This announcement contains inside information for the purposes of the UK Market Abuse Regulation. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

18 September 2024

RESULTS FOR THE YEAR ENDED 31 MAY 2024

Progress on strategic priorities and portfolio transformation
Continued business momentum despite macro-economic challenges in Nigeria

Jonathan Myers, Chief Executive Officer, said: *"Over the last twelve months, we have made continued operational progress and delivered against the strategic priorities set out at the start of the year, against the backdrop of macro-economic challenges. At the same time, we have taken the important first steps to transform our business and maximise shareholder value, by refocusing our portfolio on where we can be most competitive.*

"The period was marked by a 70% devaluation of the Nigerian Naira, which has had significant implications on our reported financials. We have worked hard to mitigate the impact of this on the Group, while continuing to serve Nigerian consumers who are facing unprecedented inflation and economic difficulties. Elsewhere, we significantly improved trading in our UK Personal Care business as we returned Carex to growth, maintained our momentum in ANZ, delivered a return to volume-led revenue growth in Indonesia in Q4 and led Childs Farm to a year of profitable, double-digit revenue growth.

"The favourable trends of the second half of FY24 have continued into the new financial year. We are progressing with our plans to sell St. Tropez and have received a number of expressions of interest for our African business, recognising the potential of our brands and people, which could lead to a partial or full sale.

"Against this backdrop, we remain confident in the long-term potential for PZ Cussons as a business with stronger brands in a more focused portfolio, delivering sustainable, profitable growth."

£m	**Adjusted**			**Statutory**		
unless otherwise stated	**2024**	2023	*variance*	**2024**	2023	*variance*
Revenue	**527.9**	656.3	*(19.6)%*	**527.9**	656.3	*(19.6)%*
LFL revenue growth	**4.4%**	6.1%				
Operating profit	**58.3**	73.3	*(20.5)%*	**(83.7)**	59.7	*n.m.*
Operating margin	***11.0%***	*11.2%*	*(20)bps*	***(15.9)%***	*9.1%*	*n.m.*
Profit before tax	**44.7**	74.1	*(39.7)%*	**(95.9)**	61.8	*n.m.*
Basic earnings per share	**8.02p**	11.23p	*(28.6)%*	**(13.60)p**	8.70p	*n.m.*
Dividend per share				**3.60p**	6.40p	*(43.8)%*

See page 14 for definitions of key terms and page 15 for the reconciliation between Alternative Performance Measures and Statutory results.
'*n.m.*' represents non-meaningful growth rates.
With the exception of LFL revenue growth, % changes are shown at actual FX rates.

Summary

Financial results

- As indicated in previous announcements, the devaluation of the Nigerian Naira during FY24 has had a significant impact on PZ Cussons' financial results. The value of the Naira versus Sterling was, on average, 57% lower during FY24 compared to FY23, contributing to a year-on-year reduction in revenue, earnings and cash[1].

[1] The Naira was 70% lower between 31 May 2023 and 31 May 2024 and was 57% lower on average for the financial year as a whole. All comparisons are made to Sterling unless otherwise stated.

- Like-for-like ('LFL') revenue growth was 4.4%, driven by price/mix improvements of 6.8% and a 2.4% decline in volume. This was driven primarily by growth in Nigeria, as we offset cost inflation with pricing. Excluding Africa, LFL revenue declined 2.6%. For the Group as a whole, revenue fell by 19.6% on a reported basis.
- Revenue trends improved across each region throughout the year, with growth in both Group revenue and volume in Q4.
- Profit before tax declined by 39.7%, reflecting the reduction in operating profit and increased interest charges. EPS declined by 28.6% as the decline in PBT was partly offset by a reduced effective tax rate.
- Gross debt reduced significantly, from £251 million as at 31 May 2023 to £167 million as at 31 May 2024, reflecting the repatriation of c.£50 million of cash from Nigeria and free cash flow generation elsewhere.

Delivering against the strategy

- Delivery against our four stated FY24 strategic priorities:

    1. *Simplifying and strengthening Nigeria:* addressing funding challenges with improved US Dollar sourcing, enabling cash repatriation and reduced Group gross borrowings, with revenue growth driven by pricing and continued increases in the number of customers served directly.

    2. *UK growth:* strong revenue performance in our largest market with double-digit growth in Original Source, Imperial Leather and Childs Farm, and a return to growth of Carex for the full year.

    3. *Expansion from the core:* initial in-store launch of Childs Farm in the US and continued growth in Germany, with further expansion in the UK, including the launch in Marks & Spencer in August 2024.

    4. *Transforming capabilities:* strengthened organisation with a simplified UK structure and improved Group-wide brand-building and digital capabilities.

Portfolio transformation

Following our announcement in April 2024, we are on track with our plans to maximise shareholder value following a strategic review of brands and geographies:

- *St. Tropez:* Plans to dispose of the St. Tropez business are progressing.
- *Africa:* The Board has received a number of expressions of interest in the Africa business and it is possible that this could lead to a partial or full sale.

The intent of these actions is to refocus on where the business can be most competitive. Further updates will be provided as appropriate.

Dividend

The Board announces its intention to declare an interim dividend of 2.10p per share, down 44% compared to last year's final dividend of 3.73p. This represents a full year dividend of 3.60p which is also down 44%, reflecting the impact of the Naira devaluation on earnings per share while maintaining an earnings cover of approximately two times.[2]

The dividend will be paid on 4 December 2024 to shareholders on the register at the close of business on 1 November 2024.

[2] Reference is made to an Interim, rather than Final, dividend due to the Distributable Reserves in the relevant Company being negative as at 31 May 2024. The Group has subsequently reversed this position and future dividend payments will not be affected.

FY25 outlook

Current trading

The FY25 financial year has started positively, with Group LFL revenue growth of 4.7% driven by strong growth in both our Africa and Europe and Americas regions, partly offset by adverse phasing of shipping in Asia.

Operating profit guidance

Guidance has been provided to separate the impact of the Naira uncertainty on the Group's results. Assuming that the average FX rates in Q1 FY25 prevail for the balance of the year, the Group expects to deliver operating profit in the range of £47-53 million[3]. Based on these exchange rates, FY24 operating profit would have been approximately £40 million.

Movements in the Naira are expected to be a key determinant of the Group's reported FY25 result. Such movements impact the translation of local currency earnings when reported in Sterling, as well as the foreign exchange re-valuation of intra-group liabilities. The operating profit sensitivity related to the latter has increased in FY25 due to necessary accounting changes brought about by the increased likelihood of the repayment of inter-company loans following the receipt of expressions of interest relating to our African business. We will provide an analysis of the impact of the revaluation of these liabilities on our earnings in future financial results.

[3] Historic and current FX rates are provided on page 13.

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Investor and Analyst conference call

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

Deutsche Numis UK
45 Gresham Street
London
EC2V 7BF

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

Audience Webcast link:
https://www.investis-live.com/pzcussons/66cf23de58fb260c0062b9cb/fesx
Dial in: +44 20 3936 2999 / +44 800 358 1035
Access code: 265662

Notes to Editors

About PZ Cussons

PZ Cussons is a FTSE 250 listed consumer goods business headquartered in Manchester, UK. We employ over 2,600 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 macroeconomic, 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.

Introduction from our Chief Executive Officer

Four years ago, we embarked upon a multi-year journey to transform PZ Cussons - a company with inherently strong brands, excellent people and attractive underlying markets and categories. We defined our strategy by focusing on the core categories of Hygiene, Baby and Beauty in our four priority markets: the UK, ANZ, Indonesia, and Nigeria. We have been prioritising spending on those brands where we see the greatest opportunity for return on investment: our Must Win Brands. Underpinning this strategy, our growth is enabled by strengthening our capabilities, talent, leadership, culture, and our approach to sustainability. Running through everything we do is a drive to reduce complexity across our business. As such, we have summarised our strategy around five choices: Build Brands, Serve Consumers, Reduce Complexity, Develop People and Grow Sustainably.

Over this time, we have come a long way. We have strengthened our brands, re-energised and professionalised the organisation, and raised the bar on performance. Nevertheless, our FY24 reported results fell short of our initial expectations, primarily due to the macroeconomic developments in Nigeria which, as we indicated last year, would significantly affect our results. The 70% currency devaluation[4] over the course of the financial year has, therefore, caused a significant impact not only on our local business but also on the profitability and financial position of the Group.

Against this backdrop, our efforts have been focused on our strategic priorities for FY24, which are detailed below. We have, therefore, sought to address our challenges and opportunities head-on. In particular, we have made good progress in strengthening and simplifying our operations in Nigeria to the point where the business no longer relies on lending from the Group to provide it with US Dollars. There is now minimal surplus cash in Nigeria following the repatriation of cash to the UK.

As we announced in April 2024, there is much more to do to deliver a transformation of PZ Cussons and unlock the full potential of the business. Despite the progress already made in reducing complexity - both in terms of our portfolio footprint and operations - the Group remains too complex for its size. Resource is spread too thinly to generate consistently high returns and we cannot always fully benefit from competitive advantages where we have them. There is a significant opportunity for the Group to out-compete both larger multinational players and smaller local players by concentrating on a strong portfolio of locally-loved brands with operations focused in markets where we can leverage our existing infrastructure, such as manufacturing or commercial capabilities. However, there is only so much that can be achieved within the framework of our existing portfolio, which spans multiple markets and categories. To this end, the disposal of St. Tropez is progressing and we are now considering a partial or full sale of our African business, having received expressions of interest from a number of parties.

We remain confident in the long-term potential for PZ Cussons as a business with stronger brands in a more focused portfolio, delivering sustainable, profitable growth.

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

Delivering against FY24 strategic priorities

Throughout the year, we made good progress across the year’s strategic priorities:

#1: Further simplifying and strengthening Nigeria

A major focus for the Group throughout the year has been foreign exchange and cash management activity in Nigeria. We have reduced our requirements for foreign currency whilst expanding and diversifying our access to US Dollars so we can repatriate cash from Nigeria and repay UK borrowings. In doing so, we have been able to reduce gross borrowings and limit the impact of further currency devaluation. Specifically, we have repatriated approximately £50 million over the course of the year, resulting in minimal surplus cash in Nigeria as at the end of the year. Critically, the business will effectively be self-funding going forward, with little reliance on Group lending.

[4] Reference to devaluation is based upon May 31 2023 to May 31 2024.

We have been focused on strengthening the operations of the Nigerian business, and given the number of competitors exiting the market, there have been opportunities for market share gains.

In addition, during the year, we identified more non-trading assets in Nigeria to be divested. We expect these assets to be sold during the course of FY25 and proceeds will be repatriated to the UK and used to reduce gross debt further.

Our plans to de-list and buy out minority shareholders of our Nigerian-listed entity were paused during the year, in part as a result of the Group's broader portfolio transformation plans, announced in April 2024.

#2: Returning the UK to sustainable, profitable growth

Our UK Personal Care business has performed very strongly in FY24 with double-digit revenue growth and a significant margin improvement. This performance is the result of a strengthened leadership team and a more determined focus on building back core executional capabilities. We are more disciplined now in focusing on the right brands, in the right sizes, in the right channels at the right prices. We have seen particular success with Original Source – growing revenue by over 20% and reaching its highest-ever levels of household penetration. There has been successful Revenue Growth Management ('RGM') activity across the portfolio, and continued success with the re-staging of Imperial Leather and the launch of Cussons Creations. Carex also returned to growth for the year as a whole, supported by its successful collaboration with the Gruffalo and the launch of the one-litre refill packs.

Looking ahead, there remains further opportunity to regain previous profitability levels in our UK Personal Care business and we are working to improve the performance of our other UK brands, such as Sanctuary Spa, Charles Worthington, and Fudge, which have previously been managed as part of our Beauty business unit.

#3: Driving further expansion from the core

We have had continued success with Childs Farm during the year, which reported its second year of double-digit revenue growth. In addition, we have seen further growth in distribution, with successful international launches in the year. In the US, we continued to build our position with Amazon, and in August 2024, we launched the brand in Wegmans, a premium grocery chain, through its online and in-store offerings. In Germany, the brand was launched via dm – a major retailer – and our Sleep Mist product became the number one online SKU within the category in dm.

Original Source in Spain continues to develop, and during the year we extended our distribution in one of the largest hypermarkets in Spain, Carrefour.

#4: Continuing to transform capabilities

We continue to strengthen the business's capabilities to support our growth plans. During the year, we made a significant change to simplify our organisational structure, allowing us to strengthen our UK businesses while improving brand-building capabilities and strengthening growth plans across the Group.

Firstly, having previously operated as two separate business units, with two leadership, two commercial and two support teams, we have made good progress in combining our UK Personal Care and Beauty businesses. With one combined leadership team and one 'face to the customer', we anticipate benefits from greater scale and faster, more efficient decision-making. We have already seen some benefits emerge as we combine shelving space at key retailers and leverage the UK Personal Care commercial execution with Beauty influencer and digital media expertise.

Secondly, we have taken further steps to strengthen brand-building team capabilities under Paul Yocum, previously Managing Director of Business Development, in the new role of Chief Growth and Marketing Officer. The organisational changes will lead to greater consolidation of central R&D and innovation resources which will allow us to evaluate opportunities more effectively and provide better support to our Business Units. This will enable us to leverage the benefits of centralising certain activities while retaining the local insights our multi-local portfolio footprint can provide.

Growing sustainably

We are making good progress towards becoming a more sustainable business. Key achievements in FY24 included:

- a 42.8% reduction compared to baseline in scopes 1 and 2 carbon emissions (FY23 0.3% reduction);
- a 9.2% reduction in virgin plastic compared to baseline *(FY23: -7.8%)*; and
- 85.6% of packaging is now recyclable, reusable or compostable *(FY23: 84.4%).*

We have decided to strengthen our commitment to sustainability by joining the UN Global Compact, the largest corporate sustainability initiative in the world. By becoming a participant, we have committed to aligning our strategy and operations with the UN's Ten Principles for human rights, labour, environment, and anti-corruption. We will also commit to submitting an annual Communication on Progress report.

FY25 priorities

FY25 is set to be a year of significant change for PZ Cussons. We are specifically focused on three priorities to support our transformation:

1. drive our businesses in the UK, ANZ and Indonesia;
2. strengthen our brand-building capabilities and embed our new operating model; and
3. deliver the portfolio transformation to maximise shareholder value.

FINANCIAL REVIEW

Overview of Group financial performance

Our FY24 financial performance has been defined by the material adverse impact of the devaluation of the Nigerian Naira, which first took place in June 2023. It has significantly impacted the trading of our Nigeria business and has caused a deterioration in the Group's balance sheet. A key focus for the Group throughout the year has therefore been in mitigating any further impact through strengthening the operations of the Nigerian business with a focus on profitability and repatriating cash to the UK – reducing exposure to further devaluation and allowing us to repay gross borrowings. At the same time, we continued to invest across the business to ensure delivery against our strategy.

Revenue declined by 19.6%, impacted by the Naira devaluation. LFL revenue growth was 4.4%, which reflected price/mix growth of 6.8% and a volume decline of 2.4%.

Adjusted operating profit declined by £15.0 million at reported FX rates. Adjusted EPS declined by 28.6% – lower than the 39.7% decline in adjusted profit before tax due to a reduction in the Effective Tax Rate and a lower non-controlling interest. On a statutory basis, the operating loss was £83.7 million primarily due to the foreign exchange loss of £107.5 million, which arose primarily on the translation and settlement of USD-denominated liabilities in our Nigerian subsidiaries following the Naira devaluation.

Free cash flow was £41.6 million, which was lower than the prior year's £69.9 million due principally to lower operating profit and a working capital outflow. Our net debt was £115.3 million, which represents a material change from the £5.7 million net cash position in the prior year, driven largely by the £139.9 million reduction in the value of cash held in Nigeria due to the devaluation.

Performance by geography

Europe and the Americas (38.0% of FY24 Group revenue)

£m unless otherwise stated	**FY24**	**FY23**	**Growth / (decline)**
Revenue	200.7	205.8	(2.5)%
LFL revenue growth (%)	(1.9)%	(0.5)%	n/a
Adjusted operating profit	32.6	29.3	11.3%
Margin (%)	16.2%	14.2%	200bps
Operating profit	0.7	0.4	75.0%
Margin (%)	0.3%	0.2%	10bps

Revenue declined by 1.9% on a like-for-like basis due to the decline in our Beauty brands, partly offset by strong growth in our UK Personal Care business. Price/mix growth was 0.2%, and volume declined by 2.1%.

Our UK Personal Care business, consisting primarily of Carex, Original Source, and Imperial Leather has delivered double-digit revenue growth. The UK washing and bathing category grew 6% in value terms as consumers began to increase spending following a period of cost-of-living challenges. Our market share grew 140bps in volume terms with improvements in all sub-categories[5] and was unchanged on a value basis. Carex returned to growth for the year as a whole and delivered improving trends throughout the year, supported by its successful collaboration with the Gruffalo and the launch of one-litre refill packs. Original Source revenue grew by over 20% due to strong campaign activity and increased listings, with distribution points growing by 12%. We have seen continued success of the Imperial Leather relaunch, which began in FY22 and which was supported by the launch of Cussons Creations at a value price point, with the brands together growing double-digits in FY24. Cussons Creations was one of the fastest-growing brands in the Washing and Bathing category. Imperial Leather maintained its market share with improved packaging, which provided increased in-store prominence.

In our legacy Beauty business unit, which consists primarily of St. Tropez, Sanctuary Spa, Fudge, and Charles Worthington, revenue declined by double-digits. This decline was primarily driven by St. Tropez, where we experienced

[5] Source for market growth and share figures: IRI All Outlets plus Kantar Discounters MAT to 8th June 2024.

de-stocking from a major customer and slower trading in the US, driven by overall softer consumer sentiment and poor weather. Sanctuary Spa's revenue declined in the first half of the year, reflecting the decision to reduce the Christmas gifting product portfolio to protect profitability. However, it saw good revenue growth in the second half of the year.

Childs Farm reported a second full year of double-digit revenue growth under our ownership. This growth was driven by continued strong commercial execution, with a 5% increase in distribution points, and ongoing brand strengthening with awareness improving and a near doubling of social media followers over the past two years. Together, these elements have resulted in market share gains.

Despite the reduction in revenue, adjusted operating profit and margin improved. At 19.5%, the H2 FY24 adjusted operating profit margin is the highest since the Covid-19 peak in FY21 and was achieved despite a softer performance from our higher-margin brands such as St. Tropez. This improvement in adjusted operating margin was primarily driven by our UK Personal Care business following the strong RGM and cost initiatives throughout the year. Childs Farm recorded positive adjusted operating profit, primarily due to improved adjusted gross profit margin. On a statutory basis, operating profit was £0.7 million, which includes investment in transformation projects and the impairment of Sanctuary Spa in the first half of the year.

Asia Pacific (33.2% of FY24 Group revenue)

£m unless otherwise stated	**FY24**	**FY23**	**Growth / (decline)**
Revenue	175.2	190.7	(8.1)%
LFL revenue growth (%)	(3.4)%	4.4%	n/a
Adjusted operating profit	28.0	27.5	1.8%
Margin (%)	16.0%	14.4%	160bps
Operating profit	27.0	29.6	(8.8)%
Margin (%)	15.4%	15.5%	(10)bps

Revenue declined 8.1% due to a decline in LFL revenue and unfavourable FX, driven by a depreciation in the Indonesian Rupiah and Australian Dollar. On a LFL basis, revenue declined 3.4% with consistent growth in ANZ offset by a decline in Indonesia.

Cussons Baby in Indonesia declined slightly, reflecting softer consumer sentiment and a reduction in distributor stock levels throughout much of the year. The business returned to revenue and market share growth in Q4, however, and distributor stock at the end of the year had returned to normal levels. Despite some loss of market share for the year as a whole, Cussons Baby retained #1 or #2 positions in most of the sub-categories in which it plays. The launch of Cussons Baby into the warming oil segment, a category estimated to be used by over 80% of Indonesian mothers, has gone well. We continue to see meaningful revenue growth opportunities with this innovation.

ANZ delivered continued solid growth. This was led by Radiant, up double-digits, resulting in it becoming the third largest brand in the laundry market (up from sixth previously). Growth came through both volume and price/mix, driven by the successful launch of capsules alongside the existing powder and liquid products. Morning Fresh also performed well, maintaining its nearly 50% category share. The FY23 launch of the Morning Fresh auto dishwash range also contributed to revenue, although its performance has been softer than initially anticipated due to a strong competitor response. Our long-term ambition to leverage the significant brand equity of Morning Fresh to extend 'beyond the sink' is unchanged. Rafferty's Garden revenue slightly declined but market share was stable.

Despite the decline in revenue, adjusted operating margin grew by 160bps. This was principally due to a further significant improvement in profitability in ANZ, where new product innovation has been highly accretive to margins, and reduced freight costs. Profitability was also improved due to the reduction in cost associated with our wider manufacturing operations in Asia, albeit offset by the challenging trading in Indonesia. On a statutory basis, margins declined by 10bps.

Africa (28.7% of FY24 Group revenue)

£m unless otherwise stated	**FY24**	**FY23**	**Growth / (decline)**
Revenue	151.7	256.3	(40.8)%
LFL revenue growth (%)	26.5%	13.4%	n/a
Adjusted operating profit	30.3	37.2	(18.5)%
Margin (%)	20.0%	14.5%	550bps
Operating profit	(50.7)	48.3	n.m.
Margin (%)	(33.4)%	18.8%	(5,220)bps

The results should be seen in light of the Naira devaluation throughout this year. This devaluation has created high inflation levels, and we have needed to carry out nearly 30 rounds of price increases during the year. This has been a key driver of the 26.5% LFL revenue growth. Volumes declined by 4.7% in FY24, but this trend improved throughout the year. On a reported basis, revenue declined by 40.8% due to the Naira being 57% lower in FY24 compared to the prior year.

The continued transformation of our route-to-market has been a major driver of revenue growth in our Nigerian business and has helped to limit the decline in volumes. Firstly, we have continued to increase the availability of our products through expanding the number of stores served directly as opposed to via wholesalers. We serve approximately 151,000 stores today – over 50% higher than at the end of FY23 and more than double the number of two years ago. Secondly, we have also continued to increase the number of 'priority' stores – those which attract greater commercial focus and are typically supplied with a wider range of products. Thirdly, the productivity of our existing distribution has increased with vans and bikes reaching more customer and consumer locations. Our sales per van have more than doubled, partly due to this increased efficiency.

As a result of the improved distribution, the market shares of our key Nigerian brands have remained largely unchanged despite the significant price increases. Morning Fresh, however, has seen some share loss due to its pricing relative to competitor products.

Revenue in our electricals business grew over 20% on a LFL basis, contributing revenue of £56.6 million. Gross margins declined as price increases did not fully offset the increased costs resulting from the devaluation of the Naira. Compared to the rest of our Nigerian business, the electricals business sees greater input costs denominated in US Dollars.

The PZ Wilmar joint venture contributed £10.7 million *(FY23: £7.5 million)* to adjusted operating profit. Compared to the prior year, this improvement reflects continued strong commercial execution.

Adjusted operating profit margin grew by 550bps. Profit however included a £8.9 million credit from some intra-Group debt forgiveness, with the loss being recorded in our Central segment. Excluding this, Africa adjusted operating profit margin declined by 40bps. On a statutory basis, we reported an operating loss of £50.7 million, reflecting the increased value of trade and loan liabilities denominated in US Dollars.

Other financial items

Adjusted operating profit

Adjusted operating profit for the Group was £58.3 million, which compares to £73.3 million in the prior year. The adjusted operating profit margin decreased by 20bps to 11.0%.

Adjusted gross profit margin increased by 60bps to 39.8%. This increase primarily reflects the strong underlying improvement in the Europe and Americas segment. There was also a favourable currency mix effect as Africa, with lower margins, represented a smaller proportion of revenue compared to the prior year as a result of the Naira devaluation. Marketing investment was reduced slightly in FY24, mainly due to a reduction in allocation to our UK-based Beauty brands. Central costs increased by £11.9 million compared to the prior year, but included a £8.9 million cost related to the cancellation of a debt previously attributable to our Africa region. PZ Wilmar, our cooking oils joint venture with Wilmar International, performed strongly and contributed £10.7 million to operating profit *(FY23: £7.5 million)*.

Adjusting items

Adjusting items in the year totalled a net expense of £140.6 million before tax. This related primarily to a £107.5 million foreign exchange loss arising from the devaluation of the Nigerian Naira. A charge of £24.4 million was incurred due to the impairment of the Sanctuary Spa brand in the first half of the year, and costs of £10.1 million were incurred on simplification and transformation projects. See Note 3 for further details on adjusting items.

The devaluation of the Nigerian Naira has had a significant impact on our financial results and comparisons to the prior year. The foreign exchange loss of £107.5 million primarily arose from the translation and settlement of USD-denominated liabilities in our Nigerian subsidiaries and is wholly the result of the devaluation of the Naira, which fell by 70% from 31 May 2023 to 31 May 2024. See further details on the Naira rates used in our financial statements in the table on page 13.

After accounting for adjusting items, the Group's statutory operating loss was £83.7 million, compared to a statutory operating profit of £59.7 million in the prior year.

Net finance costs

Adjusted net finance expense was £13.4 million, compared to income of £0.8 million in the prior year. This was the result of cash balances in Naira, which earn a significantly higher rate of interest than that paid on our sterling-denominated gross borrowings, being significantly lower as a result of the devaluation.

Taxation

On an adjusted basis, the effective tax rate was 14.5% (FY23: 27.1%) reflecting the underlying cash tax impact to Group. The year-on-year reduction was primarily due to a change in the tax regime operating in Nigeria whereby, for loss-making businesses, tax is assessed on the basis of revenue rather than profitability, together with the tax deductibility of realised FX impacts arising as a result of the cash repatriation from Nigeria to the UK.

On a reported basis, the tax credit for the year was £24.1 million compared to a tax charge of £15.4 million in the prior year. The effective tax rate for the year is 25.0% (2023: 24.9%).

Earnings per share

Adjusted basic earnings per share was 8.02p compared to 11.23p in the prior year. The statutory loss for the year was £71.8 million, compared to a profit of £46.4 million in the prior year. Basic loss per share on a statutory basis was 13.60p compared to basic earnings per share of 8.70p in the prior year.

Balance sheet and cash flow

As at 31 May 2024, cash and cash equivalents were £51.3 million (FY23: £256.4 million). The decrease was driven principally by a £139.9 million reduction in the value of cash held in Nigeria due to the devaluation and the repayment of gross debt. The reduction in net assets from £422.1 million to £235.2 million is primarily the result of losses relating to the devaluation of the Naira and a £24.4 million impairment of the Sanctuary Spa brand, partly offset by the Group's underlying net profit.

The Group has a £325 million committed credit facility available for general corporate purposes. The credit facility incorporates a term loan of up to £125 million, with the balance as a revolving credit facility ('RCF') structure with maturity dates up to November 2028. As at 31 May 2024, this facility was £161.0 million drawn (FY23: £252.0 million).

Free cash flow was £41.6 million. This was lower than the prior year's £69.9 million due principally to lower operating profit and a working capital outflow.

£m unless otherwise stated	**FY24**	**FY23**
Adjusted EBITDA	**75.9**	**92.4**
Cash flow impact of adjusting items	(12.1)	(14.6)
Working capital movements[6]	(9.4)	4.1
Capex	(6.1)	(6.7)
Share of JV results	(10.7)	(7.5)
Other	4.0	2.2
Free cash flow	**41.6**	**69.9**

Dividend

The Board announces its intention to declare an interim dividend of 2.1p per share, down 44% compared to last year's final dividend of 3.73p. This represents a full year dividend of 3.6p which is also down 44%, reflecting the impact of the Naira devaluation on earnings per share while maintaining an earnings cover of approximately two times.

The dividend will be paid on 4 December 2024 to shareholders on the register at the close of business on 1 November 2024.

Foreign exchange: impact on FY24 results

The devaluation of the Naira resulted in a £130.6 million adverse impact on year-on-year revenue in FY24 when translated into Sterling. Outside of Nigeria, the general strengthening of Sterling against other currencies resulted in a £19.3 million reduction in FY24 revenue compared to FY23.

	% of FY24	**Average FX rates**		**Revenue impact**
	revenue	**FY23**	**FY24**	**(£m)**
GBP	34%	1.0	1.0	-
NGN	24%	536.3	1,256.7	(130.6)
AUD	17%	1.8	1.9	(6.7)
IDR	12%	18,174.2	19,549.7	(5.3)
USD	6%	1.2	1.3	(1.9)
Other	7%	-	-	(5.4)
Total[7]	**100%**	**-**	**-**	**(149.9)**

[6] Working capital movements of £9.4 million reflect £94.7 million inflow per cash flow statement, adjusted for £104.1 million FX losses arising on Nigerian Naira devaluation.

[7] Table shows the impact of translating FY23 revenue at FY24 foreign exchange rates.

Foreign exchange: impact on future results

Given the materiality of the movement in the Nigerian Naira in recent periods, the rates used in recent reporting periods are summarised below. The currency devalued by 70% from 31 May 2023 to 31 May 2024, and was on average 57% lower for the financial year as a whole. The Naira has continued to weaken in FY25.

NGN/GBP	**FY22**	**FY23**	**FY24**	**Q1 FY25**[8]
Rate used for P&L	558	536	1,256	1,979
Rate used for balance sheet	530	577	1,893	2,100

[8] P&L rate represents average rates between 1 June and 31 August (Q1 FY25) and balance sheet rate is as at 31 August.

Term	Definition
APM	Alternative performance measure.
BEST values	Our PZ Cussons values (Bold, Energetic, Striving and Together).
Brand Investment	An operating cost related to brand marketing (previously 'Media & Consumer').
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
Employee well-being	% score based upon a set of questions within our annual survey of employees.
EPS	Earnings per share.
ETR	Effective tax rate.
ExCo	Executive Committee
Family Care	Refers to our Hygiene, Baby and Beauty brands in Nigeria and Africa.
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') revenue growth	Growth on the prior year at constant currency, excluding unbranded sales and 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.
Net debt	Cash, short-term deposits and current asset investments, less bank overdrafts and borrowings. Excludes IFRS 16 lease liabilities.
Personal Care	Refers to our UK business unit operating our Hygiene brands such as Carex, Original Source and Imperial Leather.
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', 'Shopability' 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. Like for like ('LFL') revenue growth represents the growth on the prior year, adjusting for constant currency and excluding the impact of disposals and acquisitions.

Adjusted Consolidated Income Statement

	2024			2023		
	Business performance excluding adjusting items £m	**Adjusting items £m**	**Statutory results £m**	Business performance excluding adjusting items £m	Adjusting items £m	Statutory results £m
Revenue	**527.9**	**-**	**527.9**	656.3	-	656.3
Cost of sales	**(317.8)**	**(79.0)**	**(396.8)**	(399.0)	-	(399.0)
Gross profit	**210.1**	**(79.0)**	**131.1**	257.3	-	257.3
Selling and distribution expense	**(82.8)**	**-**	**(82.8)**	(105.3)	-	(105.3)
Administrative expense	**(79.7)**	**(59.6)**	**(139.3)**	(86.2)	(13.6)	(99.8)
Share of results of joint venture	**10.7**	**(3.4)**	**7.3**	7.5	-	7.5
Operating profit/(loss)	**58.3**	**(142.0)**	**(83.7)**	73.3	(13.6)	59.7
Finance income	**10.8**	**1.4**	**12.2**	14.1	1.3	15.4
Finance expense	**(24.2)**	**-**	**(24.2)**	(13.3)	-	(13.3)
Net finance (expense)/income	**(13.4)**	**1.4**	**(12.0)**	0.8	1.3	2.1
Net monetary loss arising from hyperinflationary economies	**(0.2)**	**-**	**(0.2)**	-	-	-
Profit/(loss) before taxation	**44.7**	**(140.6)**	**(95.9)**	74.1	(12.3)	61.8
Taxation	**(6.5)**	**30.6**	**24.1**	(20.1)	4.7	(15.4)
Profit/(loss) for the period	**38.2**	**(110.0)**	**(71.8)**	54.0	(7.6)	46.4
Attributable to:						
Owners of the Parent	**33.6**	**(90.6)**	**(57.0)**	47.0	(10.6)	36.4
Non-controlling interests	**4.6**	**(19.4)**	**(14.8)**	7.0	3.0	10.0
	38.2	**(110.0)**	**(71.8)**	54.0	(7.6)	46.4

Details of adjusting items are provided in Note 3 to the condensed consolidated financial statements. Reconciliations from IFRS reported results to APMs are set out below.

Alternative Performance Measures (continued)

Adjusted operating profit and adjusted operating margin

	2024 **£m**	2023 £m
Group		
Operating (loss)/profit from continuing operations	**(83.7)**	59.7
Exclude: adjusting items	**142.0**	13.6
Adjusted operating profit	**58.3**	73.3
Revenue	**527.9**	656.3
Operating margin	**-15.9%**	9.1%
Adjusted operating margin	**11.0%**	11.2%
By segment		
Europe & the Americas:		
Operating (loss)/profit from continuing operations	**0.7**	0.4
Exclude: adjusting items	**31.9**	28.9
Adjusted operating profit	**32.6**	29.3
Revenue	**200.7**	205.8
Operating margin	**0.3%**	0.2%
Adjusted operating margin	**16.2%**	14.2%
Asia Pacific:		
Operating profit from continuing operations	**27.0**	29.6
Exclude: adjusting items	**1.0**	(2.1)
Adjusted operating profit	**28.0**	27.5
Revenue	**175.2**	190.7
Operating margin	**15.4%**	15.5%
Adjusted operating margin	**16.0%**	14.4%
Africa:		
Operating (loss)/profit from continuing operations	**(50.7)**	48.3
Exclude: adjusting items	**81.0**	(11.1)
Adjusted operating profit	**30.3**	37.2
Revenue	**151.7**	256.3
Operating margin	**-33.4%**	18.8%
Adjusted operating margin	**20.0%**	14.5%
Central:		
Operating loss from continuing operations	**(60.7)**	(18.6)
Exclude: adjusting items	**28.1**	(2.1)
Adjusted operating loss	**(32.6)**	(20.7)

Alternative Performance Measures (continued)

Adjusted gross profit

	2024	2023
	£m	£m
Gross profit	**131.1**	257.3
Exclude: adjusting items	**79.0**	-
Adjusted gross profit	**210.1**	257.3
Revenue	**527.9**	656.3
Gross margin	**24.8%**	39.2%
Adjusted gross margin	**39.8%**	39.2%

Adjusted share of results of joint venture

	2024	2023
	£m	£m
Share of results of joint venture	**7.3**	7.5
Exclude: adjusting items	**3.4**	-
Adjusted share of results of joint venture	**10.7**	7.5

Adjusted profit before taxation

	2024	2023
	£m	£m
(Loss)/profit before taxation from continuing operations	**(95.9)**	61.8
Exclude: adjusting items	**140.6**	12.3
Adjusted profit before taxation	**44.7**	74.1

Adjusted Earnings Before Interest Depreciation and Amortisation (Adjusted EBITDA)

	2024	2023
	£m	£m
(Loss)/profit before taxation from continuing operations	**(95.9)**	61.8
Add back/(deduct): net finance expense/(income)	**12.0**	(2.1)
Add back: depreciation	**10.2**	12.1
Add back: amortisation	**7.1**	7.0
Add back: impairment and impairment reversal	**24.9**	12.3
	(41.7)	91.1
Exclude: adjusting items*	**117.6**	1.3
Adjusted EBITDA	**75.9**	92.4

* Excludes adjusting items relating to impairment.

Alternative Performance Measures (continued)

Adjusted earnings per share

	2024	2023
	£m	£m
(Loss)/profit after tax attributable to owners of the Parent	**(57.0)**	36.4
Exclude: adjusting items (net of taxation effect)	**90.6**	10.6
Adjusted profit after taxation	**33.6**	47.0

	2024	2023
	pence	pence
Basic (loss)/earnings per share	**(13.60)**	8.70
Exclude: adjusting items	**21.62**	2.53
Adjusted basic earnings per share	**8.02**	11.23
Diluted (loss)/earnings per share[1]	**(13.60)**	8.67
Exclude: adjusting items[2]	**21.60**	2.52
Adjusted diluted earnings per share	**8.00**	11.19

1 In 2024, the basic and diluted loss per share are equal as a result of the Group incurring a loss for the year.

2 In 2024, this includes an adjustment of 0.03 pence per share arising from bringing the diluted loss per share in line with the basic loss per share as outlined above).

Free cash flow

	2024	2023
	£m	£m
Cash generated from operations	**47.7**	76.6
Deduct: purchase of property, plant and equipment and software	**(6.1)**	(6.7)
Free cash flow	**41.6**	69.9

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	**2024 £m**	2023 £m
Revenue		**527.9**	656.3
Cost of sales		**(396.8)**	(399.0)
Gross profit		**131.1**	257.3
Selling and distribution expense		**(82.8)**	(105.3)
Administrative expense		**(139.3)**	(99.8)
Share of results of joint venture		**7.3**	7.5
Operating (loss)/profit		**(83.7)**	59.7
Finance income		**12.2**	15.4
Finance expense		**(24.2)**	(13.3)
Net finance (expense)/income		**(12.0)**	2.1
Net monetary loss arising from hyperinflationary economies[3]		**(0.2)**	-
(Loss)/profit before taxation		**(95.9)**	61.8
Taxation	4	**24.1**	(15.4)
(Loss)/profit for the year[1]		**(71.8)**	46.4
Attributable to:			
Owners of the Parent		**(57.0)**	36.4
Non-controlling interests		**(14.8)**	10.0
		(71.8)	46.4
(Loss)/earnings per ordinary share[1]			
Basic (p)	6	**(13.60)**	8.70
Diluted (p)[2]	6	**(13.60)**	8.67

[1] Wholly derived from continuing operations.

[2] In 2024, the basic and diluted loss per share are equal as a result of the Group incurring a loss for the year.

[3] Represents the hyperinflation impact in relation to Ghana.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**2024 £m**	2023 £m
(Loss)/profit for the year		**(71.8)**	46.4
Other comprehensive (expense)/income:			
Items that will not be reclassified to income statement:			
Re-measurement loss on net retirement benefit obligations		**(6.8)**	(32.8)
Taxation on other comprehensive income		**1.7**	7.4
Total items that will not be reclassified to income statement		**(5.1)**	(25.4)
Items that may be subsequently reclassified to income statement:			
Exchange differences on translation of foreign operations[1]		**(69.4)**	(19.6)
Share of other comprehensive expense of joint venture accounted for using the equity method		**(20.0)**	(2.1)
Cash flow hedges – fair value movements net of amounts reclassified		**(0.6)**	0.4
Total items that may be subsequently reclassified to income statement		**(90.0)**	(21.3)
Other comprehensive expense for the year		**(95.1)**	(46.7)
Total comprehensive expense for the year		**(166.9)**	(0.3)
Attributable to:			
Owners of the Parent		**(133.3)**	(6.9)
Non-controlling interests		**(33.6)**	6.6
		(166.9)	(0.3)

[1] Includes a hyperinflation adjustment of £4.3 million (2023: £nil) in relation to Ghana, net of £1.3m deferred taxation.

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**2024** £m	2023 £m
Assets			
Non-current assets			
Goodwill and other intangible assets	7	**279.3**	312.7
Property, plant and equipment		**42.8**	67.9
Investment properties		**6.6**	6.4
Right-of-use assets		**10.2**	12.5
Net investments in joint venture		**-**	52.0
Trade and other receivables		**32.1**	-
Deferred taxation assets		**22.2**	7.5
Current tax receivable		**0.6**	-
Retirement benefit surplus		**32.1**	38.5
		425.9	497.5
Current assets			
Inventories		**68.5**	112.9
Trade and other receivables		**99.0**	119.1
Derivative financial assets		**-**	1.0
Current tax receivable		**0.2**	1.0
Current asset investments		**-**	0.5
Cash and cash equivalents	8	**51.3**	256.4
		219.0	490.9
Assets held for sale		**4.7**	-
		223.7	490.9
Total assets		**649.6**	988.4
Equity and liabilities			
Equity			
Share capital		**4.3**	4.3
Own shares		**(34.5)**	(36.9)
Capital redemption reserve		**0.7**	0.7
Hedging reserve		**(0.4)**	0.2
Currency translation reserve		**(159.6)**	(89.0)
Retained earnings		**425.3**	511.7
Other reserves		**6.5**	4.6
Attributable to owners of the Parent		**242.3**	395.6
Non-controlling interests		**(7.1)**	26.5
Total equity		**235.2**	422.1
Liabilities			
Non-current liabilities			
Borrowings	8	**160.3**	251.2
Other payables		**2.6**	4.1
Lease liabilities		**9.7**	11.3
Deferred taxation liabilities		**39.8**	76.9
Retirement and other long-term employee benefit obligations		**12.2**	12.4
		224.6	355.9
Current liabilities			
Borrowings	8	**6.3**	-
Trade and other payables		**158.7**	182.2
Lease liabilities		**2.4**	1.7
Derivative financial liabilities		**0.5**	0.5
Current taxation payable		**21.7**	25.6
Provisions		**0.2**	0.4
		189.8	210.4
Total liabilities		**414.4**	566.3
Total equity and liabilities		**649.6**	988.4

To comply with the requirements of IAS 1 Presentation of Financial Statements, the full balances of investment properties have been restated to be presented separately on the face of the Consolidated Balance Sheet. Previously, these were included within the property, plant and equipment balance.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Parent								
	Share capital £m	Own shares £m	Capital redemption reserve £m	Hedging Reserve[1] £m	Currency translation Reserve[2] £m	Retained Earnings £m	Other Reserves[3] £m	Non-controlling Interests4 £m	Total equity £m
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
Transfers between reserves	-	-	-	-	(1.5)	1.5	-	-	-
Other comprehensive income/(expense) for the year	-	-	-	0.4	(18.3)	(25.4)	-	(3.4)	(46.7)
Total comprehensive income/(expense) for the year	-	-	-	0.4	(19.8)	12.5	-	6.6	(0.3)
Transactions with owners:									
Ordinary dividends	-	-	-	-	-	(26.8)	-	-	(26.8)
Share-based payments	-	-	-	-	-	-	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)
At 31 May 2023	4.3	(36.9)	0.7	0.2	(89.0)	511.7	4.6	26.5	422.1
At 1 June 2023	**4.3**	**(36.9)**	**0.7**	**0.2**	**(89.0)**	**511.7**	**4.6**	**26.5**	**422.1**
Loss for the year	-	-	-	-	-	(57.0)	-	(14.8)	(71.8)
Other comprehensive expense for the year	-	-	-	(0.6)	(70.6)	(5.1)	-	(18.8)	(95.1)
Total comprehensive expense for the year	**-**	**-**	**-**	**(0.6)**	**(70.6)**	**(62.1)**	**-**	**(33.6)**	**(166.9)**
Transactions with owners:									
Ordinary dividends	-	-	-	-	-	(21.9)	-	-	(21.9)
Share-based payments	-	-	-	-	-	-	1.9	-	1.9
Shares issued from ESOT	-	2.4	-	-	-	(2.4)	-	-	-
Total transactions with owners recognised directly in equity	**-**	**2.4**	**-**	**-**	**-**	**(24.3)**	**1.9**	**-**	**(20.0)**
At 31 May 2024	**4.3**	**(34.5)**	**0.7**	**(0.4)**	**(159.6)**	**425.3**	**6.5**	**(7.1)**	**235.2**

[1] Reserve relates to continuing hedges.
[2] Includes a hyperinflation adjustment in FY24 of £4.3 million in relation to Ghana.
[3] Other reserves relate to the Group's share-based payment scheme.
[4] Refer to Note 28 for more details.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Notes	**2024**	2023
		£m	£m
Cash flows from operating activities			
Cash generated from operations	9	**47.7**	76.6
Interest paid		**(21.5)**	(11.8)
Taxation paid		**(13.3)**	(15.6)
Net cash generated from/(used in) operating activities		**12.9**	49.2
Cash flows from investing activities			
Interest received		**9.0**	11.8
Purchase of property, plant and equipment and software		**(6.1)**	(6.7)
Proceeds from disposal of property, plant and equipment		**0.8**	14.4
Loans advanced to joint venture		**(4.0)**	(11.2)
Loans repaid by joint venture		**12.7**	11.2
Net cash generated from investing activities		**12.4**	19.5
Cash flows from financing activities			
Dividends paid to Company shareholders	8	**(21.9)**	(26.8)
Dividends paid to non-controlling interests		**-**	(2.6)
Repayment of lease liabilities		**(2.4)**	(2.5)
Repayment of borrowings	10	**(206.0)**	(205.0)
Proceeds from borrowings	10	**121.4**	283.0
Financing fees paid on committed credit facility		**(0.8)**	(2.8)
Net cash (used in)/generated from financing activities		**(109.7)**	43.3
Net increase in cash and cash equivalents	10	**(84.4)**	112.0
Effect of foreign exchange rates	10	**(120.7)**	(19.3)
Cash and cash equivalents at the beginning of the period/year	10	**256.4**	163.7
Cash and cash equivalents at the end of the period/year	10	**51.3**	256.4

1. Basis of preparation

PZ Cussons plc (the 'Company') is a public limited company incorporated in England and Wales. In these condensed consolidated financial statements (financial statements), 'Group' means the Company and all its subsidiaries. The financial information herein has been prepared on the basis of the accounting policies as set out in the Annual Report and Accounts of the Group for the year ended 31 May 2024. The Group has prepared its accounts in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) adopted by the UK (UK-adopted International Accounting Standards) and IFRSs, as issued by the IASB, including interpretations issued by the IFRS Interpretations Committee. IFRS as adopted by the UK differs in certain respects from IFRS as issued by the IASB. The differences have no impact on the Group's consolidated financial statements for the years presented.

The preparation of 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 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 2023 which are described in Note 1(d) of the 2023 Annual Report and Accounts with the addition of deferred taxation assets:

Deferred taxation assets

Deferred taxation is provided on temporary differences between the carrying amounts of assets and liabilities recognised for financial reporting purposes and the amounts used for taxation purposes, on an undiscounted basis. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the financial year-end date.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred taxation assets are recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be used. At 31 May 2024, the Group recorded a deferred taxation asset of £36.8 million (2023: £3.6 million) on recognised but unused tax losses; the increase being largely due to FX losses arising as a result of the Nigerian Naira devaluation. The Group has concluded that the deferred taxation assets will be recoverable as it is probable that the related taxation benefit will be realised in the foreseeable future.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, liquidity position and available borrowing facilities are described within the Financial Review. In addition, note 19 of the Consolidated Financial Statements includes policies in relation to the Group's financial instruments and risk management and policies for managing credit risk, liquidity risk, market risk, foreign exchange risk, price risk, cash flow and interest rate risk and capital risk.

The Group meets its funding requirements through internal cash generation and borrowings. Borrowings are amounts drawn under both committed and uncommitted borrowing facilities. The Group has a £325.0 million committed credit facility which is available for general corporate purposes. As at 31 May 2024, the Group had headroom on the committed facility of £164.0 million and net debt of £115.3 million comprising cash of £51.3 million and borrowings of £166.6 million.

In assessing going concern, the Group has prepared both base case and severe but plausible cash flow forecasts for a period of 18 months until the end of November 2026 (the "going concern review period"), which is at least 12 months from the date of approval of the financial statements. The Group's base case forecasts are based on the Board-approved budget and the first year of the current five-year plan, and indicate forecasted continued compliance with its banking covenants and sufficient liquidity throughout the going concern review period.

The Directors have considered a severe but plausible downside scenario (excluding the uncertainty regarding the Nigerian Naira) which models the following assumptions:

- 5% reduction in Group revenue; and
- Group gross margin decline of 200bps.

This downside scenario also shows both continued compliance with its banking covenants and sufficient liquidity throughout the going concern review period.

However, over the past year there have been significant fluctuations in the Naira exchange rate which, due to the size of the Group's operations in Nigeria, needs to be considered as part of our going concern assessment. The Directors have therefore considered an additional severe but plausible downside Naira exchange rate scenario to stress test the Group's financial forecasts, using a Naira exchange rate decline of greater than 10% from the rate as at the start of September 2024. This unmitigated downside scenario shows a potential breach of the interest cover financial covenant as at 29 November 2024 which if management mitigation actions proved insufficient, would result in the Group needing to negotiate a waiver of its interest cover covenant to ensure the business meets its borrowing facility obligations over the going concern review period as the committed credit facility may become repayable on demand. The Directors are satisfied that this unmitigated downside scenario does not potentially breach any of the Group's other financial covenants.

Management consider there to be significant and feasible mitigations in place. These include both short-term and structural cost reductions, as well as the potential disposal of non-core, non-operating assets. Although management acknowledges that certain of these mitigations are outside their control in the very short term, a number of these mitigating actions are already underway.

The Group is currently engaged in a process to sell its St Tropez brand and is exploring potential transactions that could lead to a partial or full sale of its Africa business, having received a number of expressions of interest. A partial or full sale of the Group's Africa business could materially reduce the Group's exposure to fluctuations in the Naira exchange rate. The Board has committed to using any proceeds from these transactions to first reduce gross borrowings, and consequently the level of the Group's net interest cost.

After reviewing the current liquidity position, financial forecasts, stress testing of potential risks and considering the uncertainties described above, and based on the current funding facilities, the Directors expect the Group to have the financial resources to continue to operate the business for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the Group financial statements. However, should management mitigations prove insufficient, the impact of Naira exchange rate volatility on forecast interest cover covenant compliance represents a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The principal risks which the Group is exposed to will be disclosed in the Group's 2024 Annual Report and Accounts. These are: IT and information security; talent development and retention; macroeconomic and financial volatility including foreign exchange; consumer and customer trends; legal and regulatory compliance; business transformation; geopolitical instability; consumer safety; sustainability and the environment; and supply chain and logistics.

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.

The financial information contained in this document does not constitute statutory financial statements as defined in sections 434 and 435 of the Companies Act 2006 for the years ended 31 May 2024 or 2023 but is derived from these accounts. Full audited statutory accounts of the Group in respect of the year ended 31 May 2023 have been delivered to the Registrar of Companies and those for 2024 will follow in due course. The report of the auditors on those statutory accounts was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

New and amended accounting standards adopted by the Group

The following amended standards and interpretations were adopted by the Group during the year ending 31 May 2024:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)
- IFRS 17 *Insurance Contracts*

These amended standards and interpretations have not had a significant impact on the consolidated Financial Statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendment to IAS 12 narrows the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences such as leases.

The Group previously accounted for deferred taxation on leases where the deferred taxation asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred taxation asset in relation to its lease liabilities and a deferred taxation liability in relation to its right-of-use assets. However, there is no impact on the balance sheet because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 June 2023 as a result of the change.

The policy for recognising and measuring income taxes is consistent with that applied in the comparative years except for the changes outlined above as a result of the Group's adoption of the amendments to IAS 12.

On 23 May 2023, the International Accounting Standards Board issued International Tax Reform Pillar Two Model Rules - Amendments to IAS 12. The Group has applied the mandatory temporary exception to the accounting for deferred taxation arising from the jurisdictional implementation of the Pillar Two rules set out therein.

New accounting standards and interpretations in issue but not yet effective

The following new and amended standards are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted the new or amended standards, where applicable, in preparing these consolidated Financial Statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1 *Presentation of financial statements*)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 *Leases*)
- Supplier financing arrangements (Amendments to IAS 7 *Statement of cash flows* and IFRS 7 *Financial instruments*)
- Lack of exchangeability (Amendments to IAS 21 *The effects of changes in foreign exchange rates*)
- IFRS 18 *Presentation and Disclosure in Financial Statements*
- Amendment to IFRS 9 and IFRS 7 (Classification and Measurement of Financial Instruments)

These amendments are not expected to have a material impact on the Group in the current or future reporting periods, except for the amendments of IAS 21 which may have a material impact on the financial position or performance of the Group, but this impact cannot currently be estimated reliably due to the uncertainty linked to the Nigerian Naira.

Presentation changes

The following changes have been made to the presentation of the Group's consolidated financial statements:

- Investment properties are reported separately on the face of the balance sheet and in the notes rather than being reported as part of Property, plant and equipment.
- Share of other comprehensive income of joint venture presented separately on the face of the Statement of Other Comprehensive Income.

These are presentation changes and have no impact on the accounting policies adopted by the Group.

2. Segmental analysis

The segmental information presented in this note is consistent with management reporting provided to the Executive Committee (ExCo) (formerly 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. The CODM considers the business from a geographic perspective, with Europe & the Americas, Asia Pacific and Africa being the operating segments. In accordance with IFRS 8 *Operating Segments*, the ExCo has identified these as the reportable segments.

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 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.

Central includes expenditure associated with the global headquarters and above market functions net of recharges to our regions and our in-house fragrance house revenue.

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

2024	**Europe & the Americas £m**	**Asia Pacific £m**	**Africa £m**	**Central £m**	**Elimin-ations £m**	**Total £m**
Gross segment revenue	**204.1**	**179.2**	**151.7**	**34.2**	**(41.3)**	**527.9**
Inter segment revenue	**(3.4)**	**(4.0)**	**—**	**(33.9)**	**41.3**	**—**
Revenue	**200.7**	**175.2**	**151.7**	**0.3**	**—**	**527.9**
Segmental operating profit/(loss) before adjusting items and share of results of joint ventures	**32.6**	**28.0**	**19.6**	**(32.6)**	**—**	**47.6**
Share of results of joint ventures	**—**	**—**	**10.7**	**—**	**—**	**10.7**
Segmental operating profit/(loss) before adjusting items	**32.6**	**28.0**	**30.3**	**(32.6)**	**—**	**58.3**
Adjusting Items	**(31.9)**	**(1.0)**	**(81.0)**	**(28.1)**	**—**	**(142.0)**
Segmental operating (loss)/profit	**0.7**	**27.0**	**(50.7)**	**(60.7)**	**—**	**(83.7)**
Finance income						**12.2**
Finance expense						**(24.2)**
Net monetary loss arising from hyperinflationary economies						**(0.2)**
Loss before taxation						**(95.9)**

2. Segmental analysis (continued)

2023	**Europe & the Americas £m**	**Asia Pacific £m**	**Africa £m**	**Central £m**	**Elimin-ations £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 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 expense						(13.3)
Profit before taxation						61.8

The Group analyses its net revenue by the following categories:

	2024 £m	2023 £m
Hygiene	**289.1**	334.8
Baby	**106.9**	123.1
Beauty	**68.3**	85.3
Electricals	**56.6**	105.4
Other	**7.0**	7.7
	527.9	656.3

3. Adjusting items

Adjusting items expense/(income), all of which are within continuing operations, comprise:

	2024 **£m**	2023 £m
Simplification and transformation[1]	**10.1**	2.9
Acquisition and disposal-related items[2]	**(1.4)**	(0.7)
Impairment charge (net of impairment reversal)[1]	**24.4**	10.1
Foreign exchange losses arising on Nigerian Naira devaluation[3]	**104.1**	-
Foreign exchange losses arising on Naira devaluation on joint venture[4]	**3.4**	-
Adjusting items before taxation	**140.6**	12.3
Taxation	**(30.6)**	(4.7)
Adjusting items after taxation	**110.0**	7.6

[1] Included in administrative expense in the Consolidated Income Statement.
[2] Included in finance income in the Consolidated Income Statement.
[3] £79.0 million is included in cost of sales and £25.1 million is included in administrative expense in the Consolidated Income Statement. The amount in administrative expense includes charges of £0.2 million and £1.4 million relating to the de-designation of permanent as equity loans to a joint venture and fellow subsidiary undertakings respectively.
[4] Included in share of results of joint venture in the Consolidated Income Statement. This amount includes a credit of £1.2 million relating to the de-designation of permanent as equity loans payable by a joint venture undertaking to the Group.

Simplification and transformation

For the year ended 31 May 2024, these costs primarily relate to the following projects which commenced in 2022: three-year finance transformation project, HR simplification project and supply chain transformation project which are due to be completed in 2025. In 2023, the profit on disposal of properties in Nigeria was partially offset by costs relating to the three-year finance transformation project, the HR simplification project and supply chain transformation project.

Acquisition and disposal-related items

For the year ended 31 May 2024 and 31 May 2023, the income relates to the Childs Farm acquisition.

Impairment charge (net of impairment reversal)

The current year charge relates to the impairment of the Sanctuary Spa brand (Note 7). In the prior year the impairment charge, net of reversal, comprises a £16.5 million impairment of the Sanctuary Spa brand, a £4.2 million reversal of a prior period impairment of the Rafferty's Garden brand and a reversal of a £2.2 million previously recognised impairment in the Group's investment in joint venture Wilmar PZ International Pte. Limited, which was dissolved in May 2023.

Foreign exchange losses arising on Nigerian Naira devaluation (including on joint venture)

For the year ended 31 May 2024, this primarily relates to realised and unrealised foreign exchange losses resulting from the Nigerian Naira devaluation during the financial year on USD denominated liabilities which existed at 31 May 2023. The closing NGN/GBP rate at reporting date was 1,893 (2023: 577), and the average NGN/GBP for the current year was 1,257 (2023: 536).

4. Taxation

	2024	2023
	£m	£m
Current taxation		
UK corporation tax		
- current year	**5.2**	(2.2)
- adjustments in respect of prior years	**3.5**	(0.3)
- double taxation relief	**-**	(0.5)
	8.7	(3.0)
Overseas corporation tax		
- current year	**11.6**	26.3
- adjustments in respect of prior years	**(0.8)**	0.8
	10.8	27.1
Total current taxation charge	**19.5**	24.1
Deferred tax		
Origination and reversal of temporary timing differences	**(38.0)**	(6.2)
Adjustments in respect of prior years	**(6.4)**	(2.3)
Effect of rate change adjustments	**0.8**	(0.2)
Total deferred taxation credit	**(43.6)**	(8.7)
Total taxation (credit)/charge	**(24.1)**	15.4
Analysed as:		
Taxation on (loss)/profit before adjusting items	**6.5**	20.1
Taxation on adjusting items	**(30.6)**	(4.7)
	(24.1)	15.4

The effective tax rate in relation to continuing operations for the year is 25.0% (2023: 24.9%). Before adjusting items, the effective tax rate was 14.5% (2023: 27.1%), primarily due to the impact of the minimum tax regime in Nigeria as a result of the recognised statutory operating losses, and the tax deductibility of realised foreign exchange impacts arising as a result of the cash repatriation from Nigeria to the UK.

UK corporation tax is calculated at 25.0% (2023: 20.0%) 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 taxation charge for the year to the loss before taxation as this is the seat for the central management and control of the Group.

	2024	2023
	£m	£m
(Loss)/profit before tax	**(95.9)**	61.8
Tax at the UK corporation tax rate of 25% (2023: 20%)	**(24.0)**	12.4
Adjusted for:		
Effect of non-deductible expenses	**6.4**	2.2
Effect of non-taxable income	**(3.7)**	(4.9)
Effect of rate changes on deferred taxation (all territories)	**0.8**	(0.5)
Taxation effect of share of results of joint ventures	**(2.4)**	(2.2)
Other taxes suffered outside of the UK	**2.1**	3.2
Net adjustment to amount carried in respect of uncertain tax positions	**2.4**	(0.8)
Movements in deferred taxation assets not recognised	**1.7**	(0.6)
Adjustments in respect of prior years	**(3.7)**	(1.5)
Differences in overseas rates	**(3.7)**	8.1
Tax (credit)/charge for the year	**(24.1)**	15.4

5. Dividends

	2024	2023
	£m	£m
Amounts recognised as distributions to ordinary shareholders in the year comprise:		
Final dividend for the year ended 31 May 2023 of 3.73p (2022: 3.73p) per ordinary share	**15.6**	15.6
Interim dividend for the year ended 31 May 2024 of 1.50p (2023: 2.67p) per ordinary share	**6.3**	11.2
	21.9	26.8

After the balance sheet date, the Board announced its intention to declare an interim dividend of 2.10p per share, down 44% compared to last year's final dividend of 3.73p. This represents a full year dividend of 3.60p which is also down 44%, reflecting the impact of the Naira devaluation on earnings per share while maintaining an earnings cover of approximately two times. This results in a total dividend of £8.8 million (2023: £15.6 million). The dividend will be paid on 4 December 2024 to the shareholders on the register on 1 November 2024. The proposed dividend has not been included as a liability in the consolidated financial statements as at 31 May 2024.

6. (Loss)/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. For the year ended 31 May 2024, the basic and diluted EPS are equal as a result of the Group incurring a loss for the year.

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

	2024	2023
	number	number
	000	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	**(9,693)**	(10,180)
Basic weighted average shares in issue during the year	**419,032**	418,545
Dilutive effect of share incentive schemes	**1,064**	1,530
Diluted weighted average shares in issue during the year	**420,096**	420,075

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.

7. Goodwill and other intangible assets

	Goodwill £m	Software £m	Brands £m	Total £m
Cost				
At 1 June 2022	68.2	65.6	270.3	404.1
Additions	–	2.0	–	2.0
Disposals	–	(0.5)	–	(0.5)
Transfers to property, plant and equipment	–	(0.4)	–	(0.4)
Exchange differences	(1.6)	(0.1)	(3.1)	(4.8)
At 31 May 2023	**66.6**	**66.6**	**267.2**	**400.4**
Additions	**-**	**0.4**	**-**	**0.4**
Exchange differences	**-**	**(1.5)**	**-**	**(1.5)**
At 31 May 2024	**66.6**	**65.5**	**267.2**	**399.3**
Accumulated amortisation and impairment				
At 1 June 2022	11.1	34.6	24.5	70.2
Amortisation charge	–	7.0	–	7.0
Impairment charge	–	–	16.5	16.5
Impairment reversal	–	–	(4.2)	(4.2)
Exchange differences	(0.9)	–	(0.4)	(1.3)
At 31 May 2023	**10.2**	**41.1**	**36.4**	**87.7**
Amortisation charge	**-**	**7.1**	**-**	**7.1**
Impairment charge	**-**	**-**	**24.4**	**24.4**
Exchange differences	**1.7**	**(1.0)**	**0.1**	**0.8**
At 31 May 2024	**11.9**	**47.2**	**60.9**	**120.0**
Net book value				
At 31 May 2024	**54.7**	**18.3**	**206.3**	**279.3**
At 31 May 2023	56.4	25.5	230.8	312.7

Amortisation and impairment are charged to administrative expense in the Consolidated Income Statement. Cumulative impairment of goodwill as at 31 May 2024 was £10.2 million (2023: £10.2 million) and cumulative impairment of brands as at 31 May 2024 was £60.9 million (2023: £36.4 million).

Software includes the Group's enterprise resource planning system (SAP), which is internally developed, and the carrying value of this asset as at 31 May 2024 is £13.7 million (2023: £20.6 million), with three 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 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. Impairment testing is a two-step approach commencing with the testing of brands with an indefinite useful life. Each brand is considered its own CGU for this purpose. The second step is to test goodwill for impairment. For the purposes of this test, goodwill acquired is allocated to the CGUs or groups of CGU expected to benefit from the synergies of the business combination. For this purpose goodwill related to each of the beauty brands is aggregated together into the Beauty CGU as this is manner in which the core assets are used to generate cash flows and is the lowest level at which goodwill is monitored by management.

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 £54.7 million (2023: £56.4 million) comprises £40.4 million (2023: £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 (2023: £13.5 million) in relation to the acquisition of Childs Farm and £0.8 million (2023: £2.5 million) in relation to other acquisitions. The movement in other goodwill in the current year relates to exchange differences. 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 2024 £m	**Brands 2024 £m**	Goodwill 2023 £m	Brands 2023 £m
Charles Worthington		**9.6**		9.6
Fudge		**24.6**		24.6
Sanctuary Spa		**34.5**		58.9
St. Tropez		**58.4**		58.4
Beauty	**40.4**	**127.1**	40.4	151.5
Original Source	**-**	**9.8**	–	9.8
Rafferty's Garden	**-**	**33.9**	–	33.9
Childs Farm	**13.5**	**35.5**	13.5	35.5
Other	**0.8**	-	2.5	–
	54.7	**206.3**	56.4	230.8

In performing the impairment testing, the Group used the five-year plan ending 31 May 2029. Assumptions in the budgets and plans used for the value in use cash flow projections 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.

The key assumptions applied in determining value-in-use are the long-term growth rate and the discount rate, both of which are determined with reference to the markets and geographies in which the CGU (or group of CGUs) operates, and revenue growth and gross margin.

The compound annual growth rates, long-term growth rates and discount rates applied in the value in use calculations used in impairment tests were:

	CAGR[1] 2024	CAGR[1] 2023	**Long-term growth rate 2024**	Long-term growth rate 2023	**Pre-tax discount rate 2024**	Pre-tax discount rate 2023
Charles Worthington	**6.1%**	3.4%	**2.0%**	2.0%	**11.5%**	10.1%
Fudge	**2.3%**	6.8%	**2.0%**	2.0%	**11.7%**	10.7%
Sanctuary Spa	**2.8%**	3.0%	**2.0%**	2.0%	**11.5%**	10.2%
St. Tropez	**3.3%**	3.5%	**2.0%**	2.0%	**12.0%**	10.4%
Beauty group of CGUs (goodwill assessment)	**3.2%**	3.9%	**2.0%**	2.0%	**11.6%**	10.4%
Original Source	**9.9%**	3.2%	**2.0%**	2.0%	**11.6%**	10.5%
Rafferty's Garden	**4.5%**	4.1%	**2.5%**	2.5%	**11.8%**	10.6%
Childs Farm (brand and goodwill assessment)	**19.6%**	27.5%	**2.0%**	2.0%	**11.7%**	12.2%

[1] *CAGR refers to the compound annual revenue growth rate over the five-year plan period.*

The results of the impairment tests as at 31 May 2024 were as follows:

Sanctuary Spa

In the year ended 31 May 2024, there was an impairment charge of £24.4 million (2023: £16.5 million) relating to the Sanctuary Spa brand, charged to administrative expense in the Consolidated Income Statement and included in the Europe & the Americas segment. The recoverable amount reflected the cost-of-living pressures and their impact on price sensitive beauty products. The recoverable amount of the CGU was determined to be £40.4 million based on a value-in-use calculation, which when compared to a carrying value of £64.8 million (of which the brand represented £58.9 million) resulted in an impairment charge of £24.4 million. The long-term growth rate and discount rate used in the value in use calculations were 2.0% and 11.5% respectively.

Management has determined gross margin and compound annual revenue growth rate to be the key assumptions in the forecasts for Sanctuary Spa. Sensitivity analysis has been carried out in the year ended 31 May 2024 and a reasonably possible change of 250bps decline in gross margin within the five-year forecast period would increase the impairment charge by £7.6 million, a 200bps decline in the annual revenue growth rate over the five-year plan period, which results in a five-year compound annual revenue growth rate of 0.8%, would increase the impairment charge by £8.4 million and a 100bps increase in the discount rate would increase the impairment charge by £4.9 million. A reduction of 0.1% in compound annual revenue growth rate over the five-year plan would result in zero headroom. The same impact would be caused by a decline of 0.1% in gross margin or an increase of 0.1% in discount rate.

7. Goodwill and other intangible assets *(continued)*

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 £11.8 million which is in excess of the carrying value of £10.9 million (of which the brand represented £9.6 million).

Management have determined gross margin and compound annual revenue growth rate to be the key assumptions in the forecasts for Charles Worthington. Sensitivity analysis has been carried out in the year ended 31 May 2024 and a reasonably possible change of 250bps decline in gross margin within the five-year forecast period would result in an impairment charge of £1.1million, a 200bps decline in annual revenue growth rate within the five-year forecast period, which results in a five-year compound annual revenue growth rate of 4.1%, would result in an impairment charge of £1.5 million and a 100bps increase in the discount rate would result in an impairment charge of £0.7 million. A reduction of 0.7% in compound annual revenue growth rate over the five-year plan would result in zero headroom. The same impact would be caused by a decline of 1.2% in gross margin or an increase of 0.6% in discount rate.

Rafferty's Garden

For the Rafferty's Garden brand, the recoverable amount of the applicable CGU based on a value-in-use calculation was determined to be £38.4 million, exceeding the carrying value of £34.9 million (of which the brand represented £33.9 million). The recoverable amount reflected expected growth from new product development and recovery in gross margin arising from cost savings in raw materials. Historical impairment charges were fully reversed in the prior year.

Management has determined gross margin and compound annual revenue growth rate to be the key assumptions in the forecasts for Rafferty's Garden. Sensitivity analysis has been carried out in the year ended 31 May 2024 and a a reasonably possible change of 250bps decline in gross margin within the five-year forecast period would result in an impairment charge of £7.2million, a 200bps decline in annual revenue growth rate within the five-year forecast period, which results in a five-year compound annual revenue growth rate of 2.5%, would result in an impairment charge of £5.5 million and a 100bps increase in the discount rate would result in an impairment charge of £2.5 million. A reduction of 0.7% in compound annual revenue growth rate over the five-year plan would result in zero headroom. The same impact would be caused by a decline of 0.8% in gross margin or an increase of 0.5% in discount rate.

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 with insignificant risk of changes in value.
Borrowings comprise bank overdrafts, short-term uncommitted loans and amounts drawn under the Group's committed credit facility. Bank overdrafts are repayable on demand and form a part of the Group's cash management activities. Further details on the Group's committed credit facility are provided in Note 19. The Group defines net debt as cash and cash equivalents net of borrowings, and net debt including lease liabilities as cash and cash equivalents net of borrowings and lease liabilities.
Group net debt comprises the following:

	1 June 2023	Net cash flow	Foreign exchange movements	Other[1]	31 May 2024
	£m	£m	£m	£m	£m
Cash at bank and in hand	127.4	(22.7)	(55.3)	-	49.4
Short term deposits	129.0	(61.7)	(65.4)	-	1.9
Cash and cash equivalents	256.4	(84.4)	(120.7)	-	51.3
Current asset investments	0.5	(0.5)	-	-	-
Current borrowings	-	(6.4)	0.1	-	(6.3)
Non-current borrowings	(251.2)	91.0	-	(0.1)	(160.3)
Net cash/(debt)	5.7	(0.3)	(120.6)	(0.1)	(115.3)
Lease liabilities	(13.0)	2.9	0.2	(2.2)	(12.1)
Net debt including lease liabilities	(7.3)	2.6	(120.4)	(2.3)	(127.4)

[1] *Other includes lease additions and an increase in the lease liability arising from the unwinding of interest element.*

At 31 May 2024, the Group had restricted cash of £0.7 million (2023: £0.7 million).

At 31 May 2024, £20.0 million (2023: £204.1 million) of the cash and cash equivalents was held by the Group's Nigerian subsidiaries. At 31 May 2024, the Sterling equivalent of Nigerian Naira cash balances are materially reduced, both as a result of the devaluation of the Nigerian Naira occurring during FY24 and the successful cash repatriation from Nigeria to the UK.

Borrowings are amounts drawn under both committed and uncommitted borrowing facilities. The Group has a £325.0 million committed credit facility which is available for general corporate purposes. The credit facility incorporates both a term loan, of up to £125.0 million, with the balance as a revolving credit facility (RCF) structure. Entered into in November 2022, the term loan is a two-year facility and the RCF a four-year

facility, with both facilities retaining two, one-year extension options, the first of which was executed in October 2023. Drawings under the term loan are permitted in GBP, and under the RCF in GBP, Euros or USD, at interest rates at a margin of 1.30-2.10% above SONIA, EURIBOR or SOFR, dependent on leverage and the attainment of specified sustainability performance targets.

Non-current borrowings as at 31 May 2024 are presented net of £0.7 million (2023: £0.8 million) of unamortised financing fees. As at 31 May 2024, this facility was £161.0 million drawn (2023: £252.0 million).

Borrowings as at 31 May 2024, which are presented net of £0.7 million (2023: £0.8 million) of unamortised financing fees, comprise £125.0 million (2023: £125.0 million) of term loans which are denominated in GBP at an interest rate of 6.79% (2023: 5.73%), and £36.0 million (2023: £127.0 million) of borrowings under the RCF which are denominated in GBP at interest rates at between 6.78%-6.79% (2023: 5.66%-5.78%).

In addition, the Group retains other unsecured and uncommitted facilities that are primarily used for trade-related activities in Nigeria where ordinary trading activities are required to be supported by letters of credit (or similar). As at 31 May 2024, these amounted to £161.6 million (2023: £199.8 million) of which £40.3 million, or 25% were utilised (2023: £93.3 million or 47%). The utilisation amount has decreased during the reporting period as a result of the improvement in access to foreign currency which in turn has facilitated the settlement of USD liabilities. As at the reporting date, there were no bank overdrafts (2023: £nil).

9. Reconciliation of (loss)/profit before taxation to cash generated from operations

	2024 **£m**	2023 £m
(Loss)/profit before taxation	**(95.9)**	61.8
Net finance expense/(income) and net monetary loss arising from hyperinflationary economies	**12.2**	(2.1)
Operating (loss)/profit	**(83.7)**	59.7
Depreciation	**10.2**	12.1
Amortisation	**7.1**	7.0
Impairment of tangible and intangible assets	**24.4**	16.5
Impairment reversal of intangible assets	**—**	(4.2)
Impairment reversal of net investments in joint venture	**—**	(2.2)
Impairment of current asset investment	**0.5**	—
Profit on sale of assets	**(1.8)**	(11.1)
Difference between pension charge and cash contributions	**1.7**	0.5
Share-based payments	**1.9**	1.7
Share of results of joint venture	**(7.3)**	(7.5)
Operating cash flows before movements in working capital	**(47.0)**	72.5
Movements in working capital:		
Inventories	**2.3**	(8.4)
Trade and other receivables	**15.3**	(13.4)
Trade and other payables	**77.5**	30.3
Provisions	**(0.4)**	(4.4)
Cash generated from operations	**47.7**	76.6

10. Post balance sheet events

There are no material post balance sheet events.

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 18 September 2024