28 February 2024

A YEAR OF PROGRESS WITH MID-SINGLE-DIGIT GROWTH IN HEALTH & HYGIENE

Adjusted[1]			IFRS		
Unaudited £m	**2023**	**vs 2022[2]**	**Unaudited £m**	**2023**	**vs 2022[2]**
Full Year					
Like-for-like (LFL) net revenue growth[3]		**+3.5%**	**Net revenue**	**14,607**	**+1.1%**
Hygiene		+5.1%	Hygiene	6,135	+2.9%
Health		+5.0%	Health	6,062	+1.2%
Nutrition		-4.0%	Nutrition	2,410	-3.6%
Gross profit margin	**60.0%**	**+220bps**	**Gross profit margin**	**60.0%**	**+220bps**
Operating profit	**3,373**	**-1.9%**	**Operating profit**	**2,531**	**-22.1%**
Operating profit (constant FX)[3]		**+0.9%**			
Operating profit margin	**23.1%**	**-70bps**	**Operating profit margin**	**17.3%**	**-520bps**
Diluted EPS	**323.4p**	**-5.4%**	**Diluted EPS**	**228.7p**	**-29.6%**
Free cash flow	**2,258**	**+11.2%**	**Cash generated from operating activities**	**2,636**	**+10.0%**
Cash returns to shareholders[4]	**1,546**	**+23.8%**			
Q4					
LFL net revenue growth		**-1.2%**	**Net revenue**	**3,561**	**-7.0%**

1. *Adjusted measures are defined on page 27.*
2. *All growth rates are presented on an actual basis, except for LFL net revenue growth and where separately noted.*
3. *LFL net revenue and adjusted operating profit growth is measured on a constant exchange rate basis (see page 27).*
4. *Cash returns to shareholders represents dividend paid during the year plus cash returned to shareholders through share buybacks.*

Commenting on the results, Kris Licht, Chief Executive Officer, said:

"2023 was a year of progress for Reckitt. We delivered a good trading performance in Health and Hygiene. Nutrition began rebasing and held market leadership in the US. Our innovation platforms proved that they can deliver meaningful growth through premiumisation, household penetration and category creation. We drove our gross margins back to historical levels, increased investment behind our brands and innovation and launched our fixed cost optimisation programme. We generated strong free cashflow and significantly increased cash returns to shareholders, enhanced by our new, sustainable share buyback programme.

"The organisation is fully focused on executing the strategy which I outlined in October, including strengthening our product superiority, optimising our fixed cost base and improving our in-market execution.

"While our performance in Q4 was unsatisfactory, we look to 2024 and beyond with confidence. We target another year of mid-single-digit growth in Health and Hygiene, driven by a more balanced contribution from price, mix and volume. We expect Nutrition to return to growth late in the year. We will continue to invest in, and harness the growth from, our strengthened pipeline. We will advance our fixed cost optimisation programme, and we will further increase cash returns to shareholders, aiming to double what we returned in 2019."

FY Highlights:

- **A year of continued progress**, focused on executing on our strategy, revenue growth, driving product superiority through innovation, increased investment behind brands and cash returns to shareholders.

- **Innovations delivering,** including Lysol Air Sanitiser, Finish Ultimate Plus All-in-One, Mucinex InstaSoothe, Dettol Laundry Pods and Enfamil NeuroPro, driving category growth and premiumisation.
- **Group LFL net revenue growth of +3.5%**. For the full year, growth was broad-based, with mid-single-digit growth across Hygiene and Health at +5.1% combined. Nutrition declined by -4.0% as the US laps the prior year competitor supply issue. Our strong performance in the first three quarters was partially offset by a weaker fourth quarter.

- **Group reported net revenue growth of +1.1%.** LFL growth of +3.5% offset by FX headwinds of -2.1% and a net M&A impact of -0.3%.
- **Gross margins returned to historic strength.** Gross margin of 60.0% (+220bps) returns to historically strong levels, which funded increased investment behind brands (BEI +13.2% on a constant FX basis).
- **Adjusted operating profit margin of 23.1%**. Expansion of +10bps when adjusting for US Nutrition competitor impact last year. -70bps on a reported basis.
- **+24% increase in cash returns to shareholders.** A full year dividend of 192.5p (+5%) and £0.2bn from initial share buyback programme enabled by **strong free cashflow generation of £2.3bn** (+11.2% versus 2022).

Q4 Performance

- **Like-for-like (LFL) net revenue decline of -1.2%**, led by growth of +5.2% across Hygiene. Health declined -2.0% driven by the phasing and shape of the cold and flu season. Nutrition LFL net revenue declined -14.8%, as our North America business continued to rebase due to lapping of the prior year competitor supply issue, in addition to the voluntary recall of Nutramigen.
- **Late in our year end close process** we identified, through our on-going compliance procedures, an understatement of trade spend in two Middle Eastern markets related to the fourth quarter and prior quarters of 2023. As a result, our full year net revenue performance was £55m lower than previously expected which is fully reflected in our Q4 results (adjusted operating profit impact of £35m). Following investigation, we concluded a small group of employees had acted inappropriately and we are taking necessary disciplinary action. We are confident this is an isolated incident specific to these two markets and does not impact our 2024 outlook and medium-term goals.

Other

- **Full year IFRS operating profit of £2,531m (2022: £3,249m)** including IFCN goodwill impairment of £810m reflecting higher interest rates and changes in the regulatory environment.

2024 OUTLOOK

Our outlook is as follows:

- We are confident in the year ahead and expect LFL net revenue growth of +2% to +4% for the Group, with mid-single-digit growth for our Health and Hygiene portfolios.
- We expect a mid- to high-single-digit decline for our Nutrition business as it continues to rebase in the first half of the year and returns to growth late in the year.
- We expect adjusted operating profit to grow ahead of net revenue growth.
- Revenue and profit growth will be second half weighted as we lap high OTC comparatives from Q1 last year and will see the majority of the rebasing of our US Nutrition business in H1.

Other technical guidance

- Adjusted net finance expense is expected to be in the range of £300m to £320m (2023: £247m).
- The adjusted tax rate is expected to be 25-26% (2023: 25.2%).
- Capital expenditure is expected to be 3-3.5% of net revenue (2023: 3.1%).

GROUP OVERVIEW

Net Revenue Unaudited	£m	Volume	Price / Mix	LFL[1]	Net M&A	FX	Actual
FY 2023	**14,607**	**-4.3%**	**+7.8%**	**+3.5%**	**-0.3%**	**-2.1%**	**+1.1%**
Q4 2023	3,561	-4.3%	+3.1%	-1.2%	-0.1%	-5.7%	-7.0%

1. *Adjusted measures are defined on page 27*

Group net revenue

- Group net revenue of £14,607m grew by +3.5% on a LFL basis in the year, reflecting price / mix improvements of +7.8% and a volume decline of -4.3%. Our Hygiene brands delivered broad-based growth (+5.1%) across our brand portfolio with improving volume trends throughout the year. Health growth (+5.0%) was led by our OTC and Intimate Wellness portfolios, and Nutrition declined (-4.0%) as the US lapped the prior year competitor supply issue.
- Total net revenue on an IFRS basis was up +1.1%, reflecting net M&A impact of -0.3% and foreign exchange headwinds of -2.1%.
- 44% of our Core Category Market Units (CMUs) held or gained share, with 47% in Hygiene, 46% in Health and 37% in Nutrition (weighted by net revenue).
- E-commerce net revenue grew by +9% in 2023 and now accounts for 15% of Group net revenue.
- Q4 LFL net revenue growth was -1.2%. Price / mix improvements were +3.1% and volume declined by -4.3% with further sequential improvement in Hygiene (-2.6%). Health volumes (-2.2%) remained robust but were impacted by seasonal OTC declines. Nutrition volumes (-14.3%) declined due to the rebasing of our US business, and category-led volume declines in Developing Markets.
- In Q4 our Hygiene GBU grew +5.2%, led by Lysol and Finish. Our Health GBU declined -2.0%, with growth across our Intimate Wellness, VMS and non-seasonal OTC portfolios more than offset by high seasonal comparatives in our cough, cold and flu OTC portfolio. Nutrition declined -14.8% as the US business continues to rebase as it laps strong prior year comparatives.
- Late in our year end close process we identified, through our on-going compliance procedures, an understatement of trade spend in two Middle Eastern markets related to the fourth quarter and prior quarters of 2023. As a result, our full year net revenue performance was £55m lower than previously expected which is fully reflected in our Q4 results (adjusted operating profit impact of £35m).

Group operating margins and profit

- Adjusted gross margin was 60.0% (2022: 57.8%), an increase of +220bps, driven by pricing and productivity efficiencies - predominantly across revenue growth management and procurement. These levers more than offset inflation of mid-single digits in the year.
- Brand equity investment (BEI) increased by +13.2% (+£0.2bn) on a constant FX basis as we invest behind innovation launches and the long-term strength of our brands. BEI percentage of net revenue was up +130bps to 13.1% (2022: 11.8%).
- Adjusted operating profit was £3,373m (2022: £3,439m) at an adjusted operating margin of 23.1% (2022: 23.8%), -70bps lower than prior year, with gross margin expansion offset by increased brand equity investments and inflation-led cost base increases. When excluding the one-off benefits of circa 80bps in 2022 related to US Nutrition, adjusted operating profit margin grew +10bps.
- IFRS operating profit was £2,531m (2022: £3,249m) at an operating profit margin of 17.3% (2022: 22.5%). This was impacted by the IFCN goodwill impairment of £810m (2022: £nil), reflecting higher interest rates and changes in the regulatory environment. Refer to Note 6 for further details.

EPS and dividends

- Total adjusted diluted EPS was 323.4p in 2023 (2022: 341.7p), -5.4% below 2022 as higher adjusted operating profit at constant exchange rates was more than offset by adverse foreign exchange and a higher adjusted effective tax rate in 2023. Total IFRS diluted EPS was 228.7p (2022: 324.7p).
- Full year dividend increased by 5% to 192.5p (2022: 183.3p) per share, in line with our policy to deliver sustainable dividend growth. The final proposed dividend is 115.9p (2022: 110.3p) per share.

Free cash flow

- Free cash flow was £2,258m in 2023 (2022: £2,031m) a +11% increase year on year driven by an improvement in net working capital.
- Net debt ended the year 1.9x adjusted EBITDA (2022: 2.1x adjusted EBITDA).

OPERATING SEGMENT REVIEW

Hygiene

42% of net revenue in 2023

Net Revenue Unaudited	£m	Volume	Price / Mix	LFL[1]	Net M&A	FX	Actual
FY 2023	**6,135**	**-6.0%**	**+11.1%**	**+5.1%**	**-**	**-2.2%**	**+2.9%**
Q4 2023	1,531	-2.6%	+7.8%	+5.2%	-	-6.7%	-1.5%

Operating Profit (Unaudited)	£m	Constant FX (CER)[1]	Actual
Adjusted Operating Profit[1]	**1,236**	**+4.7%**	**+1.8%**
Adjusted Operating Profit Margin[1] %	**20.1%**		**-30bps**

1. *Adjusted measures are defined on page 27*

Full Year Performance

Hygiene net revenue grew +5.1% on a LFL basis to £6,135m for the full year. Innovation-led pricing and favourable mix (price / mix +11.1%) were the key drivers partially offset by volume decline of 6%. Importantly, our volume trend substantially improved quarter by quarter throughout the year. Net revenue growth was broad-based across all major brands delivering positive LFL net revenue growth and total Hygiene market share momentum improving in Q4 driven by continued momentum in Auto Dish (Finish). We successfully launched innovations in most categories that improved consumer delight, delivered more premium solutions for our consumers and grew penetration, in line with our category growth strategy.

47% of Core Hygiene CMUs (weighted by net revenue) gained or held share during the year.

Within Auto Dish, our market leading brand Finish, grew low-double digits LFL net revenue and grew market share driven by the successful launch of our new super premium tier, Finish Ultimate Plus All-in-One, delivering more superior solutions to consumers and driving premiumisation in the category.

Lysol returned to growth in the year driven by strengthened brand equity and the broadening of the brand's shoulders with continued strong growth in Laundry Sanitiser expanding household penetration and the recent creation of the Air Sanitisation category with the launch of Lysol Air Sanitisers in the US, the first and only antimicrobial product approved by the EPA that kills 99.9% of airborne viruses and bacteria while eliminating odours.

Adjusted operating profit for Hygiene at £1,236m was up +4.7% on a constant FX basis and +1.8% on an actual basis. Adjusted operating profit margin was 20.1%, down -30bps. Strong gross margin expansion was offset by increased investment behind innovation launches and brand building initiatives, and inflation-led fixed costs.

Fourth Quarter Performance

Hygiene net revenue grew +5.2% in the quarter on a LFL basis, with price / mix improvements of +7.8% and an improving sequential volume performance of -2.6%. Auto Dish (Finish) and Disinfectants (Lysol) were the key growth drivers in the quarter, led by premiumisation in Finish and broad-based growth across all Lysol segments. Lavatory Care (Harpic) and Pest (Mortein, SBP, Aeroguard) delivered strong growth in the quarter.

Health

42% of net revenue in 2023

Net Revenue Unaudited	£m	Volume	Price / Mix	LFL[1]	Net M&A	FX	Actual
FY 2023	**6,062**	**-0.3%**	**+5.3%**	**+5.0%**	**-0.6%**	**-3.2%**	**+1.2%**
Q4 2023	1,507	-2.2%	+0.2%	-2.0%	-0.1%	-6.0%	-8.1%

Operating Profit (Unaudited)	£m	Constant FX (CER)[1]	Actual
Adjusted Operating Profit[1]	**1,690**	**+6.3%**	**+2.5%**
Adjusted Operating Profit Margin[1] %	**27.9%**		**+40bps**

1. *Adjusted measures are defined on page 27*

Full Year Performance

Health net revenue grew +5.0% on a LFL basis to £6,062m for the full year. This reflected price / mix improvements of +5.3% and volume decline of -0.3%.

46% of Core Health CMUs (weighted by net revenue) gained or held share during the year.

Our OTC portfolio grew low-double digits on a LFL net revenue basis behind a combination of both volume and price / mix growth. Nurofen, Strepsils, Gaviscon and Biofreeze all grew-double digits, driven by innovation launches, premiumisation and pricing actions, brand whitespace expansion (Biofreeze Overnight Relief in the US and Nurofen Liquid caps into a number of European markets), as well as some retailer inventory rebuilding in Europe in Q1. Mucinex delivered low-single-digit growth which laps a very strong and earlier cold & flu season in Q4 2022. Mucinex added a new medicated throat spray to its Instasoothe product range, further extending its presence in the $1bn US sore throat market.

Intimate Wellness delivered high single-digit growth in the year. Growth was broad-based across Europe, following the rebranding of the product range during 2022. Our portfolio in China benefitted from the end of COVID-related lockdowns and innovation, including Durex Fetherlite, our new hyaluronic acid condom with water-based lubricant providing a natural moisturisation experience. Growth was also strong across LATAM, and India where we increased total distribution points share during the year by around +400bps.

Dettol declined mid-single digits in the year, with a mixed performance across markets. A number of markets delivered growth and market share gains, underpinned by innovations, including an extension of Dettol Cool in India, Dettol Washing Machine Cleaner and Dettol Laundry Pods in China. However, growth was offset by declines in ASEAN due to category weakness and specific in-market challenges. The actions taken during the second half of the year to address these challenges have driven an improved performance in Q4.

Adjusted operating profit for Health at £1,690m was up +6.3% on a constant FX basis and +2.5% on an actual basis. Adjusted operating margin was 27.9%, an increase of +40bps, with gross margin expansion more than offsetting increased investment behind our brands and inflation-led fixed cost increases.

Fourth Quarter Performance

Net revenue declined by -2.0% on a LFL basis in the quarter with price / mix improvements of +0.2% and volume decline of -2.2%. As expected, our cough, cold and flu related OTC portfolio declined high-single digits as we lapped an early and strong season in Q4 last year. Dettol declined by low double-digits with growth in India more than offset by high comps in China and declines in the Middle East. These declines were partially mitigated by double-digit growth in our Intimate Wellness and VMS portfolios, and mid-single-digit growth in our non-seasonal OTC portfolio.

Nutrition

16% of net revenue in 2023

Net Revenue Unaudited	£m	Volume	Price / Mix	LFL[1]	Net M&A	FX	Actual
FY 2023	**2,410**	**-10.0%**	**+6.0%**	**-4.0%**	**-0.1%**	**+0.5%**	**-3.6%**
Q4 2023	523	-14.3%	-0.5%	-14.8%	-0.1%	-3.0%	-17.9%

Operating Profit (Unaudited)	£m	Constant FX (CER)[1]	Actual
Adjusted Operating Profit[1]	**447**	**-22.4%**	**-22.5%**
Adjusted Operating Profit Margin[1] %	**18.5%**		**-460bps**

1. Adjusted measures are defined on page 27

Full Year Performance

Nutrition net revenue declined -4.0% on a LFL basis to £2,410m for the full year. Volume declined –10.0% due to the lapping of peak market shares in the US from the competitor supply shortage in the prior year and category-led volume declines in LATAM and ASEAN. Price / mix improvements were +6.0% with pricing actions partially offset by more normalised trade conditions in the US.

37% of Core Nutrition CMUs (weighted by net revenue) gained or held share during the year.

IFCN US net revenue declined high-single digits on a LFL basis in the year with non-WIC market shares rebasing during the second half as we lap the prior year competitor supply issue. Throughout the year, we maintained our leading volume and value market share position in the non-WIC stage 1-3 segments where we operate. Our Enfamil brand remain the number one recommended infant formula by paediatricians in the US.

Our Developing Markets business declined mid-single digits with category-led volume declines partially offset by premiumisation and growth in both the specialty and adult segments. A reduction in our transitional service arrangement (TSA) contract manufacturing volume relating to our disposed China business, contributed around 60bps to the year-on-year decline. LATAM grew mid-single digits, offset by market challenges across certain ASEAN markets.

Adjusted operating profit for Nutrition at £447m was down -22.4% on a constant FX basis and -22.5% on an actual basis. Adjusted operating margin was 18.5%, down -460bps, reflecting the year-on-year volume deleverage as we lap the competitor supply issue in the US, and negative mix as we lose the benefit from WIC sales in states where Reckitt does not hold the government contract.

Fourth Quarter Performance

Nutrition net revenue declined by -14.8% on a LFL basis in the quarter. This performance was driven by double-digit decline in North America due to lapping the impact of the competitor supply issue in the US. We exited the year with a non-WIC value market share in the low 40s. This compares to an average value market share for 2023 of around 47%.

Developing Markets declined high-single digits with growth in LATAM more than offset by category weakness across certain ASEAN markets.

The Q4 net revenue was negatively impacted by approximately -200bps due to a returns provision made in respect of the voluntary Nutramigen recall in late December.

Performance by Geography

Net Revenue Unaudited	£m	Volume	Price / Mix	LFL[1]	Net M&A	FX	Actual
FY 2023							
North America	4,919	-4.9%	+5.7%	+0.8%	-0.1%	-0.9%	-0.2%
Europe / ANZ	4,849	-3.4%	+11.6%	+8.2%	-0.5%	-2.6%	+5.1%
Developing Markets	4,839	-4.6%	+6.5%	+1.9%	-0.2%	-3.1%	-1.4%
Total	**14,607**	**-4.3%**	**+7.8%**	**+3.5%**	**-0.3%**	**-2.1%**	**+1.1%**
Q4 2023							
North America	1,217	-6.7%	+1.1%	-5.6%	-0.1%	-5.0%	-10.7%
Europe / ANZ	1,193	-4.8%	+9.2%	+4.4%	-	-5.9%	-1.5%
Developing Markets	1,151	-1.4%	-0.5%	-1.9%	-	-6.5%	-8.4%
Total	**3,561**	**-4.3%**	**+3.1%**	**-1.2%**	**-0.1%**	**-5.7%**	**-7.0%**

1. Adjusted measures are defined on page 27

North America LFL net revenue grew +0.8% for the full year. Our Hygiene brands grew mid-single digits offset by a broadly stable performance in Health and our US Nutrition business declined as we lap the competitor supply shortage in the prior year. In Q4 North America saw strong growth in Lysol which was more than offset by further US Nutrition rebasing and tough comps in our seasonal OTC portfolio.

In Europe / ANZ LFL net revenue grew +8.2% for the full year, with broad-based growth across Western European markets and Turkey. From a category perspective, growth was led by Finish and our OTC portfolio.

Developing Markets LFL net revenue grew +1.9% for the full year. China, India and LATAM saw good growth in both Q4 and the full year. The Middle East declined in both the full year and Q4. ASEAN declined due to specific in-market challenges but saw improved volume trends improved in Q4 due to pricing actions taken in certain key Dettol markets.

FY 2023 RESULTS PRESENTATION TODAY

There will be a results presentation for analysts and investors at 08:30 GMT which will be held at The Auditorium, Bank of America, 2 King Edward Street, London, EC1A 1HQ.

To attend in person, please email your details to ir@reckitt.com to register.

For those wishing to follow the webcast please click on the link below:

https://www.reckitt.com/investors/results-and-presentations/

Alternatively, dial in details are as follows:

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Cautionary note concerning forward-looking statements

This announcement contains statements with respect to the financial condition, results of operations and business of Reckitt Benckiser Group plc and the Reckitt group of companies (the "Group") and certain of the plans and objectives of the Group that are forward-looking statements. Words such as ''intends', 'targets', or the negative of these terms and other similar expressions of future performance or results, and their negatives, are intended to identify such forward-looking statements. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including targets for net revenue, operating margin and cost efficiency, are forward-looking statements. Such statements are not historical facts, nor are they guarantees of future performance.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including many factors outside the Group's control. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially are: the general economic, business, political, geopolitical and social conditions in the key markets in which the Group operates; the Group's ability to innovate and remain competitive; the Group's investment choices in its portfolio management; the ability of the Group to address existing and emerging environmental and social risks and opportunities; the ability of the Group to manage regulatory, tax and legal matters, including changes thereto; the reliability of the Group's technological infrastructure or that of third parties on which the Group relies including the risk of cyber-attack; interruptions in the Group's supply chain and disruptions to its production facilities; economic volatility including increases in the cost of labour, raw materials and commodities; the execution of acquisitions, divestitures and business transformation projects; product safety and quality, and the reputation of the Group's global brands; and the recruitment and retention of key management.

These forward-looking statements speak only as of the date of this announcement. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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ADDITIONAL FINANCIAL COMMENTARY

The following section should be read in conjunction with the full-year financial review from page 3 and the alternative performance measures section from page 27.

Group operating profit

Adjusted operating profit was £3,373 million (2022: £3,439 million) at an adjusted operating margin of 23.1%, 70bps lower than the prior year (2022: 23.8%). Excluding the one off benefit of c.80bps in 2022 relating to US Nutrition, adjusted operating margin was 10bps higher than 2022. This increase was driven by higher gross margins, 220bps higher than 2022 from productivity efficiencies and pricing. This gross margin leverage was offset by higher BEI, 130bps higher than 2022 as we have invested behind our innovation launches and the long-term strength of our brands, and higher fixed costs, 160bps higher than 2022 due to inflation led cost base increases. Adjusted operating profit in both 2023 and 2022 included the favourable effect of adjustments to trade spend and operational accruals, certain of which were subject to significant estimation uncertainty when initially recorded.

IFRS operating profit was £2,531 million (2022: £3,249 million) at an IFRS operating margin of 17.3% (2022: 22.5%). IFRS operating profit in 2023 was impacted by a goodwill impairment charge of £810m relating to IFCN (2022: £Nil), reflecting higher interest rates and changes in the regulatory environment, (see Note 6). IFRS operating profit in 2022 was impacted by a charge of £152 million from impairment of goodwill relating to the acquisition of Biofreeze.

Net finance expense

Adjusted net finance expense was £247 million (2022: £256 million). Adjusted net finance expense in 2023 benefited from foreign exchange gains on certain financing liabilities (compared with losses in 2022), which offset the effect of higher interest rates in 2023 as compared to 2022.

IFRS net finance expense was £130 million (2022: £161 million). The lower net finance expense under IFRS is principally due to £130 million of translational foreign exchange gains resulting from the liquidation of a number of subsidiaries to simplify the Group's legal entity structure (2022: £69 million).

Tax

The adjusted effective tax rate (ETR) was 25.2% (2022: 21.9%). The 2022 ETR benefited from a higher level of reassessment of uncertain tax positions following progress on and conclusions of tax authority audits.

The IFRS tax rate was 31.4% (2022: 23.2%). The IFRS ETR in 2023 is higher than the adjusted ETR due to the non-deductible impairment of IFCN goodwill offset by the benefit from largely non-taxable gains on liquidation of subsidiaries. The IFRS ETR in 2022 benefited from a higher level of reassessment of uncertain tax positions following progress on and conclusions of tax authority audits, and largely non-taxable gains on sale of E45 and foreign exchange gains on liquidation of subsidiaries.

Discontinued operations

The Group recognised a profit from discontinued operations of £9 million (2022: £7 million loss), in relation to the Group's disposal of the RB Pharmaceuticals business (now Indivior plc).

Earnings per share (EPS)

Adjusted diluted EPS was 323.4 pence (2022: 341.7 pence), a decrease of 5.4% as higher adjusted operating profit at constant exchange rates was more than offset by adverse foreign exchange and a higher adjusted ETR in 2023.

IFRS diluted EPS was 228.7 pence (2022: 324.7 pence).

Balance sheet

At 31 December 2023, the Group had total equity of £8,469 million (31 December 2022: £9,483 million).

Current assets of £5,302 million (31 December 2022: £5,285 million) increased by £17 million as lower inventories and lower corporation tax receivables were offset by higher cash and cash equivalents and higher assets held for sale.

Current liabilities of £8,338 million (31 December 2022: £8,341 million) decreased by £3 million. The decrease principally relates to lower trade and other payables, together with lower current tax liabilities and current provisions. These decreases were offset by the share repurchase liability in relation to committed purchases under the share buyback programme.

Non-current assets of £21,834 million (31 December 2022: £23,457 million) primarily comprise goodwill and other intangible assets of £18,588 million (31 December 2022: £20,203 million) and property, plant and equipment. The decrease in goodwill and other intangible assets of £1,615 million is predominantly due to the strengthening of sterling reducing the value of foreign currency denominated assets and the impairment of IFCN goodwill.

Non-current liabilities of £10,329 million (31 December 2022: £10,918 million) decreased by £589 million principally due to the strengthening of sterling reducing the value of foreign currency denominated liabilities.

Net working capital

During the year, net working capital decreased by £56 million to negative £1,479 million. Net working capital as a percentage of 12-month net revenue is -10% (31 December 2022: -11%) mainly due to lower trade payables and lower inventories.

Cash flow

	Unaudited 31 Dec 2023 £m	Audited 31 Dec 2022 £m
Adjusted operating profit	3,373	3,439
Depreciation, share-based payments and gain on disposal of fixed assets (net of proceeds)	585	521
Capital expenditure	(449)	(443)
Movement in working capital and provisions	(21)	(408)
Cash flow in relation to adjusting items	(45)	(38)
Interest paid	(263)	(209)
Tax paid	(922)	(831)
Free cash flow	**2,258**	**2,031**
Free cash flow conversion	**97%**	**83%**

Free cash flow (FCF) is the amount of cash generated from continuing operating activities after net capital expenditure on property, plant and equipment and intangible software assets. Free cash flow reflects cash flows that could be used for payment of dividends, repayment of debt or to fund acquisitions or other strategic objectives.

Free cash flow of £2,258 million increased by £227 million or 11%. Free cash flow conversion improved by 14 percentage points to 97% as the benefit from working capital was only partially offset by higher tax and interest paid.

Net cash generated from operating activities increased by £239 million to £2,636 million (2022: £2,397 million).

Net debt

	Unaudited 31 Dec 2023 £m	Audited 31 Dec 2022 £m
Opening net debt	(7,984)	(8,378)
Free cash flow	2,258	2,031
Share buyback	(207)	-
Purchase of ordinary shares by employee share ownership trust	(2)	-
Shares reissued	48	54
Acquisitions, disposals and purchase of investments	(80)	220
Dividends paid to owners of the parent company	(1,339)	(1,249)
Dividends paid to non-controlling interests	(8)	(35)
New lease liabilities in the period	(44)	(134)
Exchange and other movements	76	(500)
Cash flow attributable to discontinued operations	(8)	7
Closing net debt	**(7,290)**	**(7,984)**

At 31 December 2023, net debt was £7,290 million, a decrease of £694 million from 31 December 2022, as continued strong free cash flow was used to pay down debt and enabled higher capital returns through dividends (£1,339 million) and the new share buy-back program (£207 million). Net debt was 1.9x adjusted EBITDA at 31 December 2023 (31 December 2022: 2.1x).

The Group regularly reviews its banking arrangements and currently has adequate facilities available to it. The Group has committed borrowing facilities totalling £4,500 million (31 December 2022: £4,500 million), £4,450 million of which expire after more than two years, which are undrawn at year end. The Group remains compliant with its banking covenants. The committed borrowing facilities, together with cash and cash equivalents, are considered sufficient to meet the Group's projected cash requirements.

Dividends

The Board of Directors recommends a final 2023 dividend of 115.9 pence (2022: 110.3 pence). The ex-dividend date will be 11 April 2024 and the dividend will be paid on 24 May 2024 to shareholders on the register at the record date of 12 April 2024. The final 2023 dividend will be accrued once approved by shareholders.

Return on Capital Employed (ROCE)

ROCE in 2023 was 12.5% (2022: 13.2%), a decrease of 70bps from 2022, due to a lower Net Operating Profit after Tax (NOPAT) as a result of the higher adjusted tax rate.

Capital returns policy

Reckitt has consistently communicated its intention to use its strong cash flow for the benefit of shareholders. Our priority remains to reinvest our financial resources back into the business, including through value-adding acquisitions, in order to deliver sustainable growth in net revenue and improving earnings per share over time.

In managing the balance sheet, we intend to maintain key financial ratios in line with those expected of an A-grade credit-rated business. This will broadly define acceptable levels of leverage over time. As we reduce leverage we will return surplus cash to shareholders as appropriate. In October 2023, our strong free cash flow generation and healthy balance sheet enabled us to announce a £1 billion share buy-back programme over the following twelve months.

Growing the dividend is a long-term goal of the business. The Board's dividend policy aims to deliver sustainable dividend growth in future years, subject to any significant internal or external factors. Accordingly, the 2023 dividend was increased by 5% in line with this objective.

Condensed Financial Statements

Group Income Statement
For the year ended 31 December 2023

		Unaudited 2023 £m	Audited 2022 £m
CONTINUING OPERATIONS			
Net Revenue		**14,607**	14,453
Cost of sales		**(5,847)**	(6,092)
Gross profit		**8,760**	8,361
Impairment of goodwill		**(810)**	(167)
Other operating expenses		**(5,419)**	(4,945)
Net operating expenses		**(6,229)**	(5,112)
Operating profit		**2,531**	3,249
Finance income	3	**210**	130
Finance expense	3	**(340)**	(291)
Impairment of equity-accounted investments		**–**	(19)
Share of loss of equity-accounted investments, net of tax		**–**	(2)
Profit before income tax		**2,401**	3,067
Income tax charge	4	**(753)**	(711)
Net profit from continuing operations		**1,648**	2,356
Net profit/(loss) from discontinued operations		**9**	(7)
Net profit		**1,657**	2,349
Attributable to non-controlling interests		**14**	19
Attributable to owners of the parent company		**1,643**	2,330
Net profit		**1,657**	2,349
Basic earnings/(loss) per ordinary share			
From continuing operations (pence)	5	**227.9**	326.7
From discontinued operations (pence)	5	**1.3**	(1.0)
From total operations (pence)		**229.2**	325.7
Diluted earnings/(loss) per ordinary share			
From continuing operations (pence)	5	**227.4**	325.7
From discontinued operations (pence)	5	**1.3**	(1.0)
From total operations (pence)		**228.7**	324.7

Group Statement of Comprehensive Income
For the year ended 31 December 2023

	Unaudited 2023 £m	Audited 2022 £m
Net profit	**1,657**	2,349
Other comprehensive income/(expense)		
Items that have or may be reclassified to the Income Statement in subsequent years		
Net exchange (loss)/gain on foreign currency translation, net of tax	**(639)**	1,065
Reclassification of foreign currency translation reserves on disposal or liquidation of foreign operations, net of tax	**(131)**	(56)
Gains/(losses) on net investment hedges, net of tax	**42**	(115)
Fair value (losses) on cash flow hedges, net of tax[1]	**(16)**	(32)
Reclassification of cash flow hedges to the income statement[1]	**(23)**	34
	(767)	896
Items that will not be reclassified to the Income Statement in subsequent years		
Remeasurements of defined benefit pension plans, net of tax	**(26)**	24
Revaluation of equity instruments – FVOCI, net of tax	**(10)**	(87)
	(36)	(63)
Other comprehensive (expense)/income, net of tax	**(803)**	833
Total comprehensive income	**854**	3,182
Attributable to non-controlling interests	**13**	20
Attributable to owners of the parent company	**841**	3,162
Total comprehensive income	**854**	3,182
Total comprehensive income attributable to owners of the parent company arising from:		
Continuing operations	**832**	3,169
Discontinued operations	**9**	(7)
	841	3,162

1 2022 comparatives presented as a single line net in the 2022 Annual Report and Accounts

Group Balance Sheet
As at 31 December 2023

		Unaudited 2023 £m	Audited 2022 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets	6	**18,588**	20,203
Property, plant and equipment		**2,399**	2,473
Equity instruments		**118**	86
Deferred tax assets		**287**	244
Retirement benefit surplus		**270**	294
Other non-current receivables		**172**	157
Total non-current assets		**21,834**	23,457
Current assets			
Inventories		**1,637**	1,825
Trade and other receivables		**2,062**	2,082
Derivative financial instruments		**64**	59
Current tax recoverable		**80**	155
Cash and cash equivalents		**1,387**	1,157
Assets held for sale		**72**	7
Total current assets		**5,302**	5,285
Total assets		**27,136**	28,742
LIABILITIES			
Current liabilities			
Short-term borrowings	7	**(1,679)**	(1,721)
Provisions for liabilities and charges		**(142)**	(227)
Trade and other payables		**(5,506)**	(5,547)
Derivative financial instruments		**(78)**	(55)
Share repurchase liability		**(296)**	–
Current tax liabilities		**(620)**	(791)
Liabilities held for sale		**(17)**	–
Total current liabilities		**(8,338)**	(8,341)
Non-current liabilities			
Long-term borrowings	7	**(6,858)**	(7,163)
Deferred tax liabilities		**(2,899)**	(3,037)
Retirement benefit obligations		**(233)**	(240)
Provisions for liabilities and charges		**(57)**	(59)
Derivative financial instruments		**(187)**	(249)
Non-current tax liabilities		**(28)**	(54)
Other non-current liabilities		**(67)**	(116)
Total non-current liabilities		**(10,329)**	(10,918)
Total liabilities		**(18,667)**	(19,259)
Net assets		**8,469**	9,483
EQUITY			
Capital and reserves			
Share capital		**74**	74
Share premium		**254**	254
Merger reserve		**(14,229)**	(14,229)
Other reserves		**(1,060)**	(294)
Retained earnings		**23,409**	23,638
Attributable to owners of the parent company		**8,448**	9,443
Attributable to non-controlling interests		**21**	40
Total equity		**8,469**	9,483

Group Statement of Changes in Equity
For the year ended 31 December 2023

	Share capital £m	Share premium £m	Merger reserves £m	Other reserves £m	Retained earnings £m	Total attributable to owners of the parent company £m	Non-controlling interests £m	Total £m
Audited Balance at 1 January 2022	**74**	**253**	**(14,229)**	**(1,189)**	**22,490**	**7,399**	**54**	**7,453**
Comprehensive income								
Net income	–	–	–	–	2,330	2,330	19	2,349
Other comprehensive income/(expense)	–	–	–	895	(63)	832	1	833
Total comprehensive income	–	–	–	**895**	**2,267**	**3,162**	**20**	**3,182**
Transactions with owners								
Treasury shares reissued	–	1	–	–	53	54	–	54
Issuance of shares to non-controlling interest	–	–	–	–	–	–	1	1
Share-based payments	–	–	–	–	78	78	–	78
Tax on share awards	–	–	–	–	(1)	(1)	–	(1)
Cash dividends	–	–	–	–	(1,249)	(1,249)	(35)	(1,284)
Total transactions with owners	**–**	**1**	**–**	**–**	**(1,119)**	**(1,118)**	**(34)**	**(1,152)**
Audited Balance at 31 December 2022	**74**	**254**	**(14,229)**	**(294)**	**23,638**	**9,443**	**40**	**9,483**
Comprehensive income								
Net income	–	–	–	–	1,643	1,643	14	1,657
Other comprehensive expense	–	–	–	(766)	(36)	(802)	(1)	(803)
Total comprehensive (expense)/income	–	–	–	**(766)**	**1,607**	**841**	**13**	**854**
Transactions with owners								
Treasury shares reissued	–	–	–	–	48	48	–	48
Purchase of ordinary shares by employee share ownership trust	–	–	–	–	(2)	(2)	–	(2)
Repurchase of ordinary shares	–	–	–	–	(503)	(503)	–	(503)
Share-based payments	–	–	–	–	102	102	–	102
Tax on share awards	–	–	–	–	1	1	–	1
Cash dividends	–	–	–	–	(1,339)	(1,339)	(8)	(1,347)
Forward purchase of shares held by non-controlling interest	–	–	–	–	(143)	(143)	(24)	(167)
Total transactions with owners	**–**	**–**	**–**	**–**	**(1,836)**	**(1,836)**	**(32)**	**(1,868)**
Unaudited Balance at 31 December 2023	**74**	**254**	**(14,229)**	**(1,060)**	**23,409**	**8,448**	**21**	**8,469**

Group Cash Flow Statement
For the year ended 31 December 2023

	Unaudited 2022 £m	Audited 2022 £m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**2,401**	3,067
Net finance expense	**130**	161
Share of loss and impairment of equity-accounted investments	**–**	21
Operating profit from continuing operations	**2,531**	3,249
Profit on sale of property, plant and equipment and intangible assets	**(34)**	(82)
Depreciation, amortisation and impairment	**1,290**	607
Share-based payments	**102**	78
Decrease/(increase) in inventories	**118**	(254)
Increase in trade and other receivables	**(87)**	(23)
Decrease in payables and provisions	**(91)**	(145)
Cash generated from continuing operations	**3,829**	3,430
Interest paid	**(293)**	(243)
Interest received	**30**	34
Tax paid	**(922)**	(831)
Net cash flows attributable to discontinued operations	**(8)**	7
Net cash generated from operating activities	**2,636**	2,397
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(348)**	(362)
Purchase of intangible assets	**(101)**	(81)
Proceeds from the sale of property, plant and equipment	**63**	84
Proceeds from sale of intangible assets and related businesses, net of cash disposed	**1**	247
Acquisition of businesses, net of cash acquired	**(81)**	(12)
Other investing activities	**–**	(15)
Net cash used in investing activities	**(466)**	(139)
CASH FLOWS FROM FINANCING ACTIVITIES		
Treasury shares reissued	**48**	54
Purchase of ordinary shares by employee share ownership trust	**(2)**	–
Repurchase of ordinary shares	**(207)**	–
Proceeds from borrowings	**1,638**	2,274
Repayment of borrowings	**(1,855)**	(3,807)
Dividends paid to owners of the parent company	**(1,339)**	(1,249)
Dividends paid to non-controlling interests	**(8)**	(35)
Other financing activities	**(84)**	383
Net cash used in financing activities	**(1,809)**	(2,380)
Net increase/(decrease) in cash and cash equivalents	**361**	(122)
Cash and cash equivalents at beginning of the year	**1,156**	1,259
Exchange (losses)/gains	**(137)**	19
Cash and cash equivalents at end of the year	**1,380**	1,156
Cash and cash equivalents comprise:		
Cash and cash equivalents	**1,387**	1,157
Overdrafts	**(7)**	(1)
	1,380	1,156

1. Cash flow from other financing activities are principally composed of cash receipts and payments on derivative contracts used to hedge foreign exchange gains or losses on non-Sterling financing assets and financing liabilities between the Group's treasury company and fellow Group subsidiaries.

2. Included within cash and cash equivalents is £229 million of cash (2022: £276 million) which is restricted for use by the Group but is available on demand and freely available for use within the relevant subsidiary.

Notes to Condensed Financial Statements

1 ACCOUNTING POLICIES

General
Reckitt Benckiser Group plc is a public limited company listed on the London Stock Exchange and incorporated and domiciled in England. The address of its registered office is 103-105 Bath Road, Slough, Berkshire, SL1 3UH.

Basis of Preparation
The Unaudited Consolidated Financial Statements have been produced in accordance with UK-adopted international accounting standards (UK-adopted IFRS Accounting Standards). The Condensed Financial Statements for the year ended 31 December 2023 were authorised for issue by the Board on 27 February 2024.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2023 and 31 December 2022. The financial information for the year ended 31 December 2022 is derived from the statutory accounts for the year ended 31 December 2022 which have been delivered to the registrar of companies. The auditor has reported on the the year ended 31 December 2022 accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The statutory accounts for the year ended 31 December 2023 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the registrar of companies in due course.

Going Concern
The Directors considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated Financial Statements. When reaching this conclusion, the Directors took into account the Group's overall financial position, exposure to principal risks and future business forecasts. At 31 December 2023, the Group had cash and cash equivalents excluding restricted cash of £1.2 billion. The Group also had access to committed borrowing facilities of £4.5 billion, which were undrawn at year end and of which £4.45 billion are not subject to renewal until 2025 onwards.

New Standards, Amendments and Interpretations
The accounting policies applied in the preparation of these Consolidated Financial Statements are consistent with those in the Annual Report and Financial Statements for the year ended 31 December 2022, along with the adoption of new and amended accounting standards with effect from 1 January 2023 as detailed below:

On 1 January 2023, the Group adopted certain new accounting policies where necessary to comply with amendments to IFRS, none of which had a material impact on the consolidated results, financial position or cash flows of the Group.

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 taxes arising from the jurisdictional implementation of the Pillar Two rules set out therein.

Critical accounting judgments
The judgements in the application of the Group's accounting policies in the year ended 31 December 2023 are the same as in the year ended 31 December 2022 except for the following:

- Management has made judgments relating to the allocation of consideration between the different elements in the forward contract to purchase the non-controlling interest in RB Manon as outlined in Note 10.
- Management has identified matters (including the Korea Humidifier Sanitiser, Necrotizing Enterocolitis and Phenylephrine issues) that may incur liabilities in the future but does not recognise these liabilities when it is too early to determine the likely outcome or make a reliable estimate (Note 9).

Key sources of estimation uncertainty
Each year, management is required to make a number of assumptions regarding the future. The related year end accounting estimates will, by definition, seldom equal the final actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the same as in the year ended 31 December 2023.

2 OPERATING SEGMENTS

The Group's operating segments comprise of the Hygiene, Health and Nutrition business units reflecting the way in which information is presented to and reviewed by the Group's Chief Operating Decision Maker (CODM) for the purposes of making strategic decisions and assessing Group-wide performance. The CODM is the Group Executive Committee. This Committee is responsible for the implementation of strategy (approved by the Board), the management of risk (delegated by the Board) and the review of Group operational performance and ongoing business integration.

The Group Executive Committee assesses the performance of these operating segments based on Net Revenue from external customers and segment profit being adjusted operating profit. Intercompany transactions between operating segments are eliminated. Finance income and expense are not allocated to segments, as each is managed on a centralised basis.

The segment information for the operating segments for the year ended 31 December 2023 and 31 December 2022 is as follows:

	Hygiene	**Health**	**Nutrition**	**Adjusting Items**	**Total**
Year ended 31 December 2023 Unaudited	**£m**	**£m**	**£m**	**£m**	**£m**
Net revenue	**6,135**	**6,062**	**2,410**	–	**14,607**
Depreciation and amortisation	**(155)**	**(193)**	**(96)**	**(26)**	**(470)**
Operating profit	**1,236**	**1,690**	**447**	**(842)**	**2,531**
Net finance expense					**(130)**
Profit before income tax					**2,401**
Income tax charge					**(753)**
Net income from continuing operations					**1,648**

	Hygiene	Health	Nutrition	Adjusting Items	Total
Year ended 31 December 2022 Audited	£m	£m	£m	£m	£m
Net revenue	5,960	5,992	2,501	–	14,453
Depreciation and amortisation	(135)	(177)	(90)	(35)	(437)
Operating profit	1,214	1,648	577	(190)	3,249
Net finance expense					(161)
Impairment of equity-accounted investments					(19)
Share of loss of equity-accounted investments, net of tax					(2)
Profit before income tax					3,067
Income tax charge					(711)
Net income from continuing operations					2,356

Financial information for the Hygiene, Health and Nutrition operating segments is presented on an adjusted basis which excludes certain cash and non-cash items. These items have a pattern of recognition that is largely uncorrelated with the trading performance of the business. Financial information on an adjusted basis is consistent with how management reviews the business for the purpose of making operating decisions. Further detail on adjusting items, which includes in the year to 31 December 2023, the impairment of IFCN Goodwill (note 6), is included on page 28.

3 NET FINANCE EXPENSE

	Unaudited 2023 £m	Audited 2022 £m
Finance income		
Foreign exchange net gain on liquidation of subsidiaries	**130**	69
Interest income on cash and cash equivalents	**41**	29
Pension net finance income	**8**	5
Foreign exchange gains on intercompany financing, net of hedging	**21**	–
Finance income on tax balances	–	26
Other finance income	**10**	1
Total finance income	**210**	130
Finance expense		
Interest payable on borrowings	**(295)**	(233)
Foreign exchange losses on intercompany financing, net of hedging	–	(24)
Finance expense on tax balances	**(22**)	–
Other finance expense	**(23)**	(34)
Total finance expense	**(340)**	(291)
Net finance expense	**(130)**	(161)

As a result of the simplification of the Group's legal entity structure, a number of entities have been liquidated. Upon liquidation, the cumulative foreign exchange reserves were recycled to the Income Statement, resulting in a net foreign exchange gain of £130 million (2022: a net foreign exchange gain of £69 million).

4 INCOME TAX EXPENSE

	Unaudited 2023 £m	Audited 2022 £m
Current tax	**783**	766
Adjustment in respect of prior periods	**22**	(23)
Total current tax	**805**	743
Origination and reversal of temporary differences	**(51)**	(20)
Impact of changes in tax rates	**(1)**	(5)
Total deferred tax	**(52)**	(25)
Cumulative foreign exchange on deferred tax balances reclassified to the Income Statement	**–**	(7)
Income tax charge	**753**	711

5 EARNINGS PER SHARE

	Unaudited 2023 pence	Audited 2022 pence
Basic earnings per share		
From continuing operations	**227.9**	326.7
From discontinued operations	**1.3**	(1.0)
Total basic earnings per share	**229.2**	325.7
Diluted earnings per share		
From continuing operations	**227.4**	325.7
From discontinued operations	**1.3**	(1.0)
Total diluted earnings per share	**228.7**	324.7

Basic
Basic earnings per share is calculated by dividing the net income attributable to owners of the parent company from continuing operations (2023: £1,634 million income, 2022: £2,337 million income) and discontinued operations (2023: £9 million income; 2022: £7 million loss) by the weighted average number of ordinary shares in issue during the year (2023: 716,700,954; 2022: 715,284,629).

Diluted
Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive ordinary shares. The company has the following categories of potentially dilutive ordinary shares: Executive Share Awards (including Executive Share Options and Executive Restricted Share Scheme Awards) and Employee Sharesave Scheme Options. The options only dilute earnings when they result in the issue of shares at a value below the market price of the share and when all performance criteria (if applicable) have been met as at the balance sheet date. As at 31 December 2023, there were 15,150,221 (2022: 14,219,133) Executive Share Awards excluded from the dilution because the exercise price for the options was greater than the average share price for the year or the performance criteria have not been met.

	Unaudited 2023 average number of shares	Audited 2022 average number of shares
On a basic basis	**716,700,954**	715,284,629
Dilution for Executive Share Awards	**1,368,088**	1,858,996
Dilution for Employee Sharesave Scheme Options	**214,492**	350,982
On a diluted basis	**718,283,534**	717,494,607

6 GOODWILL AND OTHER INTANGIBLE ASSETS

	Brands £m	Goodwill £m	Software £m	Other £m	Total £m
Cost					
At 1 January 2022	13,448	10,212	547	266	24,473
Additions	–	–	77	4	81
Arising on business combinations	–	(2)	–	7	5
Disposals	(59)	(6)	(3)	–	(68)
Reclassifications to held for sale	–	–	16	(16)	–
Exchange adjustments	1,136	832	16	17	2,001
Audited At 31 December 2022	**14,525**	**11,036**	**653**	**278**	**26,492**
Additions	–	–	101	–	101
Arising on business combinations	–	17	–	39	56
Disposals	(1)	–	–	–	(1)
Reclassification from tangible fixed assets	–	–	4	–	4
Reclassifications to held for sale	(124)	–	–	–	(124)
Exchange adjustments	(583)	(660)	(5)	(4)	(1,252)
Unaudited At 31 December 2023	**13,817**	**10,393**	**753**	**313**	**25,276**
Accumulated amortisation and impairment					
At 1 January 2022	342	4,884	252	127	5,605
Amortisation and impairment	21	167	68	19	275
Disposals	–	–	(1)	–	(1)
Reclassifications	–	–	8	(8)	–
Exchange adjustments	16	376	8	10	410
Audited At 31 December 2022	**379**	**5,427**	**335**	**148**	**6,289**
Amortisation	20	–	79	8	107
Impairment	–	810	2	–	812
Disposals	(1)	–	–	–	(1)
Reclassifications to held for sale	(77)	–	–	–	(77)
Exchange adjustments	(10)	(422)	(4)	(6)	(442)
Unaudited At 31 December 2023	**311**	**5,815**	**412**	**150**	**6,688**
Net book value					
Audited At 31 December 2022	**14,146**	**5,609**	**318**	**130**	**20,203**
Unaudited At 31 December 2023	**13,506**	**4,578**	**341**	**163**	**18,588**

Annual Impairment Review

Goodwill and other indefinite life intangible assets must be tested for impairment on at least an annual basis. An impairment loss is recognised when the recoverable amount of a GCGU or CGU falls materially below its net book value at the date of testing.

The determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose, is inherently judgemental and requires management to make multiple estimates, for example around individual market pressures and forces, future price and volume growth, future margins, terminal growth rates and discount rates.

When forecasting the annual cash flows that support the recoverable amount, the Group generally uses its short-term budgets and medium-term strategic plans, with additional senior management and Board-level review. Cash flows beyond the five-year period are projected using terminal growth rates. These rates do not exceed the long-term average growth rate for the products and markets in which the GCGU or CGU operates.

The cash flows are discounted back to their present value using a pre-tax discount rate considered appropriate for each GCGU and CGU. These rates have been derived from management's views on the relevant weighted average cost of capital, subsequently converted to the pre-tax equivalent discount rate.

IFCN

Since the disposal of the IFCN China business in September 2021, the IFCN CGU has represented the Group's remaining IFCN business principally in North America, Latin America and Asean. In impairment assessments conducted in both 2021 and 2022, management determined that the recoverable amount of IFCN was higher than its carrying value such that no impairment was required.

During 2023 the market environment for IFCN continued to be influenced by the infant formula supply shortages in the US which resulted from the temporary closure of a major factory belonging to a competitor. The infant formula supply shortages have resulted in an evolving regulatory environment, which developed over the course of 2023. Compliance with enhanced regulatory requirements is expected to increase the capital requirement for the IFCN business and to impact the cost of manufacture in future periods.

As a result of these regulatory factors which developed over the course of 2023, and to incorporate the effect of higher interest rates, management has increased the pre-tax discount rate used to determine the value-in-use of the IFCN CGU.

This resulted in the IFCN net book value exceeding its recoverable amount, therefore management has recorded an impairment loss against IFCN goodwill of £810 million to record the IFCN CGU at its recoverable amount of £4,615 million.

The recoverable amount for IFCN has been calculated on a value-in-use basis (2022: value-in-use basis). The value-in-use of IFCN was determined utilising a discounted cash flow approach with future cash flows derived from a detailed five-year financial plan. Cash flows beyond the five-year plan are projected using a terminal growth rate. The valuation used a pre-tax discount rate of 11% (2022: 9%) and an IFCN specific terminal growth rate of 2.0% (2022: 2.0%).

The determination of the recoverable amount for IFCN at 31 December 2023 incorporates certain assumptions, some of which are subject to considerable uncertainty. These assumptions include but are not limited the costs of complying with the evolving regulatory landscape, the level at which US market shares stabilise, net revenue growth rates, the commercial success of new product launches and the expansion of specialty nutrition. As no headroom exists between the IFCN recoverable amount and net book value, any changes to these assumptions, or any deterioration in other macro or business-level assumptions supporting the IFCN recoverable amount could necessitate the recognition of impairment losses in future periods.

The key assumptions used in the estimation of value-in-use of IFCN are outlined below.

	2023
Pre-tax discount rate	11%
Terminal growth rate	2.0%
Net revenue compound annual growth rate (CAGR) for the period 2023-2028*	1.5%
Gross margin CAGR for the period 2023-2028	2.2%

*The net revenue CAGR for the period 2024-2028 is circa 4%, following rebasing of Nutrition net revenue in 2024.

The key estimates incorporated within the determination of the IFCN recoverable amount are summarised below:

Key estimates	Commentary
Market	In the US, management expects birth rates to be relatively stable. Tendering for WIC contracts continues to be highly competitive. Within Latam and Asean, management expects conditions to stabilise after recent inflationary price increases.
Net Revenue	In the short to medium term, the valuation model assumes a five-year CAGR of 1.5%. This is expected to be achieved through ongoing premiumisation, inflationary price increases and revenues from new products/category launches including the expansion of speciality nutrition.
Margins	In the short to medium term, the valuation model assumes IFCN margins (both gross and operating) to increase over the medium term as IFCN drives efficiencies and improved product mix.
Discount rate	Management determined an IFCN-specific weighted average cost of capital (WACC) and the implied pre-tax discount rate with the support of a third-party expert. In addition, management performed benchmarking against other comparable companies.
Terminal growth rate	Management engaged a third-party expert to help calculate an IFCN-specific terminal growth rate. Management is satisfied with the reasonableness of the terminal growth rate when compared against independent market growth projections and long-term country inflation rates.

The table below shows the sensitivity of the recoverable amount to reasonably possible changes in key assumptions. The table assumes no related response by management (for example, to drive further cost savings) and is hence theoretical in nature.

	2023 **£m**
Expected Net Revenue growth rates (2024 to 2028) adjusted by 100bps	+ 410/-400
Expected EBIT growth rates (2024 to 2028) adjusted by 100bps	+/- 260
Terminal growth rate (applied from 2029) adjusted by 50bps	+290/-250
Pre-tax discount rate adjusted by 50bps	+270/-240

7 FINANCIAL LIABILITIES - BORROWINGS

Current	**Unaudited** **2023** **£m**	Audited 2022 £m
Bank loans and overdrafts[1]	**30**	40
Commercial paper	**–**	1,190
Bonds	**1,571**	413
Lease liabilities	**78**	78
Total short-term borrowings	**1,679**	1,721
Bonds	**5,304**	5,461
Senior notes	**1,292**	1,369
Other non-current borrowings	**13**	22
Lease liabilities	**249**	311
Total long-term borrowings	**6,858**	7,163
Total borrowings	**8,537**	8,884
Derivative financial instruments	**140**	257
Less overdrafts presented in cash and cash equivalents in the Cash Flow Statement	**(7)**	(1)
Total financing liabilities	**8,670**	9,140

1. Bank loans are denominated in a number of currencies: all are unsecured and bear interest based on market short-term interest rates.

The Group uses derivative financial instruments to hedge certain elements of interest rate and exchange risk on its financing liabilities. The split between these items and other derivatives on the Balance Sheet is shown below:

	Assets		**Liabilities**	
2023 (£m)	**Current**	**Non-current**[1]	**Current**	**Non-current**
Derivative financial instruments (financing liabilities)	**45**	**50**	**(58)**	**(177)**
Derivative financial instruments (non-financing liabilities)	**19**	**–**	**(20)**	**(10)**
Unaudited at 31 December 2023	**64**	**50**	**(78)**	**(187)**

1. Included within Other non-current receivables on the Balance Sheet

	Assets		Liabilities	
2022 (£m)	Current	Non-current	Current	Non-current
Derivative financial instruments (financing liabilities)	25	–	(34)	(248)
Derivative financial instruments (non-financing liabilities)	34	–	(21)	(1)
Audited at 31 December 2022	59	–	(55)	(249)

Reconciliation of movement in financing liabilities to Cash Flow Statement	**Unaudited 2023 £m**	Audited 2022 £m
At 1 January	**9,140**	9,637
Proceeds from borrowings	**1,638**	2,274
Repayment of borrowings	**(1,855)**	(3,807)
Other financing cash flows	**(84)**	383
Total financing cash flows	**(301)**	(1,150)
New lease liabilities	**44**	134
Exchange, fair value and other movements	**(213)**	519
Total non-cash financing items	**(169)**	653
At 31 December	**8,670**	9,140

8 DIVIDENDS

	Unaudited 2023 £m	Audited 2022 £m
Cash dividends on equity ordinary shares:		
2022 Final paid: 110.3p (2021: Final 101.6p) per share	**790**	726
2023 Interim paid: 76.6p (2021: Interim 73p) per share	**549**	523
Total dividends for the year	**1,339**	1,249

The Directors are proposing a final dividend in respect of the financial year ended 31 December 2023 of 115.9 pence per share which will absorb an estimated £828 million of shareholders' funds. If approved by shareholders it will be paid on 24 May 2024 to shareholders who are on the register on 12 April 2024, with an ex-dividend date of 11 April 2024.

9 CONTINGENT LIABILITIES AND ASSETS

Humidifier Sanitiser issue

The Humidifier Sanitiser (HS) issue in South Korea was a tragic event. The Group continues to make both public and personal apologies to the victims who have suffered lung injury as a result of the Oxy HS product and the role that the Oxy HS product played in the issue.

As previously reported, over the last several years the South Korean government has designated a number of diseases as HS injuries, in addition to the HS lung injury for which Reckitt Korea's compensation plan was established. These include asthma, toxic hepatitis, child interstitial lung disease (ILD), bronchitis, upper airway disease, pneumonia, skin disease (accompanied by respiratory injuries) and depression (accompanied by respiratory injuries).

The Korean National Assembly passed a bill on 6 March 2020 to amend the HS law with the main changes in the amendment relating to: (i) the definition of HS injury; (ii) the legal presumption of causation (shifting the burden of proof for causation to the defendant if the plaintiff demonstrates 'epidemiological correlation' between HS exposure and their injury), and (iii) amendments to the fund set up by the government and funded by the government and HS companies (the Special Relief Fund (SRF), now called the Injury Relief Fund (IRF)) to provide expanded support payments to HS victims which would cover all elements of court awarded damages except mental distress, aside from KRW 100 million consolation payments for death cases, and partial lost income.

The Group currently has a provision of £27 million (2022: £77 million) in relation to the HS issue in South Korea. In addition, there are further potential costs that are not considered probable and cannot be reliably estimated at the current time. The impact of the HS law amendments will require further monitoring and analysis, in particular those which will be subject to court interpretation, such as the new epidemiological correlation standard, any limitation applied by courts to damage awards, the interest rate applied by individual courts to damage awards and external factors such as the rate of future IRF applications/recognitions. Accordingly, it is not possible to make any reliable estimate of liability for individuals recognised by the government as having HS injuries.

Necrotizing Enterocolitis (NEC)

Product liability actions relating to NEC have been filed against the Group, or against the Group and Abbott Laboratories, in state and federal courts in the United States. The actions allege injuries relating to NEC in preterm infants. Plaintiffs contend that human milk fortifiers (HMF) and preterm formulas containing bovine-derived ingredients cause NEC, and that preterm infants should receive a diet of exclusive breast milk. The Company has denied the material allegations of the claims. It contends that its products provide critical tools to expert neonatologists for the nutritional management of preterm infants for whom human milk, by itself, is not nutritionally sufficient. The products are used under the supervision of medical doctors. Any potential costs relating to these actions are not considered probable and cannot be reliably estimated at the current time.

Phenlyephrine

Starting in September 2023, putative class action lawsuits have been filed against the Group and competitor companies in various United States jurisdictions that generally allege that the defendants made misrepresentations about the effectiveness of products containing phenylephrine. In December 2023, the Judicial Panel on Multidistrict Litigation (JPML) transferred all currently pending federal court cases and any similar, subsequently filed cases to a coordinated multi-district litigation (MDL) in the Eastern District of New York for pre-trial purposes. The Group is defending these cases, which all remain in preliminary stages. Potential costs relating to these actions are not considered probable and cannot be reliably estimated at the current time.

Other

From time to time, the Group is involved in discussions in relation to ongoing tax matters in a number of jurisdictions around the world. Where appropriate, the Directors make provisions based on their assessment of each case.

10 FORWARD PURCHASE OF SHARES HELD BY NON-CONTROLLING INTEREST

On 25 May 2023 the Group entered into an agreement pursuant to which it will proceed to acquire the remaining interests associated with the Company's majority owned activities in mainland China and Hong Kong ("RB Manon") from its existing minority shareholders. The aggregate percentage interest of the minority shareholders in each of the three relevant Reckitt subsidiaries is currently between 20% and 24.95%. RB Manon undertakes non-exclusive distribution of certain Reckitt brands in mainland China, Hong Kong and other Asian Pacific countries. The transaction will be implemented through the purchase of the non-controlling shareholdings in three subsidiaries of Reckitt held by the minority shareholders. This will occur in multiple stages, which are expected to take place through to 31 December 2038, although the agreement contains provisions for the purchase of shares to be made sooner.

The amounts payable to the minority shareholders take the form of consideration for the shares and dividends that may be paid on the shares prior to their acquisition. Amounts payable to the minority shareholders are dependent on the business performance of RB Manon. As at 25 May 2023, the estimated present value of the total amounts payable under the agreement was £298 million based on projections of future revenues and profitability of the RB Manon business, using a discount rate of 5.5% based on the Group's borrowing costs in China.

The agreement has different elements which are accounted for separately. As there are no specific accounting standards prescribing the allocation of value in this arrangement, judgment is required to allocate the total amount payable. The main elements relate (1) to a forward contract for the purchase of a non-controlling interest in RB Manon and (2) services provided by the minority shareholders in relation to the transition of leadership and shares in RB Manon. The amount allocated to the forward purchase of shares has been based on its estimated value, with the residual amount allocated to the services to transition the leadership and shares as the value of these services are not estimable on a standalone basis.

An amount of £167 million was allocated to the forward purchase of shares, which represents the minimum exit value under the agreement that minority shareholders could realise for their shares absent any transitional arrangements. This amount was recorded as a liability with £143 million charged to retained earnings and the remaining £24 million to extinguish the existing non-controlling interest. Any subsequent changes to the present value of this liability after initial recognition are recorded to the Income Statement. The Group considers that any reasonable possible change in key assumptions would not lead to a material adjustment to this estimated present value in the next year. The remaining £131 million has been allocated to the transitional services element, which will be recognised as a liability and charged to the Income Statement over the performance period for these services.

11 POST BALANCE SHEET EVENTS

There have been no events subsequent to the Balance Sheet date which require disclosure.

APPENDIX - ALTERNATIVE PERFORMANCE MEASURES

The financial information included in these preliminary results is prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as well as information presented on an adjusted (non-IFRS) basis.

Financial information presented on an adjusted basis excludes certain cash and non-cash items. These items have a pattern of recognition that is largely uncorrelated with the trading performance of the business. Management reviews the business on this basis for the purpose of making operating decisions and showing these adjusted measures in addition to the IFRS measures provides useful additional information on trading performance to the users of the Financial Statements. These adjusted measures should not be considered in isolation from, as substitutes for, or superior to the financial measures prepared in accordance with IFRS.

The following items (adjusting items) are excluded from IFRS earnings in calculating adjusted earnings.

- **Impact of business combinations,** and similar purchases of equity, where IFRS accounting results in the recognition of certain costs that are not comparable with those for internally generated assets, (although the net revenues and other costs of these business combinations are not adjusted for):
    - Amortisation of (a) acquired brands, trademarks and similar assets and (b) certain other intangible assets recorded as the result of a business combination;
    - Inventory fair value adjustments;
    - Professional and advisor costs recorded as the result of a business combination;
    - Changes in the amount of consideration paid or expected to be paid (including changes in fair value) and associated tax impacts; and
    - Changes to deferred tax liabilities relating to (a) acquired brands, trademarks and similar assets and (b) certain other intangible assets recorded as the result of a business combination as the amortisation or profit on disposal of these brands would be treated as an adjusting item.
- **Profits or losses relating to the sale of brands and related intangible assets** as the continued active management of our portfolio results in the recognition of profits or losses relating to disposals of brands and related intangible assets which are largely uncorrelated with the trading performance of the business.
- **Re-cycled foreign exchange translation reserves** upon the sale, liquidation, repayment of share capital or abandonment of a subsidiary previously controlled by the Group, as the gain or loss relates to mainly exchange movements in previous periods rather than the current period.
- **The reclassification of finance income/(expenses) on tax balances into income tax expense**, to align with the Group's tax guidance. As a result, the income/(expenses) are presented as part of income tax expense on an adjusted basis.
- **Other individually material items of expense or income**. Some of these items are resolved over a period of time such that the impact may affect more than one reporting period.

Adjusted measures

- **Adjusted Operating Profit and Adjusted Operating Profit margin:** Adjusted operating profit reflects the IFRS operating profit excluding items in line with the Group's adjusted items policy. See page 28-29 for details on the adjusting items and a reconciliation between IFRS operating profit and adjusted operating profit. The adjusted operating profit margin is the adjusted operating profit expressed as a percentage of net revenue.
- **Adjusted tax rate:** The adjusted tax rate is defined as the adjusted continuing income tax expense as a percentage of adjusted profit before tax.
- **Adjusted diluted EPS:** Adjusted diluted EPS is the IFRS diluted EPS excluding items in line with the Group's adjusted items policy. See page 28-29 for details on the adjusting items and a reconciliation between IFRS net income and adjusted net income. The weighted average number of shares for the period is the same for both IFRS diluted EPS and adjusted diluted EPS.
- **Adjusted EBITDA (earnings before interest, tax depreciation and amortisation):** Adjusted operating profit less depreciation and amortisation (excluding adjusting items).

Other non-GAAP measures

- **Like-for-like (LFL):** Net revenue growth or decline at constant exchange rates (see below) excluding the impact of acquisitions, disposals and discontinued operations. Completed disposals are excluded from LFL revenue growth for the entirety of the current and prior years. Acquisitions as at the balance sheet date are included in LFL revenue growth twelve months after the completion of the relevant acquisition. LFL growth also excludes countries with annual inflation greater than 100% (Venezuela and Argentina). LFL policy will be updated in 2024 to exclude low margin manufacturing revenues agreed at the time of sale of a brand or business, in 2023, net revenue included £10 million of such low margin revenues.
- **Constant exchange rate (CER):** Net revenue and profit growth or decline adjusting the actual consolidated results such that the foreign currency conversion uses the same exchange rates as were applied in the prior year, and excludes the effect of applying hyperinflation accounting in the relevant subsidiaries.
- **Brand Equity Investment (BEI):** BEI is the marketing support designed to capture the voice, mind and heart of our consumers.
- **Net working capital (NWC):** NWC is the total of inventory, trade and other receivables and trade and other payables less interest accrued on tax balances, indemnity provisions for disposed businesses and forward purchase liabilities. NWC is calculated as a % of last twelve months net revenue to compare changes in NWC to the growth of the business.
- **Net Debt:** The Group's principal measure of net borrowings being a total of cash and cash equivalents, short-term and long-term borrowings, lease liabilities and derivative financial instruments on debt.
- **Free Cash Flow and Free Cash Flow Conversion:** The Group's principal measure of cash flow defined as net cash generated from continuing operating activities less net capital expenditure. A reconciliation of cash generated from operations to Free Cash Flow is shown on page 30. The Group tracks Free Cash Flow as a % of adjusted net income to understand the conversion of adjusted profit into cash.

Other definitions and terms

- **Category Market Unit (CMU):** Reckitt analyses its market share by CMUs, which represent country and either brand or category, e.g., US Lysol. This allows us to analyse the components of market share growth taking into account both geography and brand/category. Management has identified those Core CMUs that are the most strategically important. The list of Core CMUs is kept under continual review and will change over time based on strategic decisions. Currently, Core CMUs cover c.65% of Group net revenue and between c55% to c.80% of each Global Business Unit's (GBU) net revenue. As a measure of competitiveness, management tracks the percentage of Core CMUs holding or gaining market share, weighted by net revenue.
- **E-commerce:** E-commerce channel net revenue is direct sales from Reckitt to online platforms or directly to consumers. Estimates of total e-commerce sales as a percentage of Group net revenues are calculated by adding e-commerce channel net revenue to an estimate of e-commerce sales achieved by our brands through omnichannel distributors and retailer websites.
- **Discontinued operations:** Includes credits or charges related to the previously demerged RB Pharmaceuticals business that became Indivior plc. Net profit/(loss) from discontinued operations is presented as a single line item in the Group Income Statement.
- **Return on Capital Employed (ROCE):** Defined as adjusted operating profit after tax divided by monthly average capital employed. Capital employed comprises total assets less current liabilities other than borrowings-related liabilities. Total assets exclude cash, retirement benefit surplus, current tax and a technical gross-up to goodwill that arises because of deferred tax liabilities recorded against identified assets acquired in business combinations. Total assets have been adjusted to add back impairments of Goodwill except where the impaired asset has been disposed or partially disposed. Current liabilities exclude the share repurchase liability, legal provisions recorded as a result of exceptional items and current tax.
- **Net revenue attributable to 'more sustainable' products:** A product is defined as 'more sustainable' when it scores a total of 10 or more points across five parameters (carbon, water, plastics, packaging and ingredients) at time of launch using our Sustainable Innovation Calculator (a streamlined Lifecycle Assessment tool that models the environmental impacts of products). The net revenue from 'more sustainable' products is expressed as a percentage of total net revenue. The calculation is done on the basis of a 12 month period ending September (to allow for the assembling of the related data).

The table below reconciles the Group's IFRS measures to its adjusted measures for the year ended 31 December 2023.

		Adjusting items					
	IFRS £m	Impact of business combinations £m	Gain on disposal of brands £m	Reclassified foreign exchange translation on liquidation of subsidiaries £m	Finance income reclass £m	Other individually material items of income and expense £m	Adjusted £m
Net revenue	14,607	–	–	–	–	–	14,607
Cost of sales	(5,847)	–	–	–	–	–	(5,847)
Gross profit	**8,760**	–	–	–	–	–	**8,760**
Net operating expenses	(6,229)	28	1	–	–	813	(5,387)
Operating profit	**2,531**	**28**	**1**	–	–	**813**	**3,373**
Net finance expense	(130)	(9)	–	(130)	22	–	(247)
Profit before income tax	**2,401**	**19**	**1**	**(130)**	**22**	**813**	**3,126**
Income tax charge	(753)	(4)	(9)	–	(22)	(1)	(789)
Net income from continuing operations	**1,648**	**15**	**(8)**	**(130)**	–	**812**	**2,337**
Less: Attributable to non-controlling interests	(14)	–	–	–	–	–	(14)
Net income from continuing operations attributable to owners of the parent company	**1,634**	**15**	**(8)**	**(130)**	–	**812**	**2,323**
Net profit from discontinued operations	**9**	–	–	–	–	**(9)**	–
Total net income attributable to owners of the parent company	**1,643**	**15**	**(8)**	**(130)**	–	**803**	**2,323**
Earnings per share (EPS)							
Continuing operations[1]							
Basic	**227.9**	**2.1**	**(1.1)**	**(18.1)**	–	**113.3**	**324.1**
Diluted	**227.4**	**2.1**	**(1.1)**	**(18.1)**	–	**113.1**	**323.4**
Discontinued operations[1]							
Basic	**1.3**	–	–	–	–	**(1.3)**	–
Diluted	**1.3**	–	–	–	–	**(1.3)**	–
Total operations[1]							
Basic	**229.2**	**2.1**	**(1.1)**	**(18.1)**	–	**112.0**	**324.1**
Diluted	**228.7**	**2.1**	**(1.1)**	**(18.1)**	–	**111.8**	**323.4**

[1] EPS is calculated using 716.7 million shares (basic) and 718.3 million shares (diluted)

Impact of business combinations comprise:
- £27 million relates principally to amortisation of certain intangible assets recognised as a result of historical business combinations and a related £4 million tax credit.
- £9 million finance credit relating to reduction in the liability under the agreement to purchase the non-controlling interest in RB Manon (note 10), and £1 million of related professional fees.

Net gain on disposal of brands includes charge of £2 million relating to remeasurement on held for sale of certain small developing market brands, a related £9 million tax credit and £1 million of residual income relating to previous brand sales.

Reclassified foreign exchange translation on liquidation of subsidiaries of £130 million relates to a gain following the liquidation of legal entities as part of simplification of the Group's legal entity structure.

Reclassification of finance income of £22 million relates to the reclassification of net interest expense on income tax balances from net finance expense to income tax.

Other individually material items of income and expense comprises:
- £810 million impairment of goodwill in IFCN.
- £3 million expense relating to costs incurred in relation to the Korean HS issue.
- £9 million income from discontinued operations which relates to the DoJ settlement in 2019.

The table below reconciles the Group's IFRS measures to its adjusted measures for the year ended 31 December 2022.

		Adjusting items					
	IFRS £m	Impact of business combinations £m	Gain on disposal of brands £m	Reclassified foreign exchange translation on liquidation of subsidiaries £m	Finance income reclass £m	Other individually material items of income and expense £m	Adjusted £m
Net revenue	14,453	–	–	–	–	–	14,453
Cost of sales	(6,092)	–	–	–	–	–	(6,092)
Gross profit	**8,361**	–	–	–	–	–	**8,361**
Net operating expenses	(5,112)	33	(14)	-	-	171	(4,922)
Operating profit	**3,249**	**33**	**(14)**	–	–	**171**	**3,439**
Net finance expense	(161)	–	–	(69)	(26)	–	(256)
Share of loss and impairment of equity-accounted investments	(21)	–	–	–	–	–	(21)
Profit before income tax	**3,067**	**33**	**(14)**	**(69)**	**(26)**	**171**	**3,162**
Income tax charge	(711)	(11)	(7)	–	26	12	(691)
Net income from continuing operations	**2,356**	**22**	**(21)**	**(69)**	–	**183**	**2,471**
Less: Attributable to non-controlling interests	(19)	–	–	–	–	–	(19)
Net income from continuing operations attributable to owners of the parent company	**2,337**	**22**	**(21)**	**(69)**	–	**183**	**2,452**
Net loss from discontinued operations	**(7)**	–	–	–	–	**7**	–
Total net income attributable to owners of the parent company	**2,330**	**22**	**(21)**	**(69)**	–	**190**	**2,452**
Earnings per share (EPS)							
Continuing operations[1]							
Basic	326.7	3.1	(2.9)	(9.6)	–	25.5	342.8
Diluted	325.7	3.1	(2.9)	(9.6)	–	25.4	341.7
Discontinued operations[1]							
Basic	(1.0)	–	–	–	–	1.0	–
Diluted	(1.0)	–	–	–	–	1.0	–
Total operations[1]							
Basic	325.7	3.1	(2.9)	(9.6)	–	26.5	342.8
Diluted	324.7	3.1	(2.9)	(9.6)	–	26.4	341.7

[1] EPS is calculated using 715.3 million shares (basic) and 717.5 million shares (diluted)

Impact of business combinations of £33 million relates principally to amortisation of acquired intangible assets recognised through historical business combinations. Income tax relates to an £11 million tax credit in relation to this amortisation.

Gain on disposal of brands and related intangible assets of £14 million relates to the disposal of Dermicool (£49 million loss) and E45 and related brands (£63 million gain). Included within income tax expense is a deferred tax credit of £28 million arising on the derecognition of deferred tax liabilities, offset by a £21 million tax charge incurred in relation to the disposals.

Reclassified foreign exchange translation on liquidation of subsidiaries of £69 million is the gain following the liquidation of legal entities as part of simplification of the Group's legal entity structure.

Reclassification of finance income of £26 million relates to the reclassification of net interest income on income tax balances from net finance expense to income tax.

Other individually material items of income and expense of £171m is composed of:

- £152 million expense relating to the impairment of Biofreeze goodwill
- £14 million expense relating to the reorganisation of the Nutrition business subsequent to the disposal of IFCN China in 2021.
- £5 million expense relates to costs incurred in relation to the Korean HS issue.

Included within income tax expense is a £12 million net tax charge in relation to the IFCN China strategic review.

Reconciliation of IFRS to Like-for-Like Net Revenue (by GBU)

Net revenue	For the quarter ended 31 December				For the year ended 31 December			
	Hygiene	Health	Nutrition	Group	Hygiene	Health	Nutrition	Group
	£m	£m	£m	£m	£m	£m	£m	£m
2022 IFRS	1,554	1,639	637	3,830	5,960	5,992	2,501	14,453
M&A	–	(2)	(3)	(5)	–	(40)	(12)	(52)
Exchange and hyperinflation	(55)	(39)	(26)	(120)	(37)	(7)	1	(43)
2022 Like-for-like	**1,499**	**1,598**	**608**	**3,705**	**5,923**	**5,945**	**2,490**	**14,358**
2023 IFRS	1,531	1,507	523	3,561	6,135	6,062	2,410	14,607
M&A	–	(1)	(1)	(2)	–	(8)	(7)	(15)
Exchange and hyperinflation	46	60	(4)	102	93	190	(13)	270
2023 Like-for-like	**1,577**	**1,566**	**518**	**3,661**	**6,228**	**6,244**	**2,390**	**14,862**
Like-for-like growth	**5.2%**	**(2.0%)**	**(14.8%)**	**(1.2%)**	**5.1%**	**5.0%**	**(4.0%)**	**3.5%**

Reconciliation of IFRS to Like-for-Like Net Revenue (by Geography)

Net revenue	For the quarter ended 31 December				For the year ended 31 December			
	North America	Europe/ ANZ	Developing Markets	Group	North America	Europe/ ANZ	Developing Markets	Group
	£m	£m	£m	£m	£m	£m	£m	£m
2022 IFRS[1]	1,363	1,211	1,256	3,830	4,929	4,614	4,910	14,453
M&A	(2)	(2)	(1)	(5)	(11)	(29)	(12)	(52)
Exchange and hyperinflation	(62)	(22)	(36)	(120)	–	1	(44)	(43)
2022 Like-for-like	**1,299**	**1,187**	**1,219**	**3,705**	**4,918**	**4,586**	**4,854**	**14,358**
2023 IFRS	1,217	1,193	1,151	3,561	4,919	4,849	4,839	14,607
M&A	(1)	(1)	–	(2)	(7)	(7)	(1)	(15)
Exchange and hyperinflation	10	47	45	102	46	118	106	270
2023 Like-for-like	**1,226**	**1,239**	**1,196**	**3,661**	**4,958**	**4,960**	**4,944**	**14,862**
Like-for-Like Growth	**(5.6%)**	**4.4%**	**(1.9%)**	**(1.2%)**	**0.8%**	**8.2%**	**1.9%**	**3.5%**

[1]2022 comparatives restated between North America and Europe to reflect from 2023 a UK legal entity now operating an export business.

Like-for-Like Net Revenue Growth

%	Hygiene	Health	Nutrition	Group
2020	19.5%	13.9%	0.1%	13.9%
2021	7.5%	(0.8%)	2.7%	3.5%
2022	(3.1%)	14.7%	22.9%	7.6%
2023	5.1%	5.0%	(4.0%)	3.5%
4 year Compound Annual Growth Rate (CAGR)	**6.9%**	**8.0%**	**4.9%**	**7.0%**

This shows net revenue growth since Reckitt set out our strategy for rejuvenating sustainable growth in February 2020 to rebuild like for like revenue growth to the mid-single digit range.

Reconciliation of operating cash flow to free cash flow

	31 Dec 2023 £m	31 Dec 2022 £m
Cash generated from continuing operations	**3,829**	3,430
Less: net interest paid	**(263)**	(209)
Less: tax paid	**(922)**	(831)
Less: purchase of property, plant & equipment	**(348)**	(362)
Less: purchase of intangible assets	**(101)**	(81)
Plus: proceeds from the sale of property, plant & equipment	**63**	84
Free cash flow	**2,258**	2,031
Free cash flow conversion	**97%**	83%

12 months Adjusted EBITDA to Net Debt

Adjusted EBITDA	31 Dec 2023 £m	31 Dec 2022 £m
Operating profit	**2,531**	3,249
Excluding: adjusting items	**842**	190
Adjusted operating profit	**3,373**	3,439
Excluding: adjusted depreciation and amortisation	**444**	402
Adjusted EBITDA	**3,817**	3,841

Net debt	31 Dec 2023 £m	31 Dec 2022 £m
Cash and cash equivalents (inc. overdrafts)	**1,380**	1,156
Financing liabilities	**(8,670)**	(9,140)
Net debt	**(7,290)**	(7,984)
Net debt/Adjusted EBITDA (times)	**1.9**	2.1

Dividend Cover

	31 Dec 2023 £m	31 Dec 2022 £m
Interim dividend paid in year	**549**	523
Final dividend proposed	**828**	789
Total dividends	**1,377**	1,312
Adjusted net income	**2,323**	2,452
Dividend cover (times)	**1.7**	1.9

Net Working Capital

	31 Dec 2023 £m	31 Dec 2022 £m
Inventories	**1,637**	1,825
Trade and other receivables	**2,062**	2,082
Trade and other payables	**(5,506)**	(5,547)
Less: Forward purchase liability	**158**	–
Less: Interest accrued on tax balances	**122**	105
Less: Indemnity provisions for disposed businesses	**48**	–
Net working capital	**(1,479)**	(1,535)
Net working capital as percentage of 12-month net revenue	**(10%)**	(11%)

ROCE Calculation

	31 Dec 2023 £m	31 Dec 2022 £m
Adjusted operating profit	**3,373**	3,439
Less: taxation on adjusted operating profit	**(850)**	(753)
Adjusted net operating profit after tax	**2,523**	2,686
IFRS total assets	**27,136**	28,742
IFRS total current liabilities	**(8,338)**	(8,341)
IFRS total assets less current liabilities	**18,798**	20,401
Excluding IFRS items not included in capital employed:		
Short-term borrowings	**1,679**	1,721
Current tax liabilities	**620**	791
Legal provisions	**30**	90
Interest accrued on tax balances	**122**	105
Share repurchase liability	**296**	–
Cash and cash equivalents	**(1,387)**	(1,157)
Current tax recoverable	**(80)**	(155)
Retirement benefit surplus	**(270)**	(294)
IFRS balances included in capital employed	**19,808**	21,502
Add back: impact of unrealised impairments	**4,078**	3,490
Less: goodwill due to deferred tax on intangibles	**(4,265)**	(4,385)
Impact of average in year vs closing balance	**531**	(289)
Average capital employed	**20,152**	20,318
Return on capital employed	**12.5%**	13.2%