the Line	Marketing campaign incorporating both mass reach and targeted activity

Reconciliation of Alternative Performance Measures to Statutory Results	**Year ended 31 May 2022**	(Restated)* Year ended 31 May 2021
Statutory profit before tax from continuing operations	**£65.3m**	**£71.5m**
Adjusting items before tax	£1.3m	£(2.9)m
Adjusted profit before tax from continuing operations	**£66.6m**	**£68.6m**
Net finance costs	£1.3m	£2.4m
Depreciation & amortisation	£19.4m	£20.7m
Adjusted EBITDA	**£87.3m**	**£91.7m**
Cash generated from operating activities	£66.2m	£73.4m
Less capital expenditure	£(8.2)m	£(8.9)m
Free cash flow	**£58.0m**	**£64.5m**
Free cash flow conversion rate	**66.4%**	**70.3%**
Operating profit from continuing operations	**£66.6m**	**£73.9m**
Adjusting items from continuing operations	£1.3m	£(2.9)m
Adjusted operating profit from continuing operations	**£67.9m**	**£71.0m**
Revenue	**£592.8m**	**£603.3m**
Adjusted operating margin from continuing operations	11.5%	11.8%
Basic earnings per share from continuing operations	**12.02p**	**10.09p**
Impact of adjusting items	0.69p	3.03p
Adjusted basic earnings per share from continuing operations	**12.71p**	**13.12p**
Cash & short term deposits	£163.8m	£87.0m
Overdrafts	£(0.1)m	-
Current asset investments	£0.5m	£0.3m
Borrowings	£(174.0)m	£(118.0)m
Adjusted Net Debt	**£(9.8)m**	**£(30.7)m**
Adjusted EBITDA	£87.3m	£91.7m
Adjusted Net Debt (excluding lease liabilities)	£(9.8)m	£(30.7)m
Adjusted Net Debt / adjusted EBITDA	**0.1x**	**0.3x**

*The results for the year ended 31 May 2021 have been restated to reflect prior year adjustments. Further details are set out in note 8.

Consolidated Income Statement
Year ended 31 May 2022

	Notes	**Year ended 31 May 2022** Business performance excluding adjusting items £m	Net adjusting items (note 2) £m	Statutory results for the year £m	(Restated)* Year ended 31 May 2021 Business performance excluding adjusting items £m	Net adjusting items (note 2) £m	Statutory results for the year £m
Continuing operations							
Revenue	1	**592.8**	**-**	**592.8**	603.3	-	603.3
Cost of sales		**(365.3)**	**-**	**(365.3)**	(366.4)	-	(366.4)
Gross profit		**227.5**	**-**	**227.5**	236.9	-	236.9
Selling and distribution costs		**(90.3)**	**-**	**(90.3)**	(100.3)	-	(100.3)
Administrative expenses		**(75.9)**	**(1.3)**	**(77.2)**	(71.2)	2.9	(68.3)
Share of results of joint ventures		**6.6**	**-**	**6.6**	5.6	-	5.6
Operating profit/(loss)	2	**67.9**	**(1.3)**	**66.6**	71.0	2.9	73.9
Finance income		**2.7**	**-**	**2.7**	1.5	-	1.5
Finance costs		**(4.0)**	**-**	**(4.0)**	(3.9)	-	(3.9)
Net finance costs		**(1.3)**	**-**	**(1.3)**	(2.4)	-	(2.4)
Profit/(loss) before taxation		**66.6**	**(1.3)**	**65.3**	68.6	2.9	71.5
Taxation	3	**(13.0)**	**(0.3)**	**(13.3)**	(14.4)	(14.9)	(29.3)
Profit/(loss) for the year from continuing operations		**53.6**	**(1.6)**	**52.0**	54.2	(12.0)	42.2
Discontinued operations							
Loss from discontinued operations		**(1.8)**	**-**	**(1.8)**	(5.3)	(46.3)	(51.6)
Profit/(loss) for the year		**51.8**	**(1.6)**	**50.2**	48.9	(58.3)	(9.4)
Attributable to:							
Owners of the Parent		**51.4**	**(2.9)**	**48.5**	49.6	(59.0)	(9.4)
Non-controlling interests		**0.4**	**1.3**	**1.7**	(0.7)	0.7	-
From continuing operations:							
Basic EPS (p)	5	**12.71**	**(0.69)**	**12.02**	13.12	(3.03)	10.09
Diluted EPS (p)	5	**12.64**	**(0.69)**	**11.95**	13.10	(3.03)	10.07
From continuing and discontinued operations							
Basic EPS (p)	5	**12.28**	**(0.69)**	**11.59**	11.85	(14.10)	(2.25)
Diluted EPS (p)	5	**12.21**	**(0.69)**	**11.52**	11.84	(14.08)	(2.24)

*The results for the year ended 31 May 2021 have been restated to reflect prior year adjustments. Further details are set out in note 8.

Consolidated Statement of Comprehensive Income

Year ended 31 May 2022

	Notes	2022 £m	(Restated)* 2021 £m
Profit/(loss) for the year		**50.2**	(9.4)
Other comprehensive income / (expense)			
Items that will not be reclassified subsequently to profit and loss			
Re-measurement of post-employment benefit obligations		**37.4**	(9.5)
Deferred tax (loss)/gain on re-measurement of post-employment benefit obligations		**(8.4)**	2.4
Total items that will not be reclassified to profit or loss		**29.0**	(7.1)
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		**21.7**	(31.9)
Deferred tax on foreign exchange related to quasi-equity loans		**-**	1.4
Cash flow hedges – fair value loss in year net of taxation		**0.2**	(0.6)
Cost of hedging reserve		**-**	0.2
Recycle of foreign exchange equity reserves on repayment of quasi-equity loans		**(1.4)**	-
Deferred tax impact on repayment of quasi-equity loans		**(1.3)**	-
Recycle of foreign exchange equity reserves on disposals		**(0.2)**	39.9
Recycle of equity reserves on disposal of subsidiary		**0.3**	-
Total items that may be subsequently reclassified to profit or loss		**19.3**	9.0
Other comprehensive income for the year net of taxation		**48.3**	1.9
Total comprehensive income/(expense) for the year		**98.5**	(7.5)
Attributable to:			
Owners of the Parent		**94.9**	(2.5)
Non-controlling interests		**3.6**	(5.0)

Year ended 31 May 2022

*The results for the year ended 31 May 2021 have been restated to reflect prior year adjustments. Further details are set out in note 8.

Consolidated Balance Sheet

At 31 May 2022

	Notes	31 May 2022 £m	(Restated)* 31 May 2021 £m	(Restated)* 1 June 2020 £m
Assets				
Non-current assets				
Goodwill and other intangible assets	6	**333.3**	288.9	287.5
Property, plant and equipment		**82.9**	91.5	112.3
Long-term right-of-use assets		**16.9**	11.7	13.7
Net investments in joint ventures		**45.4**	34.2	40.9
Deferred taxation assets		**4.5**	5.9	15.4
Tax receivable		**1.2**	1.7	6.9
Retirement benefit surplus		**69.3**	33.6	42.9
		553.5	467.5	519.6
Current assets				
Inventories		**111.8**	91.1	104.6
Trade and other receivables		**105.0**	110.7	104.1
Derivative financial assets		**0.7**	1.0	0.7
Current tax receivable		**2.6**	15.3	10.7
Current asset investments		**0.5**	0.3	0.3
Cash and short-term deposits		**163.8**	87.0	78.7
		384.4	305.4	299.1
Assets held for sale		**3.4**	7.6	20.5
		387.8	313.0	319.6
Total assets		**941.3**	780.5	839.2
Equity				
Share capital		**4.3**	4.3	4.3
Currency translation reserve		**(69.2)**	(87.4)	(100.5)
Capital redemption reserve		**0.7**	0.7	0.7
Other reserve		**(37.1)**	(39.1)	(39.0)
Hedging reserve		**(0.2)**	(0.4)	-
Retained earnings		**525.6**	474.6	514.0
Attributable to owners of the parent		**424.1**	352.7	379.5
Non-controlling interests		**25.2**	18.8	24.2
Total equity		**449.3**	371.5	403.7
Liabilities				
Non-current liabilities				
Borrowings		**174.0**	118.0	127.0
Other payables		**7.7**	0.3	0.4
Long-term lease liability		**14.0**	8.7	10.4
Deferred taxation liabilities		**90.7**	73.0	62.4
Retirement & other long-term employee benefit obligations		**13.1**	12.9	12.2
		299.5	212.9	212.4
Current liabilities				
Overdrafts		**0.1**	-	1.2
Trade and other payables		**160.7**	150.9	161.8
Short-term lease liability		**2.9**	3.1	3.4
Derivative financial liabilities		**1.6**	0.8	0.9
Current taxation payable		**21.6**	35.2	47.7
Provisions		**5.6**	5.6	8.1
		192.5	195.6	223.1
Liabilities directly associated with assets held for sale		**-**	0.5	-
		192.5	196.1	223.1
Total liabilities		**492.0**	409.0	435.5
Total equity and liabilities		**941.3**	780.5	839.2

*The results for the years ended 31 May 2020 and 31 May 2021 have been restated to reflect prior year adjustments. Further details are set out in note 8.

Consolidated Statement of Changes in Equity

	Notes	Share capital £m	Currency translation reserve £m	Capital redemption reserve £m	Other reserve £m	Cash flow hedge & Hedging reserve £m	Retained earnings £m	Non-controlling interests £m	**Total £m**
		Attributable to owners of the Parent							
At 1 June 2020 (as previously reported)		4.3	(100.5)	0.7	(39.0)	-	530.3	25.4	421.2
Effect of prior year adjustments	8						(16.3)	(1.2)	**(17.5)**
At 1 June 2020 (restated)*		4.3	(100.5)	0.7	(39.0)	-	514.0	24.2	403.7
Loss for the year		-	-	-	-	-	(9.4)	-	(9.4)
Other comprehensive income/(expense):									
Re-measurement of post-employment obligations		-	-	-	-	-	(9.5)	-	(9.5)
Exchange differences on translation of foreign operations		-	(26.8)	-	(0.1)	-	-	(5.0)	(31.9)
Cash flow hedges – fair value loss in year net of taxation		-	-	-	-	(0.6)	-	-	(0.6)
Cost of hedging reserve		-	-	-	-	0.2	-	-	0.2
Disposals – recycle of equity reserves		-	39.9	-	-	-	-	-	39.9
Deferred tax on re-measurement of post-employment obligations		-	-	-	-	-	2.4	-	2.4
Deferred tax on foreign exchange related to quasi-equity loans		-	-	-	-	-	1.4	-	1.4
Total comprehensive income/(expense) for the year		-	13.1	-	(0.1)	(0.4)	(15.1)	(5.0)	(7.5)
Transactions with owners:									
Ordinary dividends	4	-	-	-	-	-	(24.3)	-	(24.3)
Non-controlling interests dividend paid		-	-	-	-	-	-	(0.2)	(0.2)
Acquisition of non-controlling interests		-	-	-	-	-	-	(0.2)	(0.2)
Total transactions with owners recognised directly in equity		-	-	-	-	-	(24.3)	(0.4)	(24.7)
At 31 May 2021 (restated)*		4.3	(87.4)	0.7	(39.1)	(0.4)	474.6	18.8	371.5
At 1 June 2021 (restated)*		**4.3**	**(87.4)**	**0.7**	**(39.1)**	**(0.4)**	**474.6**	**18.8**	**371.5**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**48.5**	**1.7**	**50.2**
Other comprehensive income/(expense):									
Re-measurement of post-employment obligations		**-**	**-**	**-**	**-**	**-**	**37.4**	**-**	**37.4**
Exchange differences on translation of foreign operations		**-**	**19.8**	**-**	**-**	**-**	**-**	**1.9**	**21.7**
Cash flow hedges movement – fair value gain in year net of taxation		**-**	**-**	**-**	**-**	**0.2**	**-**	**-**	**0.2**
Disposals – recycle of equity reserves		**-**	**(0.2)**	**-**	**-**	**-**	**0.3**	**-**	**0.1**
Deferred tax on re-measurement of post-employment obligations		**-**	**-**	**-**	**-**	**-**	**(8.4)**	**-**	**(8.4)**
Repayment of quasi-equity loans		**-**	**(1.4)**	**-**	**-**	**-**	**(1.3)**	**-**	**(2.7)**
Total comprehensive income for the year		**-**	**18.2**	**-**	**-**	**0.2**	**76.5**	**3.6**	**98.5**
Transactions with owners:									
Ordinary dividends	4	**-**	**-**	**-**	**-**	**-**	**(25.5)**	**-**	**(25.5)**
Share based payment charges		**-**	**-**	**-**	**2.0**	**-**	**-**	**-**	**2.0**
Non-controlling interests dividend paid		**-**	**-**	**-**	**-**	**-**	**-**	**(0.5)**	**(0.5)**
Sale of non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**3.3**	**3.3**
Total transactions with owners recognised directly in equity		**-**	**-**	**-**	**2.0**	**-**	**(25.5)**	**2.8**	**(20.7)**
At 31 May 2022		**4.3**	**(69.2)**	**0.7**	**(37.1)**	**(0.2)**	**525.6**	**25.2**	**449.3**

*The results for the years ended 31 May 2020 and 31 May 2021 have been restated to reflect prior year adjustments. Further details are set out in note 8.

Consolidated Cash Flow Statement

Year ended 31 May 2022

	Notes	2022 £m	2021 £m
Cash flows from operating activities			
Cash generated from operations		**66.2**	73.4
Taxation paid		**(12.3)**	(20.0)
Interest paid		**(3.5)**	(2.9)
Net cash generated from operating activities		**50.4**	50.5
Cash flows from investing activities			
Interest income		**2.6**	1.2
Investment income		**0.1**	0.3
Purchase of property, plant and equipment and software		**(8.2)**	(8.9)
Proceeds from disposal of PPE and investment property		**18.6**	0.1
Cash flow from disposal of companies & businesses		**7.2**	16.2
Resolution of purchase price from disposal of company		**(0.8)**	-
Acquisition of subsidiary, net		**(33.6)**	-
Cash receipts from repayment of loans by joint venture		**8.4**	3.4
Cash advances and loans provided to joint venture		**-**	(9.6)
Net cash (used) / generated from investing activities		**(5.7)**	2.7
Cash flows from financing activities			
Dividends paid to non-controlling interests		**(0.5)**	(0.2)
Dividends paid to Company shareholders	4	**(25.5)**	(24.3)
Acquisition of non-controlling interests		**-**	(1.1)
Proceeds from loans by joint ventures		**0.6**	-
Repayment of lease liabilities		**(4.0)**	(4.0)
Proceeds from / (repayment of) from loan facility		**56.0**	(9.0)
Net cash generated / (used) in financing activities		**26.6**	(38.6)
Net increase in cash and cash equivalents		**71.3**	14.6
Cash and cash equivalents at the beginning of the year		**87.0**	77.5
Effect of foreign exchange rates		**5.4**	(5.1)
Cash and cash equivalents at the end of the year		**163.7**	87.0

Reconciliation of profit before tax to cash generated from operations

	2022 £m	(Restated)* 2021 £m
Profit before tax from continuing operations	**65.3**	71.5
Loss before tax from discontinued operations	**(1.7)**	(46.9)
Profit before tax	**63.6**	24.6
Adjustment for net finance costs	**1.3**	2.4
Operating profit	**64.9**	27.0
Depreciation	**12.8**	14.3
Amortisation	**6.6**	6.3
Impairment of intangible and tangible fixed assets	**17.5**	0.5
Impairment reversal on intangible fixed assets (note 6)	**(8.5)**	(9.8)
Impairment of equity investment in joint venture	**-**	2.2
(Gain) / loss on sale of assets	**(14.0)**	0.4
Derecognition of capitalised costs related to cloud computing arrangements	**1.0**	-
Other recycling of foreign exchange losses	**1.4**	0.6
Difference between pension charge and cash contributions	**1.1**	0.5
Non-monetary acquisition of investment property	**-**	-
(Profit) / loss on disposal of companies & businesses	**(1.7)**	40.7
Share-based payment charges	**1.9**	-
Share of results from joint ventures	**(6.6)**	(5.6)
Operating cash flows before movements in working capital	**76.4**	77.1
Movements in working capital:		
Inventories	**(14.5)**	2.2
Trade and other receivables	**4.0**	(5.9)
Trade and other payables	**0.4**	1.3
Provisions	**(0.1)**	(1.3)
Cash generated from operations	**66.2**	73.4

*The results for the year ended 31 May 2021 have been restated to reflect prior year adjustments. Further details are set out in note 8.

Notes to the Financial Statements

1. Segmental analysis

The segmental information presented in the note is consistent with management reporting provided to the Executive Leadership Team (ELT), which is the Chief Operating Decision Maker (CODM). The CODM reviews the Group's internal reporting in order to assess performance and allocate resources and has determined the operating segments based on these reports which include an allocation of central revenue and costs as appropriate. The CODM considers the business from a geographic perspective, with Europe & the Americas, Asia Pacific, Africa and Central being the operating segments.

In accordance with IFRS 8 'Operating Segments', the ELT has identified these reportable segments which aggregate the Group's trading entities by geographic location as these entities are considered to have similar economic characteristics. The number of countries that the Group operates in within these segments is limited to no more than five countries per segment, which share similar customer bases and encounter comparable micro environmental challenges.

The CODM assesses the performance based on operating profit before any adjusting items. Revenues and operating profit of the Europe & the Americas and Asia Pacific segments arise from the sale of Hygiene, Beauty and Baby products. Revenue and operating profit from the Africa segment also arise from the sale of Hygiene, Beauty and Baby products as well as Electrical products. The Central segment refers to the activities in terms of revenue of our in-house fragrance house and in terms of cost of expenditure associated with the Global headquarters and above market functions net of recharges to our regions. The prices between Group companies for intra-group sales of materials, manufactured goods, and charges for franchise fees and royalties, are carried out on an arm's length basis.

Reporting used by the CODM to assess performance does contain information about brand specific performance but global segmentation between the portfolio of brands is not part of the regular internally reported financial information.

Reporting segments
Continuing operations

2022	Europe & the Americas £m	Asia Pacific £m	Africa £m	Central £m	Eliminations £m	Total £m
Gross segment revenue	196.3	179.2	222.0	77.3	(82.0)	**592.8**
Inter-segment revenue	(3.3)	(5.4)	-	(73.3)	82.0	**-**
Revenue	**193.0**	**173.8**	**222.0**	**4.0**	**-**	**592.8**
Segmental operating profit / (loss) before adjusting items and share of results of joint ventures	35.0	20.9	15.7	(10.3)	-	**61.3**
Share of results of joint ventures	-	-	6.6	-	-	**6.6**
Segmental operating profit / (loss) before adjusting items	35.0	20.9	22.3	(10.3)	-	**67.9**
Adjusting items	(12.1)	16.1	6.3	(11.6)	-	**(1.3)**
Segmental operating profit / (loss)	**22.9**	**37.0**	**28.6**	**(21.9)**	**-**	**66.6**
Finance income						**2.7**
Finance costs						**(4.0)**
Profit before taxation						**65.3**

2021 (restated)*	Europe & the Americas £m	Asia Pacific £m	Africa £m	Central £m	Eliminations £m	Total £m
Gross segment revenue	220.9	194.5	192.6	50.9	(55.6)	**603.3**
Inter-segment revenue	(4.0)	(7.3)	-	(44.3)	55.6	**-**
Revenue	**216.9**	**187.2**	**192.6**	**6.6**	**-**	**603.3**
Segmental operating profit / (loss) before adjusting items and share of results of joint ventures	52.1	20.7	5.1	(12.5)	-	**65.4**
Share of results of joint ventures	-	-	5.6	-	-	**5.6**
Segmental operating profit / (loss) before adjusting items	52.1	20.7	10.7	(12.5)	-	**71.0**
Adjusting items	7.2	0.1	(1.7)	(2.7)	-	**2.9**
Segmental operating profit / (loss)	**59.3**	**20.8**	**9.0**	**(15.2)**	**-**	**73.9**
Finance income						**1.5**
Finance costs						**(3.9)**
Profit before taxation						**71.5**

*The results for the year ended 31 May 2021 have been restated to reflect prior year adjustments. Further details are set out in note 8.

The Group analyses its revenue by the following categories:

	2022 £m	2021 £m
Hygiene	**305.9**	322.4
Baby	**103.4**	100.0
Beauty	**80.9**	74.1
Electricals	**91.5**	79.4
Other	**11.1**	27.4
	592.8	603.3

2. Adjusting items

Year to 31 May 2022 Adjusting items included within continuing operations:	**Adjusting items before taxation £m**	**Taxation £m**	**Adjusting items after taxation £m**
Nigeria Simplification	7.8	(1.5)	6.3
HR Transformation	(2.9)	0.6	(2.3)
Control Transformation	(0.7)	0.1	(0.6)
Supply Chain Transformation	(0.7)	0.1	(0.6)
Profit on disposal of five:am	0.7	-	0.7
Childs Farm acquisition-related costs	(1.4)	-	(1.4)
Compensation from Australian Competition & Consumer Commission	1.5	(0.5)	1.0
Recycling of foreign exchange on quasi-equity loans	(1.5)	(0.1)	(1.6)
De-recognition of capitalised costs related to cloud computing arrangements	(1.0)	0.2	(0.8)
Impairment of Charles Worthington brand intangible assets (note 6)	(11.6)	2.9	(8.7)
Reversal of impairment of Rafferty's Garden brand intangible assets (note 6)	8.5	(2.1)	6.4
Total adjusting items	**(1.3)**	**(0.3)**	**(1.6)**

Year to 31 May 2021 (restated)* Adjusting items included within continuing operations:	**Adjusting items before taxation £m**	**Taxation £m**	**Adjusting items after taxation £m**
Group and regional restructuring	(2.8)	0.5	(2.3)
Impact of classification of five:am assets as held for sale	1.2	(0.3)	0.9
Nigeria Simplification	(3.8)	0.2	(3.6)
Reversal of impairment of Charles Worthington brand intangible assets	8.3	(2.1)	6.2
UK tax rate change – deferred tax impact	-	(13.2)	(13.2)
	2.9	**(14.9)**	**(12.0)**
Adjusting items included within discontinued operations:			
Loss on disposal of Nutricima assets	(40.7)	(5.2)	(45.9)
Disposal of Luksja brand	(0.4)	-	(0.4)
	(41.1)	**(5.2)**	**(46.3)**
Total adjusting items	**(38.2)**	**(20.1)**	**(58.3)**

*The results for the year ended 31 May 2021 have been restated to reflect prior year adjustments. Further details are set out in note 8.

3. Taxation

	2022 £m	(Restated)* 2021 £m
Current tax		
UK corporation tax charge for the year	**2.5**	8.5
Adjustments in respect of prior years	**(0.5)**	1.6
Double tax relief	**(1.1)**	(1.0)
	0.9	9.1
Overseas corporation tax charge for the year	**12.2**	0.9
Adjustments in respect of prior years	**(0.5)**	(0.2)
	11.7	0.7
Total current tax charge	**12.6**	9.8
Deferred tax		
Origination and reversal of temporary timing differences	**(2.5)**	7.2
Adjustments in respect of prior years	**3.0**	3.6
Effect of rate change adjustments (including 2021 adjusting item of £13.2m)	**0.1**	13.4
Total deferred tax charge	**0.6**	24.2
Total tax charge	**13.2**	34.0

*The results for the year ended 31 May 2021 have been restated to reflect prior year adjustments. Further details are set out in note 8.

Within the tax charge for the year, a net amount of £0.3 million is classified within adjusting items, of which £2.6 million is deferred tax and £2.9 million is current tax. Further detail included in note 3.

UK corporation tax is calculated at 19.0% (2021: 19.0%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. UK deferred tax is measured at 25% following the Finance Act 2021.

The Group has chosen to use the UK corporation tax rate for the reconciliation of the charge for the year to the profit before taxation per the Consolidated Income Statement, as this is where the majority of the Group's profit is derived and the tax residency of the Group.

	2022 £m	(Restated)* 2021 £m
Profit before tax from continuing operations	**65.3**	71.5
Loss before tax from discontinued operations	**(1.7)**	(46.9)
Profit before tax	**63.6**	24.6
Tax at the UK Corporation tax rate of 19.0% (2021: 19.0%)	**12.1**	4.7
Adjusted for:		
Tax effect of expenses that are not deductible/taxable	**6.6**	15.8
Tax effect of non-taxable income	**(10.0)**	(2.4)
Effect of rate changes on deferred taxation (all territories)	**-**	13.4
Tax effect of share of results of joint ventures	**(2.0)**	(1.7)
Other taxes suffered	**2.2**	2.4
Net adjustment to amount carried in respect of uncertain tax positions	**0.2**	(6.8)
Movements in deferred tax assets not recognised	**-**	8.1
Adjustments in respect of prior years	**(1.2)**	5.0
Difference in foreign tax rates (non-UK residents)	**5.3**	(4.5)
Tax charge for the year	**13.2**	34.0
Tax charge attributable to continuing operations	**13.3**	29.3
Tax (credit)/charge attributable to discontinued operations	**(0.1)**	4.7
Tax charge for the year	**13.2**	34.0

*The results for the year ended 31 May 2021 have been restated to reflect prior year adjustments. Further details are set out in note 8.

The Company is resident in the United Kingdom for tax purposes. The effective tax rate for the year ended May 31, 2022 including adjusting items and discontinued operations is 20.8% (2021: 138.1%). The high effective tax rate in FY21 was driven by a one-off adjusting item following the disposal of Nutricima and the enacted future UK Corporate tax rate change impacting the deferred tax charge.

4. AGM & Dividend

The Board is recommending a final dividend of 3.73 pence (FY21: 3.42p) per share, making a total of 6.40 pence (FY21: 6.1p) per share for the year. The gross amount of the proposed final dividend is £15.6 million (2021:£14.3 million)

Subject to approval at the Annual General Meeting, which will be held on 24 November 2022, the final dividend will be paid on 30 November 2022 to shareholders on the register at the close of business on 21 October 2022.

5. Earnings per share

Earnings per share (EPS) represents the amount of earnings (post-tax profits/losses) attributable to each ordinary share in issue. Basic EPS is calculated by dividing the earnings (profit after tax in accordance with IFRS) attributable to owners of the Parent by the weighted average number of ordinary shares that were in issue during the year. Diluted EPS demonstrates the impact if all outstanding share options that would vest on their future maturity dates if the conditions at the end of the reporting period were the same as those at the end of the contingency period (such as those to be issued under employee share schemes – see note 24) were exercised and treated as ordinary shares as at the balance sheet date.

	2022 Number 000	2021 Number 000
Basic weighted average	**418,476**	418,402
Diluted weighted average	**420,841**	419,016

The difference between the average number of ordinary shares and the basic weighted average number of ordinary shares represents the shares held by the Employee Share Option Trust, while any difference between the basic and diluted weighted average number of shares represents the potentially dilutive effect of the Executive Share Option

Schemes and the Performance Share Plan. The average number of shares is reconciled to the basic and diluted weighted average number of shares below:

	2022 Number 000	2021 Number 000
Average number of ordinary shares in issue during the year	**428,725**	428,725
Less: weighted average number of shares held by Employee Share Option Trust	**(10,249)**	(10,323)
Basic weighted average shares in issue during the year	**418,476**	418,402
Dilutive effect of share incentive plans	**2,365**	614
Diluted weighted average shares in issue during the year	**420,841**	419,016

Earnings Per Share from continued and discontinued operations

	2022 £m	(Restated)* 2021 £m
Profit/(loss) after tax attributable to owners of the Parent	**48.5**	(9.4)
Adjusting items (net of taxation effect)	**2.9**	59.0
Adjusted profit after tax	**51.4**	49.6

	2022 pence	2021 pence
Basic earnings/(losses) per share	**11.59**	(2.25)
Adjusting items	**0.69**	14.10
Adjusted basic earnings per share	**12.28**	11.85
Diluted earnings/(losses) per share	**11.52**	(2.24)
Adjusting items	**0.69**	14.08
Adjusted diluted earnings per share	**12.21**	11.84

*The results for the year ended 31 May 2021 have been restated to reflect prior year adjustments. Further details are set out in note 8.

From continuing operations

	2022 £m	(Restated)* 2021 £m
Profit attributable to owners of the Parent from continuing operations	**50.3**	42.2
Adjusting items (net of taxation effect)	**2.9**	12.7
Adjusted profit after tax	**53.2**	54.9

*The results for the year ended 31 May 2021 have been restated to reflect prior year adjustments. Further details are set out in note 8.

	2022 pence	(Restated)* 2021 pence
Basic earnings per share	**12.02**	10.09
Adjusting items	**0.69**	3.03
Adjusted basic earnings per share	**12.71**	13.12
Diluted earnings per share	**11.95**	10.07
Adjusting items	**0.69**	3.03
Adjusted diluted earnings per share	**12.64**	13.10

*The results for the year ended 31 May 2021 have been restated to reflect prior year adjustments. Further details are set out in note 8.

From discontinued operations

	2022 £m	2021 £m
Loss after tax attributable to owners of the Parent from discontinued operations	**(1.8)**	(51.6)
Adjusting items (net of taxation effect)	**-**	46.3
Adjusted loss after tax	**(1.8)**	(5.3)

	2022 pence	2021 pence
Basic losses per share	**(0.43)**	(12.33)
Adjusting items	**-**	11.06
Adjusted basic losses per share	**(0.43)**	(1.27)
Diluted losses per share	**(0.43)**	(12.31)
Adjusting items	**-**	11.05
Adjusted diluted losses per share	**(0.43)**	(1.26)

6. Goodwill and other intangible assets

	Goodwill £m	Software £m	Brands £m	Total £m
Cost				
At 1 June 2020	69.1	63.2	268.3	400.6
Currency retranslation	(0.1)	(0.8)	0.3	(0.6)
Additions	-	2.4	-	2.4
Acquisition of non-controlling interest	0.9	-	-	0.9
Disposals	(2.9)	(0.8)	-	(3.7)
Reclassifications from property, plant and equipment	-	1.3	-	1.3
Reclassified as held for sale	(21.5)	-	(32.8)	(54.3)
Revised analysis between cost and amortisation of intangible assets & between categories	8.4	0.7	(2.6)	6.5
At 31 May 2021	**53.9**	**66.0**	**233.2**	**353.1**
Currency retranslation	0.8	0.4	1.6	2.8
Additions	16.8	1.4	35.5	53.7
Derecognition of capitalised costs related to cloud computing	-	(2.2)	-	(2.2)
At 31 May 2022	**71.5**	**65.6**	**270.3**	**407.4**
Accumulated amortisation & impairment				
At 1 June 2020 (restated)*	26.3	27.5	59.3	113.1
Currency retranslation	0.3	(0.3)	-	-
Amortisation charge for the year	-	6.3	-	6.3
Disposals	(2.9)	(0.7)	-	(3.6)
Impairment reversal – restated*	-	-	(9.8)	(9.8)
Reclassified as held for sale	(21.5)	-	(26.8)	(48.3)
Revised analysis between cost and amortisation of intangible assets & between categories	8.4	-	(1.9)	6.5
At 31 May 2021 (restated)*	**10.6**	**32.8**	**20.8**	**64.2**
Currency retranslation	0.5	0.3	0.6	1.4
Amortisation charge for the year	-	6.6	-	6.6
Impairment	-	-	11.6	11.6
Impairment reversal	-	-	(8.5)	(8.5)
Derecognition of amortisation related to cloud computing	-	(1.2)	-	(1.2)
At 31 May 2022	**11.1**	**38.5**	**24.5**	**74.1**
Net book values				
At 31 May 2022	**60.4**	**27.1**	**245.8**	**333.3**
At 31 May 2021- restated*	43.3	33.2	212.4	288.9

*The results for the year ended 31 May 2021 have been restated to reflect prior year adjustments. Further details are set out in note 8.

Transfers from property, plant and equipment mainly represent the capitalised element of software costs relating to IT network and security improvements.

Software includes the ERP system (SAP). The carrying amounts of software are reviewed at each reporting date to determine whether there is any indication of impairment.

Goodwill and other intangible assets (excluding software), which include the Group's acquired brands, all have indefinite useful lives and are subject to annual impairment testing, or more frequent testing if there are indicators of impairment. The method used is as follows:

- intangible assets (including goodwill) are allocated to appropriate cash-generating units ('CGUs') based on the smallest identifiable group of assets that generate cash inflows independently in relation to the specific intangible/goodwill.
- the recoverable amounts of the CGUs are determined through value-in-use calculations that use cash flow projections from approved budgets and plans over a period of five-year which are then extrapolated beyond the five year period based on estimated long-term growth rates.

As the Group's brands and goodwill have all arisen from previous business combinations, CGUs have been identified as the business units acquired, as they represent the smallest group of assets which independently generate cash inflows. In the year, management reviewed the evidence supporting the Group's judgements around CGU identification of the Group's indefinite life intangible assets and goodwill, and in particular the determination in place since FY12 that the four Beauty brands, St Tropez, Sanctuary Spa, Fudge and Charles Worthington be combined into one Beauty CGU. The conclusion of this review is that the brands should always have been treated as separate CGUs and in accordance with IAS8, management have recognised prior year adjustments to reflect this fact. Further details can be found in note 8.

In the year, the Group acquired Childs Farm, and has recognised £35.5 million in relation to the value of the brand and an additional £16.8m in relation to goodwill, which represents the expected synergies. The acquisition accounting reflects the deferred consideration arrangement in place for the Group to purchase the outstanding minority shareholding.

Having performed the annual impairment tests, certain impairments have been recognised in FY22, as set out below.

For the Charles Worthington brand, the impairment tests showed a fair value of the brand of £9.6m compared to the carrying value of £21.2m, resulting in an impairment loss of £11.6m. The tests were based on management's best estimate of future performance using the board approved five year plan with an overlay for the impact of inflation based on a 10% increase to costs over the period of that forecast. Sensitivity analysis on the brand indicated a reasonably possible additional downside of £2 million based on a sales decline of 4%.

For Rafferty's Garden, the impairment tests showed a fair value of £32.7m compared to the carrying value of £24.2m, resulting in a reversal of previously recorded impairment losses to the value of £8.5m. The tests were based on management's best estimate of future performance using the board approved five year plan with an overlay for the impact of inflation based on a 10% increase to costs. Sensitivity analysis performed indicated that the extent of reversal would be as low as £3m on a reasonably possible downside based on a sales decline of 2.5% or a margin decline of 1%pt.

For the remaining brands with intangible assets, namely St Tropez, Fudge, Sanctuary Spa and Original Source, the Directors do not consider that a reasonable possible change in the assumptions used to calculate the value in use of intangible assets could result in a significant reduction in headroom such that it would be indicative of impairment. In forming this conclusion the Directors reviewed a sensitivity analysis performed by management, which focused on the reasonably possible downsides of key assumptions, both individually and in reasonably possible combinations, and considered whether these reasonably possible downsides give rise to an impairment.

Further disclosures on the methodology used for impairment testing including the results of the tests will be detailed in the notes to Financial Statements for the year ended 31 May 2022.

7. Adjusted net debt

The Group considers adjusted net debt to be an important alternative performance measure, on the basis that this measure forms the basis of the Net debt to EBITDA covenant in relation to the Group's Revolving Credit Facility (RCF). The Group had adjusted net debt positions as at 31 May 2022 and 31 May 2021 respectively, as shown below:

£m	31 May 2022	31 May 2021
Cash at bank and in hand	**105.8**	79.4
Short-term deposits	**58.0**	7.6
Bank overdrafts	**(0.1)**	-
Cash and cash equivalents	**163.7**	**87.0**
Current asset investments	**0.5**	0.3
Non-current interest-bearing loans and borrowings	**(174.0)**	(118.0)
Adjusted net debt	**(9.8)**	**(30.7)**

Loans due in greater than one year include the Group's main borrowing facility. This is provided by a syndicate of lenders in the form of a £325 million RCF committed until 28 November 2023.

Overdrafts do not form part of the Group's main borrowing facility and only arise as part of the Group's composite banking arrangements with key banking partners. Under the terms of this arrangement, cash and overdraft balances recognised by the Overdraft's Obligor Group are considered as one cash pool with the net position being monitored by the Directors and Lenders.

8. Accounting policies

While the financial information in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS.

The Financial Statements have been prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006.

The preparation of Financial Statements, in conformity with IFRSs, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Group's business activities, together with the factors likely to affect its future development, performance and position will be set out in the Business Review in the Full Annual Report and Financial Statements. The financial position of the Group and liquidity position will be described within the Financial Position section of that review. Additionally, note 18 to the financial statements within the Full Annual Report and Financial Statements will include the Group's objectives and policies for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Directors consider that adequate resources exist for the Group to continue in operational existence for a period of at least 12 months from the expected date of approval of these financial statements and that, therefore, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements as at and for the period ended 31 May 2022.

The Financial Statements have been prepared using consistent accounting policies except as stated below.

a) New and amended standards adopted by the Group

The Group has reviewed the April 2021 IFRIC agenda decision regarding the treatment of costs related to cloud computing. The Group has implemented an amended accounting policy based on the guidance published within the IFRIC agenda decision. The Group has conducted analysis to identify those projects that, in light of the agenda decision, would have been recognised directly as expenses, rather than capitalised as intangible assets, related to cloud computing. The Group does not consider the impact to historic periods to be material and does not intend to make any adjustment to those periods related to this accounting policy adoption. The Group has instead derecognised the brought forward capitalised costs that were previously held within intangible assets, which total £1.0m, and recorded these as expenses in the income statement in the year ended 31 May 2022. Given its nature and magnitude, the amount is disclosed as an adjusting item.

b) Restatement due to prior year adjustments

In preparing these financial statements, management identified a number of errors relating to prior periods. Accordingly, prior year adjustments have been made. The issues were identified as the management team conducted reviews across the Group's tax positions, as well as considering the judgement related to the determination of Cash-Generating Units (CGUs) for the purposes of testing the Group's indefinite life intangible assets for impairment.

Indirect tax liability

Management identified an issue related to indirect tax whereby a subsidiary company incorrectly assessed the applicability of VAT to sales of particular goods and purchases of particular raw materials over a period between 2016 and 2019. Management consider that this issue results in a potential liability that has not previously been recognised in the financial statements of the subsidiary or the Group.

As at the FY22 reporting date, and in line with IAS 37, management have considered it appropriate to recognise a provision of £4.3m in relation to this liability, which includes applicable fines and interest. Management consider it would have been correct to have recorded the provision in the years in which the incorrect assessment of VAT took place, being between 2016 and 2019. In line with IAS 8, and considering that this time period is before FY21, which is the earliest prior period presented in the financial statements, management have restated the opening balance sheet of this comparative period. A provision of £4.3m has been recorded within current liabilities and a corporation tax receivable has been recognised for £0.4m, as a portion of the liability is tax deductible. A resulting reduction in retained earnings has been made for the net value of £3.9m.

Charles Worthington Impairment

In the year, management reviewed the evidence supporting the Group's judgements around CGU identification in relation to the impairment testing of the Group's indefinite life intangible assets and goodwill. This review was focused on the four brands that make up the Group's Beauty division, and was triggered by the Group's new strategy, whereby two of the Beauty brands, St Tropez and Sanctuary, have been determined as Must Win Brands, with the other two beauty brands, Fudge and Charles Worthington, being classified as Portfolio brands.

These four brands and their directly attributable assets were, on initial acquisition, treated as separate CGUs; however, the CGUs were combined in FY12, based on circumstances which management at the time believed supported the interdependence of cash inflows associated with the four brands. In recent years, the judgement around this single CGU determination has been highlighted as a significant judgement within the financial statements.

The conclusion of this year's review of this judgement is that the brands should always have been treated as separate CGUs; whilst there are some interdependencies in cash inflows arising from the brands, in particular when pricing is agreed with a customer across a range of brands and then incorporated into a single contract drawn up covering all brands, when considered overall, the cash inflows of each brand are largely independent of each other.

The directors have therefore concluded that each brand, together with its associated assets and liabilities, should have been treated as a separate CGU from the date of acquisition of the brand and not combined into one CGU in FY12. Management have undertaken work to assess the carrying value of each of the four CGUs as at 31 May 2020 and 31 May 2021 and concluded that had the four CGUs been tested individually for impairment at those dates:

- The Charles Worthington CGU would have been impaired by £16.9m at 31 May 2020, and a reversal of this impairment of £8.3m would have occurred in the year ended 31 May 2021. A further impairment charge of £11.6m has also been recorded in respect of Charles Worthington for the year ended 31 May 2022. These movements reflect the impact of Covid-19 on the brand's operating performance, the subsequent post Covid recovery and the Group's renewed strategy which has classified Charles Worthington as a portfolio brand; and
- The Sanctuary Spa, Fudge and St Tropez CGUs would not have been impaired at either 31 May 2020 or 31 May 2021.

Therefore, in accordance with IAS 8, management have recognised prior year adjustments, which, in aggregate:

- reduce the carrying value of intangible assets by £16.9m and associated deferred tax liabilities by £3.2m at 31 May 2020 and retained earnings by £13.7m
- reduce the carrying value of intangible assets by £8.6m and associated deferred tax liabilities by £2.2m at 31 May 2021 with an increase in operating profit of £8.3m and profit after tax of £7.2m and a reduction in retained earnings of £6.5m. The £8.3m reversal has been disclosed as an adjusting item within note 2.

31 May 2020 **£m**	As previously reported	**Indirect Tax liability**	Charles Worthington impairment		As restated
Balance sheet			FY20	FY21	
Goodwill and other intangible assets	304.4	-	(16.9)	-	287.5
Current tax receivable	9.6	1.1	-	-	10.7
Retained earnings	530.3	(2.6)	(13.7)	-	514.0
Non-controlling interests	25.4	(1.2)	-	-	24.2
Deferred taxation liabilities	(65.6)	-	3.2	-	(62.4)
Provisions	(3.2)	(4.9)	-	-	(8.1)

31 May 2021 **£m**	As previously reported	Indirect Tax liability	Charles Worthington impairment		As restated
Consolidated income statement			FY20	FY21	
Administrative expenses	(76.6)	-	-	8.3	(68.3)
Profit before tax	63.2	-	-	8.3	71.5
Corporation tax	(28.2)	-	-	(1.1)	(29.3)
Loss / (profit) after tax	(16.6)	-	-	7.2	(9.4)
Balance sheet					
Goodwill and other intangible assets	297.5	-	(16.9)	8.3	288.9
Current tax receivable	14.2	1.1	-	-	15.3
Retained earnings	483.7	(2.6)	(13.7)	7.2	474.6
Non-controlling interests	20.0	(1.2)	-	-	18.8
Deferred taxation liabilities	(75.2)	-	3.2	(1.1)	(73.0)
Provisions	(0.7)	(4.9)	-	-	(5.6)

9. Basis of financial statements

This announcement was approved by the Board of Directors on 21 September 2022. The financial information in this announcement does not constitute the Group's statutory accounts for the year ended 31 May 2022 or 31 May 2021. Statutory accounts for 31 May 2021 have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The audit of the statutory accounts for the year ended 31 May 2022 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting.

The audited consolidated financial statements from which the 2021 results are extracted have been prepared under the historical cost convention in accordance with IFRS (International Financial Reporting Standards), as adopted by those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The standards used are those published by the International Accounting Standards Board (IASB) and effective at the time of preparing these financial statements (September 2022).

After making enquiries, the Directors have reasonable expectations that the Group has adequate resources to continue to operate for a period of at least 12 months from the date of approving the financial statements. Accordingly they continue to adopt the going concern basis in preparing this financial information.

10. Statement of Directors' responsibilities

Each of the Directors confirms that, to the best of their knowledge:

- The Financial Statements within the full Annual Report and Financial Statements from which the financial information within this preliminary results announcement has been extracted, have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- The basis of preparation, outlook, trading performance overview and regional reviews include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Approved by the board of Directors on 21 September 2022.