26 September 2023

RESULTS FOR THE YEAR ENDED 31 MAY 2023

Third year of like for like revenue growth
Continued strategic progress against a challenging external backdrop

Jonathan Myers, Chief Executive Officer, said: *"We have delivered a third consecutive year of like for like revenue growth and increased operating profit by over 10% since launching our strategy nearly three years ago. We have achieved these improvements by investing in our brands and capabilities, serving cost-conscious consumers better with targeted innovation and productivity initiatives helping us to reduce complexity across the Group.*

In FY23 sustained momentum in our ANZ business and the return of the UK Personal Care business to growth by the end of the year demonstrated our ability to improve and sustain business unit performance even in a year when we had to absorb further significant cost inflation.

Group performance in the new financial year has been in line with our expectations and, with clear near-term priorities, we expect to deliver another year of LFL revenue and strong constant currency operating profit growth in FY24. There is more to do as we seek to maximise the company's full potential, and there are well-documented challenges to be navigated in Nigeria. However, we continue to believe that we can build a higher growth, higher margin, simpler and more sustainable business."

£m	**Adjusted**			**Statutory**		
unless otherwise stated	**2023**	2022[1]	*variance*	**2023**	2022[1]	*variance*
Revenue	**656.3**	592.8	*10.7%*	**656.3**	592.8	*10.7%*
LFL revenue growth	**6.1%**	2.9%	*n/a*			
Operating profit	**73.3**	67.1	*9.2%*	**59.7**	65.8	*(9.3)%*
Operating margin	***11.2%***	*11.3%*	*(10)bps*	***9.1%***	*11.1%*	*(200)bps*
Profit before tax	**74.1**	65.8	*12.6%*	**61.8**	64.5	*(4.2)%*
Basic earnings per share	**11.23p**	12.57p	*(10.7)%*	**8.70p**	11.88p	*(26.8)%*
Dividend per share				**6.40p**	6.40p	

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

Delivering against the strategy

- Third consecutive year of like-for-like (LFL) revenue growth.
- Majority of Must Win Brands in growth and strong performance in Portfolio Brands.
- A successful first full year of ownership of Childs Farm with 12% revenue growth in FY23.
- Continued expansion from the core, with the launch of Morning Fresh into the auto dishwash market and the geographic expansion of Original Source and Imperial Leather[2].
- Supply Chain transformation is on track, reducing complexity across the Group and improving innovation, efficiency and capabilities.
- Further strengthening of the leadership team, including the appointment of a new Chief People Officer and Chief Information Officer as well as new local leaders for our Nigerian and Indonesian businesses.

[1] FY22 restated as a result of certain prior year adjustments - see note 1 of the consolidated financial statements for further details
[2] Original Source and Imperial Leather launches took place following the end of the FY23 financial year

- Intention to buy out the minority shareholding of PZ Cussons Nigeria plc, and de-list, creating value for Group shareholders and significantly simplifying and strengthening our future business in Africa.

Financial results

- Reported revenue grew 10.7% as a result of LFL revenue growth, the contribution of Childs Farm, which was acquired in March 2022, and favourable FX movements.
- Adjusted operating profit margin broadly flat as an 80bps improvement in gross profit margin funded increased investment in capabilities and offset cost inflation. Adjusted operating profit margin improved, excluding Childs Farm.
- Continued profitable revenue growth in Nigeria contributed to the Group's 12.6% growth in adjusted profit before tax but the impact of the resulting tax charge and increased non-controlling interest led to an adjusted EPS decline of 10.7%.
- On a statutory basis, the operating margin declined by 200bps and EPS declined by 26.8%, reflecting a £16.5 million impairment of the Sanctuary Spa brand, as well as increased investment related to transformation.
- Improved cash generation with free cash flow[3] of £69.9 million (FY22: £58.0 million) primarily driven by an improvement in working capital, resulting in a net adjusted cash position of £5.7 million.
- Increase in gross borrowings to £251.2 million (FY22: £174.0 million) reflecting the challenges of repatriating cash from Nigeria, where the cash balance was approximately £200 million.
- Proposed final dividend unchanged versus the prior year, reflecting the devaluation of the Naira following the year end, which is expected to have a material adverse impact on the near-term reported financial performance.

Current trading and outlook

Current trading

FY24 performance to date has been in line with expectations, with modest year on year growth in LFL revenue and a higher operating profit margin. We have seen continued good revenue growth in Nigeria and ANZ, a stable performance in the UK, offset by a further decline in Indonesia.

FY24 Outlook

The macroeconomic environment in Nigeria, including the foreign exchange market and other fiscal reforms, will be a key determinant of our overall Group FY24 financial results. We have operational and corporate plans in place to mitigate these challenges and are already executing a number of these to improve the performance of the business and to optimise the Group's cash position.

We expect to deliver a fourth consecutive year of Group LFL revenue growth, with strong constant currency operating profit growth, benefiting from the changes already made to strengthen the business as well as a slightly more benign input cost environment. We therefore expect to deliver adjusted operating profit within the range of current market expectations[4]. More details on the translational impact of the recent devaluation are provided on page 13.

Announcement regarding Auditor

As previously announced, the Group has been conducting a tender process for the role of external auditor for the financial year ending 31 May 2024. The Group is pleased to confirm that PwC has been selected and their appointment is expected to be proposed to shareholders at the Annual General Meeting in November.

[3] See page 15 for definitions of key terms
[4] Consensus adjusted operating profit range of £61.5 to £68.2 million based on Bloomberg as at 21 September 2023

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Investor and Analyst webcast and conference call

PZ Cussons' management will host a live webcast for analysts and institutional investors at 10.30am UKT to present the results and provide the opportunity for Q&A. The webcast is available via the PZ Cussons corporate website (www.pzcussons.com) and directly at www.investis-live.com/pzcussons/65096621673c270c0094bd37/olkkq

For those wishing to ask a question, the dial-in details are as follows:

Dial in: +44 20 4587 0498
Access code: 256066

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 of 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.

This announcement contains inside information for immediate release.

GROUP REVIEW

Introduction from our Chief Executive Officer

We are now approaching three years into our strategy and we have continued to make good progress. We have sought to regain our focus on the consumer while re-investing in our brands and building capabilities. We are also being selective about where we should play and how we can win. In doing so, we have sought to build a higher growth, higher margin, simpler and more sustainable business.

It is therefore encouraging that we have delivered a third consecutive year of LFL revenue growth. Our improved gross profit margin compared to FY22 has also allowed us to invest in marketing and capabilities while broadly maintaining the Group's adjusted operating profit margin. This progress has been achieved whilst responding to the well-documented macroeconomic challenges – absorbing for example approximately £80 million of inflationary costs over the last three years whilst continuing to meet the needs of the cost-conscious consumer. While much remains to be done, we have made good progress to date.

On behalf of the Board, I would like to thank the PZ Cussons teams worldwide for their continued energy and tenacity in these challenging conditions and our suppliers and customers for their valued partnership.

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

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

Our strategy is built upon attractive market and category fundamentals. Our revenue is split approximately evenly by developing and developed markets, allowing us to balance the revenue growth typically seen in faster-growing markets with the more attractive margin profiles in more established markets. Our brands are 'locally-loved' in their respective categories – benefitting from local consumer insight and proximity to customers but supported by our global capabilities and efficiencies. We see significant potential for long-term market growth with, for example, a £3.5bn market opportunity[5] in Baby personal care across our largest markets with Nigeria and Indonesia amongst the largest five markets globally for birth rates. Across our businesses, we are increasingly adopting a position and mindset of a 'challenger' – bringing scale to compete against smaller, local players and bringing agility and strong consumer and customer understanding to compete against larger players.

<u>Our strategic progress in FY23</u>

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

#1 Build Brands: investing in our brands to drive awareness and loyalty

Following the acquisition of Childs Farm in March 2022, we have sought to further strengthen the brand in FY23 and, in March, launched 'SlumberTime' – an innovative three-part range which has been created using sleep-enhancing technology to aid the sleep of babies as well as their parents. We have also started to accelerate international expansion, with a launch in the US on Amazon, whilst strengthening our existing footprint in markets such as the Middle East. Childs Farm revenue grew 12% in FY23 and we believe we can triple the brand's revenue over the next five years.

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[5] Estimates based upon Euromonitor data

In February, we launched Morning Fresh, our market-leading hand dishwash brand in Australia, into the auto dishwash category as we seek to take our existing brands into new category adjacencies. The auto dishwash segment is around twice the size of the hand-dishwash segment and is growing significantly faster. Early signs are promising, with strong feedback from key customers in Australia.

Original Source was launched into the Spanish market for the first time in July 2023 with a launch campaign focused on Out of Home and social media activations. The sector in Spain is worth around £300m[6] and is Europe's third largest bath and shower gel market, signalling the strength and ambition of the brand to continue to grow.

In Nigeria, we launched 'Joy Black', a consumer-insight-led innovation for the Beauty soap. Establishing a differentiated position in the soap segment and with a campaign which speaks to local cultural themes, results have been strong, with revenue growth in the year of over 20%, a doubling of gross margin and an 11 percentage point increase in consumer awareness.

There remains more to be done to fully maximise the opportunity for a number of brands however and to understand the brands' responsiveness to promotional and marketing activity. We continue, for example, to seek to strengthen St.Tropez's presence in the UK, where it has underperformed compared to the US, reflecting the brand's positioning and relative historic levels of investment. Similarly, we have seen more challenging trading in Sanctuary Spa where, against a difficult category backdrop, the brand's re-staging, whilst allowing for improvements in price/mix, has fallen short of our first-year expectations.

More broadly, we continue to strengthen brand-building capabilities across the organisation, rolling out 3-year brand plans for each of our markets with a focus on our Must Win Brands and assessing opportunities for geographic and category expansion. A number of these, such as the Morning Fresh auto dishwash launch, have already been enacted. Brand Investment increased in FY23 and we continue to prioritise spending on the highest-returning brands.

#2 Serve consumers: winning where the consumer shops

In Nigeria, we sought to improve overall distribution and customer service levels, in turn growing consumer penetration by transforming our route-to-market capabilities, differentiating by region and channel. We have increased the number of stores we serve directly by nearly 50% compared to FY22, with priority stores, benefiting from greater focus and a wider range of products, increasing from 500 to 3,000.

Elsewhere, given Amazon's increasing importance and previously unexploited opportunity, we have established a cross-category, multi-functional, dedicated Amazon 'centre of excellence'. The team is focused on driving optimal online performance, returns on marketing investment and the longer-term strategy across commercial, supply chain and marketing. We are using Amazon's vast amount of data to glean consumer insights to better understand our consumers and how they engage with our brands online. Online represents 9% of revenue across the Group and we see an opportunity for this to increase over time.

#3 Reduce complexity: simplifying our operations and portfolio to improve returns and reduce risk

As part of our initiatives to simplify our operations, we have been executing a number of transformational supply chain projects. During FY23, these included outsourcing fragrance supply to third parties, the near-shoring of our procurement function from Singapore to Manchester, and the closure of our Thai soap factory with corresponding outsourcing. These projects are now well-progressed and are anticipated to achieve annualised cost savings in the region of £2-3 million. Moreover, it is anticipated that overall efficiency and capability within the supply chain will be improved due to these initiatives.

In September 2023, we announced our intention to buy out and de-list the minority shareholding of PZ Cussons Nigeria plc. Should the transaction gain the necessary approvals, we anticipate that it will significantly simplify and strengthen our business in Africa.

[6] Euromonitor

#4 Develop people: investing in our teams to strengthen capabilities

During the year, we made a number of new appointments to strengthen organisational capabilities. As with earlier investments, we are focused on bringing together the best external and internal talent. In keeping with this, we hired a new Chief People Officer and Chief Information Officer – both with strong experience from senior positions at consumer goods companies – and were delighted to promote internal talent to the roles of Managing Director in Indonesia and Nigeria. For the first time in recent history, Indonesian and Nigerian nationals are leading their respective businesses.

Our annual engagement survey, in which 96% of employees participated, shows evidence of the progress we are making to strengthen our organisation and culture due to the changes and investment in recent years. Overall engagement is at 73% – slightly ahead of the previous year and benchmark. Particularly pleasing was the 'motivation to go above and beyond' at 76% – an improvement on last year's survey and six percentage points above benchmark. Nevertheless, improvements are still being made in providing clarity and transparency on reward and benefits and clearer career pathways and opportunities.

#5 Grow sustainably: acting in the right way for long term growth

We are making good progress towards becoming a more sustainable business and environmental considerations are increasingly considered hand-in-hand with commercial considerations, evidenced by our continued strength in refills and the recent launch of bio-degradable wipes in Indonesia.

Specifically, highlights of progress against the sustainability goals which were established last year include:

- A reduction in virgin plastics in our packaging by 7.8% (vs. 2021 baseline) – an improvement from 5.1% reduction in FY22.
- A 49% reduction in waste sent to landfill (vs. 2021 baseline) – an improvement from 20% reduction in FY22.
- An increase in certified or recycled paper to 96% (from 49% in FY22).
- Achievement of carbon neutrality in all operations outside of Africa.

However, further work remains to be done in this area, both with respect to achieving the established targets and fully communicating with stakeholders the progress we are making[7].

Serving the cost-conscious consumer

With consumer inflation rates increasing in many of our markets throughout FY23, a key focus for our teams has been on better serving the cost-conscious consumer. This has first and foremost been achieved through targeting efficiencies across our supply chain, as detailed later, reducing the need to pass through inflation. We have, however, used innovation and our portfolio to support the consumer at various price points.

In the UK, for example, recognising the growing importance of the discounter channel in recent years, we developed and launched a new Portfolio Brand, Cussons Creations, in June 2022. Set at a value price point, this launch has allowed us to replace a number of the Imperial Leather SKUs, which played at a similar price. The launch has been positive, allowing us to grow the combined revenue of Cussons Creations and Imperial Leather for the first time in recent history, growing combined market share and distribution points whilst positioning Imperial Leather as a more premium brand.

In Kenya, we have taken the opportunity to relaunch Flamingo – a Portfolio brand with a strong heritage targeting the value consumer, which has lacked attention in recent years. As part of the relaunch, like Imperial Leather, we have been successful in growing the brand for the first time in several years, achieving over 50% revenue growth as we have increased both volumes and pricing whilst maintaining competitive pricing relative to peers.

[7] Further detail, including TCFD required disclosures will be provided in the FY23 Annual Report and Accounts

In Indonesia, the launch of a smaller 55ml pack size of Cussons Baby Hair and Body Wash has allowed us to reduce the absolute price point, enabling Indonesian parents to continue to access high-quality bathing products for their babies despite a significant reduction in disposable income.

Near-term priorities

As we look into FY24, we have established four priorities for the business for the next 12 months, seeking to balance addressing immediate challenges whilst setting the business up well for long-term success. The priorities are:

1. Continue to simplify and strengthen our business in Nigeria.
2. Return the UK market to sustainable, profitable growth.
3. Accelerate brand growth in and beyond the core portfolio.
4. Continue to transform organisational capabilities.

In the long term, we are building a higher growth, higher margin, simpler and more sustainable business. We maintain our LFL revenue growth ambition of mid-single-digits and our ambition for adjusted operating profit margins in the mid-teens.

Summary

In summary, we have continued to make good strategic progress, with a third year of consecutive LFL revenue growth, delivering on expectations despite the significant external challenges of cost inflation and pressures on consumer spending. There is more to do as we seek to maximise the company's full potential, and there are well-documented challenges to be navigated in Nigeria. However, we continue to believe that we can build a higher growth, higher margin, simpler and more sustainable business.

Overview of Group financial performance

We have delivered a solid financial performance in the context of ongoing external volatility and uncertainty. Input cost inflation remained high for much of the year, with approximately £80 million of total inflation over the last three years, and consumer spending remained under pressure in most of our markets. Against this backdrop, we have managed to broadly maintain our adjusted operating profit margin in FY23, as higher gross profits were invested behind strategic capabilities and Brand Investment.

Revenue grew 10.7%. This was driven by LFL revenue growth of 6.1% (£36.9 million), which reflected price/mix growth of 12.1% and volume declines of 6.0%. Childs Farm, which was acquired in March 2022, contributed £10.9 million to revenue growth, and translational FX movements, reflecting a weakening of sterling against most reporting currencies, contributed £15.7 million. We saw growth in most of our Must Win Brands, with Carex, Sanctuary Spa and Cussons Baby declining during the year. LFL revenue growth in the fourth quarter of the year was 6.7%, driven by an 11.2% improvement in price/mix and a 4.5% decline in volume.

Adjusted operating profit margin declined by 10bps as a combination of successful innovation, RGM activity and productivity initiatives drove a gross profit margin increase of 80bps, funding investment in capabilities. Adjusted EPS declined by 10.7% as 12.6% growth in adjusted profit before tax was more than offset by an increased tax charge and an increased non-controlling interest, each reflecting the growth in operating profit in our Nigerian business. On a statutory basis, the operating margin declined 200bps due to the increased investment in transformation costs and the impairment of Sanctuary Spa (see note 3), leading to a decline in EPS from continuing operations of 26.8%.

Cash flow remained strong, with free cash flow of £69.9 million (FY22: £58.0 million) primarily driven by improved working capital. Our adjusted net cash was £5.7 million. This includes cash of approximately £200 million within Nigerian entities which has been built up as a result of the challenges in repatriating cash outside of the country[8]. The Board have recommended a final dividend of 3.73p, which is unchanged on the prior year, reflecting the material adverse impact the devaluation of the Naira is expected to have on the near-term reported financial performance.

In preparing the Group financial statements for the year ended 31 May 2023, management identified prior year adjustments relating to accounting for impairment on capitalised software in 2020 and the acquisition of Childs Farm. These adjustments result in a £0.6 million increase in total assets and a £0.6 million reduction in profit for FY22. Further information on the nature of these items is provided in note 1.

Performance by geography

Europe and the Americas (31.4% of FY23 Group revenue)

£m, unless otherwise stated	**FY23**	**FY22**	**Reported growth/ (decline) (%)**
Revenue	205.8	193.0	6.6%
LFL revenue growth	(0.5)%	(12.3)%	n/a
Adjusted operating profit	29.3	35.0	(16.3)%
Margin	14.2%	18.1%	(390)bps
Operating profit	0.4	22.9	(98.3)%
Margin	0.2%	11.9%	(1,170)bps

Revenue grew 6.6%, driven by £10.9 million revenue contribution from the acquisition of Childs Farm and favourable foreign exchange movements, more than offsetting a 0.5% LFL decline in revenue, which was driven principally by a

[8] Based on the 31 May 2023 balance sheet NGN/GBP rate of NGN577

decline in Carex. LFL revenue growth improved materially in the second half of the year, reflecting price/mix action taken earlier in the year and improved volume trends in most of the brands.

The UK washing and bathing category – the largest category in Europe and the Americas – declined in value terms by 3%[9] in the year as consumers sought to reduce spending against high inflation and squeezed household budgets. Within the category, the hand hygiene and bath segments were down, while we saw good growth in shower and bar soap.

Reflecting these underlying trends, Sanctuary Spa saw revenue decline as the re-staging of the brand fell below our expectations. Carex hand sanitiser volumes fell significantly, but revenue trends improved in the second half of the year.

We saw very strong, volume-driven revenue growth in Original Source as it took share in the shower category. This performance was driven by its successful '360' marketing throughout the year, incorporating digital and out-of-home activity, building on the success of last year's TV campaign and funded by increased overall Brand Investment. Following the successful re-staging of Imperial Leather, together with the launch of our new value brand Cussons Creations, the two brands combined grew revenue compared to Imperial Leather alone last year and represents the first year of growth for the brand in a number of years, with gains in both market share and distribution points.

Total St.Tropez revenue grew strongly, driven by significant share gains in the US following a launch of the Luxe Serum innovation in February, supported by our brand ambassador Ashley Graham and which created a wider halo effect for the brand in the second half of the year. The US also continued to benefit from the distribution gains made during FY22. Trading in the UK was, however, more challenging.

Childs Farm revenue grew 12% in the first full year of our ownership. This has been driven by a renewed focus on the brand proposition, innovation such as SlumberTime and increased distribution in the UK, which has increased by over 20% since acquisition.

Following a significant decline in the first half of the year, the adjusted operating profit margin improved in the second half of the year, resulting in a decline of 390bps for the year as a whole. This reflected the full-period effect of price/mix actions taken in the first half of the year, lower levels of cost inflation and more normalised Brand Investment. The margin was also lower as a result of the contribution of Childs Farm which, reflecting its investment phase, was slightly loss-making during the year. On a statutory basis, the operating profit margin declined by 1,170bps primarily as a result of the Sanctuary Spa impairment.

Asia Pacific (29.1% of FY23 Group revenue)

£m, unless otherwise stated	**FY23**	**FY22**	**Reported growth/ (decline) (%)**
Revenue	190.7	173.8	9.7%
LFL revenue growth (%)	4.4%	3.0%	n/a
Adjusted operating profit	27.5	20.9	31.6%
Margin (%)	14.4%	12.0%	240bps
Operating profit	29.6	37.0	(20.0)%
Margin (%)	15.5%	21.3%	(580)bps

Revenue grew 9.7% as a result of LFL growth of 4.4% and favourable movements in foreign exchange. LFL revenue growth was driven by double-digit price/mix improvements.

[9] Aggregated IRI and Kantar data for the 52 weeks ended 10 June 2023

In Hygiene, Morning Fresh extended its leadership position in hand dishwash in Australia with a value market share remaining around 50% due to continued investment in brand equity and innovation[10]. During the year, we launched Morning Fresh into the auto dishwash category and successfully secured distribution in the two largest grocery retailers which together comprise approximately 80% of the market. Early market share data has been favourable and we are building plans for further marketing activity over the coming months. Radiant, a Portfolio Brand, also increased its market share with very strong growth in both volume and price/mix, with strong growth from innovation with a new capsules product.

Rafferty's Garden revenue grew double-digits with price/mix and volume increases. The brand increased its value market share by nearly two percentage points in the year, remaining the clear market leader in the category[11].

Cussons Baby Indonesia declined as consumers reduced spending on certain discretionary items, given the squeeze on household budgets resulting from the government's lifting of fuel subsidies in August 2022. Revenue performance became more challenging throughout the year as lower consumer demand resulted in gradual de-stocking. Competition from local players intensified throughout the year, while we elected to continue our focus on growing the higher margin baby toiletry sub-categories such as oils, lotions and creams.

The planned reduction in low-margin, by-product sales to third parties reduced APAC revenue growth by approximately one percentage point.

Adjusted operating margin grew by 240bps, reflecting strong price/mix growth and careful cost containment across the business. On a statutory basis, margins declined by 580bps due to the non-recurrence of profit on disposal of five:am and compensation received from the Australian Competition & Consumer Commission relating to a historical legal claim.

Africa (39.1% of FY23 Group revenue)

£m, unless otherwise stated	**FY23**	**FY22**	**Reported growth (%)**
Revenue	256.3	222.0	15.5%
LFL revenue growth (%)	13.4%	22.3%	n/a
Adjusted operating profit	37.2	22.3	66.8%
Margin (%)	14.5%	10.0%	450bps
Operating profit	48.3	28.6	68.9%
Margin (%)	18.8%	12.9%	590bps

Revenue grew 15.5%, primarily due to LFL growth of 13.4%. LFL revenue was driven by price/mix improvements of over 20%, with several waves of price increases throughout the year, reflecting the inflationary environment in Nigeria and Ghana. FX movements supported overall revenue growth, reflecting the stronger Naira for most of the year.

Across the Nigerian portfolio, we have continued to benefit from the transformation of our Route to Market approach in recent years. We have sought to optimise the SKUs by region and channel, and over the past year have increased by nearly 50% the number of stores served directly or through our distributors.

Each of our major brands reported double-digit LFL revenue growth. Premier and Joy each saw good growth due to innovation, with their 'Black' variants – with natural, African ingredients and strong links to heritage – performing particularly well. Flamingo, an important Portfolio Brand in Kenya, also grew strongly following a re-launch, with revenue up over 50%.

Cussons Baby grew strongly, as we continue to recruit new parents through our programmes within hospitals, through growth in the rapidly growing baby store channel and due to several innovations in the wipes portfolio.

[10] Nielsen data 12 months to 15.06.23
[11] Nielsen data 12 months to 15.06.23

Our electricals business revenue grew over 10% on an LFL basis, contributing revenue of £105.4 million. Gross margins improved as we continued to prioritise growth in profitability over growth in volumes. As a Portfolio Brand, we reduced our Brand Investment in the electricals business in the year and plan to reduce this further in FY24 to fund higher-priority brands in core categories.

Adjusted operating profit margin grew by 450bps, representing a third consecutive year of continued profit improvement. This was achieved through successful price/mix improvements and a continued focus on optimising product mix despite strong cost inflation. On a statutory basis, the operating profit margin increased by 590bps due to the gains on property disposals.

Other financial items

Adjusted operating profit

Adjusted operating profit for the Group was £73.3 million, which compares to £67.1 million in the prior period (as restated). The adjusted operating profit margin decreased by 10bps to 11.2%. Excluding Childs Farm, the margin would have improved compared to the prior year.

The gross profit margin increased by 80bps to 39.2%. This reflects the benefits of productivity initiatives and price/mix improvements, which more than offset underlying inflation in input costs, as well as an adverse geographic mix effect, which is the result of our lower margin business in Africa growing more strongly than the wider Group. Brand Investment increased in FY23 but decreased as a percentage of revenue by 20bps, reflecting a planned normalisation of the investment in Carex. Overheads increased by 100ps as a percentage of revenue as we continue to invest in capabilities. PZ Wilmar, our joint venture, performed strongly and contributed £7.5 million to operating profit.

Adjusting items

Adjusting items in the year totalled a net expense of £12.3 million before tax. This included a net £2.9 million expense associated with our ongoing transformation programmes and a £16.5 million impairment charge of the Sanctuary Spa brand offset by a £4.2 million reversal of a prior period impairment of the Rafferty's Garden brand. See note 3 for further details on adjusting items.

After accounting for these adjusting items, operating profit decreased 9.3% to £59.7 million.

Net finance costs

Adjusted net finance income was £0.8 million, compared to a cost of £1.3 million in the prior year, as higher interest income on Naira cash deposits more than offset an increase in interest payable on largely-UK borrowings.

Within finance income was £1.3 million for the reduction in the deferred consideration liability for the Childs Farm acquisition, which was classified as an adjusting item.

Taxation

The tax charge on adjusted profit before tax for the year was £20.1 million, representing an effective tax rate of 27.1% (FY22: 19.5%). The increase in the effective tax rate was primarily due to the mix of profits, with Africa and Australia, each with higher tax rates, growing faster than the wider Group. The tax charge on statutory profit before tax was £15.4 million.

Profit after tax

Statutory profit for the year from continuing operations was £46.4 million, compared to £51.4 million in the prior year. Adjusted basic earnings per share were 11.23p compared to 12.57p in the prior year. This represents a decline of

10.7% due primarily to the higher tax charge and the increase in non-controlling interests, each the result of the improved profitability in Nigeria. Basic earnings per share for continuing operations on a statutory basis were 8.70p compared to 11.88p.

Balance sheet and cash flow

Adjusted net cash as of 31 May 2023 was £5.7 million (FY22: adjusted net debt of £9.8 million), including cash and cash equivalents of just over £200 million denominated in Nigerian Naira[12]. The increase was driven principally by cash generated from operations of £76.6 million, £14.4 million proceeds received from the disposal of non-core assets in Nigeria, £11.8 million of interest received on principally Naira-denominated deposits offset by £29.4 million of dividends paid and a £19.3 million adverse foreign exchange movement. Net assets of £422.1 million compared to £448.9 million in the prior period as a result of the increase in currency translation reserve and reduction in retained earnings.

The Group is funded by a £325 million credit facility, which was refinanced during the year with a term of up to 2028. As at 31 May 2023, the Group had drawn £125 million of the term loan under the facility and £127 million under the revolving credit facility, for a total of £252 million. At 31 May 2022, drawings were under the previous credit facility and amounted to £174 million.

Total free cash flow was £69.9 million (FY22: £58.0 million) due to an improvement in cash generated from operations, driven by higher operating profit, and reduced working capital.

Dividend

In light of the recent devaluation of the Naira, which is expected to adversely affect the Group's financial results in FY24, the Board is recommending a final dividend of 3.73 pence which is unchanged on the previous year. This represents a total dividend for FY23 of 6.40p. Subject to approval at the AGM, which will be held on 23 November 2023, the final dividend will be paid on 30 November 2023 to shareholders on the register at the close of business on 2 November 2023.

Foreign exchange

The general weakening of Sterling against our other currencies resulted in a £15.7 million uplift to FY23 revenue, as set out below.

	% of FY23 revenue	**Average FX rates**		**Revenue impact (£m)**
		FY22	**FY23**	
GBP	27%	1.00	1.00	-
NGN	35%	558	536	8.0
AUD	14%	1.84	1.78	2.7
IDR	11%	19,331	18,174	4.7
USD	7%	1.35	1.20	4.2
Other	6%	-	-	(3.9)
Total[13]	**100%**	**-**	**-**	**15.7**

[12] Based on the balance sheet NGN/GBP rate of NGN577
[13] Table shows the impact of translating FY22 revenue at FY23 foreign exchange rates

Impact of Naira devaluation and FY24 modelling considerations

We made an announcement on 27 June 2023 regarding impact of the Naira devaluation which took place in June. To provide a further illustration of this matter, we calculate that if our profits in the year to 31 May 2023 had been translated to Sterling at the average rate between July and August 2023 as opposed to the average rate for FY23, the Group's adjusted operating profit would have been £14.7 million lower, as detailed below.

£m, unless otherwise stated	**At reported FX rates**	**As at July/August average rates[14]**	**Difference**
Group adjusted operating profit	73.3	58.6	(14.7)
Group cash and equivalents	256.4	174.6	(81.8)
Africa revenue	256.3	153.6	(102.7)
Africa adjusted operating profit	37.2	22.5	(14.7)

In addition, the following effects of the devaluation of the Naira are also expected:

- Group net interest charge in FY24 is likely to be higher, reflecting lower levels of interest earned in Nigeria.
- The Group's ETR and non-controlling interest in FY24 are, all else being equal, expected to be lower.

The recently announced offer to buy out our Nigerian entity minorities and de-list the business there, which is subject to approval by shareholders in the Nigerian listed entity, is expected to benefit the Group from FY25 onwards. The transaction is expected to provide strategic and operational benefits, as well as being earnings accretive as a result of the reduction in the non-controlling interest.

Further guidance on these items will be provided in due course.

[14] Tables shows only the translational impact of the devaluation of the Naira

GLOSSARY

Term	Definition
Adjusted net cash/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 amortisation
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 of 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 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 financial performance from one period to the next.

Adjusted profitability measures are reconciled to IFRS results on the face of the consolidated income statement, with details of adjusting items provided in note 3 to the consolidated financial statements. Reconciliations between APMs and IFRS reported results are set out below:

Adjusted operating profit and adjusted operating margin

	2023 **£m**	2022 (restated*) £m
Group		
Operating profit from continuing operations	**59.7**	65.8
exclude: adjusting items	**13.6**	1.3
Adjusted operating profit	**73.3**	67.1
Revenue	**656.3**	592.8
Operating margin	**9.1%**	11.1%
Adjusted operating margin	**11.2%**	11.3%
By segment		
Europe & the Americas:		
Operating profit from continuing operations	**0.4**	22.9
exclude: adjusting items	**28.9**	12.1
Adjusted operating profit	**29.3**	35.0
Revenue	**205.8**	193.0
Operating margin	**0.2%**	11.9%
Adjusted operating margin	**14.2%**	18.1%
Asia Pacific:		
Operating profit from continuing operations	**29.6**	37.0
exclude: adjusting items	**(2.1)**	(16.1)
Adjusted operating profit	**27.5**	20.9
Revenue	**190.7**	173.8
Operating margin	**15.5%**	21.3%
Adjusted operating margin	**14.4%**	12.0%
Africa:		
Operating profit from continuing operations	**48.3**	28.6
exclude: adjusting items	**(11.1)**	(6.3)
Adjusted operating profit	**37.2**	22.3
Revenue	**256.3**	222.0
Operating margin	**18.8%**	12.9%
Adjusted operating margin	**14.5%**	10.0%
Central		
Operating loss from continuing operations	**(18.6)**	(22.7)
exclude: adjusting items	**(2.1)**	11.6
Adjusted operating loss	**(20.7)**	(11.1)

* Certain figures for the year ended 31 May 2022 have been restated. Refer to note 1 (c) of the Group consolidated financial statements for details.

Adjusted profit before taxation

	2023 £m	2022 (restated*) £m
Profit before taxation from continuing operations	**61.8**	64.5
exclude: adjusting items	**12.3**	1.3
Adjusted profit before taxation	**74.1**	65.8

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

	2023 £m	2022 (restated*) £m
Profit before taxation from continuing operations	**61.8**	64.5
(deduct)/add back: net finance (income)/costs	**(2.1)**	1.3
add back: depreciation	**12.1**	12.8
add back: amortisation	**7.0**	7.4
add back: impairment and impairment reversal	**12.3**	9.0
	91.1	95.0
exclude: adjusting items**	**1.3**	(7.7)
Adjusted EBITDA	**92.4**	87.3

* Certain figures for the year ended 31 May 2022 have been restated. Refer to note 1 (c) of the Group consolidated financial statements for details.

** Excludes adjusting items relating to depreciation, amortisation, impairments and impairment reversals.

Adjusted earnings per share

	2023 pence	2022 (restated*) pence
Total		
Basic earnings per share	**8.70**	11.45
exclude: adjusting items	**2.53**	0.69
Adjusted basic earnings per share	**11.23**	12.14
Diluted earnings per share	**8.67**	11.38
exclude: adjusting items	**2.52**	0.69
Adjusted diluted earnings per share	**11.19**	12.07
From continuing operations		
Basic earnings per share	**8.70**	11.88
exclude: adjusting items	**2.53**	0.69
Adjusted basic earnings per share	**11.23**	12.57
Diluted earnings per share	**8.67**	11.81
exclude: adjusting items	**2.52**	0.69
Adjusted diluted earnings per share	**11.19**	12.50

* Certain figures for the year ended 31 May 2022 have been restated. Refer to note 1 (c) of the Group consolidated financial statements for details.

Alternative Performance Measures (continued)

Adjusted net cash/(debt)

	At 31 May 2023 £m	At 31 May 2022 £m
Cash at bank and in hand	**127.4**	105.8
Short-term deposits	**129.0**	58.0
Overdrafts	**-**	(0.1)
Cash and cash equivalents	**256.4**	163.7
Current asset investments	**0.5**	0.5
Non-current borrowings	**(251.2)**	(174.0)
Adjusted net cash/(debt) and cash equivalents	**5.7**	(9.8)

Free cash flow

	2023 £m	2022 £m
Cash generated from operations	**76.6**	66.2
deduct: purchase of property, plant and equipment and software	**(6.7)**	(8.2)
Free cash flow	**69.9**	58.0

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2023

		2023			2022 (restated)		
	Notes	**Business performance excluding adjusting items £m**	**Adjusting items (note 3) £m**	**Statutory results £m**	Business performance excluding adjusting items £m	Adjusting items (note 3) £m	Statutory results £m
Continuing operations							
Revenue	2	**656.3**	**—**	**656.3**	592.8	—	592.8
Cost of sales		**(399.0)**	**—**	**(399.0)**	(365.3)	—	(365.3)
Gross profit		**257.3**	**—**	**257.3**	227.5	—	227.5
Selling and distribution costs		**(105.3)**	**—**	**(105.3)**	(90.3)	—	(90.3)
Administrative expenses		**(86.2)**	**(13.6)**	**(99.8)**	(76.7)	(1.3)	(78.0)
Share of results of joint ventures		**7.5**	**—**	**7.5**	6.6	—	6.6
Operating profit	2	**73.3**	**(13.6)**	**59.7**	67.1	(1.3)	65.8
Finance income		**14.1**	**1.3**	**15.4**	2.7	—	2.7
Finance costs		**(13.3)**	**—**	**(13.3)**	(4.0)	—	(4.0)
Net finance income/(costs)		**0.8**	**1.3**	**2.1**	(1.3)	—	(1.3)
Profit before taxation		**74.1**	**(12.3)**	**61.8**	65.8	(1.3)	64.5
Taxation	4	**(20.1)**	**4.7**	**(15.4)**	(12.8)	(0.3)	(13.1)
Profit for the year from continuing operations		**54.0**	**(7.6)**	**46.4**	53.0	(1.6)	51.4
Discontinued operations							
Loss from discontinued operations		**—**	**—**	**—**	(1.8)	—	(1.8)
Profit for the year		**54.0**	**(7.6)**	**46.4**	51.2	(1.6)	49.6
Attributable to:							
Owners of the Parent		**47.0**	**(10.6)**	**36.4**	50.8	(2.9)	47.9
Non-controlling interests		**7.0**	**3.0**	**10.0**	0.4	1.3	1.7
		54.0	**(7.6)**	**46.4**	51.2	(1.6)	49.6
Earnings per share for continuing and discontinued operations		**pence**	**pence**	**pence**	pence	pence	pence
Basic earnings per share	6	**11.23**	**(2.53)**	**8.70**	12.14	(0.69)	11.45
Diluted earnings per share	6	**11.19**	**(2.52)**	**8.67**	12.07	(0.69)	11.38
Earnings per share for continuing operations							
Basic earnings per share	6	**11.23**	**(2.53)**	**8.70**	12.57	(0.69)	11.88
Diluted earnings per share	6	**11.19**	**(2.52)**	**8.67**	12.50	(0.69)	11.81

Refer to note 1 for details of the prior year restatements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2023

	2023 £m	2022 (restated) £m
Profit for the year	**46.4**	49.6
Other comprehensive (expense)/income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of retirement and other long-term employee benefit obligations	**(32.8)**	37.4
Deferred tax charge on remeasurement of retirement and other long-term benefit obligations	**7.4**	(8.4)
Total items that will not be reclassified to profit or loss	**(25.4)**	29.0
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**(21.7)**	21.7
Cash flow hedges – fair value movements net of amounts reclassified	**0.4**	0.2
Reclassification of exchange differences on repayment of permanent as equity loans (net of taxation)	**—**	(2.7)
Reclassification of reserves on disposals	**—**	0.1
Total items that may be reclassified subsequently to profit or loss	**(21.3)**	19.3
Other comprehensive (expense)/income for the year net of taxation	**(46.7)**	48.3
Total comprehensive (expense)/income for the year	**(0.3)**	97.9
Attributable to:		
Owners of the Parent	**(6.9)**	94.3
Non-controlling interests	**6.6**	3.6
	(0.3)	97.9

Refer to note 1 for details of the prior year restatements.

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MAY 2023

	Notes	**2023 £m**	2022 (restated) £m	2021 (restated) £m
Assets				
Non-current assets				
Goodwill and other intangible assets	7	**312.7**	333.9	293.6
Property, plant and equipment		**74.3**	82.9	91.5
Right-of-use assets		**12.5**	16.9	11.7
Net investments in joint ventures		**52.0**	45.4	34.2
Deferred tax assets		**7.5**	4.5	5.9
Current tax receivable		**-**	1.2	1.7
Retirement benefit surplus		**38.5**	69.3	33.6
		497.5	554.1	472.2
Current assets				
Inventories		**112.9**	111.8	91.1
Trade and other receivables		**119.1**	105.0	110.7
Derivative financial assets		**1.0**	0.7	1.0
Current tax receivable		**1.0**	2.6	15.3
Current asset investments		**0.5**	0.5	0.3
Cash and cash equivalents	8	**256.4**	163.8	87.0
		490.9	384.4	305.4
Assets held for sale		**-**	3.4	7.6
		490.9	387.8	313.0
Total assets		**988.4**	941.9	785.2
Equity				
Share capital		**4.3**	4.3	4.3
Own shares		**(36.9)**	(40.0)	(40.0)
Capital redemption reserve		**0.7**	0.7	0.7
Hedging reserve		**0.2**	(0.2)	(0.4)
Currency translation reserve		**(89.0)**	(69.2)	(87.4)
Retained earnings		**511.7**	528.5	478.1
Other reserves		**4.6**	2.9	0.9
Attributable to owners of the Parent		**395.6**	427.0	356.2
Non-controlling interests		**26.5**	21.9	18.8
Total equity		**422.1**	448.9	375.0
Liabilities				
Non-current liabilities				
Borrowings	8	**251.2**	174.0	118.0
Other payables		**4.1**	4.5	0.3
Lease liabilities		**11.3**	14.0	8.7
Deferred tax liabilities		**76.9**	91.7	74.2
Retirement and other long-term employee benefit obligations		**12.4**	13.1	12.9
		355.9	297.3	214.1
Current liabilities				
Borrowings	8	**-**	0.1	-
Trade and other payables		**182.2**	163.9	150.9
Lease liabilities		**1.7**	2.9	3.1
Derivative financial liabilities		**0.5**	1.6	0.8
Current taxation payable		**25.6**	21.6	35.2
Provisions		**0.4**	5.6	5.6
		210.4	195.7	195.6
Liabilities directly associated with assets held for sale		**-**	-	0.5
		210.4	195.7	196.1
Total liabilities		**566.3**	493.0	410.2
Total equity and liabilities		**988.4**	941.9	785.2

Refer to note 1 for details of the prior year restatements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2023

		Attributable to owners of the Parent								
	Notes	Share capital £m	Own Shares £m	Capital redemption reserve £m	Hedging reserve £m	Currency translation reserve £m	Retained earnings £m	Other reserves £m	Non-controlling interests £m	Total £m
As at 1 June 2021 – as previously reported		4.3	(40.0)	0.7	(0.4)	(87.4)	474.6	0.9	18.8	371.5
Effect of prior year adjustments	1	—	—	—	—	—	3.5	—	—	3.5
As at 1 June 2021 – as restated		4.3	(40.0)	0.7	(0.4)	(87.4)	478.1	0.9	18.8	375.0
Profit for the year – as restated		—	—	—	—	—	47.9	—	1.7	49.6
Other comprehensive income		—	—	—	0.2	18.2	28.0	—	1.9	48.3
Total comprehensive income for the year		—	—	—	0.2	18.2	75.9	—	3.6	97.9
Transactions with owners:										
Ordinary dividends	5	—	—	—	—	—	(25.5)	—	—	(25.5)
Share-based payment expense		—	—	—	—	—	—	2.0	—	2.0
Dividends relating to non-controlling interests		—	—	—	—	—	—	—	(0.5)	(0.5)
Total transactions with owners recognised directly in equity		—	—	—	—	—	(25.5)	2.0	(0.5)	(24.0)
As at 31 May 2022		4.3	(40.0)	0.7	(0.2)	(69.2)	528.5	2.9	21.9	448.9
As at 1 June 2022		**4.3**	**(40.0)**	**0.7**	**(0.2)**	**(69.2)**	**528.5**	**2.9**	**21.9**	**448.9**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**36.4**	**—**	**10.0**	**46.4**
Transfer between reserves	1	**—**	**—**	**—**	**—**	**(1.5)**	**1.5**	**—**	**—**	**—**
Other comprehensive (expense)/income		**—**	**—**	**—**	**0.4**	**(18.3)**	**(25.4)**	**—**	**(3.4)**	**(46.7)**
Total comprehensive (expense)/income for the year		**—**	**—**	**—**	**0.4**	**(19.8)**	**12.5**	**—**	**6.6**	**(0.3)**
Transactions with owners:										
Ordinary dividends	5	**—**	**—**	**—**	**—**	**—**	**(26.8)**	**—**	**—**	**(26.8)**
Share-based payment expense		**—**	**—**	**—**	**—**	**—**	**—**	**1.7**	**—**	**1.7**
Shares issued from ESOT		**—**	**3.1**	**—**	**—**	**—**	**(2.5)**	**—**	**—**	**0.6**
Dividends relating to non-controlling interests, net of forfeitures		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(2.0)**	**(2.0)**
Total transactions with owners recognised directly in equity		**—**	**3.1**	**—**	**—**	**—**	**(29.3)**	**1.7**	**(2.0)**	**(26.5)**
As at 31 May 2023		**4.3**	**(36.9)**	**0.7**	**0.2**	**(89.0)**	**511.7**	**4.6**	**26.5**	**422.1**

Refer to note 1 for details of the prior year restatements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2023

	Notes	2023 £m	2022 £m
Cash flows from operating activities			
Cash generated from operations	9	**76.6**	66.2
Interest paid		**(11.8)**	(3.5)
Taxation paid		**(15.6)**	(12.3)
Net cash generated from operating activities		**49.2**	50.4
Cash flows from investing activities			
Interest received		**11.8**	2.6
Investment income received		-	0.1
Purchase of property, plant and equipment and software		**(6.7)**	(8.2)
Proceeds from disposal of plant, property and equipment		**14.4**	18.6
Proceeds from disposal of businesses		-	6.4
Acquisition of subsidiary		-	(33.6)
Loans advanced to joint venture		**(11.2)**	(12.6)
Loan repayments from joint venture		**11.2**	21.0
Net cash generated from/(used in) investing activities		**19.5**	(5.7)
Cash flows from financing activities			
Dividends paid to Company shareholders	5	**(26.8)**	(25.5)
Dividends paid to non-controlling interests		**(2.6)**	(0.5)
Proceeds from loans by joint venture		**-**	0.6
Repayment of lease liabilities		**(2.5)**	(4.0)
Repayment of loans and borrowings facility	8	**(205.0)**	-
Proceeds from loan and borrowings facility	8	**283.0**	56.0
Financing fees paid on committed credit facility		**(2.8)**	-
Net cash generated from financing activities		**43.3**	26.6
Net increase in cash and cash equivalents		**112.0**	71.3
Effect of foreign exchange rates	8	**(19.3)**	5.4
Cash and cash equivalents at the beginning of the year	8	**163.7**	87.0
Cash and cash equivalents at the end of the year	8	**256.4**	163.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

General information

The financial information in this announcement does not constitute the Group's statutory accounts for the year ended 31 May 2023 or 31 May 2022. Statutory accounts for 31 May 2022 have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The audit of the statutory accounts for the year ended 31 May 2022 is not yet complete. These accounts for the year ended 31 May 2023 will be delivered to the Registrar of Companies following the company's annual general meeting.

1. Accounting policies

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

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

The Group's business activities, together with the factors likely to affect its future development, performance and position will be set out in the Business Review section of the Strategic Report in the full annual report and accounts. The financial position of the Group and liquidity position will be described within the Financial Review section of the Strategic Report in the full annual report and accounts. In addition, note 17 to the consolidated financial statements in the full annual report and accounts includes the Group's objectives and policies for managing its capital; its financial risk management objectives; its exposures to market risk, credit risk and liquidity risk; and details of its financial instruments and hedging activities.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approving the consolidated financial statements and that, therefore, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 May 2023.

The consolidated financial statements have been prepared using consistent accounting policies except as stated below.

(a) New and amended accounting standards adopted by the Group

The following amendments to existing standards have been applied for the first time in the year ended 31 May 2023:

- Amendments to IAS 16 'Plant, Property & Equipment' – Proceeds before Intended Use
- Amendments to IFRS 3 'Business Combinations' – Reference to the Conceptual Framework
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Costs of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IAS 1 'Presentation of Financial Statements' – Non-Current Liabilities with Covenants

The adoption of the new accounting standards and interpretations listed above has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

Corrections of errors

In preparing these consolidated financial statements management identified errors relating to transactions reported in prior periods. In accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' these errors have been corrected by restatement of previously reported figures as described below.

Intangible asset impairment – in the year ended 31 May 2020 a number of businesses were disposed of by the Group, resulting in the recognition of a £6.3 million impairment charge in relation to capitalised software. The accounting treatment of these impairments has subsequently been reviewed and determined to be not in accordance with IAS 36 'Impairment of Assets'. The effects of correcting for this error are to increase the previously reported carrying value of intangible assets on the consolidated balance sheet by £4.7 million as at 1 June 2021 with a corresponding increase in the deferred tax liability of £1.2 million, and to

recognise a £0.8 million amortisation charge within previously reported administrative expenses in the consolidated income statement for the year ended 31 May 2022, with a corresponding £0.2 million decrease in the taxation charge.

Childs Farm business combination – in March 2022, the Group acquired Childs Farm. The non-controlling interest of £3.3 million recognised on the business combination has subsequently been reviewed and determined to be not in accordance with IFRS 3 'Business Combinations'. The effect of correcting for this error is to reduce each of the previously reported carrying values of goodwill and non-controlling interests on the consolidated balance sheet by £3.3 million as at 31 May 2022. There is no impact on the previously reported consolidated income statement.

The impact on the consolidated balance sheets and consolidated income statement of restating previously reported figures for the items described is set out in the tables below:

As at 31 May 2021	As previously reported £m	Intangible asset impairment £m	As restated £m
Consolidated balance sheet			
Goodwill and other intangible assets	288.9	4.7	293.6
Total assets	780.5	4.7	785.2
Retained earnings	(474.6)	(3.5)	(478.1)
Deferred taxation liabilities	(73.0)	(1.2)	(74.2)
Total equity and liabilities	(780.5)	(4.7)	(785.2)

As at, and for the year ended, 31 May 2022	As previously reported £m	Intangible asset impairment £m	Childs Farm business combination £m	As restated £m
Consolidated income statement				
Administrative expenses	(77.2)	(0.8)	—	(78.0)
Profit before taxation	65.3	(0.8)	—	64.5
Taxation	(13.3)	0.2	—	(13.1)
Profit for the year from continuing operations	52.0	(0.6)	—	51.4
Profit for the year	50.2	(0.6)	—	49.6
Consolidated balance sheet				
Goodwill and other intangible assets	333.3	3.9	(3.3)	333.9
Total assets	941.3	3.9	(3.3)	941.9
Retained earnings	(525.6)	(2.9)	—	(528.5)
Non-controlling interests	(25.2)	—	3.3	(21.9)
Deferred taxation liabilities	(90.7)	(1.0)	—	(91.7)
Total equity and liabilities	(941.3)	(3.9)	3.3	(941.9)

2. 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 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 comprises the activities of our in-house Fragrance business and of the costs associated with the Global headquarters and above market functions, net of recharges to our regions. Intra-Group sales of materials and manufactured goods, and charges for franchise fees and royalties are carried out on an arm's length basis.

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

(a) Reportable segments

Continuing operations

2023	Europe & the Americas £m	Asia Pacific £m	Africa £m	Central £m	Eliminations £m	Total £m
Gross segment revenue	**210.2**	**197.8**	**256.3**	**74.0**	**(82.0)**	**656.3**
Inter-segment revenue	**(4.4)**	**(7.1)**	**—**	**(70.5)**	**82.0**	**—**
Revenue	**205.8**	**190.7**	**256.3**	**3.5**	**—**	**656.3**
Segmental operating profit/(loss) before adjusting items and share of results of joint ventures	**29.3**	**27.5**	**29.7**	**(20.7)**	**—**	**65.8**
Share of results of joint ventures	**—**	**—**	**7.5**	**—**	**—**	**7.5**
Segmental operating profit/(loss) before adjusting items	**29.3**	**27.5**	**37.2**	**(20.7)**	**—**	**73.3**
Adjusting items	**(28.9)**	**2.1**	**11.1**	**2.1**	**—**	**(13.6)**
Segmental operating profit/(loss)	**0.4**	**29.6**	**48.3**	**(18.6)**	**—**	**59.7**
Finance income						**15.4**
Finance costs						**(13.3)**
Profit before taxation						**61.8**

2022 (restated)	Europe & the Americas £m	Asia Pacific £m	Africa £m	Central £m	Eliminations £m	Total £m
Gross segment revenue	196.3	179.2	222.0	77.3	(82.0)	592.8
Inter-segment revenue	(3.3)	(5.4)	—	(73.3)	82.0	—
Revenue	193.0	173.8	222.0	4.0	—	592.8
Segmental operating profit/(loss) before adjusting items and share of results of joint ventures	35.0	20.9	15.7	(11.1)	—	60.5
Share of results of joint ventures	—	—	6.6	—	—	6.6
Segmental operating profit/(loss) before adjusting items	35.0	20.9	22.3	(11.1)	—	67.1
Adjusting items	(12.1)	16.1	6.3	(11.6)	—	(1.3)
Segmental operating profit/(loss)	22.9	37.0	28.6	(22.7)	—	65.8
Finance income						2.7
Finance costs						(4.0)
Profit before taxation						64.5

Refer to note 1 for details of the prior year restatements.

The Group analyses its revenue by the following categories:

	2023 £m	2022 £m
Hygiene	**334.8**	305.9
Baby	**123.1**	103.4
Beauty	**85.3**	80.9
Electricals	**105.4**	91.5
Other	**7.7**	11.1
	656.3	592.8

3. Adjusting items

Adjusting items income/(expense), all of which related to continuing operations, comprised:

	2023 £m	2022 £m
Nigeria Simplification	**6.8**	7.8
HR Transformation	**(0.6)**	(2.9)
Finance Transformation	**(5.1)**	(0.7)
Supply Chain Transformation	**(4.0)**	(0.7)
	(2.9)	3.5
Transaction-related income/(costs)	**0.7**	(1.4)
Intangible asset impairment net of impairment reversal	**(12.3)**	(3.1)
Impairment reversal of net investment in joint ventures	**2.2**	—
Reclassification of exchange differences on repayment of permanent as equity loans	**—**	(1.5)
Compensation from Australian Competition & Consumer Commission	**—**	1.5
Profit on disposal of five:am	**—**	0.7
Derecognition of capitalised costs related to cloud computing arrangements	**—**	(1.0)
Adjusting items before taxation	**(12.3)**	(1.3)
Taxation	**4.7**	(0.3)
Adjusting items after taxation	**(7.6)**	(1.6)

Adjusting items before taxation are classified within:

	2023 £m	2022 £m
Operating profit	**(13.6)**	(1.3)
Finance income	**1.3**	-
	(12.3)	(1.3)

4. Taxation

	2023 £m	2022 (restated) £m
Current tax		
UK corporation tax		
- current year	**(2.2)**	2.5
- adjustments in respect of prior years	**(0.3)**	(0.5)
- double tax relief	**(0.5)**	(1.1)
	(3.0)	0.9
Overseas corporation tax		
- current year	**26.3**	12.2
- adjustments in respect of prior years	**0.8**	(0.5)
	27.1	11.7
Total current tax charge	**24.1**	12.6
Deferred tax		
Origination and reversal of temporary timing differences	**(6.2)**	(2.7)
Adjustments in respect of prior years	**(2.3)**	3.0
Effect of rate change adjustments	**(0.2)**	0.1
Total deferred tax charge	**(8.7)**	0.4
Total tax charge	**15.4**	13.0
Analysed as:		
Tax on profit before adjusting items	**20.1**	12.7
Tax on adjusting items	**(4.7)**	0.3
	15.4	13.0

Refer to note 1 for details of the prior year restatements.

The effective tax rate in relation to continuing operations for the year was 24.9% (2022: 20.2% as restated). Before adjusting items, the effective tax rate was 27.1% (2022: 19.5%).

UK corporation tax is calculated at 20.0% (2022: 19.0%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The Group has chosen to use the UK corporation tax rate for the reconciliation of the tax charge for the year to the profit before taxation as this is the seat for the central management and control of the Group.

	2023 £m	2022 (restated) £m
Profit before tax from continuing operations	**61.8**	64.5
Loss before tax from discontinued operations	**-**	(1.7)
Profit before tax	**61.8**	62.8
Tax at the UK corporation tax rate of 20.0% (2022: 19.0%)	**12.4**	11.9
Adjusted for:		
Effect of non-deductible expenses	**2.2**	6.6
Effect of non-taxable income	**(4.9)**	(10.0)
Effect of rate changes on deferred taxation (all territories)	**(0.5)**	—
Tax effect of share of results of joint ventures	**(2.2)**	(2.0)
Other taxes suffered outside of the UK	**3.2**	2.2
Net adjustment to amount carried in respect of uncertain tax positions	**(0.8)**	0.2
Movements in deferred tax assets not recognised	**(0.6)**	—
Adjustments in respect of prior years	**(1.5)**	(1.2)
Differences in foreign tax rates (non-UK residents)	**8.1**	5.3
Tax charge for the year	**15.4**	13.0
Tax charge attributable to continuing operations	**15.4**	13.1
Tax credit attributable to discontinued operations	**-**	(0.1)
Tax charge for the year	**15.4**	13.0

Refer to note 1 for details of the prior year restatements.

5. Dividends

	2023 £m	2022 £m
Amounts recognised as distributions to ordinary shareholders in the year comprise:		
Final dividend for the year ended 31 May 2022 of 3.73p (2022: 3.42p) per ordinary share	**15.6**	14.3
Interim dividend for the year ended 31 May 2023 of 2.67p (2022: 2.67p) per ordinary share	**11.2**	11.2
	26.8	25.5

After the balance sheet date, a final dividend for the year ended 31 May 2023 was proposed by the Directors of 3.73p per ordinary share. This results in a total final proposed dividend of £15.6 million (2022: £15.6 million). Subject to approval by shareholders at the Annual General Meeting, the dividend will be paid on 30 November 2023 to the shareholders on the register on 2 November 2023. The proposed dividend has not been included as a liability in the consolidated financial statements as at 31 May 2023.

6. Earnings per share

Earnings per share (EPS) represents the amount of earnings attributable to each ordinary share in issue. Basic EPS is calculated by dividing the earnings (profit after tax attributable to owners of the Parent) by the weighted average number of ordinary shares in issue during the year, excluding own shares owned by employee trusts.

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group's dilutive potential ordinary shares relate to awards granted under the Group's share incentive schemes.

The average number of shares is reconciled to the basic weighted average and diluted weighted average number of shares as set out below:

	2023 number 000	2022 number 000
Average number of ordinary shares in issue during the year	**428,725**	428,725
Less: weighted average number of shares held by employee trusts	**(10,180)**	(10,249)
Basic weighted average shares in issue during the year	**418,545**	418,476
Dilutive effect of share incentive schemes	**1,530**	2,365
Diluted weighted average shares in issue during the year	**420,075**	420,841

An adjusted EPS measure is provided which calculates EPS excluding adjusting items from profits attributable to owners of the Parent. The Directors believe that the separate disclosure of adjusting items is relevant to an understanding of the Group's financial performance, and excluding such items provides a more meaningful basis upon which to analyse underlying business performance and make year-on-year comparisons.

Earnings per share from continuing and discontinued operations

	2023 £m	2022 (restated) £m
Profit after tax attributable to owners of the Parent	**36.4**	47.9
exclude: adjusting items (net of taxation effect)	**10.6**	2.9
Adjusted profit after tax	**47.0**	50.8

	2023 pence	2022 (restated) pence
Basic earnings per share	**8.70**	11.45
exclude: adjusting items	**2.53**	0.69
Adjusted basic earnings per share	**11.23**	12.14
Diluted earnings per share	**8.67**	11.38
exclude: adjusting items	**2.52**	0.69
Adjusted diluted earnings per share	**11.19**	12.07

Refer to note 1 for details of the prior year restatements.

Earnings per share from continuing operations

	2023 £m	2022 (restated) £m
Profit attributable to owners of the Parent from continuing operations	**36.4**	49.7
exclude: adjusting items (net of taxation effect)	**10.6**	2.9
Adjusted profit after tax	**47.0**	52.6

	2023 pence	2022 (restated) pence
Basic earnings per share	**8.70**	11.88
exclude: adjusting items	**2.53**	0.69
Adjusted basic earnings per share	**11.23**	12.57
Diluted earnings per share	**8.67**	11.81
exclude: adjusting items	**2.52**	0.69
Adjusted diluted earnings per share	**11.19**	12.50

Refer to note 1 for details of the prior year restatements.

Earnings per share from discontinued operations

	2023 £m	2022 £m
Loss after tax attributable to owners of the Parent from discontinued operations	-	(1.8)

	2023 pence	2022 pence
Basic losses per share	-	(0.43)
Diluted losses per share	-	(0.43)

7. Goodwill and other intangible assets

	Goodwill £m	Software £m	Brands £m	Total £m
Cost				
As at 1 June 2021	53.9	66.0	233.2	353.1
Additions (restated)	13.5	1.4	35.5	50.4
Derecognition of capitalised costs related to cloud computing	—	(2.2)	—	(2.2)
Exchange differences	0.8	0.4	1.6	2.8
As at 31 May 2022	**68.2**	**65.6**	**270.3**	**404.1**
Additions	**—**	**2.0**	**—**	**2.0**
Disposals	**—**	**(0.5)**	**—**	**(0.5)**
Transfer to property, plant and equipment	**—**	**(0.4)**	**—**	**(0.4)**
Exchange differences	**(1.6)**	**(0.1)**	**(3.1)**	**(4.8)**
As at 31 May 2023	**66.6**	**66.6**	**267.2**	**400.4**
Accumulated amortisation and impairment				
As at 1 June 2021 – as reported	10.6	32.8	20.8	64.2
Effect of prior year adjustment	—	(4.7)	—	(4.7)
As at 1 June 2021 – as restated	10.6	28.1	20.8	59.5
Amortisation charge (restated)	—	7.4	—	7.4
Impairment charge	—	—	11.6	11.6
Impairment reversal	—	—	(8.5)	(8.5)
Derecognition of amortisation related to cloud computing	—	(1.2)	—	(1.2)
Exchange differences	0.5	0.3	0.6	1.4
As at 31 May 2022	**11.1**	**34.6**	**24.5**	**70.2**
Amortisation charge	**—**	**7.0**	**—**	**7.0**
Disposals	**—**	**(0.5)**	**—**	**(0.5)**
Impairment charge	**—**	**—**	**16.5**	**16.5**
Impairment reversal	**—**	**—**	**(4.2)**	**(4.2)**
Exchange differences	**(0.9)**	—	**(0.4)**	**(1.3)**
As at 31 May 2023	**10.2**	**41.1**	**36.4**	**87.7**
Net book value				
As at 31 May 2023	**56.4**	**25.5**	**230.8**	**312.7**
As at 31 May 2022 (restated)	57.1	31.0	245.8	333.9

Refer to note 1 for details of the prior year restatements.

Capitalised costs and accumulated amortisation relating to cloud computing were derecognised in 2021 following the IFRIC agenda decision in April 2021 regarding the treatment of such costs.

Amortisation is charged to administrative expenses in the consolidated income statement. Cumulative impairment of goodwill as at 31 May 2023 was £10.2 million (2022: £11.1 million) and cumulative impairment of brands as at 31 May 2023 was £36.4 million (2022: £24.5 million).

Software includes the Group's enterprise resource planning system (SAP), and the carrying value of this asset as at 31 May 2023 is £20.6 million (2022: £25.3 million as restated), with four years of amortisation remaining.

Other than software, intangible assets comprise goodwill and brands. 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 (which the Group carries out at the year end date), or more frequently 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 the assets' fair values less costs of disposal and the value in use. Value in use is determined using cash flow projections from approved budgets and plans which are then extrapolated 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.

Goodwill of £56.4 million (2022: £57.1 million as restated) comprises £40.4 million (2022: £40.4 million) in relation to the acquisitions of the Group's Beauty brands (Charles Worthington, Fudge, Sanctuary Spa and St Tropez), £13.5 million (2022: £13.5 million as restated) on the March 2022 acquisition of Childs Farm and £2.5 million (2022: £3.2 million) in relation to other acquisitions. Goodwill for the Beauty brands is assessed at the group of CGUs comprising these brands (see table below) as this represents the lowest level at which goodwill is monitored by management.

The carrying value of goodwill and each brand is set out in the table below. For the impairment testing of brands, each brand is allocated to a single CGU. For the impairment testing of goodwill, Childs Farm goodwill is allocated to the same CGU as the brand and, as noted above, Beauty goodwill is allocated to the group of CGUs comprising the Beauty brands:

	Goodwill 2023 £m	**Brands 2023 £m**	Goodwill (restated) 2022 £m	Brands 2022 £m
Charles Worthington		**9.6**		9.6
Fudge		**24.6**		24.6
Sanctuary Spa		**58.9**		75.4
St Tropez		**58.4**		58.4
Beauty	**40.4**	**151.5**	40.4	168.0
Original Source	**-**	**9.8**	-	9.8
Rafferty's Garden	**-**	**34.0**	-	32.5
Childs Farm	**13.5**	**35.5**	13.5	35.5
other	**2.5**	**-**	3.2	-
	56.4	**230.8**	57.1	245.8

In performing the impairment testing, the Group has used the budget and plan covering the four years ending 31 May 2027 as described in the Long Term Viability Statement on page 69 and the board approved CGU specific plans for a fifth year before applying the long term growth rate. Assumptions in the budgets and plans used for the value in use cash flow projections (for all brands excluding Childs Farm) include future revenue volume and price growth rates, associated future levels of marketing support, the cost base of manufacture and supply and directly associated overheads. These assumptions are based on historical trends and future market expectations specific to each CGU and the markets and geographies in which each CGU operates. Childs Farm was acquired in March 2022, and on the business combination a fair value for the brand of £35.5 million was recognised, with goodwill arising of £13.5 million. Management's stated plan is to expand the brand into international markets, and so specific assumptions on revenue growth along with associated higher gross margins have been applied. Revenue for Childs Farm is expected to triple over the five years ending 31 May 2028 reflecting the growth potential in international markets. The margin growth in international markets compared to the UK is driven by premium product pricing perception and lower expected promotional activity in these markets. Management forecasts cash conversion rates (being the ratio of operating cash flow to operating profit) based on historical experience.

The other key assumptions applied in determining value in use are the long-term growth rate beyond the period of the approved budget and plan, and the discount rate to apply to the cash flow projections, both of which are determined with reference to the markets and geographies in which the CGU (or group of CGUs) operates. The long-term growth rates and discount rates applied in the value in use calculations used in impairment tests were:

	Long-term growth rate 2023	Long-term growth rate 2022	**Pre-tax discount rate 2023**	Pre-tax discount rate 2022
Charles Worthington	**2.0%**	1.5%	**10.1%**	10.1%
Fudge	**2.0%**	1.5%	**10.7%**	10.1%
Sanctuary Spa	**2.0%**	1.5%	**10.2%**	8.0%
St Tropez	**2.0%**	1.5%	**10.4%**	8.0%
Beauty group of CGUs (goodwill assessment)	**2.0%**	1.5%	**10.4%**	8.2%
Original Source	**2.0%**	1.5%	**10.5%**	8.0%
Rafferty's Garden	**2.5%**	2.5%	**10.6%**	10.0%
Childs Farm (brand and goodwill assessment)	**2.0%**	n/a	**12.2%**	n/a

The results of the impairment tests as at 31 May 2023 were as follows:

Sanctuary Spa
For the Sanctuary Spa brand, the recoverable amount of the applicable CGU was determined to be £63.0 million based on a value in use calculation which, when compared to a carrying value of £79.5 million (of which the brand represented £75.4 million), resulted in an impairment charge of £16.5 million. The recoverable amount reflected the challenging UK consumer and self-care category backdrop as cost-of-living pressures mean consumers are sensitive to price increases. Management has determined gross margin to be the key assumption in the forecasts for Sanctuary Spa given the factors noted above regarding consumer price sensitivity. Sensitivity analysis has been carried out and a reasonably possible change where gross margin was to decline by 2.5% within the five year forecast period would increase the impairment charge by £8.5 million to £25.0 million. Conversely should gross margins improve by 2.5% the impairment charge would reverse by £8.5 million to £8.0 million.

Charles Worthington
For the Charles Worthington brand, the recoverable amount of the applicable CGU which was based on a value in use calculation was determined to be £11.5 million, marginally in excess of the carrying value of £10.6 million (of which the brand represented £9.6 million). The recoverable amount reflected slower growth on a strong sales performance in the year ended 31 May 2023 coupled with a recovery in margins after previous inflationary cost increases were absorbed without passing on to consumers given price sensitivity during the cost of living crisis.

Management have determined gross margin to be the key assumption in the forecasts for Charles Worthington given the factors noted above regarding consumer price sensitivity. Sensitivity analysis has been carried out and a reasonably possible change where gross margin was to decline by 3.0% within the five year forecast period would result in an impairment charge of £1.2 million. Conversely should gross margins improve by 3.0% an impairment reversal of £3.0 million would be recorded. Management determined, therefore, that due to the marginal headroom in the base case and a potential reasonably possible downside leading to an impairment charge, that it was not appropriate to reverse any of the £20.2 million cumulative impairment recorded in prior years.

Management do not consider a further decline in volumes to be reasonably possible scenario based on historic experience. However, an increase of 20% in forecast sales within the five year forecast period would result in a reversal of £5.4 million being recorded.

Rafferty's Garden
For the Rafferty's Garden brand, the recoverable amount of the applicable CGU was determined to be £44.6 million based on a value in use calculation which, when compared to a carrying value of £32.0 million (reflecting brand value of £29.8 million), resulted in the reversal of a previously recognised impairment charge of £4.2 million. The increase in the recoverable amount reflected a change in the current year estimates reflecting the upturn in the brand's performance. The reversal of the impairment loss has not exceeded the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Other CGUs
For the remaining CGUs, the recoverable amounts of the respective applicable CGUs, which were determined based on value in use calculations, exceeded the carrying values. Sensitivity analysis on the value in use calculations did not identify potential impairment in relation to a reasonably possible downside in the assumptions used for the projections.

8. Cash and cash equivalents and net debt

Cash and cash equivalents include cash at bank and in hand, short-term deposits and other highly liquid investments with original maturities of three months or less which are readily convertible into known amounts of cash and insignificant risk of changes in value.

Borrowings comprise bank overdrafts and amounts drawn under the Group's committed credit facility. Bank overdrafts are repayable on demand and form an integral part of the Group's cash management.

The Group defines its adjusted net debt as cash and cash equivalents net of borrowings, and net debt as cash and cash equivalents net of borrowings and lease liabilities.

Movements in cash and cash equivalents, adjusted net debt and net debt were:

	1 June 2022 £m	Net cash flow £m	Foreign exchange movements £m	Other £m	31 May 2023 £m
Cash at bank and in hand	**105.8**	**31.0**	**(9.4)**	**—**	**127.4**
Short-term deposits	**58.0**	**80.9**	**(9.9)**	**—**	**129.0**
Cash and cash equivalents reported in the consolidated balance sheet	**163.8**	**111.9**	**(19.3)**	**—**	**256.4**
Current borrowings – bank overdrafts	**(0.1)**	**0.1**	**—**	**—**	**—**
Cash and cash equivalents reported in the consolidated cash flow statement	**163.7**	**112.0**	**(19.3)**	**—**	**256.4**
Non-current borrowings	**(174.0)**	**(77.2)**	**—**	**—**	**(251.2)**
Current asset investments	**0.5**	**—**	**—**	**—**	**0.5**
Adjusted net cash/(debt)	**(9.8)**	**34.8**	**(19.3)**	**—**	**5.7**
Lease liabilities	**(16.9)**	**3.0**	**—**	**0.9**	**(13.0)**
Net debt	**(26.7)**	**37.8**	**(19.3)**	**0.9**	**(7.3)**

As at 31 May 2023, £204.1 million (2022: £113.0 million) of the cash and cash equivalents was held by the Group's Nigerian subsidiaries. The increase of this amount during the year was mainly due to the effect of the country's foreign exchange regime where exchange rate controls impact the ability of those subsidiaries to access foreign currency in order to settle foreign currency liabilities. Subsequent to the year end, a policy announcement was made by the Central Bank of Nigeria to liberalise the foreign exchange regime, and following this announcement, the Naira exchange rate weakened against Sterling and USD .

Bank loans and borrowings are amounts drawn under committed facilities. During the year, 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, of up to £125 million, with the balance as a revolving credit facility (RCF) structure with maturity dates of up to November 2028. Drawings under the term loan are permitted in GBP, and under the RCF in GBP, Euros or US Dollar (USD) at interest rates at a margin above SONIA, EURIBOR or SOFR, as applicable, of 1.30-2.10% dependent on leverage and the attainment of specified sustainability performance targets. Bank loans and borrowings as at 31 May 2023, which are presented net of £0.8 million of unamortised financing fees, comprise £125.0 million of term loans which are denominated in GBP at an interest rate, including margin, of 5.73%, and £127.0 million of borrowings under the RCF which are denominated in GBP at interest rates, including margin, at between 5.66-5.78%.

9. Reconciliation of profit before tax to cash generated from operations

	2023 £m	2022 (restated) £m
Profit before tax from continuing operations	**61.8**	64.5
Loss before tax from discontinued operations	—	(1.7)
Profit before tax	**61.8**	62.8
Net finance (income)/costs	**(2.1)**	1.3
Operating profit	**59.7**	64.1
Depreciation	**12.1**	12.8
Amortisation	**7.0**	7.4
Impairment of intangible assets and property, plant and equipment	**16.5**	17.5
Impairment reversal of intangible assets	**(4.2)**	(8.5)
Profit on disposal of property, plant and equipment	**(11.1)**	(14.0)
Impairment reversal of net investments in joint ventures	**(2.2)**	—
Derecognition of capitalised costs related to cloud computing arrangements	—	1.0
Reclassification of exchange differences on repayment of permanent as equity loans	—	1.4
Difference between pension charge and cash contributions	**0.5**	1.1
Profit on disposal of businesses	—	(1.7)
Share-based payment expense	**1.7**	1.9
Share of results of joint ventures	**(7.5)**	(6.6)
Operating cash flows before movements in working capital	**72.5**	76.4
Movements in working capital:		
Inventories	**(8.4)**	(14.5)
Trade and other receivables	**(13.4)**	4.0
Trade and other payables	**30.3**	0.4
Provisions	**(4.4)**	(0.1)
Cash generated from operations	**76.6**	66.2

Refer to note 1 for details of the prior year restatements.

10. Events after the reporting period

Central Bank of Nigeria announcement

In June 2023, a policy announcement was made by the Central Bank of Nigeria to liberalise the foreign exchange regime which, as part of a broader suite of fiscal reforms under the new government, is designed to improve the longer-term economic prospects for the country and remove some of the challenges faced by multi-national companies in repatriating funds from Nigeria. Following this announcement, the Naira exchange rate weakened against sterling and USD.

Offer to acquire minority-held shares in PZ Cussons Nigeria Plc

On 5 September 2023, the Group announced that it had made an offer to acquire the 26.73% of issued share capital of PZ Cussons Nigeria Plc held by minority-held shareholders at a value of ₦21 per share, subject to prevailing market conditions, equivalent to a total cash consideration payable of £22.8 million (based on a Naira to GBP rate of 977). Funding for the transaction is expected to come from existing Naira cash balances. The offer is subject to the approval of the PZ Cussons Nigeria Plc board, regulatory approvals and vote of the minority shareholders.

11. Directors' confirmations

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

- The Group financial statements within the full annual report and accounts, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and
- The Strategic Report within the full annual report and accounts includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Approved by the board of Directors on 26 September 2023