8 February 2023

2023 INTERIM RESULTS

for the half year ended 3 December 2022

Continued profitable like for like revenue growth
FY23 outlook reiterated despite the challenging macro environment

Jonathan Myers, Chief Executive Officer, said: *"Despite the continued challenging macro environment, we have delivered another quarter of like for like revenue growth. Our first half performance has been in line with expectations and we are reiterating our full year outlook. This is thanks to work we have done to make PZ Cussons a more resilient business and our focus on building stronger brands. For example, in the UK, our new brand Cussons Creations is serving cost-conscious shoppers and the re-launched Sanctuary Spa is for consumers looking to treat themselves at home with an everyday indulgence. Overall, while there remains more to do in our transformation and near-term headwinds to navigate in some of our markets, we are confident about the opportunities ahead of us. We are working to build a higher growth, higher margin, simpler and more sustainable business."*

	Adjusted			Statutory		
	H1 FY23	H1 FY22		**H1 FY23**	H1 FY22[1]	
Revenue	**£336.9m**	£283.7m	*18.8%*	**£336.9m**	£283.7m	*18.8%*
LFL revenue growth	**6.1%**	(2.0)%	-			
Operating profit	**£33.2m**	£32.9m	*0.9%*	**£39.2m**	£24.4m	*60.7%*
Operating margin	***9.9%***	*11.6%*	*(170)bps*	***11.6%***	*8.6%*	*300bps*
Profit before tax	**£34.5m**	£32.0m	*7.8%*	**£40.5m**	£23.5m	*72.3%*
Basic earnings per share	**5.16p**	5.64p	*(8.5)%*	**5.90p**	4.23p	*39.5%*
Dividend per share				**2.67p**	2.67p	*0.0%*

See page 9 for definitions of key terms and pages 10 to 12 for the reconciliation between Alternative Performance Measures and Statutory Results.
Numbers are shown based on continuing operations, unless otherwise stated. With the exception of LFL revenue growth, % changes are shown at actual FX rates.
Unless otherwise stated H1 FY23 refers to the 6 months ended 3 December 2022 and H1 FY22 refers to the 6 months ended 27 November 2021.
Revenue growth of 18.8% includes approximately three percentage points contribution due to an additional six reporting days in the period, compared to H1 FY22.

Group Summary

- Like for like ('LFL') revenue growth of 6.1%, driven by price/mix improvements, with limited volume declines
- Must Win Brands ('MWBs') LFL revenue increased 2.2% (6.7% growth excluding Carex), with the large majority of the brands in good growth
- Reported revenue grew 18.8%, driven by the contribution of the Childs Farm acquisition, favourable FX and the impact of additional reporting days in the period
- Adjusted operating profit margin decline of 170bps in line with expectations, driven primarily by adverse geographic mix, with cost mitigation and Revenue Growth Management largely offsetting underlying inflation. On track for margin improvement in H2
- Adjusted EPS declined 8.5% as growth in adjusted profit before tax of 7.8% was more than offset by a higher tax charge and the increase in minority interests as a result of the improved profitability in Africa; on a statutory basis, EPS increased 39.5% to 5.90p
- Balance sheet remains strong with a new £325 million credit facility agreed, incorporating ESG-linked KPIs
- Interim dividend of 2.67p, unchanged from H1 FY22

[1] Certain H1 FY22 amounts have been restated for the impairment of the Charles Worthington brand which was reported in the full year 2022 Annual Report and Financial Statements. See note 2 to the condensed consolidated financial statements

- Continued progress against 'Building brands for life' strategy, including:
  - A doubling of investment in MWBs compared to H1 FY20, including recent marketing campaigns for Original Source, Sanctuary Spa and Portfolio Brand Imperial Leather's first TV campaign in seven years
  - Ongoing simplification of our Nigerian operations, with over £30 million of cumulative proceeds now achieved from the sale of residential properties and an improved ERP infrastructure
  - Childs Farm continues to perform well with the ongoing integration into our own operations and new international listings recently secured
  - Further growth in sustainability-led packaging, including 200% growth in Sanctuary Spa refill sales which also offer better value to the consumer
  - Incremental investment to prepare selected MWBs for entries into new markets and adjacencies
- FY23 outlook and long-term ambition is unchanged from that provided at the FY22 Results in September 2022

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Investor and Analyst conference call

PZ Cussons' management will host an audio webcast for analysts and institutional investors at 9.00am GMT on 8 February 2023. The webcast is available at the link below and will also be available via our corporate website, www.pzcussons.com.

https://www.investis-live.com/pzcussons/63bff148aba36a0c0018e275/fewq

Notes to Editors

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

Our performance in the first half of the year has continued to be impacted by a challenging macro environment, with ongoing high cost inflation and reduced consumer confidence. We have nevertheless delivered a robust financial performance with continued LFL revenue growth and our expectations for the full year are unchanged. Our teams have been working hard to ensure we continue to offer the best possible value for consumers and I would like to thank each of them for their efforts and support.

We continue to make good progress against our strategy. We have refocused on the consumer, raising the bar on how we approach marketing and innovation. We are investing more to build stronger brands, with a particular focus on our MWBs where Brand Investment in the first half of the year is double that of H1 FY20 - just prior to the launch of the strategy. Finally, we are continuing to remove the complexities that have historically constrained our growth.

There is undoubtedly more to do, but significant strategic progress has been made over the last two years to address our legacy issues and ensure the business is well positioned to navigate the near-term headwinds as we continue to move from Turnaround to Transformation.

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

In the first half of the year, we have continued to make good headway, focusing on the core categories of Hygiene, Baby and Beauty in our four priority markets of the UK, Australia, Indonesia and Nigeria.

Build Brands

Our primary strategic focus is on building memorable, trusted and well-loved brands. In the UK, Sanctuary Spa, one of our MWBs, was relaunched in the period with new packaging and product ranges, such as shower oils and scrubs, demonstrating the value offered to consumers seeking to maintain their everyday indulgences in the face of the cost of living crisis. Supported by a significant increase in Brand Investment, results have been positive, with household penetration increasing by a third and the brand is well placed to deliver a third consecutive year of strong revenue growth.

Elsewhere, our continued focus on investing behind MWBs in Nigeria has resulted in Brand Investment double the level of two years ago, in part funded by a more than 20% reduction in Portfolio Brand investment as we shift our resources behind our strategic priorities. This is driving significant improvement in financial and operational performance in Africa with LFL revenue growth of 15.6% and a further improved margin.

Serve Consumers

We need to win wherever the shopper shops and we are working to ensure we have the right route to market strategy for all our brands, whether through increasing our presence within the discounter channel or strengthening relationships with the larger grocers. We are also reaching a wider range of consumers through innovation, with the development of Cussons Creations providing an everyday value offering for the cost-conscious shopper.

Building on the earlier success of the Rafferty's Garden online offering where market share continues to be ahead of traditional routes to market, the Australian team has recently launched a Direct-to-Consumer website for Childs Farm, following the move to integrate previous third party distribution into our own operations. Elsewhere, St.Tropez had its best 'Holiday Week' ever in North America driven by targeted promotional programmes and strong online activity through closer relationships with Amazon. In the UK, Sanctuary Spa sales grew over 70% as part of Amazon's Prime Day event.

Reduce Complexity

Nigeria continues to be a major part of our focus to reduce complexity across the Group. We are simplifying our operations with further residential property sales, generating £13.5 million of proceeds in the period, bringing cumulative proceeds to over £30 million. We see further opportunities to unlock additional value over time and have also re-engineered our ERP system (SAP) to improve financial controls and drive process efficiencies.

We have continued to evolve our supply chain footprint. In the period we relocated our procurement function to improve operational performance and made the strategic decision to outsource product fragrance development and supply. Over the medium term we will continue to reconfigure our supply chain into a simplified, lean and agile function to support future profitable growth.

Develop People

Our people strategy remains a critical enabler of our business, building a high engagement, high performance culture. In October we hosted our first 'Future Ready Summit' which brought together senior leaders from across the Group to shape our business priorities and plans. The Workday HR system will bring considerable benefits to employees and managers whilst driving efficiencies in process and insight to drive our talent agenda.

Recognising the cost of living challenges many of our employees are facing, we have been working hard to support wherever we can, including vouchers in Indonesia, one-off payments in Nigeria and Ghana and appreciation days in the UK and Australia.

Grow Sustainably

Our investment in sustainability is driven by wanting to be at the forefront of responding to evolving consumer behaviour and ensuring that our products serve them well. In the UK, we have reformulated Imperial Leather bottles and Sanctuary Spa jars to include 30% post-consumer recycled resin whilst also launching an Original Source 'bottle for life' made of aluminium and offering better value to consumers. Sanctuary Spa refills have grown nearly 200% over the past year, reflecting not only consumers' desire to purchase more sustainably, but also the better value given the lower levels of plastic usage. Demonstrating our commitment to embed our new sustainability framework "Better For All" into all parts of our business, we agreed a new and innovative £325 million credit facility which incorporates ESG-linked KPIs.

FY23 Outlook

As previously guided, we expect a stronger operating margin performance in the second half of the year driven by improved trends in our Europe and Americas business, more benign cost inflation and the full impact of price increases implemented part way through the first half. We remain mindful of significant macro-economic uncertainty, including the continued depreciation of the Nigerian naira, but expect to report FY23 adjusted profit before tax in line with current market estimates.

We now expect an effective tax rate ('ETR') on adjusted profit before tax for FY23 of 26-27% (22-24% previously) primarily as a result of the geographic mix of profits. We expect a net interest charge for FY23 of approximately £2 million (versus previous expectations of £4 million).

Our long-term ambition of LFL revenue growth of mid-single digits and adjusted operating profit margins in the mid-teens is unchanged.

Financial Review

Overview of Group financial performance

We have delivered a robust financial performance, in line with our expectations, despite the impact of inflationary pressures and the softening of the wider macro-economic environment and consumer confidence. Revenue increased 18.8% reflecting LFL revenue growth of 6.1%, the positive contribution of the Childs Farm acquisition and favourable FX movements. An additional six reporting days in the period added approximately three percentage points to revenue growth and is excluded from the LFL calculation. LFL revenue was driven mainly by price/mix improvements of 11.4%. Volumes declined 5.4%, of which nearly three percentage points were attributable to our Nigerian Electricals business, where we are intentionally driving price and margin, rather than volume, and to Carex where category demand has continued to normalise post-Covid. Excluding the impact of foreign exchange movements, revenue growth was 8.1%.

The 170bps decline in adjusted operating profit margin was primarily driven by adverse geographic revenue mix as we saw declines in the higher gross margin brands of Carex and St.Tropez, but very strong growth in Africa and Australia where our brands typically have lower margins. Cost inflation remained high in the period, although this is expected to moderate in the second half of the year, based on the current market outlook. We have increased our Brand Investment during the period and have also been investing in future white space opportunities such as expansion into new geographies and category adjacencies. Adjusted EPS declined by 8.5% as a result of the reduction in adjusted operating margin, together with a higher tax rate and the impact of a higher minority interest charge associated with the strength of our Nigerian business. On a statutory basis, EPS increased 39.5% to 5.90p.

Our balance sheet remains strong, with adjusted net debt of £35.7 million. Adjusted net debt has increased since the year end as adverse FX movements, loans we elected to advance to PZ Wilmar Limited, one of our joint ventures in Nigeria, and the payment of the final FY22 dividend have more than offset free cash flow of £4.2 million (H1 FY22: £20.3 million) and proceeds from the disposal of residential properties in Nigeria. The Board has approved an unchanged interim dividend of 2.67p (H1 FY22: 2.67p).

Performance by geography

Europe and the Americas

	H1 FY23	**Reported growth/ (decline)**
Revenue	£99.5m	4.6%
LFL revenue growth	(6.0)%	n/a
Adjusted operating profit	£9.5m	(51.5)%
Margin	9.5%	(1110)bps
Operating profit	£4.1m	(48.8)%

Revenue declined 6.0% on a LFL basis, primarily reflecting the continued post-Covid normalisation of Carex, a strong comparable period for our Beauty brands and against the context of an 8.3% decline in the UK washing and bathing category in the period[2]. The reported revenue increase of 4.6% includes the benefit of the Childs Farm acquisition, which completed in March 2022. Childs Farm continues to perform well, benefiting from recently agreed new international listings and we will soon launch the first new product development under our ownership.

The UK hand hygiene category declined during the period, driven largely by a 50% reduction in the hand sanitiser category as concerns related to Covid have continued to soften. Despite a reduction in revenue during the period, Carex remains approximately 20% higher than pre-Covid levels and has continued to see strong performance of refills.

[2] Kantar, 24 weeks ended 27 November 2022

Original Source grew as a result of successful marketing during the period, helping it to become the third largest shower brand in the UK, up from fifth previously. After a number of years of revenue decline, Imperial Leather was relaunched with its first TV campaign in seven years, reconnecting with the brand's heritage and appeal to consumers as they seek an everyday indulgence. To enable Imperial Leather's premiumisation, we launched our new Portfolio Brand Cussons Creations in June 2022 for the more cost-conscious consumer, recognising the importance of the discounter retail channel in recent years. The response to this approach has been positive, allowing us to both improve profitability and better serve consumers. The two brands combined have seen higher sales than the previous Imperial Leather offering.

Our Beauty business saw a decline on last year's particularly strong performance from St.Tropez which benefited from the Ashley Graham campaign and a strong post-Covid rebound. Revenue nevertheless remains significantly higher than two years ago. Sanctuary Spa grew strongly following its 'Self Care Counts' re-staging and marketing campaign, with UK household penetration increasing by a third compared to two years ago. It grew particularly well on key trading occasions, seeing double and triple-digit growth during Prime Day and Black Friday respectively and continues to expand its shower range such as oils and scrubs.

Adjusted operating profit margin declined to 9.5%, from 20.6%. This was driven by pressures from cost inflation and the reduction in consumer confidence in the UK, the revenue decline in Carex and St.Tropez, as well as incremental investment in the business to strengthen our portfolio and drive future growth. We expect margins to improve significantly in H2 due to improved trends in Carex and St.Tropez, the full period effect of price increases implemented during H1 and more favourable cost phasing. On a statutory basis, operating profit declined by £3.9 million.

<u>Asia Pacific</u>

	H1 FY23	**Reported growth/ (decline)**
Revenue	£102.2m	21.1%
LFL revenue growth	7.5%	n/a
Adjusted operating profit	£15.4m	41.3%
Margin	15.1%	220bps
Operating profit	£15.1m	18.0%

Revenue increased 21.1% as a result of strong LFL growth and favourable FX. On a LFL basis, revenue grew 7.5% driven by very strong growth in ANZ as a result of successful Revenue Growth Management activity and share gains, offset by a softer performance in Indonesia.

Cussons Baby Indonesia declined slightly in the first half due to the softening of category growth during the period given the increasing levels of consumer cost inflation. Competition in certain categories also remain challenging and our focus continues to be growing the higher margin baby toiletry sub-categories such as oils, lotions and creams.

In our Hygiene category, Morning Fresh continued to perform well, maintaining market share despite pricing initiatives. Revenue was up strongly driven by marketing campaigns in Q1 and Q2 and the growth of refills with our Bottle for Life offering. Radiant gained market share, driven by new product development.

Rafferty's Garden continued its strong performance, growing price and volume ahead of the category, and with a further acceleration in online sales. Rafferty's Garden remains the clear market leader, representing almost a third of the baby food category in Australia.

Imperial Leather performed very strongly driven by our increased focus on expanding our brands outside of their primary markets.

Adjusted operating margin grew by 220bps as strong revenue growth and margin initiatives more than offset cost inflation. Statutory operating profit grew by £2.3 million.

Africa

	H1 FY23	Reported growth/ (decline)
Revenue	£133.2m	30.3%
LFL revenue growth	15.6%	n/a
Adjusted operating profit	£15.8m	88.1%
Margin	11.9%	370bps
Operating profit	£27.5m	172.3%

LFL revenue growth of 15.6% was driven by further distribution gains and improvements in price/mix, with multiple price increases during the financial year. All major brands, including the Portfolio Brands Stella and Canoe, reported double digit LFL revenue growth. Volumes declined only slightly, demonstrating the strength of our brands and improved distribution. On a reported basis, revenue grew by 30.3% driven by favourable FX movements.

In our Hygiene business, Premier saw very strong growth as it continues to lead its category, while we also relaunched our Flamingo value soap bar with a new proposition and packaging, targeting the more cost-conscious consumer. Morning Fresh maintained its market-leading position in the dishwash category in Nigeria despite significant price increases. Imperial Leather in Kenya grew strongly, benefiting from new product launches.

Cussons Baby grew strongly, with growth in both price/mix and volume.

Revenue in our Electricals business continued to grow strongly, due to a series of price increases to offset cost inflation and contributed revenue of £52.7 million in the period. Gross margins improved as we continue to prioritise improving the profitability of the business over gaining volume share.

Adjusted operating margin grew by 370bps. Against a backdrop of very strong cost inflation, this was achieved through successive price increases, improving efficiencies, as well as a focus on driving the higher margin parts of our portfolio. On a statutory basis, operating profit increased by £17.4 million reflecting the profit on further property disposals in Nigeria.

Other financial items

Operating profit
Adjusted operating profit for the Group was £33.2 million, which compares to £32.9 million in the prior period. Adjusted operating profit margins declined by 170bps to 9.9%. This was driven primarily by a 270bps reduction in the gross profit margin which reflects an adverse geographic mix of profits. Overheads reduced by 50bps as we continue to seek opportunities for productivity gains. Brand Investment grew versus the prior year in absolute terms but decreased by 30bps as a percentage of revenue. PZ Wilmar, our Palm Oil joint venture, reduced the Group's operating margin by 30bps as its profit declined following the very strong performance of H1 FY22. Finally, we recognised 50bps of FX and other gains. Operating profit increased 60.7% to £39.2 million.

Adjusting items
Adjusting items in the period totalled net income of £6.0 million before tax. This included a net income of £10.9 million from our Nigeria simplification project mainly relating to £11.7 million from the profit on the disposal of residential properties. Other adjusting items mainly related to costs associated with ongoing transformation programmes and included £3.1 million for the Finance Transformation programme and £1.1 million for the Supply Chain Transformation programme. See note 4 for further details on adjusting items.

After accounting for these adjusting items, operating profit for the Group was £39.2 million which was £14.8 million higher than the prior period.

Net finance income/(costs)
Net finance income in the period was £1.3 million, compared to a cost of £0.9 million in the prior period. This was driven by several factors, including higher income on cash deposits, the impact of higher discount rates on pension interest income and accounting treatment for the RCF refinancing.

Profit before tax was £40.5 million, £17.0 million higher than the prior period. Adjusted profit before tax was £34.5 million which was £2.5 million higher than the prior period.

Taxation
The tax charge in the period for continuing operations was £9.2 million compared to £3.6 million in the prior period. The effective tax rate ('ETR') on adjusted profit before tax increased to 26.6% (21.6% in the prior period) primarily due to the change in the geographic mix of profits across the Group.

Profit after tax
Profit for the period from continuing operations was £31.3 million, which compared to £19.9 million in the prior period. Basic earnings per share was 5.90p, compared to 4.23p in the prior period. Adjusted basic earnings per share was 5.16p, which compares to 5.64p in the prior period. This 8.5% reduction is a result of the decline in adjusted operating margin, together with a higher tax rate and the impact of a higher minority interest charge associated with the growth in our Nigerian business.

The loss from discontinued operations in the prior period was £0.7 million and related to settlement of legal claims relating to Minerva, a Greek subsidiary which was disposed of in September 2019.

Profit for the period was £31.3 million compared to £19.2 million in the prior period (which included the £0.7 million loss from discontinued operations described above).

Balance sheet and cash flow
Adjusted net debt as at 3 December 2022 was £35.7 million which compared to £9.8 million at 31 May 2022. This increase is due to cash outflows related to the payment of the final FY22 dividend and loans we elected to advance to PZ Wilmar Limited, one of our joint ventures in Nigeria, which more than offset the proceeds from the disposal of residential properties in Nigeria and cash generated from operations.

Total free cash flow was £4.2 million which included a net working capital outflow as a result of seasonality of trading which increases stock and receivables, and a decision made to secure raw materials in Nigeria ahead of future price increases.

Net assets were £430.8 million which compared to £449.3 million at 31 May 2022. The reduction was mainly due to the remeasurement of pension schemes, currency exchange differences on translation of foreign operations and the FY22 final dividend partially offset by the profit for the year.

During the period, the Group agreed a new £325 million committed credit facility incorporating both a term loan and revolving credit facility ('RCF') structure, with maturity dates of up to November 2028. This replaced the previous £325 million RCF facility which was due to expire in November 2023. The facility, which was agreed on attractive commercial terms, includes a pricing structure linked to the Group's new sustainability framework.

Dividend
The Board has approved an interim dividend maintained in line with that of previous years of 2.67p. The dividend will be paid on 6 April 2023 to shareholders on the register at the close of business on 10 March 2023.

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 brand marketing (previously 'Media & Consumer')
EBITDA	Earnings before interest, taxes, depreciation and amortization
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 at constant currency, excluding the impact of disposals and acquisitions, and adjusting for the number of reporting days in the period
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 ('RGM')	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

Alternative Performance Measures

The Group's business performance is assessed using a number of Alternative Performance Measures (APMs). These APMs include adjusted profitability measures where results are presented excluding separately disclosed items (referred to as adjusting items) as we believe this provides both management and investors with useful additional information about the Group's performance and supports a more effective comparison of the Group's trading performance from one period to the next.

Adjusted profitability measures are reconciled to IFRS results on the face of the condensed consolidated income statement with details of adjusting items provided in note 4 to the condensed consolidated financial statements. Reconciliations between APMs and IFRS reported results are set out below:

Adjusted operating profit and adjusted operating margin

	Half year to 3 December 2022 £m	(restated*) Half year to 27 November 2021 £m	Year to 31 May 2022 £m
Group			
Operating profit from continuing operations	**39.2**	24.4	66.6
exclude: adjusting items	**(6.0)**	8.5	1.3
Adjusted operating profit	**33.2**	32.9	67.9
Revenue	**336.9**	283.7	592.8
Operating margin	**11.6%**	8.6%	11.2%
Adjusted operating margin	**9.9%**	11.6%	11.5%
By segment			
Europe & the Americas:			
Operating profit from continuing operations	**4.1**	8.0	22.9
exclude: adjusting items	**5.4**	11.6	12.1
Adjusted operating profit	**9.5**	19.6	35.0
Revenue	**99.5**	95.1	193.0
Operating margin	**4.1%**	8.4%	11.9%
Adjusted operating margin	**9.5%**	20.6%	18.1
Asia Pacific:			
Operating profit from continuing operations	**15.1**	12.8	37.0
exclude: adjusting items	**0.3**	(1.9)	(16.1)
Adjusted operating profit	**15.4**	10.9	20.9
Revenue	**102.2**	84.4	173.8
Operating margin	**14.8%**	15.2%	21.3%
Adjusted operating margin	**15.1%**	12.9%	12.0%
Africa:			
Operating profit from continuing operations	**27.5**	10.1	28.6
exclude: adjusting items	**(11.7)**	(1.7)	(6.3)
Adjusted operating profit	**15.8**	8.4	22.3
Revenue	**133.2**	102.2	222.0
Operating margin	**20.6%**	9.9%	12.9%
Adjusted operating margin	**11.9%**	8.2%	10.0%
Central			
Operating loss from continuing operations	**(7.5)**	(6.5)	(21.9)
exclude: adjusting items	**-**	0.5	11.6
Adjusted operating loss	**(7.5)**	(6.0)	(10.3)

* See note 2 to the condensed consolidated financial statements.

Alternative Performance Measures (continued)

Adjusted profit before taxation

	Half year to 3 December 2022 £m	(restated*) Half year to 27 November 2021 £m	Year to 31 May 2022 £m
Profit before taxation from continuing operations	**40.5**	23.5	65.3
exclude: adjusting items	**(6.0)**	8.5	1.3
Adjusted profit before taxation	**34.5**	32.0	66.6

* See note 2 to the condensed consolidated financial statements.

Adjusted Earnings Before Interest Depreciation and Amortisation ("Adjusted EBITDA")

	Half year to 3 December 2022 £m	(restated*) Half year to 27 November 2021 £m	Year to 31 May 2022 £m
Profit before taxation from continuing operations	**40.5**	23.5	65.3
(deduct)/add back: net finance (income)/costs	**(1.3)**	0.9	1.3
add back: depreciation	**5.2**	6.3	12.8
add back: amortisation	**3.1**	3.4	6.6
add back: impairment and impairment reversal	**0.1**	18.0	9.0
	47.6	52.1	95.0
exclude: adjusting items**	**(6.1)**	(10.5)	(7.7)
Adjusted EBITDA	**41.5**	41.6	87.3

* See note 2 to the condensed consolidated financial statements.
** Excludes adjusting items relating to depreciation, amortisation, impairments and impairment reversals.

Adjusted earnings per share

	Half year to 3 December 2022 pence	(restated*) Half year to 27 November 2021 pence	Year to 31 May 2022 pence
Total			
Basic earnings per share	**5.90**	4.06	11.59
exclude: adjusting items	**(0.74)**	1.41	0.69
Adjusted basic earnings per share	**5.16**	5.47	12.28
Diluted earnings per share	**5.84**	4.04	11.52
exclude: adjusting items	**(0.73)**	1.40	0.69
Adjusted diluted earnings per share	**5.11**	5.44	12.21
From continuing operations			
Basic earnings per share	**5.90**	4.23	12.02
exclude: adjusting items	**(0.74)**	1.41	0.69
Adjusted basic earnings per share	**5.16**	5.64	12.71
Diluted earnings per share	**5.84**	4.21	11.95
exclude: adjusting items	**(0.73)**	1.40	0.69
Adjusted diluted earnings per share	**5.11**	5.61	12.64

* See note 2 to the condensed consolidated financial statements.

Alternative Performance Measures (continued)

Adjusted net debt

	At 3 December 2022 £m	(restated*) At 27 November 2021 £m	At 1 June 2022 £m
Cash at bank and in hand	**118.6**	107.9	105.8
Short-term deposits	**77.2**	1.7	58.0
Overdrafts	**-**	(0.1)	(0.1)
Cash and cash equivalents	**195.8**	109.5	163.7
Current asset investments	**0.5**	0.3	0.5
Non-current borrowings	**(232.0)**	(106.0)	(174.0)
Adjusted net (debt)/cash and cash equivalents	**(35.7)**	3.8	(9.8)

* See note 2 to the condensed consolidated financial statements.

Free cash flow

	Half year to 3 December 2022 £m	Half year to 27 November 2021 £m	Year to 31 May 2022 £m
Cash generated from operations	7.0	25.0	66.2
deduct: purchase of property, plant and equipment and software	(2.8)	(4.7)	(8.2)
Free cash flow	4.2	20.3	58.0

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	**Unaudited Half year to 3 December 2022**			(restated*) Unaudited Half year to 27 November 2021			Audited Year to 31 May 2022		
		Business performance excluding adjusting items £m	**Adjusting items (note 4) £m**	**Statutory results for the half year £m**	Business performance excluding adjusting items £m	Adjusting items (note 4) £m	Statutory results for the half year £m	Business performance excluding adjusting items £m	Adjusting items (note 4) £m	Statutory results for the full year £m
Continuing operations										
Revenue	3	**336.9**	**-**	**336.9**	283.7	-	283.7	592.8	-	592.8
Cost of sales		**(215.6)**	**-**	**(215.6)**	(173.8)	-	(173.8)	(365.3)	-	(365.3)
Gross profit		**121.3**	**-**	**121.3**	109.9	-	109.9	227.5	-	227.5
Selling and distribution costs		**(55.1)**	**-**	**(55.1)**	(44.5)	-	(44.5)	(90.3)	-	(90.3)
Administrative expenses		**(36.7)**	**6.0**	**(30.7)**	(36.6)	(8.5)	(45.1)	(75.9)	(1.3)	(77.2)
Share of results of joint ventures		**3.7**	**-**	**3.7**	4.1	-	4.1	6.6	-	6.6
Operating profit	3	**33.2**	**6.0**	**39.2**	32.9	(8.5)	24.4	67.9	(1.3)	66.6
Finance income		**4.9**	**-**	**4.9**	0.7	-	0.7	2.7	-	2.7
Finance costs		**(3.6)**	**-**	**(3.6)**	(1.6)	-	(1.6)	(4.0)	-	(4.0)
Net finance income/(costs)	5	**1.3**	**-**	**1.3**	(0.9)	-	(0.9)	(1.3)	-	(1.3)
Profit before taxation		**34.5**	**6.0**	**40.5**	32.0	(8.5)	23.5	66.6	(1.3)	65.3
Taxation	7	**(9.1)**	**(0.1)**	**(9.2)**	(6.9)	3.3	(3.6)	(13.0)	(0.3)	(13.3)
Profit for the period/year from continuing operations		**25.4**	**5.9**	**31.3**	25.1	(5.2)	19.9	53.6	(1.6)	52.0
Discontinued operations										
Loss from discontinued operations		**-**	**-**	**-**	(0.7)	-	(0.7)	(1.8)	-	(1.8)
Profit for the period/year		**25.4**	**5.9**	**31.3**	24.4	(5.2)	19.2	51.8	(1.6)	50.2
Attributable to:										
Owners of the Parent		**21.6**	**3.1**	**24.7**	22.9	(5.9)	17.0	51.4	(2.9)	48.5
Non-controlling interests		**3.8**	**2.8**	**6.6**	1.5	0.7	2.2	0.4	1.3	1.7
		25.4	**5.9**	**31.3**	24.4	(5.2)	19.2	51.8	(1.6)	50.2
From continuing operations:										
Basic EPS (pence)	9	**5.16**	**0.74**	**5.90**	5.64	(1.41)	4.23	12.71	(0.69)	12.02
Diluted EPS (pence)	9	**5.11**	**0.73**	**5.84**	5.61	(1.40)	4.21	12.64	(0.69)	11.95
From continuing and discontinued operations:										
Basic EPS (pence)	9	**5.16**	**0.74**	**5.90**	5.47	(1.41)	4.06	12.28	(0.69)	11.59
Diluted EPS (pence)	9	**5.11**	**0.73**	**5.84**	5.44	(1.40)	4.04	12.21	(0.69)	11.52

* Results for the half year to 27 November 2021 have been restated. Further details are set out in note 2.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Unaudited Half year to 3 December 2022 £m**	(restated*) Unaudited Half year to 27 November 2021 £m	Audited Year to 31 May 2022 £m
Profit for the period/year		**31.3**	19.2	50.2
Other comprehensive (expense)/income				
Items that will not be reclassified to profit or loss				
Re-measurement (loss)/gain on post-employment obligations	12	**(33.2)**	11.8	37.4
Deferred tax credit/(charge) on re-measurement of post-employment benefit obligations		**8.1**	(2.2)	(8.4)
Total items that will not be reclassified to profit or loss		**(25.1)**	9.6	29.0
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign operations		**(10.6)**	7.7	21.7
Cash flow hedges – net movement in period/year		**0.3**	0.7	0.2
Cost of hedging reserve		**-**	0.1	-
Recycle of foreign exchange equity reserves on repayment of quasi-equity loans		**-**	1.5	(1.4)
Deferred tax on repayment of quasi-equity loans		**-**	-	(1.3)
Recycle of foreign exchange equity reserves on disposals		**-**	(0.2)	(0.2)
Recycle of equity reserves on disposal of subsidiary		**-**	0.3	0.3
Total items that may be subsequently reclassified to profit or loss		**(10.3)**	10.1	19.3
Other comprehensive (expense)/income for the period/year		**(35.4)**	19.7	48.3
Total comprehensive (expense)/income for the period/year		**(4.1)**	38.9	98.5
Attributable to:				
Owners of the Parent		**(9.7)**	35.4	94.9
Non-controlling interests		**5.6**	3.5	3.6
		(4.1)	38.9	98.5

* Results for the half year to 27 November 2021 have been restated. Further details are set out in note 2.

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 3 December 2022 £m	(restated*) Unaudited 27 November 2021 £m	Audited 31 May 2022 £m
Assets				
Non-current assets				
Goodwill and other intangible assets	6	**330.6**	273.6	333.3
Property, plant and equipment	6	**77.0**	85.3	82.9
Right-of-use assets	15	**14.2**	11.3	16.9
Net investments in joint ventures		**49.0**	40.7	45.4
Deferred taxation assets		**4.0**	5.9	4.5
Tax receivable		**-**	1.7	1.2
Retirement benefit surplus	12	**36.4**	45.9	69.3
		511.2	464.4	553.5
Current assets				
Inventories		**130.9**	109.2	111.8
Trade and other receivables		**127.5**	130.1	105.0
Derivative financial assets	13	**3.9**	1.2	0.7
Current tax receivable		**2.5**	15.5	2.6
Current asset investments	11	**0.5**	0.3	0.5
Cash and short-term deposits	11	**195.8**	109.6	163.8
		461.1	365.9	384.4
Assets held for sale		**1.6**	0.7	3.4
		462.7	366.6	387.8
Total assets		**973.9**	831.0	941.3
Equity and liabilities				
Equity				
Share capital		**4.3**	4.3	4.3
Capital redemption reserve		**0.7**	0.7	0.7
Hedging reserve		**0.1**	0.4	(0.2)
Currency translation reserve		**(78.8)**	(79.7)	(69.2)
Other reserves		**(35.9)**	(37.1)	(37.1)
Retained earnings		**509.6**	487.2	525.6
Attributable to owners of the Parent		**400.0**	375.8	424.1
Non-controlling interests		**30.8**	22.3	25.2
Total equity		**430.8**	398.1	449.3
Liabilities				
Non-current liabilities				
Borrowings	11	**232.0**	106.0	174.0
Other payables		**5.2**	0.5	4.5
Lease liabilities	15	**11.9**	7.5	14.0
Deferred taxation liabilities		**81.6**	71.0	90.7
Retirement and other long-term employee benefit obligations	12	**11.9**	14.0	13.1
		342.6	199.0	296.3
Current liabilities				
Borrowings	11	**-**	0.1	0.1
Trade and other payables		**175.2**	171.4	163.9
Lease liabilities	15	**2.1**	3.7	2.9
Dividends payable		**-**	14.3	-
Derivative financial liabilities	13	**0.5**	1.1	1.6
Current taxation payable		**21.2**	37.6	21.6
Provisions		**1.5**	5.7	5.6
		200.5	233.9	195.7
Total liabilities		**543.1**	432.9	492.0
Total equity and liabilities		**973.9**	831.0	941.3

* Results for the half year to 27 November 2021 have been restated. Further details are set out in note 2.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Parent								
	Share capital £m	**Capital redemption reserve £m**	**Hedging reserve £m**	**Currency translation reserve £m**	**Other reserves £m**	**Retained Earnings £m**	**Total £m**	**Non controlling interests £m**	**Total equity £m**
At 1 June 2021 (as reported in 27 November 2021 financial statements)	4.3	0.7	(0.4)	(87.4)	(39.1)	483.7	361.8	20.0	381.8
Prior year adjustments (note 2)	-	-	-	-	-	(9.1)	(9.1)	(1.2)	(10.3)
At 1 June 2021 (as restated and reported in the 31 May 2022 financial statements)	4.3	0.7	(0.4)	(87.4)	(39.1)	474.6	352.7	18.8	371.5
Profit for the period (as previously reported)	-	-	-	-	-	25.7	25.7	2.2	27.9
Prior period adjustment (note 2)	-	-	-	-	-	(8.7)	(8.7)	-	(8.7)
Profit for the period (as restated)	-	-	-	-	-	17.0	17.0	2.2	19.2
Other comprehensive income for the period	-	-	0.8	7.7	-	9.9	18.4	1.3	19.7
Total comprehensive income for the period (as restated)	-	-	0.8	7.7	-	26.9	35.4	3.5	38.9
Transactions with owners:									
Ordinary dividends	-	-	-	-	-	(14.3)	(14.3)	-	(14.3)
Share-based payments	-	-	-	-	2.0	-	2.0	-	2.0
Total transactions with owners recognised directly in equity	-	-	-	-	2.0	(14.3)	(12.3)	-	(12.3)
At 27 November 2021 (restated)*	4.3	0.7	0.4	(79.7)	(37.1)	487.2	375.8	22.3	398.1
At 1 June 2021 (as restated and reported in the 31 May 2022 financial statements)	4.3	0.7	(0.4)	(87.4)	(39.1)	474.6	352.7	18.8	371.5
Profit for the year	-	-	-	-	-	48.5	48.5	1.7	50.2
Other comprehensive income for the year	-	-	0.2	18.2	-	28.0	46.4	1.9	48.3
Total comprehensive income for the year	-	-	0.2	18.2	-	76.5	94.9	3.6	98.5
Transactions with owners:									
Ordinary dividends	-	-	-	-	-	(25.5)	(25.5)	-	(25.5)
Share-based payments	-	-	-	-	2.0	-	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)	(23.5)	2.8	(20.7)
At 31 May 2022	4.3	0.7	(0.2)	(69.2)	(37.1)	525.6	424.1	25.2	449.3
At 1 June 2022	4.3	0.7	(0.2)	(69.2)	(37.1)	525.6	424.1	25.2	449.3
Profit for the period	-	-	-	-	-	24.7	24.7	6.6	31.3
Other comprehensive (expense)/income for the period	-	-	0.3	(9.6)	-	(25.1)	(34.4)	(1.0)	(35.4)
Total comprehensive (expense)/income for the period	-	-	0.3	(9.6)	-	(0.4)	(9.7)	5.6	(4.1)
Transactions with owners:									
Ordinary dividends	-	-	-	-	-	(15.6)	(15.6)	-	(15.6)
Share-based payments	-	-	-	-	1.2	-	1.2	-	1.2
Total transactions with owners recognised directly in equity	-	-	-	-	1.2	(15.6)	(14.4)	-	(14.4)
At 3 December 2022	**4.3**	**0.7**	**0.1**	**(78.8)**	**(35.9)**	**509.6**	**400.0**	**30.8**	**430.8**

* Results for the half year to 27 November 2021 have been restated. Further details are set out in note 2.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Notes	**Unaudited Half year to 3 December 2022 £m**	(restated*) Unaudited Half year to 27 November 2021 £m	Audited Year to 31 May 2022 £m
Cash flows from operating activities				
Cash generated from operations	10	**7.0**	25.0	66.2
Taxation paid		**(8.4)**	(5.9)	(12.3)
Interest paid		**(3.4)**	(1.4)	(3.5)
Net cash (used in)/generated from operating activities		**(4.8)**	17.7	50.4
Cash flows from investing activities				
Interest received		**4.9**	0.7	2.6
Investment income		**-**	-	0.1
Purchase of property, plant and equipment and software		**(2.8)**	(4.7)	(8.2)
Proceeds from sale of property, plant and equipment		**13.5**	12.6	18.6
Cash flow from disposal of businesses		**-**	6.4	7.2
Resolution of purchase price from disposal of company		**-**	-	(0.8)
Acquisition of subsidiary		**-**	-	(33.6)
Loans (advanced to)/repaid by joint ventures		**(11.4)**	1.8	8.4
Net cash generated from/(used in) investing activities		**4.2**	16.8	(5.7)
Cash flows from financing activities				
Dividends paid to non-controlling interests		**(0.2)**	-	(0.5)
Dividends paid to Company shareholders	8	**(15.6)**	-	(25.5)
Proceeds from loans by joint ventures		**-**	-	0.6
Repayment of lease liabilities	15	**(1.6)**	(1.9)	(4.0)
Proceeds from loan facility	11	**263.0**	-	56.0
Repayment of loan facility	11	**(205.0)**	(12.0)	-
Net cash generated from/(used in) financing activities		**40.6**	(13.9)	26.6
Net increase in cash and cash equivalents	11	**40.0**	20.6	71.3
Effect of foreign exchange rates	11	**(7.9)**	1.9	5.4
Cash and cash equivalents at the beginning of the period/year	11	**163.7**	87.0	87.0
Cash and cash equivalents at the end of the period/year	11	**195.8**	109.5	163.7

* Results for the half year to 27 November 2021 have been restated. Further details are set out in note 2.

Notes to the condensed consolidated financial statements

1. Basis of preparation

The Company is a public limited company incorporated and domiciled in England. It has a primary listing on the London Stock Exchange. The address of its registered office is shown on page 36.

The Group reports results as at the Saturday closest to 30 November. The comparative interim reporting date was previously shown as being 30 November 2021 but has now been more accurately labelled as being 27 November 2021. Aside from the restatements described in note 2, the results and position of the Group previously presented remain unchanged, since the amounts previously presented were at 27 November 2021. Unless otherwise stated H1 FY23 refers to the period from 1 June 2022 to 3 December 2022 and H1 FY22 refers to the period from 1 June 2021 to 27 November 2021. These condensed consolidated interim financial statements for the half year ended 3 December 2022, which have been reviewed, not audited, have been prepared in accordance with the Disclosure and Transparency Rules ("DTR") of the Financial Conduct Authority and in accordance with IAS 34 'Interim Financial Reporting' as adopted by the UK. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 May 2022 which have been prepared in accordance with UK-adopted International Accounting Standards ("IAS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Standard Interpretations Committee ("IFRIC").

The condensed consolidated interim financial statements for the half year ended 3 December 2022 do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The financial information set out in this statement relating to the year ended 31 May 2022 does not constitute statutory accounts for that year. Full audited statutory accounts of the Group in respect of that financial year were approved by the Board of Directors on 28 September 2022 and have been delivered to the Registrar of Companies. The report of the auditors on these statutory accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under section 498 of the Companies Act 2006.

These condensed consolidated interim financial statements were approved for issue on 7 February 2023.

Judgements and estimates

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 May 2022 which are described in note 1(d) of the 2022 Annual Report and Financial Statements with the addition of the following:

Assessment of impairment of goodwill and other indefinite life assets - Goodwill and brands have all arisen from previous business combinations and all have indefinite useful lives and, in accordance with IAS 36 'Impairment of Assets', are subject to annual impairment testing at the year end date, or more frequent testing if there are indicators of impairment. The method used for impairment testing is to allocate assets (including goodwill and brands) to appropriate cash-generating units (CGUs) based on the smallest identifiable group of assets that generate independent cash inflows, and to estimate the recoverable amounts of the CGUs as the higher of an asset's fair value less costs of disposal and its value in use. Value in use is determined using cash flow projections from approved budgets and plans over a period of five years which are then extrapolated beyond the five-year period based on estimated long-term growth rates applicable to the markets and geographies in which the CGUs operate. The cash flow projections are discounted based on a pre-tax weighted average cost of capital for comparable companies operating in similar markets and geographies as the Group adjusted for risks specific to the particular CGU. During the period, management considered whether there were any indicators of impairment or impairment reversal which would require a detailed impairment test to be performed, and concluded that there was an indicator of impairment in relation to the carrying value of each of the brands within the Sanctuary Spa CGU and the Childs Farm CGU. As a result, an impairment test was performed for each CGU, and the estimates used in the tests are described and set out in note 6.

2. Accounting policies

Going concern basis

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review. The financial position of the Group and liquidity position are also described within the Financial Position section of that review.

After making enquiries and having considered the availability of resources, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements. The accounting policies are consistent with those of the annual financial statements for the year ended 31 May 2022. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss before taxation.

The Group has not applied any new standards and amendments in the reporting period commencing 1 June 2022. Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and the Group has chosen not to early adopt any of these where early adoption is permitted. The Group will undertake an assessment of the impact of these new standards and interpretations in due course.

Restatements

As set out in the 2022 Annual Report and Financial Statements, during the year ended 31 May 2022 management identified a number of errors relating to prior periods. Accordingly, prior year adjustments were made which are summarised below and for which further details are provided in note 1(c) of the 2022 Annual Report and Financial Statements.

Intangible asset impairment

Management reviewed the evidence supporting the Group's judgements around cash generating units ("CGU") identification and concluded that the Charles Worthington business should always have been treated as a separate CGU. Following this determination, management performed an impairment review over the identifiable assets and liabilities of the Charles Worthington CGU at each of 31 May 2020 and 31 May 2021. These reviews identified that the carrying value of the brand within intangible assets should be impaired by £16.9 million at 31 May 2020 (with a related £3.2 million deferred tax credit), and that £8.3 million of this impairment had reversed at 31 May 2021 (with a related £1.1 million deferred tax charge).

For the interim financial statements ended 27 November 2021 as at that point, management had not concluded that the Charles Worthington business should always have been treated as a separate CGU. If management had done so, it would have identified an indicator of impairment and subsequently carried out a full impairment test in line with IAS 36; this would have resulted in an impairment charge of £11.6 million (with a related £2.9 million deferred tax credit). This impairment charge has already been recorded within the financial statements for the year ended 31 May 2022 as the impairment tests were carried out at that time in relation to the change in the judgements around CGUs.

Indirect tax liability

Management identified an indirect tax liability of a subsidiary which should have previously been recognised in the financial statements. In line with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', management considered it appropriate to recognise a provision of £4.9 million at 31 May 2021 in relation to this liability, with a corresponding current tax receivable of £1.1 million recognised as a portion of the liability is tax deductible. A resulting reduction in retained earnings and non-controlling interest was made for the net value of £3.8 million. The non-controlling interest in this net adjustment was £1.2 million.

Dividend

Management identified that the liability at 27 November 2021 for the final dividend totalling £14.3 million for the year ended 31 May 2021 had been incorrectly derecognised in advance of receipt of the cash by the shareholders on 30 November 2021. Therefore at 27 November 2021, cash of £14.3 million has now been recorded, together with a liability to shareholders of the same amount.

2. Accounting policies (continued)

Restatements (continued)

The impacts of these prior year adjustments on the previously reported condensed consolidated balance sheet, condensed consolidated income statement and condensed consolidated cash flow statement at and for the half year ended 27 November 2021 is set out in the following table. The impact on the consolidated balance sheet at 31 May 2021 was reported in the 2022 Annual Report and Financial Statements.

		relating to prior to 1 June 2021				relating to half year ended 27 November 2021		
	As previously reported	Charles Worthington impairment and reversal		Indirect tax liability	Total	Charles Worthington impairment	Dividend	As restated
		FY20	FY21					
	£m	£m	£m	£m	£m	£m	£m	£m
Consolidated balance sheet								
Goodwill and other intangible assets	293.8	(16.9)	8.3	-	(8.6)	(11.6)	-	273.6
Current tax receivable	14.4	-	-	1.1	1.1	-	-	15.5
Retained earnings	505.0	(13.7)	7.2	(2.6)	(9.1)	(8.7)	-	487.2
Non-controlling interests	23.5	-	-	(1.2)	(1.2)	-	-	22.3
Deferred taxation liabilities	(76.0)	3.2	(1.1)	-	2.1	2.9	-	(71.0)
Provisions	(0.8)	-	-	(4.9)	(4.9)	-	-	(5.7)
Dividends payable	-	-	-	-	-	-	(14.3)	(14.3)
Cash and short-term deposits	95.3	-	-	-	-	-	14.3	109.6
Consolidated income statement								
Administrative expenses	(33.5)	-	-	-	-	(11.6)	-	(45.1)
Operating profit	36.0	-	-	-	-	(11.6)	-	24.4
Profit before taxation	35.1	-	-	-	-	(11.6)	-	23.5
Taxation	(6.5)	-	-	-	-	2.9	-	(3.6)
Profit for the period from continuing operations	28.6	-	-	-	-	(8.7)	-	19.9
Profit for the period	27.9	-	-	-	-	(8.7)	-	19.2
Attributable to:								
Owners of the Parent	25.7	-	-	-	-	(8.7)	-	17.0
Earnings per share – basic:								
- total	6.14	-	-	-	-	(2.08)	-	4.06
- continuing operations	6.31	-	-	-	-	(2.08)	-	4.23
Earnings per share – diluted:								
- total	6.11	-	-	-	-	(2.07)	-	4.04
- continuing operations	6.28	-	-	-	-	(2.07)	-	4.21
Consolidated cash flow statement								
Dividends paid to Company shareholders	(14.3)	-	-	-	-	-	14.3	-
Net cash used financing activities	(28.2)	-	-	-	-	-	14.3	(13.9)
Net increase in cash and cash equivalents	6.3	-	-	-	-	-	14.3	20.6
Cash and cash equivalents at the end of the period	95.2	-	-	-	-	-	14.3	109.5

3. Segmental analysis

The segmental information presented in this 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 on an arm's length basis.

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

Business segments

Half year to 3 December 2022	**Europe & the Americas £m**	**Asia Pacific £m**	**Africa £m**	**Central £m**	**Elimin-ations £m**	**Total £m**
Gross segment revenue	**101.9**	**105.7**	**133.2**	**44.9**	**(48.8)**	**336.9**
Inter segment revenue	**(2.4)**	**(3.5)**	**-**	**(42.9)**	**48.8**	**-**
Revenue	**99.5**	**102.2**	**133.2**	**2.0**	**-**	**336.9**
Segmental operating profit before adjusting items and share of results of joint ventures	**9.5**	**15.4**	**12.1**	**(7.5)**	**-**	**29.5**
Share of results of joint ventures	**-**	**-**	**3.7**	**-**	**-**	**3.7**
Segmental operating profit before adjusting items	**9.5**	**15.4**	**15.8**	**(7.5)**	**-**	**33.2**
Adjusting Items	**(5.4)**	**(0.3)**	**11.7**	**-**	**-**	**6.0**
Segmental operating profit	**4.1**	**15.1**	**27.5**	**(7.5)**	**-**	**39.2**
Finance income						**4.9**
Finance cost						**(3.6)**
Profit before taxation						**40.5**

Half year to 27 November 2021 (restated – see note 2)	**Europe & the Americas £m**	**Asia Pacific £m**	**Africa £m**	**Central £m**	**Elimin-ations £m**	**Total £m**
Gross segment revenue	97.0	86.8	102.2	40.5	(42.8)	283.7
Inter segment revenue	(1.9)	(2.4)	-	(38.5)	42.8	-
Revenue	95.1	84.4	102.2	2.0	-	283.7
Segmental operating profit before adjusting items and share of results of joint ventures	19.6	10.9	4.3	(6.0)	-	28.8
Share of results of joint ventures	-	-	4.1	-	-	4.1
Segmental operating profit before adjusting items	19.6	10.9	8.4	(6.0)	-	32.9
Adjusting Items	(11.6)	1.9	1.7	(0.5)	-	(8.5)
Segmental operating profit	8.0	12.8	10.1	(6.5)	-	24.4
Finance income						0.7
Finance cost						(1.6)
Profit before taxation						23.5

3. Segmental analysis (continued)

Year to 31 May 2022	Europe & the Americas £m	Asia Pacific £m	Africa £m	Central £m	Elimin-ations £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 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 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	22.9	37.0	28.6	(21.9)	-	66.6
Finance income						2.7
Finance cost						(4.0)
Profit before taxation						65.3

The Group analyses its net revenue by the following categories:

	Unaudited Half year to 3 December 2022 £m	Unaudited Half year to 27 November 2021 £m	Audited Year to 31 May 2022 £m
Hygiene	**174.0**	147.4	305.9
Baby	**66.1**	50.1	103.4
Beauty	**40.2**	38.6	80.9
Electricals	**52.7**	42.8	91.5
Other	**3.9**	4.8	11.1
	336.9	283.7	592.8

4. Adjusting items

Adjusting items income/(expense), all of which were within continuing operations, comprised:

	Unaudited Half year to 3 December 2022 £m	(restated*) Unaudited Half year to 27 November 2021 £m	Audited Year to 31 May 2022 £m
Nigeria Simplification	**10.9**	3.8	7.8
HR Transformation	**(0.5)**	-	(2.9)
Finance Transformation	**(3.1)**	-	(0.7)
Supply Chain Transformation	**(1.1)**	-	(0.7)
Childs Farm acquisition	**(0.2)**	-	(1.4)
Compensation from Australian Competition & Consumer Commission	**-**	1.5	1.5
Profit on disposal of five:am	**-**	0.8	0.7
Derecognition of capitalized costs related to cloud computing arrangements	**-**	(1.5)	(1.0)
Intangible asset impairment net of impairment reversal	**-**	(11.6)	(3.1)
Recycling of foreign exchange on quasi-equity loans	**-**	(1.5)	(1.5)
Adjusting items before taxation	**6.0**	(8.5)	(1.3)
Taxation	**(0.1)**	3.3	(0.3)
Adjusting items after taxation	**5.9**	(5.2)	(1.6)

* See note 2.

4. Adjusting items (continued)

A description of the principal adjusting items is provided below:

Nigeria Simplification – in the half year to 3 December 2022, comprises £11.7 million from the profit on disposal of a number of residential properties (half year to 27 November 2021: £11.2 million profit; year to 31 May 2022: £15.9 million profit), and other costs of £0.8 million (half year to 27 November 2021: £7.4 million; year to 31 May 2022: £8.1 million profit) which, in the period, relate to consultancy costs related to the simplification programme.

HR Transformation - the programme centres around investment in a new people system designed to enhance ways of working, build organisational capability and underpin our new culture, reduce organisational risk and embed better controls and drive process efficiency. This two-year programme of change is split into two phases, the latter being delivered in the current financial year, which will enable PZ Cussons to transform and realise all the benefits. The programme is expected to complete within this financial year with total expected costs in the year of approximately £1 million.

Finance Transformation - this project is a three-year programme of change covering investment in a future finance operating model and improving capability, processes and controls. As well as ensuring we are ready for compliance deadlines with future corporate reform in Nigeria and the UK (ICFR or "UK SOx" as part of the proposed BEIS corporate reform), it will also improve the overall control environment at PZC, with the right set of processes and systems and a strengthened financial control team. It will deliver an optimal Finance Shared Service Centre footprint, and address the legacy finance process and systems issues associated with our SAP ERP system. Total costs of approximately £9 million are expected to be incurred in this financial year, and the total programme is expected to incur up to a further £5 million in the following financial year.

Supply Chain Transformation - this multi-year programme is designed to respond to the longer-term business strategy of the organisation, its objectives being to align and improve supply chain capabilities and drive activities that will dramatically reduce business complexity. It focuses on leading brands for priority markets and outsourcing manufacturing that is no longer economically viable. It enhances capabilities where there is scale and strategic advantage in terms of formulation or manufacturing or where there are geographical benefits. Total costs of approximately £5 million are expected to be incurred in this financial year with a total programme spend, including capital expenditure, of approximately £25 million over the 5 year programme lifecycle.

Childs Farm Acquisition – in March 2022, in the previous financial year, the Group acquired Childs Farm. Related to the acquisition, the Group has incurred legal and advisory fees which were reported in the previous financial year and has additionally further incurred costs related to the integration of the business into the Group. Total costs of approximately £0.5 million are expected to be incurred in this financial year.

The following items relate solely to the previous financial year:

Compensation from Australian Competition & Consumer Commission – being a receipt in the prior period from the Australian Competition & Consumer Commission as compensation towards legal costs incurred by the Group in a successful defence of a legal case related to competition in the laundry market in Australia dating from 2008-2009.

Profit on disposal of five:am - on 4 June 2021, the Group completed the sale of the assets associated with five:am, which was the Group's yoghurt business in Australia, for £7.2 million. The £0.8 million pre-tax profit recognised on disposal was net of £0.4 million of accumulated foreign exchange losses recycled from equity. On a post-tax basis the profit was £2.5 million which included the release of a £1.2 million deferred tax liability in relation to the disposed brand.

Derecognition of capitalised costs related to cloud computing arrangements - following the April 2021 IFRIC agenda decision in relation to this matter, the Group reviewed its costs capitalised in respect of cloud computing arrangements and determined that they did not meet the criteria for capitalisation, and accordingly derecognised and expensed these.

Intangible asset impairment net of impairment reversal – comprises an £11.6 million impairment of the Charles Worthington brand and an £8.5 million reversal of a prior period impairment of the Rafferty's Garden brand, the latter resulting from a review of future growth assumptions used in the annual impairment test.

5. Net finance income/(costs)

	Unaudited Half year to 3 December 2022 £m	Unaudited Half year to 27 November 2021 £m	Audited Year to 31 May 2022 £m
Interest receivable on cash deposits	**3.4**	0.3	1.7
Interest receivable on loans to joint ventures	**0.4**	0.2	0.4
Interest receivable on defined benefit pension scheme	**1.1**	0.2	0.6
Finance income	**4.9**	0.7	2.7
Interest payable on bank loans and overdrafts	**(3.0)**	(0.9)	(2.5)
Interest payable to external third parties	**(0.2)**	(0.2)	-
Interest payable on defined benefit pension scheme	**-**	-	(0.6)
Interest expense on lease liabilities	**(0.2)**	(0.2)	(0.5)
Amortisation of financing fees	**(0.2)**	(0.3)	(0.4)
Finance costs	**(3.6)**	(1.6)	(4.0)
Net finance income/(costs)	**1.3**	(0.9)	(1.3)

6. Goodwill and other intangibles assets and property, plant and equipment

	(restated*) Goodwill and other intangible assets £m	**Property, plant and equipment £m**
At 1 June 2021	288.9	91.5
Additions	1.3	3.4
Disposals	-	(1.5)
Transfer between asset classification	0.1	(0.1)
Depreciation	-	(4.6)
Amortisation	(3.4)	-
Impairment	(11.6)	(6.4)
Derecognition of capitalised costs related to cloud computing arrangements (note 4)	(1.5)	-
Currency retranslation	(0.2)	3.0
At 27 November 2021	273.6	85.3
At 1 June 2022	333.3	82.9
Additions	1.1	1.7
Disposals	-	(1.2)
Transfers between asset classification	(0.6)	0.6
Depreciation	-	(3.8)
Amortisation	(3.1)	-
Impairment	(0.1)	-
Currency retranslation	-	(3.2)
At 3 December 2022	**330.6**	**77.0**

* See note 2.

Goodwill and other intangible assets comprise goodwill of £60.3 million (31 May 2022: £60.4 million), software of £24.5 million (31 May 2022: £27.1 million), the majority of which relates to the implementation and associated costs of the SAP project, and brands of £245.8 million (31 May 2022: £245.8 million).

6. Goodwill and other intangibles assets and property, plant and equipment (continued)

Goodwill and brands have all arisen from previous business combinations and all have indefinite useful lives and, in accordance with IAS 36 'Impairment of Assets', are subject to annual impairment testing at the year end date, or more frequent testing if there are indicators of impairment. The method used for impairment testing is to allocate assets (including goodwill and brands) to appropriate cash-generating units (CGUs) based on the smallest identifiable group of assets that generate independent cash inflows, and to estimate the recoverable amounts of the CGUs as the higher of an asset's fair value less costs of disposal and its value in use. Value in use is determined using cash flow projections from approved budgets and plans over a period of five years which are then extrapolated beyond the five-year period based on estimated long-term growth rates applicable to the markets and geographies in which the CGUs operate. The cash flow projections are discounted based on a pre-tax weighted average cost of capital for comparable companies operating in similar markets and geographies as the Group adjusted for risks specific to the particular CGU.

The Group considered whether there were any indicators of impairment or impairment reversal during the period which would require a detailed impairment test to be performed, and management concluded that there was an indicator of impairment in relation to the carrying value of each of the brands within the Sanctuary Spa CGU and the Childs Farm CGU. The significant decline in the washing and bathing category exacerbated by the recent onset of the cost of living crisis was determined to be the indicator of impairment in each case, and in addition for Sanctuary Spa, the impact of adverse foreign currency exchange rates on margins was also determined to be a factor. As a result, an impairment test was performed for each CGU using management's best estimate of future performance and using the board approved five year plan.

For the Sanctuary Spa CGU, where the carrying value of the brand at period end was £75.4 million. The key assumptions used in the projections covering the five year period of the approved budgets and plans related to revenue and gross margin growth, and beyond this period, assumed an annual long-term growth rate of 2.0%. A 9.7% pre-tax discount rate was applied to the projections. The value in use amount exceeded the carrying amount of the CGU, and further, management did not identify any reasonable possible changes in the key assumptions which would cause the carrying amount to exceed its recoverable amount. Management therefore concluded that no impairment was required at the balance sheet date.

For the Childs Farm CGU, where the carrying value of the brand at period end was £35.5 million and the allocated goodwill was £16.8 million. For the year ended 31 May 2022 the recoverable amount was determined on the basis of fair value less costs of disposal due to the proximity of the acquisition to the year end. For the impairment test for this period, the recoverable amount was calculated as the value of use using cash flow projections. The key assumptions used in the projections covering the five year period of the approved budgets and plans related to revenue growth in the UK and new international markets and improving cost to revenue ratios for overheads and marketing costs, and beyond this period, assumed an annual long-term growth rate of 2.0%. A 10.0% pre-tax discount rate was applied. The revenue growth recognises that this brand is highly complementary to the Group's strategic focus and will benefit from leveraging the Group's brand building capabilities to improve its UK leadership position while seeking to also capture its significant international potential. The value in use amount exceeded the carrying amount of the CGU, and further, management did not identify any reasonable possible changes in the key assumptions which would cause the carrying amount to exceed its recoverable amount. Management therefore concluded that no impairment was required at the balance sheet date.

Capital commitments

At 3 December 2022, the Group had entered into commitments for the acquisition of property, plant and equipment amounting to £0.9 million (27 November 2021: £1 million). At 3 December 2022, the Group's share in the capital commitments of joint ventures was £nil (27 November 2021: £nil).

7. Taxation

The taxation expense in relation to continuing operations was:

	Unaudited Half year to 3 December 2022 £m	(restated*) Unaudited Half year to 27 November 2021 £m	Audited Year to 31 May 2022 £m
United Kingdom	**(0.2)**	(0.2)	1.5
Overseas	**9.4**	3.8	11.8
	9.2	3.6	13.3

* See note 2.

Income tax expense is recognised based on management's best estimate of the annual effective tax rate ("ETR") expected for the full financial year. The estimated annual ETR for the year to 31 May 2023 is 22.7% (half year to 27 November 2021: actual ETR including discontinued operations 15.8%; year to 31 May 2022: actual ETR including discontinued operations 20.8%). On an adjusted basis, the estimated annual ETR is 26.6% (half year to 27 November 2021: 21.6%; year to 31 May 2022: actual ETR 19.5%).

The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. At 3 December 2022, the Group had a provision of £26.5 million and contingent liabilities of £8.7 million in respect of such uncertain tax positions (31 May 2022: £31.0 million and £8.9 million respectively), which are in relation to claims and assessments. Some of these assessments take place in overseas markets where there is a history of large claims being received, but which are considered to have little or no basis, and ultimately result in immaterial cash outflows. In relation to the contingent liabilities, whilst the Group considers that there is a low possibility of any material outflow as a result of these claims, they have been disclosed as such in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

8. Dividends

An interim dividend of 2.67p per share for the half year to 3 December 2022 (2021: 2.67p) has been declared totalling £11.2 million (2021: £11.2 million) and is payable on 6 April 2023 to shareholders on the register at the close of business on 10 March 2023. This interim dividend has not been recognised in this half yearly report as it was declared after the end of the reporting period.

The proposed final dividend for the year ended 31 May 2022 of 3.73p per share, totalling £15.6 million, was approved by shareholders at the Annual General Meeting of the Company and paid on 30 November 2022.

9. Earnings per share

Basic earnings per share and diluted earnings per share are calculated by dividing profit for the period attributable to owners of the Parent by the following weighted average number of shares in issue:

	Unaudited 3 December 2022 Number 000	Unaudited 27 November 2021 Number 000	Audited 31 May 2022 Number 000
Basic weighted average	**418,577**	418,456	418,476
Diluted weighted average	**423,008**	420,456	420,841

9. Earnings per share (continued)

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, whilst the difference between the basic and diluted weighted average number of shares represents the dilutive effect of the Deferred Annual Share Bonus Scheme, Executive Share Option Schemes and the Performance Share Plan (together the 'share incentive plans'). The average number of shares is reconciled to the basic and diluted weighted average number of shares below:

	Unaudited 3 December 2022 Number 000	Unaudited 27 November 2021 Number 000	Audited 31 May 2022 Number 000
Average number of ordinary shares in issue during the period/year	**428,725**	428,725	428,725
less: weighted average number of shares held by Employee Share Option Trust	**(10,148)**	(10,269)	(10,249)
Basic weighted average number of shares in issue during the period/year	**418,577**	418,456	418,476
Dilutive effect of share incentive plans	**4,431**	2,000	2,365
Diluted weighted average number of shares in issue during the period/year	**423,008**	420,456	420,841

Total earnings per share

	Unaudited Half year to 3 December 2022 £m	(restated*) Unaudited Half year to 27 November 2021 £m	Audited Year to 31 May 2022 £m
Profit after tax attributable to owners of the Parent	**24.7**	17.0	48.5
Adjusting items after taxation, attributable to owners of the Parent	**(3.1)**	5.9	2.9
Adjusted profit after tax attributable to owners of the Parent	**21.6**	22.9	51.4
	pence	pence	pence
Basic earnings per share	**5.90**	4.06	11.59
Impact of adjusting items	**(0.74)**	1.41	0.69
Adjusted basic earnings per share	**5.16**	5.47	12.28
Diluted earnings per share	**5.84**	4.04	11.52
Impact of adjusting items	**(0.73)**	1.40	0.69
Adjusted diluted earnings per share	**5.11**	5.44	12.21

* See note 2.

From continuing operations

	Unaudited Half year to 3 December 2022 £m	(restated*) Unaudited Half year to 27 November 2021 £m	Audited Year to 31 May 2022 £m
Profit after tax from continuing operations attributable to owners of the Parent	**24.7**	17.7	50.3
Adjusting items after taxation, attributable to owners of the Parent	**(3.1)**	5.9	2.9
Adjusted profit after tax attributable to owners of the Parent	**21.6**	23.6	53.2
	pence	pence	pence
Basic earnings per share	**5.90**	4.23	12.02
Impact of adjusting items	**(0.74)**	1.41	0.69
Adjusted basic earnings per share	**5.16**	5.64	12.71
Diluted earnings per share	**5.84**	4.21	11.95
Impact of adjusting items	**(0.73)**	1.40	0.69
Adjusted diluted earnings per share	**5.11**	5.61	12.64

* See note 2.

9. Earnings per share (continued)

From discontinued operations

	Unaudited Half year to 3 December 2022 £m	Unaudited Half year to 27 November 2021 £m	Audited Year to 31 May 2022 £m
Loss after tax from discontinued operations attributable to owners of the Parent	**-**	(0.7)	(1.8)
Adjusting items after taxation, attributable to owners of the Parent	**-**	-	-
Adjusted loss after tax attributable to owners of the Parent	**-**	(0.7)	(1.8)
	pence	pence	pence
Basic loss per share	**-**	(0.17)	(0.43)
Impact of adjusting items	**-**	-	-
Adjusted basic loss per share	**-**	(0.17)	(0.43)
Diluted loss per share	**-**	(0.17)	(0.43)
Impact of adjusting items	**-**	-	-
Adjusted diluted loss per share	**-**	(0.17)	(0.43)

10. Reconciliation of profit before taxation to cash generated from operations

	Unaudited Half year to 3 December 2022 £m	(restated*) Unaudited Half year to 27 November 2021 £m	Audited Year to 31 May 2022 £m
Profit before taxation from continuing operations	**40.5**	23.5	65.3
Loss before taxation from discontinued operations	**-**	(0.7)	(1.7)
Profit before taxation	**40.5**	22.8	63.6
(Deduct)/add back: net finance (income)/costs (note 5)	**(1.3)**	0.9	1.3
Operating profit	**39.2**	23.7	64.9
Depreciation (notes 6 and 15)	**5.2**	6.3	12.8
Amortisation (note 6)	**3.1**	3.4	6.6
Impairment of tangible and intangible assets	**0.1**	18.0	17.5
Impairment reversal on intangible assets reclassified as held for sale	**-**	-	(8.5)
Profit on sale of assets	**(11.7)**	(11.1)	(14.0)
Profit on disposal of businesses	**-**	(1.7)	(1.7)
Derecognition of capitalised costs related to cloud computing arrangemen	**-**	1.5	1.0
Other recycling of foreign exchange losses	**-**	1.5	1.4
Difference between pension charge and cash contributions	**(0.3)**	0.1	1.1
Share-based payment charges	**1.2**	2.0	1.9
Share of results from joint ventures	**(3.7)**	(4.1)	(6.6)
Operating cash flows before movements in working capital	**33.1**	39.6	76.4
Movements in working capital:			
Inventories	**(23.5)**	(14.8)	(14.5)
Trade and other receivables	**(13.9)**	(16.6)	4.0
Trade and other payables	**15.8**	16.8	0.4
Provisions	**(4.5)**	-	(0.1)
Cash generated from operations	**7.0**	25.0	66.2

* See note 2.

11. Net debt reconciliation

Group net debt, which is an alternative performance measure, comprises the following:

	Audited At 1 June 2022 £m	Unaudited Cash flow £m	Unaudited Foreign exchange movements £m	Unaudited Other* £m	**Unaudited At 3 December 2022 £m**
Cash at bank and in hand	105.8	17.5	(4.7)	-	**118.6**
Short term deposits	58.0	22.4	(3.2)	-	**77.2**
Overdrafts	(0.1)	0.1	-	-	**-**
Cash and cash equivalents	163.7	40.0	(7.9)	-	**195.8**
Current asset investments	0.5	-	-	-	**0.5**
Non-current borrowings	(174.0)	(58.0)	-	-	**(232.0)**
Adjusted net debt	(9.8)	(18.0)	(7.9)	-	**(35.7)**
Lease liabilities	(16.9)	1.6	-	1.3	**(14.0)**
Net debt	(26.7)	(16.4)	(7.9)	1.3	**(49.7)**

* Other includes the derecognition of lease liabilities offset by lease addition and an increase in the lease liability arising from the unwinding of the interest element.

During the period the Group agreed a new £325 million committed credit facility which is available for general corporate purposes. The credit facility incorporates both a term loan and revolving credit facility ("RCF") structure, with maturity dates of up to November 2028, and replaced the previous £325 million RCF facility which was due to expire in November 2023. At 3 December 2022, this facility was £232 million drawn (31 May 2022: £174 million).

In addition, the Group retains other unsecured and uncommitted facilities that are primarily used for trade related activities. At 3 December 2022, these amounted to £267 million (31 May 2022: £252.3 million) of which £69.1 million, or 25.9% were utilised (31 May 2022: £53.8 million or 21.3%).

Overdrafts do not form part of the Group's main borrowing facility and only arise as part of the Group's banking arrangements with key banking partners.

12. Retirement benefits

The Group operates retirement benefit schemes for its UK and certain overseas subsidiaries. These obligations have been measured in accordance with IAS 19 'Employee Benefits (revised)' and are as follows:

	Unaudited 3 December 2022 £m	Unaudited 27 November 2021 £m	Audited 31 May 2022 £m
UK schemes in surplus	**83.9**	104.4	128.1
Restriction due to asset ceiling	**(47.5)**	(58.5)	(58.8)
	36.4	45.9	69.3
UK schemes in deficit	**(3.1)**	(4.7)	(3.5)
Net UK position	**33.3**	41.2	65.8
Overseas schemes	**(8.8)**	(9.3)	(9.6)
	24.5	31.9	56.2

The Group has four main defined benefit schemes which are based and administered in the UK and are closed to future accrual and new entrants.

12. Retirement benefits (continued)

The key financial assumptions (applicable to all UK schemes) applied in the actuarial review of the pension schemes have been reviewed in the preparation of these interim condensed consolidated financial statements and amended to reflect changes in market conditions where appropriate from those applied at 31 May 2022. The key assumptions applied were:

	Unaudited Half year to 3 December 2022 % per annum	Unaudited Half year to 27 November 2021 % per annum	Audited Year to 31 May 2022 % per annum
Rate of increase in retirement benefits in payment	**2.80%**	3.35%	2.75%
Discount rate	**4.45%**	1.60%	3.50%
Inflation assumption (RPI)	**2.95%**	3.50%	3.15%

The movement in the retirement benefit net surplus during the period for the UK schemes is as follows:

	Unaudited 3 December 2022 £m	Unaudited 27 November 2021 £m
At 1 June	**65.8**	29.1
Net pension interest income	**1.1**	0.2
Administration expenses paid by the schemes	**(0.5)**	-
Employer direct benefit payments	**0.1**	0.1
Remeasurement gain/(loss) due to changes in assumptions and experience adjustments	**17.4**	(28.5)
(Loss)/gain on scheme assets (excluding interest income)	**(62.9)**	44.6
Changes in asset ceiling	**12.3**	(4.3)
At end of period	**33.3**	41.2

13. Financial risk management and financial instruments

The Group's operations expose it to a variety of financial risks including foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's treasury policy addresses issues of liquidity, funding and investment as well as currency, credit, liquidity and interest rate risks.

The condensed consolidated interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements. This information and related disclosures are presented in the Group's annual financial statements at 31 May 2022. There have been no significant changes to risk management policies or processes since the year end.

The Group holds a number of financial instruments that are held at fair value within the condensed consolidated interim financial statements. In deriving the fair value, the derivative financial instruments are classified as level 1, level 2 or level 3 dependent on the valuation method applied in determining their fair value.

The different levels are defined as follows:

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

13. Financial risk management and financial instruments (continued)

The financial instruments held at fair value by the Group relate to foreign currency forward contracts used as derivatives for hedging. For both the half years ended 3 December 2022 and 27 November 2021, and the year ended 31 May 2022 the assets and liabilities arising from foreign currency forward contracts have been classified as level 2. The fair value of these instruments at each of the period ends was:

	Unaudited At 3 December 2022 £m	Unaudited At 27 November 2021 £m	Audited At 31 May 2022 £m
Assets			
Foreign currency forward contracts	**3.9**	1.2	0.7
Liabilities			
Foreign currency forward contracts	**0.5**	1.1	1.6

There have been no transfers between level 1 and 2 in any period.
The fair value of the following financial assets and liabilities approximates to their carrying amount:

- Trade receivables and other receivables
- Cash and cash equivalents
- Trade and other payables
- Borrowings

14. Related party disclosures

PZ Wilmar Limited

Certain Group subsidiary companies enter into related party transactions with PZ Wilmar Limited, a joint venture interest which was set up under the terms of a joint venture agreement with Wilmar International Limited. Set out below are details of related party transactions during the period with PZ Wilmar Limited as well as balances at 3 December 2022:

- During the period, interest bearing loans amounting to £11.4 million were advanced to the PZ Wilmar Limited. These loans are repayable on demand and not secured. At 3 December 2022, the outstanding loan balance receivable in relation to these interest bearing loans was £11.0 million (31 May 2022: £nil; 27 November 2021: £7.2 million).

- At 3 December 2022, outstanding non-interest bearing loans receivable from PZ Wilmar Limited amounted to £40.6 million (31 May 2022: 39.6 million; 27 November 2021: £37.5 million). These receivables relate to long term loan investments that have been made by both joint venture partners and are presented as part of the Group's net investment in its joint venture. These loans are repayable following a notice period of 12 months and are not secured.

- At 3 December 2022, the outstanding trade receivable balance due from PZ Wilmar Limited was £1.3 million (31 May 2022: £1.7 million; 27 November 2021: £2.2 million).

All trading balances are settled in cash. There were no provisions for doubtful related party receivables at 3 December 2022 (31 May 2022: £nil; 27 November 2021: £nil) and no charge to the income statement in respect of doubtful related party receivables (half year to 27 November 2021: £nil).

15. IFRS 16 'Leases'

The Group has lease contracts for various items of property, motor vehicles and other equipment used in its operations. Leases of property generally have lease terms between 3 and 12 years, while motor vehicles and other equipment generally have lease terms between 1 and 4 years.

The Group also has certain leases of vehicles with lease terms of 12 months or less and leases of equipment with low-value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land & buildings	Motor vehicles	Other equipment	**Total**
	£m	£m	£m	**£m**
At 1 June 2022	13.6	2.3	1.0	16.9
Additions	0.7	-	-	0.7
Depreciation	(1.2)	(0.1)	(0.1)	(1.4)
Derecognition of right-of-use assets	(1.6)	-	(0.3)	(1.9)
Currency translation	-	(0.1)	-	(0.1)
At 3 December 2022	**11.5**	**2.1**	**0.6**	**14.2**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease liability	**£m**
At 1 June 2022	16.9
Additions	0.7
Accretion of interest	0.2
Payments	(1.6)
Derecognition of lease liability	(2.2)
At 3 December 2022	**14.0**

Classified as:	
Current liabilities	2.1
Non-current liabilities	11.9
Total lease liabilities	**14.0**

The following are the amounts recognised in profit or loss:

	Unaudited Half year to 3 December 2022	Unaudited Half year to 27 November 2021
	£m	£m
Depreciation expense of right-of-use assets	**1.4**	1.7
Interest expense on lease liabilities	**0.2**	0.2
Expense relating to short-term or low-value assets	**0.1**	0.1
Total amount recognised in profit or loss	**1.7**	2.0

16. Seasonality

Certain business units have a degree of seasonality with the biggest factors being the weather and Christmas. However, no individual reporting segment is seasonal as a whole and therefore no further analysis is provided.

17. Principal risks and uncertainties

PZ Cussons has over 130 years of trading history with a long standing tradition of sustainable growth in our key regions of Europe, Africa and Asia. Our in-depth local understanding, strong brand position and robust infrastructure within these markets, allied to a strong Group balance sheet, enable us to withstand short to medium-term political and financial instabilities that may adversely impact the Group.

The Group's risk management framework is explained on page 84 of our 2022 Annual Report and Financial Statements which is available on our website at www.pzcussons.com. The Board assumes overall accountability for the management of risk whilst the Audit & Risk Committee continues to monitor and review the effectiveness of the Group's risk management and internal control systems. The Executive Leadership Team ensures that the risk management framework is embedded and operates throughout the Group and regularly reviews both the regional and consolidated risk registers, verifying appropriate mitigation activities are operating effectively.

The identified principal risks are considered unchanged from those outlined on pages 86 to 93 of our 2022 Annual Report and Financial Statements. These are: consumer, customer and economic trends; talent retention and development; IT and information security; sustainability and environment; business transformation; health & safety; supply chain and logistics; legal and regulatory compliance; financial controls (treasury and tax); and pandemic.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting', and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first half year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining period of the financial year; and
- material related-party transactions in the first half year and any material changes in the related-party transactions described in the last annual report.

The Directors of PZ Cussons plc are listed on page 36. A list of current Directors is maintained on the PZ Cussons plc website.

By order of the Board

Mr K Massie
Company Secretary
7 February 2023

INDEPENDENT REVIEW REPORT TO PZ CUSSONS PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 3 December 2022 which comprises the condensed consolidated income statement, the condensed consolidated statement of other comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 17.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 3 December 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, 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 International Standards on Auditing (UK) 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.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Deloitte LLP
Statutory Auditor
London, UK
8 February 2023

Directors

Chair

C Silver *

Chief Executive

J Myers

Chief Financial Officer

S Pollard

D Tyler *

K Bashforth *

V Juarez *

D Kucz *

J Nicolson *

J Sodha *

J Townsend *

* Non-executive

Company Secretary

K Massie

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