

Independent Auditor's Report

To the members of Reckitt Benckiser Group plc

1 Our opinion is unmodified

In our opinion:

- The financial statements of Reckitt Benckiser Group plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024, and of the Group's profit for the year then ended;
- The Group Financial Statements have been properly prepared in accordance with UK-adopted international accounting standards;
- The Parent Company Financial Statements have been properly prepared in accordance with UK accounting standards, including FRS 102, the financial reporting standard applicable in the UK and Republic of Ireland; and
- The Group and Parent Company Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Additional opinion in relation to IFRS Accounting Standards as issued by the IASB:

- As explained in Note 1 to the Group Financial Statements, the Group, in addition to complying with its legal obligation to apply UK-adopted international accounting standards, has also applied IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").
- In our opinion the Group Financial Statements have been properly prepared in accordance with IFRS Accounting Standards as issued by the IASB.

What our opinion covers

We have audited the Group and Parent Company Financial Statements of Reckitt Benckiser Group plc ("the Company") for the year ended 31 December 2024 (FY24) included in the Annual Report, which comprise:

Group (Reckitt Benckiser Group plc and its subsidiaries) Parent Company (Reckitt Benckiser Group plc)

Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet, Group Statement of Changes in Equity, Group Cash Flow Statement and Notes 1 to 31 to the Group Financial Statements, including the accounting policies in Note 1.

Parent Company Balance Sheet, Parent Company Statement of Changes in Equity and Notes 1 to 12 to the Parent Company Financial Statements, including the accounting policies in Note 1.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee.

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2 Overview of our audit

Factors driving our view of risks

Following our FY23 audit, and considering developments affecting the Group since then, we have updated our risk assessment.

The risk of impairment associated with the Biofreeze CGU was assessed to be less quantitatively significant to the financial statements than in prior periods and is therefore no longer assessed to be a Key Audit Matter.

The risk associated with the accounting for the forward purchase of shares held by the non-controlling interest of "RB Manon" has also decreased, due to it being a significant unusual transaction in FY23.

We have not observed a material change in the level of risk relating to the remaining Key Audit Matters.

Our risk assessment also considered compliance with laws and regulations, specifically those that could reasonably be expected to have a material effect on the financial statements.

Key Audit Matters	VS FY23	Item
Recoverability of IFCN CGU's goodwill and indefinite life intangible assets	↔	4.1
Revenue recognition in relation to trade spend arrangements and associated accruals	↔	4.2
Potential liabilities arising from the US litigation concerning Necrotizing Enterocolitis (NEC)	↔	4.3
Provisions for uncertain tax positions	↔	4.4
Potential liabilities arising from the amendment to the South Korean Humidifier Sanitiser (HS) law	↔	4.5
Recoverability of the Parent Company's investment in Reckitt Benckiser Limited	↔	4.6

Audit Committee interaction

During the year, the Audit Committee met four times. KPMG are invited to attend all Audit Committee meetings and are provided with an opportunity to meet with the Audit Committee in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the Audit Committee in section 4, including matters that required particular judgement for each.

The matters included in the Audit Committee Chair's report on page 86 are materially consistent with our observations of those meetings.

Independent Auditor's Report continued

2 Overview of our audit continued

Our Independence

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

We have not performed any non-audit services during FY24 or subsequently which are prohibited by the FRC Ethical Standard.

We were first appointed as auditor by the shareholders for the year ended 31 December 2018. The period of total uninterrupted engagement is for the seven financial years ended 31 December 2024.

The group engagement partner is required to rotate every five years. As these are the third set of the Group's financial statements signed by Andrew Bradshaw, he will be required to rotate off after the audit of the financial statements for the year ending 31 December 2026.

The average tenure of component engagement partners reporting is 3 years, with the shortest being 1 year and the longest being 6 years.

Total audit fee	£19.7m
Audit related fees (including interim review)	£0.9m
Other services	£3.6m
Non-audit fee as a percentage of total audit and audit related fee	17.5%
Date first appointed	3 May 2018
Uninterrupted audit tenure	7 years
Next financial period which requires a tender	2028
Tenure of group engagement partner	3 years
Average tenure of component signing partners	3 years

Materiality

(Item 6 below)

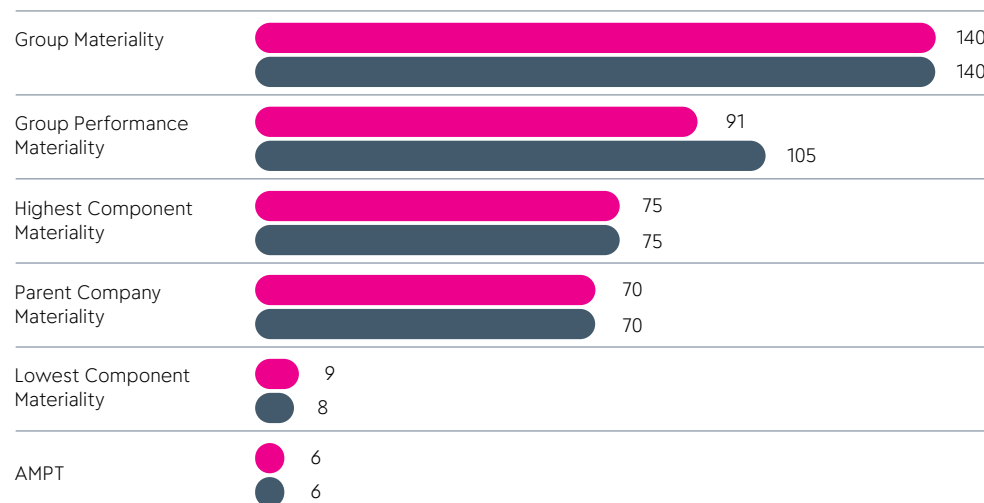
The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the Group Financial Statements as a whole at £140m (FY23: £140m) and for the Parent Company Financial Statements as a whole at £70m (FY23: £70m).

Consistent with FY23, we determined that group normalised profit before tax from continuing operations ('PBTCO') remains the benchmark for the Group. As such, we based our Group materiality on normalised PBTCO of £3,081m (FY23: £3,130m), of which it represents 4.5% (FY23: 4.5%).

Materiality for the Parent Company Financial Statements was determined with reference to a benchmark of Parent Company total assets of which it represents 0.45% (FY23: 0.46%).

Materiality levels used in our audit



● FY24 £m ● FY23 £m

Independent Auditor's Report continued

2 Overview of our audit continued

Group scope

(Item 7 below)

We have performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group Financial Statements, what audit procedures to perform at these components and the extent of involvement required from our component auditors around the world.

The Group operates in more than 60 countries across six continents, with the largest market being the United States of America. We scoped the audit by obtaining an understanding of the Group and its environment, and assessing the risk of material misstatement in each financial statement caption, at both the Group and component level.

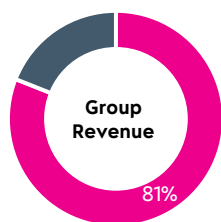
Based on this assessment, we performed audit procedures at 52 of the Group's 363 identified components across 25 countries.

The components within the scope of our work accounted for the percentages illustrated below.

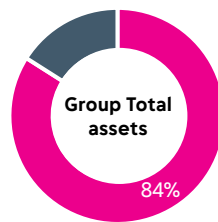
In addition, for the remaining components for which we performed no audit procedures, we performed analysis at an aggregated group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.

Our audit procedures covered 80.7% of Group revenue:



We performed audit procedures in relation to components that accounted for the following percentages:



The impact of climate change on our audit

In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business and its financial statements. The Group has set out its targets as part of their 2030 Sustainability Ambitions, which include energy, emissions, water, waste and packaging related metrics. This includes two targets validated by the Science Based Targets initiative ("SBTi") to reduce absolute operational Scope 1 and 2 GHG emissions by 65%, absolute product carbon footprint emissions by 50% both by 2030 from a 2015 base year. Other targets aim to reduce water use per tonne of production by 30% by 2025 from a 2015 base year, increase the use of renewable electricity to 100% by 2030 and for 100% of plastic packaging to be recyclable or reusable by 2025. Further information is provided in the Strategic Report on page 38 and in the Sustainability Performance Review on page 45.

Whilst the Group has set these targets, in Note 1 to the consolidated financial statements the Directors have stated that they have considered the impact of climate change risks and that they do not believe that there is a material impact on the financial reporting judgements and estimates and as a result the valuations of the Group's assets and liabilities have not been significantly impacted by these risks as at 31 December 2024.

As a part of our audit we have performed a risk assessment to determine if the potential impacts of climate change may materially affect the financial statements and our audit. We did this by making enquiries of management and inspecting internal reports in order to independently assess the climate-related risks and their potential impact.

The most likely potential impact of climate risk and plans on these financial statements would be on the forward-looking assessments of non-current assets.

We have considered the sensitivity of the assumptions used in the impairment testing of goodwill and indefinite-life intangible assets. Given that the climate change related assumptions are not considered a major source of estimation uncertainty, the carrying amounts of these assets in the financial statements are not considered to be materially sensitive to the impact of risks arising from climate change. We considered the impact of ESG related costs on the value in use of the Group's CGUs, the impact of such costs on cash flows is minimal and not considered a key assumption when assessing impairment. We have considered the impact of climate change targets on the fair value of pension assets. However, given the nature of the assets being primarily bonds and insurance contracts, this has not been considered to be a key assumption in the valuation. We have also considered the costs and consumer preferences impact of climate change as part of our consideration of the going concern basis of preparation.

We determined that climate related risks do not have a significant impact on our audit or Key Audit Matters. We have read the Group's disclosures of climate related information in the Strategic Report and the Group's TCFD Summary on pages 218-222 and considered consistency with the financial statements and our audit knowledge.

Independent Auditor's Report continued

3 Going concern, viability and principal risks and uncertainties

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Going concern

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Parent Company's available financial resources and metrics relevant to debt covenants over this period were:

- The failure to identify, assess and proactively respond to new or changing regulations could result in increased regulatory scrutiny, costly product reformation or product recalls, potential litigation and removal of the license to sell a product.
- A reliance on limited number of suppliers, geographic concentration, or an excessive dependence on specific routes, sub-suppliers or technologies could render the supply chain vulnerable to disruption.
- Geopolitical events, including threats of conflict, trade wars, economic sanctions and political polarisation, could disrupt operations.
- Failure to identify or respond to a product quality and/or safety issue may result in potential consumer harm or death, financial settlements, costly recalls and reputational damage.
- Reliance on a few key manufacturing sites to produce products exposes the Group to unexpected shutdown at one of these sites.
- Adverse economic conditions, together with high level of volatility and unpredictability in the macroeconomic environment, could impact consumer demand for the Group's brands.
- Potential adverse financial outcomes from the ongoing NEC litigation.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We assessed the completeness and accuracy of the going concern disclosure in Note 1 to the Group and Parent Company's Financial Statements gives a complete and accurate description of the Directors' assessment of going concern.

Accordingly, based on those procedures, we found the Directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Our conclusions

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the Directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in Note 1 to be acceptable; and
- The same statement under the UK Listing Rules is materially consistent with the financial statements and our audit knowledge.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation within the Risk Management on page 66 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- The Principal and Emerging Risks disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and
- The Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement set out on page 57 under the UK Listing Rules.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

Independent Auditor's Report continued

4 Key Audit Matters

What we mean

Key Audit Matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Recoverability of the goodwill and indefinite life intangible assets relating to the IFCN CGU (Group)

Financial Statement Elements

	FY24	FY23
Goodwill and indefinite life intangible assets (IFCN CGU)	£4,472m	£5,104m
Impairment charge (IFCN CGU)	£696m	£810m

Our assessment of risk vs FY23

We have not identified any significant change to the level of risk relating to the recoverability of the goodwill and indefinite life intangible assets relating to the IFCN CGU.



Our results

FY24: acceptable

FY23: acceptable

Description of the Key Audit Matter

The risk: forecast-based assessment

The recoverability of goodwill and indefinite life intangible assets relating to the Infant and Child Nutrition cash generating unit ("IFCN CGU") is assessed using value in use which is based on forecast financial information within a discounted cash flow model ("the Model").

Key assumptions in the Model include forecast financial performance, in particular net revenue in North America, the discount rate, gross margin (including the impact of expected capital expenditure) as well as external factors impacting forecast category growth.

In the current year the Group recognised an impairment charge against goodwill relating to the IFCN CGU of £696m (FY23: £810m), reflecting significantly increased forecast capital expenditure requirements combined with higher uncertainty in margin growth assumption and FDA regulatory pressures in the US.

The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the IFCN CGU, and consequently the impairment charge, has a high degree of estimation uncertainty with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

We also identified a fraud risk related to the estimation of the recoverable amount of the goodwill and intangible assets relating to the IFCN CGU in response to possible pressures on the Group to realise value from significant transactions.

Our response to the risk

Sensitivity analysis: We considered the sensitivity of the recoverable amount of the goodwill and intangible assets relating to the IFCN CGU to reasonably possible changes in assumptions and focused our attention on those assumptions which we considered the most critical to the recoverable amount of the IFCN CGU.

Benchmarking assumptions: In response to the risk of fraud, we evaluated the net revenue growth assumptions in the Model with reference to historic performance and external market data relating to projected growth for the relevant categories.

We benchmarked margin and other costs assumptions against historical achievement, external cost inflation growth forecasts and our assessment of the likely impact of expected capital expenditure, leveraging the experience of KPMG supply chain consultants.

Personnel interviews: We compared judgements made centrally to discussions we held directly with the relevant members of the Global Business Unit and country management. We considered and challenged the Group's assumptions and corroborated these views with the Group's in-market teams.

Independent Auditor's Report continued

4 Key Audit Matters continued

4.1 Recoverability of the goodwill and indefinite life intangible assets relating to the IFCN CGU (Group) continued

Description of the Key Audit Matter continued

Our response to the risk continued

Valuation expertise: Using our own valuation specialists, we challenged the appropriateness of key assumptions underlying the estimation of the recoverable amounts of the goodwill and intangible assets relating to the IFCN CGU, this included the discount rate used in the Model. We assessed whether the premium applied to the discount rate was appropriate considering the inherent forecasting uncertainty, particularly in relation to expected capital expenditure. We also used implied earnings multiples to benchmark the recoverable amount of the IFCN CGU using implied earnings multiples to comparable companies and historic transactions within the industry.

Assessing transparency: We assessed whether the Group's disclosures in Note 9 of the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the recoverable amount of goodwill and indefinite life intangible assets relating to the IFCN CGU.

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Communications with the Reckitt Benckiser Group's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to audit of the impairment assessment of goodwill and indefinite life intangible assets relating to the IFCN CGU, including details of our planned substantive procedures and the extent of our control reliance.
- For the recoverable amounts of the IFCN CGU, whether and where the Group's estimate lay within our reasonable range.
- The adequacy of the disclosures, particularly as they relate to the sensitivity of the recoverable amount of the IFCN CGU to key assumptions including net revenue, gross margin, and discount rate.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- We identified an area of particular auditor judgement to be the assessment of whether the Directors' overall estimate of the recoverable amount of the IFCN CGU, considering key assumptions including net revenue, gross margin, and discount rate, fell within our acceptable range.

Our results

We found the carrying value of goodwill and indefinite life intangible asset balances relating to the IFCN CGU and the related impairment charge of £696m to be acceptable (FY23 result: the Group's conclusion that there was an impairment of the goodwill and intangible assets to the IFCN CGU of £810m to be acceptable).

Further information in the Annual Report and accounts: See the Audit Committee Report on page 90 for details on how the Audit Committee considered recoverability of goodwill and indefinite life intangible assets relating to the IFCN CGU as an area of significant attention, page 90 for the accounting policy on recoverability of goodwill and indefinite life intangible assets and Note 9 for the financial disclosures.

4.2 Revenue recognition in relation to trade spend arrangements and associated accruals (Group)

Financial Statement Elements

	FY24	FY23
Trade spend accruals	£1,074m	£1,125m

Our assessment of risk vs FY23

We have not identified any significant changes to our assessment of the level of risk relating to trade spend arrangements and related accruals compared to FY23.



Our results

FY24: acceptable

FY23: acceptable

Description of the Key Audit Matter

The risk: subjective estimate

The Group regularly enters into complex arrangements providing pricing, placement and other promotional rebates and allowances to its customers. These trade spend arrangements can vary in complexity by market, product category and customer.

Revenue is measured net of outflows arising from such arrangements which, for agreements or practices spanning a period end, requires an estimate of the extent and value of future activity. These estimates can be subjective and require the use of assumptions that are susceptible to management bias and fraud.

The Group operates a variable compensation scheme with outturns directly linked to financial performance against targets. Strong financial performance could create an incentive to defer revenues into the next financial year by overstating trade spend accruals. Weaker financial performance may also create an incentive to understate trade spend accruals. There is a risk that inappropriate judgements in multiple markets may, in aggregate, lead to a material misstatement of the Group's Financial Statements.

The effect of these matters is that, as part of our risk assessment, we determined that trade spend accruals carry a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Group's financial statements as a whole.

Independent Auditor's Report continued

4 Key Audit Matters continued

4.2 Revenue recognition in relation to trade spend arrangements and associated accruals (Group) continued

Our response to the risk

Our procedures performed across 29 components to address the risk included:

Accounting policies: We critically assessed the appropriateness of the Group's accounting policies relating to trade spend against the requirements of IFRS 15 Revenue from Contracts with Customers.

Historical comparisons: For a selection of the more judgemental accruals, our component teams assessed the historical accuracy of the accruals by:

- Comparing those recognised in the prior year to the actual trade spend subsequently incurred; and
- Where there were significant differences, considering whether such differences related to a change in estimate or an error, and evaluating whether any overstatement or understatement identified was material.

Tests of detail: Testing was focused on those trade spend accruals we considered to be more judgemental, or potentially subject to management bias or fraud. We performed procedures to a precision level sufficient to address the risk of material misstatement due to fraud and error. For a sample of these trade spend accruals, our component teams:

- Reperformed the calculation to assess whether it was mathematically accurate;
- Identified the key assumptions in the calculation of each accrual selected, such as forecast sales volumes, rebate structure and settlement mechanism;
- Agreed those key assumptions to relevant documentation, such as invoices received after the balance sheet date, customer agreements or third-party consumption data; and
- Assessed whether the key assumptions were consistent with external data points and the Group's historic experience of comparable trade spend arrangements.

Expectation vs outcome: We performed analytical procedures over the aggregated balance at a group level, and our component teams completed disaggregated analytical procedures over the individual balances.

Assessing transparency: We assessed the adequacy of the Group's disclosures in Note 1 in relation to the degree of estimation in the trade spend accruals and the resulting amount of trade spend deducted from Net Revenue.

We performed the detailed tests above rather than seeking to rely on any of the Group's controls because our knowledge of the design and implementation of these controls and related IT controls indicated that we would not be able to obtain the required evidence to support reliance on controls.

Communications with the Reckitt Benckiser Group plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the audit of the trade spend accruals including details of our planned substantive procedures, use of unpredictable procedures and the extent of our control reliance.
- Our assessment of findings from our component team's procedures, including the historical comparisons of FY23 accruals and whether those indicated material errors, and whether the FY24 accruals in relation to trade spend were acceptable.

Areas of particular auditor judgement

We performed an assessment of whether the Group's overall estimate, considering the Group's accounting policies, and the complex nature of the agreements entered into, is acceptable. We also considered whether a net unadjusted overstatement identified through our procedures directly related to the key audit matter was material.

Our results

We found the trade spend accruals recognised to be acceptable (FY23 result: acceptable).

Further information in the Annual Report and accounts: See the Audit Committee Report on page 90 for details on how the Audit Committee considered revenue recognition in relation to trade spend arrangements and associated accruals as an area of significant attention, page 161 for the accounting policy on revenue recognition in relation to trade spend arrangements and associated accruals, and Note 1 for the financial disclosures.

4.3 Contingent liabilities arising from the US litigation concerning Necrotizing Enterocolitis (NEC) (Group)

Financial statements disclosure in Note 20

Our assessment of risk vs FY23

We have not identified any significant changes to the level of risk relating to contingent liabilities arising from the US litigation concerning Necrotizing Enterocolitis compared to FY23. ↔

Our results

FY24: acceptable

FY23: acceptable

Independent Auditor's Report continued

4 Key Audit Matters continued

4.3 Contingent liabilities arising from the US litigation concerning Necrotizing Enterocolitis (NEC) (Group) continued

Description of the Key Audit Matter

The risk: dispute outcome

The Group is named in a number of litigations relating to NEC in the United States.

In FY24, there was one court ruling against the Group and another in their favour. Due to the uncertainty of the remaining cases, significant judgement - that could be subject to potential management bias - is required to determine whether potential economic outflows are both probable and can be reliably estimated.

The amounts involved in these litigations are potentially significant, and the application of accounting standards to determine the amount, if any, to be provided for, is inherently subjective. Given the uncertainty relating to the likelihood, amount and timing of any possible economic outflow, there is a risk over the classification of any liability as a provision or a contingent liability and the transparency of disclosures therein.

Our response to the risk

Our procedures to address the risk included:

Inquiry of legal counsel: We inquired as to the progress of the litigation and the likely prospects of successfully defending the cases based on available evidence, including scientific evidence, and therefore the ability to reliably estimate any economic outflow. We requested and received formal correspondence directly from the Group's external counsel that evaluated the current status of legal proceedings.

We corroborated the consistency of the judgement made by the Directors to inquiries with both internal and external legal counsel.

Assessing transparency: We assessed the adequacy of the Group's disclosures of contingent liabilities related to the NEC litigations in Note 20, particularly the uncertainties relating to the amount and timing of any resulting outflow.

We performed the test above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Communications with the Reckitt Benckiser Group plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the assessment over the ongoing litigation relating to NEC in the United States;
- Our conclusions on the appropriateness of the Group's methodology and accounting policies; and
- The adequacy of the disclosures, particularly as it relates to the uncertainties in relation to the amount and timing of any resulting outflow.

Areas of particular auditor judgement

We identified an area of particular auditor judgement to be consideration of whether the contingent liability disclosure is sufficiently transparent in respect of the uncertainties that exist in relation to the likelihood, amount and timing of any resulting outflows.

Our results

We found the Group's assessment that the potential outflows from the NEC litigations are treated as a contingent liability and the transparency of the related disclosure to be acceptable (FY23 result: acceptable)

Further information in the Annual Report and accounts: See the Audit Committee Report on page 90 for details on how the Audit Committee considered contingent liabilities arising from the NEC litigation in the United States as an area of significant attention, page 187 for the accounting policy on contingent liabilities arising from NEC litigation in the United States, and Note 1 for the financial disclosures.

4.4 Provisions for uncertain tax positions (Group)

Financial Statement Elements

	FY24	FY23
Uncertain tax positions	£595m	£619m

Our assessment of risk vs FY23

We have not identified any significant changes to our assessment of the level of risk relating to provisions for uncertain tax positions compared to FY23. ↔

Our results

FY24: acceptable

FY23: acceptable

Independent Auditor's Report continued

4 Key Audit Matters continued

4.4 Provisions for uncertain tax positions (Group) continued

Description of the Key Audit Matter

The risk: subjective estimate

Due to the Group operating across a number of different tax jurisdictions, and the complexities of transfer pricing and other international tax legislation, it is subject to periodic challenge by local tax authorities on a range of tax matters arising in the normal course of business.

These challenges by the local tax authorities include but are not limited to:

- Transfer pricing arrangements relating to the Group's operating model;
- Transfer pricing arrangements relating to the ownership of intellectual property rights that are used across the group;
- Deductibility of certain expenditure; and
- Permanent establishment risk.

Provisions for uncertain tax positions require judgements and estimates to be made in relation to tax issues and exposures where the Group may be challenged by local tax authorities on its interpretation of tax legislation. Auditor judgement is required to assess whether the Directors' overall estimate falls within an acceptable range. This takes into account the method and assumptions underpinning exposures calculated such as: the clarity of relevant legislation and related guidance; advice from in-house specialists; opinions of professional firms; past experience; and precedents set by a particular tax authority.

The effect of these matters is that, as part of our risk assessment, we determined that the estimates of uncertain tax positions have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Group's financial statements as a whole.

Our response to the risk

Our procedures to address the risk included:

Our tax expertise: We used our own international and local tax specialists to assist us to:

- Inspect and assess the Group's centrally prepared transfer pricing policies to determine whether they reflect the risks, activities and substance of each of the entities within the supply chain; and
- Assess the Group's tax positions, its correspondence with the relevant tax authorities, and to analyse and challenge the assumptions used to determine provisions for tax uncertainties based on our knowledge and experiences of the application of tax legislation.

Historical comparisons: We assessed the historical accuracy of the provisions, with reference to any recent tax authority audits and related results, and we considered the impact on the remaining provision.

Assessing transparency: We assessed the adequacy of the Group's disclosures in notes 1 and 22 in respect of uncertain tax positions.

We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Communications with the Reckitt Benckiser Group plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the audit of the provisions for uncertain tax positions, including details of our planned substantive procedures and the extent of our control reliance;
- For the provisions for uncertain tax positions, whether and where the Group's estimate lay within our reasonable range; and
- The adequacy of the disclosures, particularly as it relates to the sensitivity of the uncertain tax position to possible changes in key assumptions.

Areas of particular auditor judgement

We identified an area of particular auditor judgement to be the clarity of the associated disclosure in relation to the estimation uncertainty associated with uncertain tax positions.

Our results

We found the level of the uncertain tax provisioning to be acceptable (FY23 result: acceptable).

Further information in the Annual Report and accounts: See the Audit Committee Report on page 90 for details on how the Audit Committee considered provisions for uncertain tax positions as an area of significant attention, page 166 for the accounting policy on uncertain tax positions and Note 22 for the financial disclosures.

4.5 Contingent liabilities arising from the amendment to the South Korean Humidifier Sanitiser (HS) Law (Group)

Financial statements disclosure in Note 20

Our assessment of risk vs FY23

We have not identified any significant changes to the level of risk relating to contingent liabilities arising from the South Korean Humidifier Sanitiser (HS) Law compared to FY23. ↔

Our results

FY24: acceptable

FY23: acceptable

Independent Auditor's Report continued

4 Key Audit Matters continued

4.5 Contingent liabilities arising from the amendment to the South Korean Humidifier Sanitiser (HS) Law (Group) continued

Description of the Key Audit Matter

The risk: dispute outcome

The Group is involved in an ongoing litigation relating to the HS issue in South Korea.

The South Korean HS law amendment enacted on 25 September 2020 significantly altered the legal framework under which HS claims were previously made and settled. As a result of the law amendment, additional judgement is needed to assess whether there could be further levy payments, which would require a provision.

The amounts involved are potentially significant, and the application of accounting standards to determine the amount, if any, to be provided for, is inherently subjective. Given the uncertainty relating to the likelihood, amount and timing of any possible economic outflow, there is a risk over the classification of any liability as a provision or a contingent liability and the transparency of disclosures therein.

Our response to the risk

Our procedures to address the risk included:

Inquiry of legal counsel: We inquired of the Group's internal and external counsel to obtain an understanding of developments, the progress of litigation and the likelihood of reaching a broader resolution. We requested and received formal correspondence directly from the Group's external counsel that evaluated the current status of legal proceedings.

We corroborated the consistency of the judgement made by the Directors to inquiries with both internal and external legal counsel.

Assessing transparency: We assessed the adequacy of the Group's disclosures of contingent liabilities related to the HS matter in Note 20, particularly the uncertainties relating to the amount and timing of any resulting outflow.

We performed the test above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Communications with the Reckitt Benckiser Group plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the assessment over the ongoing litigation relating to the HS issue in South Korea;
- Our conclusions on the appropriateness of the Group's methodology and accounting policies; and
- The adequacy of the disclosures, particularly as it relates to the uncertainties in relation to the amount and timing of any resulting outflow.

Areas of particular auditor judgement

We identified an area of particular auditor judgement to be consideration of whether the contingent liability disclosure is sufficiently transparent in respect of the uncertainties that exist in relation to the amount and timing of any resulting outflows.

Our results

We found the Group's assessment that the impact of the HS law amendment as contingent liabilities and transparency of disclosure to be acceptable (FY23 result: acceptable).

Further information in the Annual Report and accounts: See the Audit Committee Report on page 90 for details on how the Audit Committee considered contingent liabilities arising from the amendment to the South Korean HS law as an area of significant attention, page 187 for the accounting policy on contingent liabilities arising from the amendment to the South Korean HS law, and Note 20 for the financial disclosures.

4.6 Recoverability of the parent company's investment in the subsidiary, Reckitt Benckiser Limited (Parent Company)

Financial statements disclosure in Note 2 to the Parent Company Financial Statements

	FY24	FY23
Parent company investment	£15,248m	£15,174m

Our assessment of risk vs FY23

We have not identified any significant changes to our assessment of the level of risk relating to recoverability of the Parent Company's investment compared to FY23



Our results

FY24: acceptable

FY23: acceptable

Independent Auditor's Report continued

4 Key Audit Matters continued

4.6 Recoverability of the parent company's investment in the subsidiary, Reckitt Benckiser Limited (Parent Company) continued

Description of the Key Audit Matter

The risk: low risk, high value

The carrying amount of the Parent Company's investment in its subsidiary, Reckitt Benckiser Limited, represents 97.9% (FY23: 98.7%) of the Parent Company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the Parent Company's financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.

Our response to the risk

Our procedures to address the risk included:

Comparing valuations: We compared the carrying amount of the investment to the market capitalisation of the Group as Reckitt Benckiser Limited, either directly or indirectly, owns all other subsidiaries of the Group.

We performed the test above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedure described.

Communications with the Reckitt Benckiser Group plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the assessment of the carrying amount of the Parent Company's investment in the subsidiary, including details of our planned substantive procedures and the extent of our control reliance.
- For the carrying amount, our assessment of whether the conclusion that there is no impairment of the Parent Company's investment in the subsidiary is acceptable.

Areas of particular auditor judgement

We identified no areas of particular auditor judgement in relation to this key audit matter.

Our results

We found the Parent Company's conclusion that there is no impairment of its investment in the subsidiary to be acceptable (FY23 result: acceptable).

Further information in the Annual Report and accounts: See the Audit Committee Report on page 90 for details on how the Audit Committee considered recoverability of the Parent Company's investment in the subsidiary, Reckitt Benckiser Limited as an area of significant attention, page 164 for the accounting policy on recoverability of the Parent Company's investment in the subsidiary, Reckitt Benckiser Limited, and Note 2 for the financial disclosures.

5 Our ability to detect irregularities, and our response

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Consultation with our own forensic professionals to assist us in identifying fraud risks based on their experience of comparable businesses, similar sectors, as well as of the geographies in which the Group operates. Our forensic professionals participated in the initial fraud risk assessment discussions and were consulted throughout the audit when further guidance was deemed necessary;
- Enquiry of the Directors, operational managers, the General Counsel, the Chief Ethics and Compliance Officer and members of the internal audit function to assess whether they have knowledge of any actual, suspected or alleged fraud;
- Reading minutes of meetings of the Board, Audit Committee, Executive Committee, Corporate Responsibility, Sustainability, Ethics and Compliance Committees, and Annual General meeting; and
- Inspection of the Group's policies and procedures to prevent, detect and respond to the risks of fraud, internal audit reports issued during the year and inspection of reports to the Group's whistleblowing hotline and the responses to those reports, including those concerning investigations.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the group auditor to component auditors of relevant fraud risks identified at the group level and requesting component auditors performing procedures at component level to report to the group auditor any identified fraud risk factors or identified or suspected instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We also performed procedures to address management bias. In particular:

- The risk that group and component management could make inappropriate accounting entries;
- For trade spend arrangements and other associated accruals that may be manipulated to alter the timing of recognition of revenue and profit;
- The risk of bias when making accounting estimates and judgements, including the recoverable amount of the IFCN CGU reflecting possible pressures to realise value from significant transactions and litigations (contingent liability disclosure).

Further detail on our procedures is set out in the Key Audit Matter disclosures, section 4 of this report.

For all components within scope, we identified journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual journal entries associated with trade spend accruals.

Independent Auditor's Report continued

5 Our ability to detect irregularities, and our response continued

Laws and regulations - Identifying and responding to risks of material misstatement relating to compliance with laws and regulations

Laws and regulations risk assessment

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards) and inspected regulatory and legal correspondence received by the Group. We held enquiries with the Group's external legal counsel where considered necessary, and we also inspected the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Risk communications

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group auditor to all component auditors of relevant laws and regulations identified at the group level, and a request for component auditors to report to the Group auditor any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the group level.

Direct laws context and link to audit

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, Group is subject to laws and regulations that directly impact the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation (direct and indirect) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

Most significant indirect law/ regulation areas

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's permission to operate in countries where the non-adherence to laws could prevent trading in such countries.

We identified the following areas as those most likely to have such an effect:

- Employee health and safety, reflecting the nature of the Group's production and distribution process;
- Anti-bribery and corruption, reflecting that the Group operates in a number of countries where there is an opportunity to engage in bribery given more limited regulation;
- Interaction with healthcare professionals, reflecting the nature of the Group's products in the Health and Nutrition Global Business Units;
- Global competition laws, reflecting the nature of the Group's business and certain market share positions;
- Consumer product law such as product safety, quality standards and product claims, reflecting the nature of the Group's diverse product base;
- Data privacy laws, reflecting the Group's growing amounts of personal data held;
- Intellectual property legislation, reflecting the potential of the Group to infringe trademarks, copyright and patents; and
- Environmental regulation, reflecting the nature of the Group's production and distribution process.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Link to KAMs

Further detail in respect of the effect of ongoing litigations relating to NEC in the United States and the HS Law Amendment in South Korea is set out in the Key Audit Matter disclosures in section 4 of this report.

Actual or suspected breaches discussed with audit committee

We discussed with the Audit Committee other matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Independent Auditor's Report continued

5 Our ability to detect irregularities, and our response continued

Context

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£140m

(FY23: £140m)

Materiality for the GROUP financial statements as a whole

What we mean

A quantitative reference for the purpose of planning and performing our audit.

Basis for determining materiality and judgements applied

Materiality for the Group Financial Statements as a whole was set at £140m (2023: £140m). This was determined with reference to a benchmark of group normalised profit before tax from continuing operations ('PBTCO').

Consistent with FY23, we determined that Group normalised PBTCO remains the main benchmark for the Group. We normalised by adding back adjustments that do not represent the normal, continuing operations of the Group. The items we adjusted for were the impairment of goodwill, the impact of one-off costs relating to the restructuring programme, and other adjusting items as disclosed on page 226 in the table reconciling the Group's IFRS measures to its adjusted measures for the year ended 31 December 2024, totalling £1,019 million net (FY23: £695 million). As such, we based our Group materiality on Group normalised PBTCO of £3,123m (FY23: £3,096m).

Our group materiality of £140m was determined by applying a percentage to group normalised PBTCO. When using a benchmark of normalised PBTCO to determine overall materiality, KPMG's approach for listed entities considers a guideline range of 3% - 5% of the measure. In setting group materiality, we applied a percentage of 4.5% (FY23: 4.5%) to the benchmark.

Materiality for the Parent Company Financial Statements as a whole was set at £70m (FY23: £70m), determined with reference to a benchmark of parent company total assets of which it represents 0.45% (FY23: 0.46%).

£91m

(FY23: £105m)

Performance materiality

What we mean

Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Basis for determining performance materiality and judgements applied

We have considered performance materiality at a level of 65% (FY23: 75%) of materiality for Reckitt Benckiser Group's financial statements as a whole to be appropriate. We applied this percentage in our determination of performance materiality based on our understanding of the control environment.

The Parent Company performance materiality was set at £52.5m (FY23: £52m), which equates to 75% (FY23: 75%) of materiality for the Parent Company financial statements as a whole.

We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

£6m

(FY23: £6m)

Audit misstatement posting threshold

What we mean

This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.

This is also the amount above which all misstatements identified are communicated to the Company's Audit Committee.

Independent Auditor's Report continued

6 Our determination of materiality continued

Basis for determining the audit misstatement posting threshold and judgements applied

We set our audit misstatement posting threshold at 4.3% (FY23: 4.3%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group Financial Statements of £140m (FY23: £140m) compares as follows to the main financial statement caption amounts:

	Total Group Revenue		Group profit before tax		Total Group Assets	
	FY24	FY23	FY24	FY23	FY24	FY23
Financial statement Caption	£14,169m	£14,607m	£2,104m	£2,401m	£25,307m	£27,136m
Group Materiality as percentage of caption	1.0%	1.0%	6.7%	6.2%	0.6%	0.5%

7 The scope of our audit

Group scope

What we mean

How the group auditor determined the procedures to be performed across the Group.

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ("RMMs"). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level), and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group Financial Statements and which procedures to perform at these components to address those risks.

In total, we identified 363 components based on our evaluation of the Group's operational structure, the Group's legal structure, the existence of common risk profiles across entities, the presence of key audit matters and other audit specific factors, and our ability to perform audit procedures centrally.

We identified quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

Additionally, having considered qualitative and quantitative factors, we selected additional components with accounts and disclosures contributing to the specific RMMs of the Group Financial Statements.

The below summarises where we performed audit procedures:

Component type	Number of components where we performed audit procedures	Range of materiality applied
Quantitatively significant components	1	£52m
Other components where we performed further audit procedures	51	£9m - £75m
Total	52	

We involved component auditors in performing the audit work on 49 components. We performed audit procedures on the items excluded from the normalised group profit before tax used as the benchmark for our materiality. We set the component materialities having regard to the mix of size and risk profile of the components across the Group. We also performed the audit of the Parent Company.

Our audit procedures covered 81% of Group net revenue. We performed audit procedures in relation to components that accounted for 76% of group profit before tax and 84% of group total assets.

For the remaining components for which we performed no audit procedures, no component represented more than 1.3% of group total revenue, group profit before tax or group total assets. We performed analysis at an aggregated group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

The group auditor has also performed audit procedures on the following areas on behalf of the component auditors:

- Testing of IT Systems;
- Exceptional items such as impairment (note that component auditors perform work over local redundancies); and
- Testing of revenue recorded through a common service provider.

IT systems and parts of revenue are managed centrally, and items excluded from normalised group PBTCO are adjusted at group level. Therefore, these items were audited by the group auditor. The group auditor communicated the results of these procedures to the component auditors where relevant.

Independent Auditor's Report continued

7 The scope of our audit continued

Group scope continued

Impact of controls on our group audit

During the audit we identified three global Enterprise Resource Planning ('ERP') finance IT systems that were relevant to our audit which are used by all the components in the Group and are all managed centrally from the UK. We used our IT auditors to assist us in assessing the design and operating effectiveness of the general IT controls of two of these global IT systems covering the majority of components in scope (by number). For these systems, having performed additional procedures to respond to deficiencies identified, we were able to adopt a control reliance approach. We also tested the design and operating effectiveness of IT general controls of related IT systems, infrastructure layers and utility tools, including an IT system which covers manual journals, all of which we were also able to rely on. However, given the decentralised nature of the Group's overall control environment and the limited number of automated controls in key transactional areas, this had a limited impact on our audit approach.

We did not seek to rely on general IT controls on the other identified IT system owing to our knowledge of the control environment and the limited number of components which use this system.

The Group has a decentralised control environment and is on a controls transformation journey, (as noted on pages 91-92 of the Audit Committee report) which includes the refinement of the Group's control framework and moving controls to shared service centres. As a result of this and considering the most efficient and effective approach for gaining the appropriate audit evidence, we did not seek to rely on manual transactional controls. We took a predominantly substantive approach in all areas of the audit and accordingly increased the extent of our substantive procedures.

Group auditor oversight

What we mean

The extent of the Group auditor's involvement in work performed by component auditors.

As part of establishing the overall group audit strategy and plan, we conducted the risk assessment and planning discussion meeting with component auditors to discuss group audit risks relevant to the components, including the key audit matter in respect of revenue recognition in relation to trade spend arrangements and associated accruals.

We physically visited component auditors in 22 countries in November and December 2024 to attend management balance sheet reviews ahead of the year end (2023: 21). We also attended three meetings virtually.

We had regular two-way contact with our component auditors throughout the year, including issuing instructions to them on the scope of their work, risk assessment challenge and clearance meetings at the planning, interim and final phases of the audit.

We also inspected the work performed by the component auditors for the purpose of the group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed, with a particular focus on revenue, trade spend accruals, cash and journals.

8 Other information in the annual report

The Directors are responsible for the other information presented in the Annual Report together with the Financial Statements. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information

Our responsibility

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge.

Our reporting

Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic report and directors' report

Our responsibility and reporting

Based solely on our work on the other information described above we report to you as follows:

- We have not identified material misstatements in the Strategic Report and the Directors' Report;
- In our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

Our responsibility

We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Our reporting

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent Auditor's Report continued

8 Other information in the annual report continued

Corporate governance disclosures

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and:

- The Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- The section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- The section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

Our reporting

Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.

We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the UK Listing Rules for our review.

We have nothing to report in this respect.

Other matters on which we are required to report by exception

Our responsibility

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us;
- The Parent Company's financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns;
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Our reporting

We have nothing to report in these respects.

9 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 138, the Directors are responsible for: the preparation of the Financial Statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Bradshaw (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
5 March 2025

Group Income Statement

For the year ended 31 December 2024

	Note	2024 £m	2023 £m
Continuing Operations			
Net revenue	2	14,169	14,607
Cost of sales		(5,574)	(5,847)
Gross profit		8,595	8,760
Impairment of intangible assets		(839)	(810)
Other operating expenses		(5,331)	(5,419)
Net operating expenses	3	(6,170)	(6,229)
Operating profit	2	2,425	2,531
Finance income	6	81	210
Finance expense	6	(402)	(340)
Profit before income tax		2,104	2,401
Income tax charge	7	(672)	(753)
Net profit from continuing operations		1,432	1,648
Net (loss)/profit from discontinued operations		(4)	9
Net profit		1,428	1,657
Attributable to non-controlling interests		2	14
Attributable to owners of the Parent Company		1,426	1,643
Net profit		1,428	1,657
Basic earnings/(loss) per ordinary share			
From continuing operations (pence)	8	204.2	227.9
From discontinued operations (pence)	8	(0.6)	1.3
From total operations (pence)	8	203.6	229.2
Diluted earnings/(loss) per ordinary share			
From continuing operations (pence)	8	203.8	227.4
From discontinued operations (pence)	8	(0.6)	1.3
From total operations (pence)	8	203.2	228.7

Group Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	2024 £m	2023 £m
Net profit		1,428	1,657
Other comprehensive income/(expense)			
<i>Items that have or may be reclassified to the Income Statement in subsequent years</i>			
Net exchange (loss) on foreign currency translation, net of tax	7, 26	(442)	(639)
Reclassification of foreign currency translation reserves on disposal or liquidation of foreign operations, net of tax	7, 26	(11)	(131)
Gains on net investment hedges, net of tax	7, 26	85	42
Fair value gains/(losses) on cash flow hedges, net of tax	7, 26	9	(16)
Reclassification of cash flow hedges to the Income Statement	7, 26	29	(23)
		(330)	(767)
<i>Items that will not be reclassified to the Income Statement in subsequent years</i>			
Remeasurements of defined benefit pension plans, net of tax	7	(13)	(26)
Revaluation of equity instruments – FVOCI, net of tax	7	(28)	(10)
		(41)	(36)
Other comprehensive expense, net of tax		(371)	(803)
Total comprehensive income		1,057	854
Attributable to non-controlling interests		2	13
Attributable to owners of the Parent Company		1,055	841
Total comprehensive income		1,057	854
Total comprehensive income attributable to owners of the Parent Company arising from:			
Continuing operations		1,059	832
Discontinued operations		(4)	9
		1,055	841

Group Balance Sheet

As at 31 December 2024

	Note	2024 £m	2023 £m
Assets			
Non-current assets			
Goodwill and other intangible assets	9	17,565	18,588
Property, plant and equipment	10	2,385	2,399
Equity instruments	11	108	118
Deferred tax assets	12	243	287
Retirement benefit surplus	23	269	270
Other non-current receivables	14	130	172
Total non-current assets		20,700	21,834
Current assets			
Inventories	13	1,517	1,637
Trade and other receivables	14	2,091	2,062
Derivative financial instruments	15, 17	61	64
Current tax recoverable		45	80
Cash and cash equivalents	16	880	1,387
Assets held for sale		4	72
Total current assets		4,598	5,302
Total assets		25,298	27,136
Liabilities			
Current liabilities			
Short-term borrowings	17	(1,423)	(1,679)
Provisions for liabilities and charges	18	(112)	(142)
Trade and other payables	21	(5,291)	(5,506)
Derivative financial instruments	15, 17	(38)	(78)
Share repurchase liability	24	(477)	(296)
Current tax liabilities	22	(602)	(620)
Liabilities held for sale		-	(17)
Total current liabilities		(7,943)	(8,338)

	Note	2024 £m	2023 £m
Non-current liabilities			
Long-term borrowings	17	(7,235)	(6,858)
Deferred tax liabilities	12	(2,849)	(2,899)
Retirement benefit obligations	23	(235)	(233)
Provisions for liabilities and charges	18	(62)	(57)
Derivative financial instruments	15, 17	(173)	(187)
Non-current tax liabilities	22	-	(28)
Other non-current liabilities	21	(81)	(67)
Total non-current liabilities		(10,635)	(10,329)
Total liabilities		(18,578)	(18,667)
Net assets		6,720	8,469
Equity			
Capital and reserves			
Share capital	24	74	74
Share premium		254	254
Merger reserve		(14,229)	(14,229)
Other reserves	26	(1,390)	(1,060)
Retained earnings		21,990	23,409
Attributable to owners of the Parent Company		6,699	8,448
Attributable to non-controlling interests		21	21
Total equity		6,720	8,469

The accompanying notes form part of these Financial Statements. The Financial Statements on pages 155 to 196 were approved by the Board of Directors and signed on its behalf on 5 March 2025 by:

Sir Jeremy Darroch
Director
Reckitt Benckiser Group plc

Kris Licht
Director
Reckitt Benckiser Group plc

Group Statement of Changes in Equity

For the year ended 31 December 2024

	Note	Share capital £m	Share premium £m	Merger reserves ¹ £m	Other reserves ² £m	Retained earnings £m	Total attributable to owners of the Parent Company £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2023		74	254	(14,229)	(294)	23,638	9,443	40	9,483
Comprehensive income									
Net profit		-	-	-	-	1,643	1,643	14	1,657
Other comprehensive income/(expense)		-	-	-	(766)	(36)	(802)	(1)	(803)
Total comprehensive income/(expense)		-	-	-	(766)	1,607	841	13	854
Transactions with owners									
Treasury shares reissued	24	-	-	-	-	48	48	-	48
Purchase of ordinary shares by employee share ownership trust		-	-	-	-	(2)	(2)	-	(2)
Repurchase of ordinary shares	24	-	-	-	-	(503)	(503)	-	(503)
Share-based payments	25	-	-	-	-	102	102	-	102
Tax on share awards	7	-	-	-	-	1	1	-	1
Cash dividends	28	-	-	-	-	(1,339)	(1,339)	(8)	(1,347)
Forward purchase of shares held by non-controlling interest	30	-	-	-	-	(143)	(143)	(24)	(167)
Total transactions with owners		-	-	-	-	(1,836)	(1,836)	(32)	(1,868)
Balance at 31 December 2023		74	254	(14,229)	(1,060)	23,409	8,448	21	8,469
Comprehensive income									
Net profit		-	-	-	-	1,426	1,426	2	1,428
Other comprehensive income/(expense)		-	-	-	(330)	(41)	(371)	-	(371)
Total comprehensive income/(expense)		-	-	-	(330)	1,385	1,055	2	1,057
Transactions with owners									
Treasury shares reissued	24	-	-	-	-	3	3	-	3
Purchase of ordinary shares by employee share ownership trust		-	-	-	-	(2)	(2)	-	(2)
Repurchase of ordinary shares	24	-	-	-	-	(1,509)	(1,509)	-	(1,509)
Share-based payments	25	-	-	-	-	85	85	-	85
Cash dividends	28	-	-	-	-	(1,381)	(1,381)	(2)	(1,383)
Total transactions with owners		-	-	-	-	(2,804)	(2,804)	(2)	(2,806)
Balance at 31 December 2024		74	254	(14,229)	(1,390)	21,990	6,699	21	6,720

1 The merger reserve relates to the 1999 combination of Reckitt & Colman plc and Benckiser N.V. and a Group reconstruction in 2007 treated as a merger under Part 27 of the Companies Act 2006

2 Refer to Note 26 for an explanation of other reserves

Group Cash Flow Statement

For the year ended 31 December 2024

	Note	2024 £m	2023 £m
Cash Flows from Operating Activities			
Profit before tax		2,104	2,401
Net finance expense	6	321	130
Operating profit from continuing operations		2,425	2,531
Loss/(profit) on sale of property, plant and equipment and intangible assets		3	(34)
Depreciation, amortisation and impairment	9, 10	1,308	1,290
Share-based payments	25	85	102
Decrease in inventories		61	118
Increase in trade and other receivables		(133)	(87)
Decrease in payables and provisions		(74)	(91)
Cash generated from continuing operations		3,675	3,829
Interest paid		(350)	(293)
Interest received		58	30
Tax paid		(700)	(922)
Net cash flows attributable to discontinued operations	30	(1)	(8)
Net cash generated from operating activities		2,682	2,636
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	10	(370)	(348)
Purchase of intangible assets	9	(95)	(101)
Proceeds from the sale of property, plant and equipment		14	63
Proceeds from sale of intangible assets and related businesses, net of cash disposed		57	1
Acquisition of businesses, net of cash acquired	29	–	(81)
Other investing activities		(2)	–
Net cash used in investing activities		(396)	(466)

	Note	2024 £m	2023 £m
Cash Flows from Financing Activities			
Treasury shares reissued	24	3	48
Purchase of ordinary shares by employee share ownership trust		(3)	(2)
Repurchase of ordinary shares	24	(1,328)	(207)
Proceeds from borrowings	17	1,768	1,638
Repayment of borrowings	17	(1,687)	(1,855)
Dividends paid to owners of the Parent Company	28	(1,381)	(1,339)
Dividends paid to non-controlling interests		(2)	(8)
Acquisition of non-controlling interest		(38)	–
Other financing activities ¹		(47)	(84)
Net cash used in financing activities		(2,715)	(1,809)
Net (decrease)/increase in cash and cash equivalents		(429)	361
Cash and cash equivalents at beginning of the year		1,380	1,156
Exchange losses		(72)	(137)
Cash and cash equivalents at end of the year		879	1,380
Cash and cash equivalents comprise:			
Cash and cash equivalents per the Balance Sheet ²	16	880	1,387
Overdrafts	17	(1)	(7)
		879	1,380

¹ Cash flows 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 £120 million of cash (2023: £229 million) which is restricted for use by the Group but is available on demand and freely available for use within the relevant subsidiary (see Note 16)

Notes to the Financial Statements

1 Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated Financial Statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

Basis of preparation

These consolidated Financial Statements have been prepared in accordance with the recognition, measurement and presentation requirements of UK-adopted International Accounting Standards and in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB).

These consolidated Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss or other comprehensive income. A summary of the Group's accounting policies is set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of Financial Statements that conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the Balance Sheet date and revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge at the time, actual amounts may ultimately differ from those estimates.

New standards, amendments and interpretations

The following accounting standard amendments were adopted by the Group on 1 January 2024. They have not had a significant impact on the consolidated Financial Statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The Group has supplier finance arrangements. Adoption of the amendments to IAS 7 and IFRS 7 has resulted in the Group providing disclosures about these arrangements in Note 15 to the consolidated Financial Statements.

Certain changes to IFRS will be applicable to the Group financial statements in future years, but are not expected to have a material effect on the reported net revenue, profit or equity in the financial statements. Changes include the proposed IFRS 18, which is expected to change certain aspects of the Group's reporting of the profit and loss account, balance sheet, cash flow statement, and certain notes to the accounts. The requirements of IFRS 18 are expected to be implemented with effect from 1 January 2027, with retrospective application.

Going concern

Having assessed the principal risks and other matters discussed in connection with the Viability Statement, 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 for at least 12 months from the date of approval of the Financial Statements.

At 31 December 2024, the Group had cash and cash equivalents (excluding restricted cash) of £0.8 billion. The Group also had access to committed borrowing facilities of £4.45 billion, of which £124 million (2023: £nil) was drawn at year end and of which £3.5 billion (31 December 2023: £4.5 billion) expire after more than two years. Further detail is contained within the Viability Statement on page 57 and within the liquidity disclosures in Note 15.

Basis of consolidation

The consolidated Financial Statements include the results of Reckitt Benckiser Group plc, a company registered in the UK, and all its subsidiary undertakings made up to the same accounting date. Subsidiary undertakings are those entities controlled by Reckitt Benckiser Group plc. Control exists where the Group is exposed to, or has the rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns.

Intercompany transactions, balances and unrealised gains on transactions between Group companies have been eliminated on consolidation. Unrealised losses have also been eliminated to the extent that they do not represent an impairment of a transferred asset. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with accounting policies adopted by the Group.

Climate Change

In preparing the Financial Statements, management have considered the impact of climate change, specifically with reference to the disclosures included in the Strategic Report and the Group's 2030 Sustainability Ambitions, particularly in relation to impairment testing of intangible assets. These factors have not had a significant effect on the Group's critical accounting estimates and judgements made with respect to the current year.

Foreign currency translation

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated Financial Statements are presented in sterling, which is the Group's presentational currency.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of foreign currency denominated monetary assets and liabilities are recognised in the Income Statement, except where hedge accounting is applied.

Notes to the Financial Statements continued

1 Accounting Policies continued

Foreign currency translation continued

The Financial Statements of subsidiary undertakings with a non-sterling functional currency are translated into sterling on the following basis:

- Assets and liabilities: at the rate of exchange ruling at the year end date
- Income Statement items: at the average rate of exchange for the year

Exchange differences arising from the translation of the net investment in subsidiary undertakings with a non-sterling functional currency, and of borrowings and other currency instruments designated as hedges of such investments, are recorded in equity on consolidation.

Business combinations

The acquisition method is used to account for the acquisition of subsidiaries and businesses. Identifiable net assets acquired (including intangible assets) in a business combination are measured initially at their fair values at the acquisition date.

Where the measurement of the fair value of identifiable net assets acquired is incomplete at the end of the reporting period in which the combination occurs, the Group will report provisional fair values. Final fair values are determined within a year of the acquisition date and retrospectively applied.

The excess of the consideration transferred and the amount of any non-controlling interest over the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities acquired is recorded as goodwill.

The consideration transferred is measured at the fair value of the assets given, equity instruments issued (if any), and liabilities assumed or incurred at the date of acquisition.

Acquisition-related costs are expensed as incurred.

The results of the subsidiaries and businesses acquired are included in the consolidated Financial Statements from the acquisition date.

Assets held for sale and disposal groups

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale and presented separately in the Balance Sheet when the following criteria are met: the Group is committed to selling the asset or disposal group; it is available for immediate sale in its current condition; an active plan of sale has commenced and been approved in line with Group policy; and in the judgement of Group management it is highly probable that the sale will be completed within 12 months.

Immediately before the initial classification of the assets and disposal groups as held for sale, the carrying amounts of the assets (or all the assets and liabilities in the disposal groups) are measured in accordance with the applicable accounting standards. Goodwill (including cost and accumulated impairment) is allocated to the disposal group using a relative value approach, unless a different method better reflects goodwill associated with the disposal.

Assets held for sale and disposal groups are subsequently measured at the lower of their carrying amount and fair value less costs of disposal. Impairment losses on initial classification as held for sale, and subsequent gains and losses on remeasurement to fair value less costs of disposal, are recognised in the Income Statement. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Disposals of intangible assets and subsidiaries

The financial performance of subsidiaries and businesses is included in the consolidated Financial Statements up to the point at which the Group ceases to have control over that subsidiary. Intangible assets not disposed of through the sale of shares in subsidiaries are treated as disposed at the point that the Group ceases to control the asset.

The difference between the fair value of the consideration (net of costs) and the carrying value of the assets and liabilities disposed is recognised as a gain or loss in the Income Statement. Any amounts previously recognised in other comprehensive income in respect of that subsidiary or asset, including exchange gains or losses on foreign currency translation, are accounted for as if the Group had directly disposed of related assets and liabilities. This results in a reclassification of amounts previously recognised in other comprehensive income to the Income Statement and included within the loss on disposal of intangible assets and related businesses.

Where the assets and liabilities disposed represent a partial disposal of a cash generating unit to which goodwill has been allocated, goodwill is allocated using a relative value approach to the disposal group, unless a different method better reflects goodwill associated with the disposal.

Where the tax base will not be transferred with the disposed assets, the deferred tax balances relating to the intangible assets are not considered part of the assets disposed and are instead credited or charged to the Income Statement within income tax expense.

Liquidation of subsidiaries

The Group liquidates subsidiaries that are no longer required in order to simplify the Group structure. As part of this process, the Group ensures any outstanding matters relating to the subsidiary are resolved before liquidation. Any amounts previously recognised in other comprehensive income in respect of that subsidiary, including exchange gains and losses on foreign currency translation, are reclassified to the Income Statement on disposal which is typically on entering liquidation. The amounts previously recognised in other comprehensive income are included within finance income in the Income Statement.

Non-controlling interests

On an acquisition-by-acquisition basis, the non-controlling interest is measured at either fair value or a proportionate share of the acquiree's net assets.

Purchases of non-controlling interests are accounted for as transactions with the owners and therefore no goodwill is recognised as a result of such transactions.

Notes to the Financial Statements continued

1 Accounting Policies continued

Revenue

Revenue from the sale of products is recognised in the Group Income Statement as and when performance obligations are satisfied by transferring control of the product or service to the customer.

Net revenue is defined as the amount invoiced to external customers during the year and comprises, as required by IFRS 15, gross sales net of trade spend, customer allowances for credit notes, returns and consumer coupons. The methodology and assumptions used to estimate credit notes, returns and consumer coupons are monitored and adjusted regularly in light of contractual and legal obligations, historical trends, past experience and projected market conditions.

Trade spend, which consists primarily of customer pricing allowances, placement/listing fees and promotional allowances, is governed by sales agreements with the Group's trade customers (retailers and distributors). Trade spend also includes reimbursement arrangements under the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), payable to the respective US state WIC agencies.

Accruals are recognised under the terms of these agreements to reflect the expected activity level and the Group's historical experience. These accruals are reported within trade and other payables.

Value-added tax and other sales taxes are excluded from net revenue.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Committee.

Research and development

Research expenditure is expensed in the year in which it is incurred.

Development expenditure is expensed in the year in which it is incurred, unless it meets the requirements of IAS 38 to be capitalised and then amortised over the useful life of the developed product.

Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted in each jurisdiction at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting nor taxable profit or loss at that time. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the Balance Sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the investor is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities within the same tax jurisdiction are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where there is an intention to settle these balances on a net basis.

Goodwill and other intangible assets

(i) Goodwill

Goodwill is allocated to the cash generating unit (CGU), or group of CGUs (GCGU), to which it relates and is tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

(ii) Brands

Separately acquired brands are shown at cost less accumulated amortisation and impairment. Brands acquired as part of a business combination, and that are separately identifiable, are recognised at fair value and amortised over their useful economic life as determined at the acquisition date (up to 20 years), except when their life is determined as being indefinite.

Applying indefinite lives to certain acquired brands is appropriate due to the stable long-term nature of the business and the enduring nature of the brands. A core element of the Group's strategy is to invest in building its brands through an ongoing programme of product innovation and continuing marketing investment. Within the Group, a brand typically comprises an assortment of base products and more innovative products. Both contribute to the enduring nature of the brand. The base products establish the long-term positioning of the brand while a succession of innovations attracts ongoing consumer interest and attention. Indefinite life brands are allocated to the CGUs or GCGUs to which they relate and are tested annually for impairment.

The Directors also review the useful economic life of brands annually, to ensure that these lives are still appropriate. If a brand is considered to have a finite life, its carrying value is amortised over its remaining estimated useful economic life.

(iii) Software

Expenditure relating to the acquisition of computer software licences and systems is capitalised at cost. The assets are amortised on a straight-line basis over a period of seven years for systems and five years or less for all other software.

Notes to the Financial Statements continued

1 Accounting Policies continued

Goodwill and other intangible assets continued

(iv) Distribution rights

Payments made in respect of product registration and acquired and reacquired distribution rights are capitalised where the rights comply with the above requirements for recognition of acquired brands. If the registration or distribution rights are for a defined time period, the intangible asset is amortised over that period. If no time period is defined, the intangible asset is treated in the same way as acquired brands.

(v) Customer contracts

Acquired customer contracts are capitalised at cost. These costs are amortised on a straight-line basis over the period of the contract.

(vi) Customer relationships

Customer relationships are shown at cost less accumulated amortisation and impairment. Customer relationships acquired as part of a business combination, and that are separately identifiable, are recognised at fair value and amortised over their useful economic life as determined at the acquisition date (up to 10 years).

(vii) Acquired intellectual property

Intellectual property rights acquired as part of a business and that are separately identifiable are recognised at fair value and amortised over their useful economic life as determined at the acquisition date (up to 20 years).

Amortisation of intangible assets in (ii) to (vii) is charged to cost of goods sold or net operating expenses depending on the use of the asset.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment, with the exception of freehold land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. Except for freehold land and assets under construction, the cost of property, plant and equipment is depreciated on a straight-line basis over the period of the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

- freehold buildings: not more than 50 years;
- leasehold land and buildings: the lesser of 50 years or the life of the lease; and
- owned plant and equipment: not more than 15 years (except for environmental assets and spray dryers which are not more than 30 years).

In general, production plant and equipment and office equipment are depreciated over 10 years or less and motor vehicles and computer equipment over 5 years or less.

Assets' residual values and useful lives are reviewed annually, and adjusted if necessary. Property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be appropriate. Freehold land is reviewed for impairment on an annual basis.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the asset's carrying value with any sale proceeds and are included in the Income Statement.

Leases

The Group has various lease arrangements for buildings (such as offices and warehouses), cars, and IT equipment. Lease terms are negotiated on an individual basis locally and subject to local rules and regulations. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for consideration, in which case it is identified as a lease. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Low value leases are those with an underlying asset value of USD 5,000 or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right of use assets

At commencement date, right of use assets are measured at cost, which comprises the following:

- the initial measurement of the lease liability;
- prepayments before commencement date of the lease;
- initial direct costs; and
- costs to restore at the termination of the lease.

Subsequent to initial recognition, right of use assets are depreciated on a straight-line basis over the duration of the contract. Right of use assets are assessed for impairment where indicators of impairment are present.

Lease liabilities

At commencement date, lease liabilities are measured at the present value of lease payments not yet paid including:

- fixed payments excluding lease incentive receivables;
- future contractually agreed fixed increases; and
- payments related to renewals or early termination, when options to renew or for early termination are reasonably certain to be exercised.

Subsequent to initial recognition lease liabilities are increased by the interest costs on the lease liabilities and decreased by lease payments made. Lease liabilities are remeasured when required to account for revised future payments.

Notes to the Financial Statements continued

1 Accounting Policies continued

Impairment of assets

Assets that have indefinite lives, including goodwill and brands, are tested annually for impairment at the level where cash flows are considered to be largely independent. This testing is performed at either the CGU or GCGU level. All CGUs and GCGUs are tested for impairment if there is an event or circumstance that indicates that their carrying value may not be recoverable. If the carrying value exceeds its recoverable amount an impairment loss is recognised in the Income Statement. The recoverable amount is the higher of the CGU's or GCGU's value-in-use and its fair value less costs of disposal.

Value-in-use is calculated with reference to the future and terminal cash flows expected to be generated by each CGU or GCGU (or group of assets where cash flows are not identifiable to specific assets) and discounted to present value. The discount rates used in the impairment reviews are based on weighted average cost of capital (WACC) specific to each CGU and GCGU, with the WACC converted to the implied pre-tax rates.

Fair value less costs of disposal is calculated using a discounted cash flow approach prepared on a market participant basis, with a post-tax discount rate applied to projected risk-adjusted post-tax cash flows and terminal value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and an appropriate portion of overhead expenses (based on normal operating capacity) required to get the inventory to its present location and condition. Inventory valuation is determined on a first in, first out (FIFO) basis. Net realisable value represents the estimated net selling price less applicable selling expenses.

Trade and other receivables

Trade and other receivables are initially recognised at the fair value of consideration plus transaction costs and subsequently held at amortised cost, less provision for discounts and doubtful debts. Allowance losses are calculated by reviewing lifetime expected credit losses using historic and forward-looking data on credit risk.

Trade and other payables

Trade and other payables are initially recognised at fair value less transaction costs and subsequently carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and other deposits with a maturity of less than three months when deposited.

For the purpose of the Cash Flow Statement, bank overdrafts that form an integral part of the Group's cash management, and are repayable on demand, are included as a component of cash and cash equivalents. Bank overdrafts are included within short-term borrowings in the Balance Sheet.

Borrowings

Interest-bearing borrowings are recognised initially at fair value less, where permitted by IFRS 9, any directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis.

Cash flows relating to interest are presented within operating cash flows. Proceeds and repayment of principal amounts are presented as financing cash flows and are presented gross, except for borrowings with maturities of less than three months (including commercial paper), which are presented net.

Derivative financial instruments and hedging activity

The Group may use derivatives to manage its exposures to fluctuating interest and foreign exchange rates. These instruments are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

At the inception of designated hedge relationships, the Group documents its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows or fair values of hedged items.

The Group designates certain derivatives as either:

- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedges); or
- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges).

Derivatives designated as cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the hedging reserve. Any gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised. For all other transactions, the amounts accumulated in the hedging reserve are recycled to the Income Statement in the period (or periods) when the hedged item affects the Income Statement.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated, or is exercised, then hedge accounting is discontinued prospectively. The amount that has been accumulated in the hedging reserve remains in equity until it is either included in the cost of a non-financial item or recycled to the Income Statement.

Notes to the Financial Statements continued

1 Accounting Policies continued

Derivatives designated as fair value hedges

Fair value hedges are used to manage the currency and/or interest rate risks to which the fair value of certain assets and liabilities are exposed. Changes in the fair value are recognised in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If such a hedge relationship no longer meets hedge accounting criteria, fair value movements on the derivative continue to be taken to the Income Statement while any fair value adjustments made to the underlying hedged item to that date are amortised through the Income Statement over its remaining life using the effective interest rate method.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Income Statement.

Net investment hedges

Gains and losses on those hedging instruments designated as hedges of the net investments in foreign operations are recognised in other comprehensive income to the extent that the hedging relationship is effective. Gains and losses accumulated in the foreign currency translation reserve are recycled to the Income Statement when the foreign operation is disposed of.

Equity investments

Equity investments are investments that are neither held for trading nor classified as investments in subsidiaries, associates or joint venture arrangements. Subsequent to their initial recognition, equity investments are stated at their fair value. Gains and losses arising from subsequent changes in the fair value are recognised in the Income Statement or in other comprehensive income on a case-by-case basis. Accumulated gains and losses included in other comprehensive income are not recycled to the Income Statement. Dividends from equity investments are recognised in the Income Statement.

Investment in associates

Investments in associates are accounted for using the equity method. An associate is an entity over which the Group has significant influence, being the power to participate in the investee's financial and operating policy decisions without control or joint control.

Interests in associates are stated in the consolidated Balance Sheet at cost, adjusted for the movement in the Group's share of their net assets and liabilities. The Group's share of the profit or loss after tax of associates is included in the Group's consolidated profit before taxation. Unrealised intragroup profits or losses from transactions are offset against the carrying amount of the investment on a pro-rata basis during consolidation, if material.

When the Group's share of losses exceeds its interest in an associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Financial Statements of the companies accounted for using the equity method are prepared in accordance with uniform accounting and measurement methods throughout the Group.

Employee share schemes

Incentives in the form of shares are provided to employees under equity-settled share option and restricted share plans, which have various combinations of market-based and non-market performance conditions, service conditions, and non-vesting conditions.

The fair value determined at the award grant date takes into account the probability of any relevant market-based performance conditions and non-vesting conditions being satisfied and is subsequently expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. This estimate takes into account the expected outcome for relevant non-market performance conditions and service conditions but assumes satisfaction of all market-based performance conditions and non-vesting conditions. At each Balance Sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Additional employer costs, including social security taxes, in respect of options and awards are charged to the Income Statement over the same period with a corresponding liability recognised.

Pension commitments

Group companies operate defined contribution and (funded and unfunded) defined benefit pension plans.

The cost of providing pensions to employees who are members of defined contribution plans is charged to the Income Statement as contributions are made. The Group has no further payment obligations once the contributions have been paid.

The deficit or surplus recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Balance Sheet date, less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows by the yield on high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have a maturity approximating to the terms of the pension obligations. The costs of providing these defined benefit plans are accrued over the period of employment. Actuarial gains and losses are recognised immediately in other comprehensive income.

Past service costs are recognised immediately in the Income Statement.

The net interest amount is calculated by applying the discounted rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset.

The net pension plan interest is presented within other finance income/other finance expense.

Notes to the Financial Statements continued

1 Accounting Policies continued

Post-retirement benefits other than pensions

Some Group companies provide post-retirement medical care and other benefits to their retirees. The costs of providing these benefits are accrued over the period of employment and the liability recognised in the Balance Sheet is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related asset is deducted.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that there will be an outflow of resources to settle that obligation; and the amount can be reliably estimated. Provisions are valued at the present value of the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date. Where it is possible that an outflow of resources may be required to settle the obligation or it is not possible to make a reliable estimate of the financial impact, appropriate disclosure is made but no provision recognised.

Repurchase and reissuance of ordinary shares

When shares recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Repurchased shares are classified as Treasury shares and are presented in retained earnings. When Treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and any resulting surplus is presented within share premium or deficit presented within retained earnings.

Dividend distribution

Dividends to owners of the Parent Company are recognised as a liability in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

Dividend payments are recorded at fair value. Where non-cash dividend payments are made, gains arising as a result of fair value remeasurements are recognised in the Income Statement in the same period.

Accounting estimates and judgements

In preparing these consolidated Financial Statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts and results may differ from these estimates.

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.

Critical judgements in applying the Group's accounting policies

Over the course of the year, management has made a number of critical judgements in the application of the Group's accounting policies. These include the following:

- management has determined that the Essential Home business should not be classified as held for sale as at 31 December 2024, given the significant level of pre-sale activity remaining to be completed before the Essential Home business could be considered to be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such disposal groups;
- 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 18, Note 20);
- the continuing enduring nature of the Group's brands supports the indefinite life assumption for certain of these assets (Note 9); and
- assumptions are made as to the recoverability of tax assets especially as to whether there will be sufficient future taxable profits in the same jurisdictions to fully utilise losses in future years (Note 12).

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 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 addressed below.

Goodwill and indefinite life intangible assets:

Under IFRS, goodwill and other indefinite life intangible assets must be tested for impairment on at least an annual basis. As disclosed further in Note 9, this testing generally 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.

The recoverability of the Group's goodwill and indefinite life intangible assets in relation to the Infant Feeding and Child Nutrition (IFCN) cash generating unit and Biofreeze is sensitive to reasonably possible changes in key assumptions. Further information on key estimates and assumptions, including details on the sensitivities of the value-in-use estimates to reasonable changes in key assumptions, is included in Note 9.

Notes to the Financial Statements continued

1 Accounting Policies continued

Key sources of estimation uncertainty continued

Tax:

The actual tax paid on profits is determined based on tax laws and regulations that differ across the numerous jurisdictions in which the Group operates. Assumptions are made in applying these laws to the taxable profits in any given period in order to calculate the tax charge or credit for that period. Where the eventual tax paid or reclaimed is different to the amounts originally estimated, the difference is charged or credited to the Income Statement in the period in which it is determined (Note 7).

The Group operates in an international tax environment and is subject to tax examinations and uncertainties in a number of jurisdictions. The issues involved can be complex and disputes may take a number of years to resolve. Each uncertainty is separately assessed and management applies judgement in the recognition and measurement of the uncertainty based on the relevant circumstances. The exposure recognised is calculated based on the expected value method or the most likely outcome method, depending on whether there are a wide range of possible outcomes or if resolution of the uncertainty is concentrated on one outcome. In particular, the range of possible outcomes relating to transfer pricing exposures can be wide and, in these scenarios, the expected value method is employed. The accounting estimates and judgements considered include:

- status of the unresolved matter;
- clarity of relevant legislation and related guidance;
- pre-clearances issued by taxing authorities;
- advice from in-house specialists and opinions of professional firms;
- resolution process and range of possible outcomes;
- past experience and precedents set by the particular taxing authority;
- decisions and agreements reached in other jurisdictions on comparable issues;
- unutilised tax losses, tax credits and availability of mutual agreement procedures between tax authorities; and
- statute of limitations.

Management is of the opinion that the carrying values of the liability for uncertain tax positions made in respect of these matters represent its best estimate once all facts and circumstances have been taken into account. Nevertheless, the final amounts paid to discharge the liabilities arising (either through negotiated settlement or litigation) may be different from the position recognised. The net liabilities recognised in respect of uncertain tax positions as at 31 December 2024 are £595 million (2023: £619 million) (Note 22).

Trade spend:

The Group provides for amounts payable to our trade customers for promotional activity and government reimbursement arrangements. Where an activity spans the year end, an accrual is reflected in the consolidated Financial Statements based on our estimation of customer and consumer uptake during the relevant period and the extent to which temporary funded activity has occurred. As there is a timing difference between that initial estimation and final settlement of trade spend with our customers, differences can result on final settlement. As at 31 December 2024, the Group recognised total accruals of £1,074 million (2023: £1,125 million) in respect of amounts payable to trade customers and government bodies for trade spend. The Group's trade spend arrangements vary considerably by market and category, and the Group's trade spend accruals are made up of many individually small accruals. Therefore, an aggregated disclosure of sensitivity analysis on the key inputs to trade spend accrual estimates would not be practicable nor meaningful. Nevertheless, a 13% (2023: 13%) difference between those initial estimates and final settlement would cause a material charge or credit to the Income Statement in the next financial year. During 2024, adjustments to trade spend accruals as at 31 December 2023, due to changes in accounting estimates, resulted in a credit to net revenue of £77 million (2023: £132 million credit to net revenue).

Legal provisions:

The Group recognises legal provisions when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that there will be an outflow of resources to settle that obligation; and the amount can be reliably estimated. The level of provisioning in relation to civil and/or criminal investigations is an area where management and legal judgement are important, with individual provisions being based on best estimates of the possible loss, considering all available information, external advice and historical experience. As at 31 December 2024, the Group recognised legal provisions of £112 million (2023: £137 million) in relation to a number of historical regulatory and other matters in various jurisdictions.

2 Operating Segments

The Group's operating segments comprise 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.

Notes to the Financial Statements continued

2 Operating Segments continued

The segment information for the operating segments for the year ended 31 December 2024 and 31 December 2023 is as follows:

Year ended 31 December 2024	Hygiene £m	Health £m	Nutrition £m	Adjusting items £m	Total £m
Net revenue	6,140	5,882	2,147	–	14,169
Depreciation and amortisation (Note 9 & 10)	(159)	(189)	(88)	(25)	(461)
Operating profit	1,375	1,699	401	(1,050)	2,425
Net finance expense					(321)
Profit before income tax					2,104
Income tax charge					(672)
Net profit from continuing operations					1,432

Year ended 31 December 2023	Hygiene £m	Health £m	Nutrition £m	Adjusting items £m	Total £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 profit from continuing operations					1,648

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 2024 a £696 million impairment of IFCN intangible assets, £142 million impairment of Biofreeze intangible assets, restructuring and other project costs of £167 million linked to the group strategic announcements in 2024, is included on page 226.

The Company is domiciled in the UK. The split of net revenue from external customers and non-current assets (other than equity instruments, deferred tax assets and retirement benefit surplus assets) between the UK, the US (being the biggest country outside the country of domicile) and that from all other countries is:

2024	UK £m	US £m	All other countries £m	Total £m
Net revenue	886	4,183	9,100	14,169
Goodwill and other intangible assets	1,911	8,980	6,674	17,565
Property, plant and equipment	283	788	1,314	2,385
Other non-current receivables (excluding derivative financial instruments)	6	19	88	113

2023	UK £m	US £m	All other countries £m	Total £m
Net revenue	886	4,538	9,183	14,607
Goodwill and other intangible assets	1,903	9,646	7,039	18,588
Property, plant and equipment	290	768	1,341	2,399
Other non-current receivables (excluding derivative financial instruments)	12	18	92	122

Major customers are typically large grocery chains, multiple retailers and e-commerce platforms. The Group's customer base is diverse with no individual customer accounting for more than 10% of net revenue (2023: no individual more than 10% of revenue).

3 Analysis of Net Operating Expenses

	2024 £m	2023 £m
Distribution costs ¹	(3,537)	(3,703)
Research and development costs	(325)	(337)
Other administrative expenses ²	(1,474)	(1,382)
Impairment of intangible assets ³	(839)	(810)
Other net operating income	5	3
Net operating expenses	(6,170)	(6,229)

1 Included in distribution costs is an amount of £2,162 million (2023: £2,193 million) relating to marketing costs

2 Other administrative expenses includes a net foreign exchange loss of £13 million (2023: loss of £6 million) and £167 million (2023: £nil) of restructuring expenses

3 Impairment of intangible assets includes £838 million relating to the IFCN and Biofreeze businesses (2023: £810 million goodwill impairment relating to the IFCN business). Further details can be found in Note 9

Notes to the Financial Statements continued

4 Auditor Remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Company's Auditor and its associates:

	2024 £m	2023 £m
Audit services pursuant to legislation		
Audit of the Group's Annual Report and Financial Statements	8.0	8.9
Audit of the Financial Statements of the Group's subsidiaries	11.7	10.5
Audit-related assurance services	0.9	0.9
Total audit and audit-related services	20.6	20.3
Fees payable to the Company's Auditor and its associates for other services		
Other assurance services	3.6	0.4
Total non-audit services	3.6	0.4
	24.2	20.7

5 Employee Costs

Total employee costs, including those for Directors, were:

	Note	2024 £m	2023 £m
Wages and salaries		2,026	2,126
Social security costs		272	281
Other pension costs	23	63	60
Share-based payments	25	85	102
Total staff costs		2,446	2,569

Executive and Non-Executive Directors' aggregate emoluments are disclosed on pages 96-133 of the Directors' Remuneration Report. Compensation awarded to key management (defined as the members of the Group Executive Committee and the Non-Executive Directors) was:

	2024 £m	2023 £m
Short-term employee benefits	26	31
Post-employment and other long-term benefits	-	-
Share-based payments	22	22
	48	53

Staff numbers

The monthly average number of people employed by the Group, including Directors, during the year was:

	2024 '000	2023 '000
North America	5.0	5.2
Europe/ANZ	14.1	14.2
Rest of world	18.8	20.7
	37.9	40.1

6 Net Finance Expense

	2024 £m	2023 £m
Finance income		
Foreign exchange net gain on liquidation of subsidiaries	-	130
Interest income on cash and cash equivalents	53	41
Pension net finance income	5	8
Finance income on tax balances	15	-
Foreign exchange gains on intercompany financing, net of hedging	-	21
Other finance income	8	10
Total finance income	81	210
Finance expense		
Interest payable on borrowings	(363)	(295)
Finance expense on tax balances	-	(22)
Forward purchase agreement interest expense	(17)	-
Interest payable on leases	(13)	(14)
Other finance expense	(9)	(9)
Total finance expense	(402)	(340)
Net finance expense	(321)	(130)

In 2023, as a result of the simplification of the Group's legal entity structure, a number of entities were liquidated. Upon liquidation, the cumulative foreign exchange reserves were recycled to the Income Statement, resulting in a net foreign exchange gain of £130 million.

Notes to the Financial Statements continued

7 Income Tax Expense

	2024 £m	2023 £m
Current tax	747	783
Adjustment in respect of prior periods	(47)	22
Total current tax	700	805
Origination and reversal of temporary differences	(30)	(51)
Impact of changes in tax rates	2	(1)
Total deferred tax	(28)	(52)
Income tax charge	672	753

Current tax includes tax incurred by UK entities of £97 million (2023: £108 million). This is comprised of UK corporation tax of £62 million (2023: £63 million) and overseas tax suffered of £35 million (2023: £45 million). UK current tax is calculated at 25% (2023: 23.5%) of the estimated assessable profit for the year, net of relief for overseas taxes where available. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Cash tax paid in the year was £700 million (2023: £922 million). The variance from the current year tax charge of £747 million is attributable to movements on uncertain tax positions (shown in Note 22) and timing differences arising between the accrual and payment of current income tax liabilities and refunds received from taxing authorities in respect of previous periods.

Origination and reversal of temporary differences includes adjustments in respect of prior periods of £36 million expense (2023: £11 million expense).

The total tax charge on the Group's profit for the year can be reconciled to the notional tax charge calculated at the UK tax rate as follows:

	2024 £m	2023 £m
Continuing operations		
Profit before income tax	2,104	2,401
Tax at the notional UK corporation tax rate of 25% (2023: 23.5%)	526	564
Effect of:		
Overseas tax rates	8	43
Movement in provision related to uncertain tax positions (note 22)	(143)	(50)
Net impact of divestments and assets reclassified to held for sale	(3)	(6)
Unrecognised tax losses, other unrecognised tax assets and deferred tax liability on unremitted earnings	36	(34)
Withholding and local taxes	30	30
Reassessment of prior year estimates	(11)	33
Impact of changes in tax rates	2	(1)
Non-taxable foreign exchange gain arising from legal entity simplification (Note 6)	-	(31)
Non-deductible impairment of goodwill	174	190
Other permanent differences	53	15
Income tax charge	672	753

Our effective tax rate in any given financial year reflects a variety of factors that may not be present in succeeding financial years and may be affected by variations in profit mix and changes in tax laws, regulations and related interpretations.

The Group is within the scope of the OECD Pillar Two rules which took effect on 1 January 2024. The UK government substantively enacted legislation on 20 June 2023 that translated the Pillar Two rules into UK law. The Company recorded a Pillar Two current tax expense of £1 million for 2024.

The Group has applied the temporary mandatory exception from accounting for deferred taxes arising from the Pillar Two model rules as set out in 'International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)' issued by the IASB in May 2023.

Notes to the Financial Statements continued

7 Income Tax Expense continued

The effect of overseas tax rates represents the impact of profits arising outside the UK that are taxed at different rates to the UK rate. The UK tax rate increased from 19% to 25% on 1 April 2023. 23.5% represents the blended UK tax rate over the 12 month period to 31 December 2023.

Withholding and local taxes suffered in the year are adjusted for previously accrued deferred tax liabilities on unremitted earnings.

The reassessment of prior year estimates includes settlements reached following conclusion of tax authority review and differences between final tax return submissions and liabilities accrued in these Financial Statements.

The 2023 and 2024 impact of non-deductible goodwill impairment is attributable to IFCN.

UK deferred tax assets and liabilities have been calculated based on the substantively enacted rate of 25% (2023: 25%).

We conduct business operations in a number of countries and are therefore subject to tax and intercompany pricing laws in multiple jurisdictions. We have in the past faced, and may in the future face, audits and challenges brought by tax authorities, and we are involved in ongoing tax investigations in a number of countries. If material challenges were to be successful, our effective tax rate may increase, we may be required to modify structures at significant costs to us, we may also be subject to interest and penalty charges and we may incur costs in defending litigation or reaching a settlement. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

On 19 September 2024, the Court of Justice of the European Union annulled the European Commission's decision finding certain United Kingdom rules on the taxation of controlled foreign companies (CFCs) to be State Aid incompatible with the internal market and set aside the judgement of the General Court confirming that decision. The Group has therefore released the uncertain tax position in respect of this matter.

The tax credited /(charged) relating to components of other comprehensive income is as follows:

	2024			2023		
	Before tax £m	Tax (charge) /credit £m	After tax £m	Before tax £m	Tax (charge) /credit £m	After tax £m
Net exchange (losses)/gains on foreign currency translation	(438)	(4)	(442)	(639)	-	(639)
Reclassification of foreign currency translation reserves on disposals or liquidation of foreign operations	(11)	-	(11)	(131)	-	(131)
Gains/(losses) on cash flow and net investment hedges	123	-	123	14	(11)	3
Remeasurement of defined benefit pension plans (Note 23)	(13)	-	(13)	(42)	16	(26)
Revaluation of equity instruments	(27)	(1)	(28)	(10)	-	(10)
Other comprehensive (expense)/income	(366)	(5)	(371)	(808)	5	(803)
Current tax		-			-	
Deferred tax (Note 12)		(5)			5	
		(5)			5	

The tax charged directly to the Statement of Changes in Equity during the year is as follows:

	2024 £m	2023 £m
Current tax	-	1
	-	1

Notes to the Financial Statements continued

8 Earnings Per Share

	2024 pence	2023 pence
Basic earnings per share		
From continuing operations	204.2	227.9
From discontinued operations	(0.6)	1.3
Total basic earnings per share	203.6	229.2
Diluted earnings per share		
From continuing operations	203.8	227.4
From discontinued operations	(0.6)	1.3
Total diluted earnings per share	203.2	228.7

Basic

Basic earnings per share is calculated by dividing the net income attributable to owners of the Parent Company from continuing operations (2024: £1,430 million income, 2023: £1,634 million income) and discontinued operations (2024: £4 million expense; 2023: £9 million income) by the weighted average number of ordinary shares in issue during the year (2024: 700,386,007; 2023: 716,700,954).

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 2024, there were 16,237,641 (2023: 15,150,221) 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.

	2024 average number of shares	2023 average number of shares
On a basic basis	700,386,007	716,700,954
Dilution for Executive Share Awards	1,261,552	1,368,088
Dilution for Employee Sharesave Scheme Options	94,701	214,492
On a diluted basis	701,742,260	718,283,534

9 Goodwill and Other Intangible Assets

	Brands £m	Goodwill £m	Software £m	Other £m	Total £m
Cost					
At 1 January 2023	14,525	11,036	653	278	26,492
Additions	–	–	101	–	101
Arising on business combinations	–	17	–	39	56
Disposals	(1)	–	–	–	(1)
Reclassifications	–	–	4	–	4
Reclassifications to held for sale	(124)	–	–	–	(124)
Exchange adjustments	(583)	(660)	(5)	(4)	(1,252)
At 31 December 2023	13,817	10,393	753	313	25,276
Additions	–	–	95	–	95
Arising on business combinations	–	2	1	–	3
Disposals	–	(8)	(5)	–	(13)
Reclassifications	5	(4)	–	(1)	–
Exchange adjustments	(118)	(40)	(10)	7	(161)
At 31 December 2024	13,704	10,343	834	319	25,200
Accumulated amortisation and impairment					
At 1 January 2023	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)
At 31 December 2023	311	5,815	412	150	6,688
Amortisation	21	–	79	8	108
Impairment ¹	143	696	–	–	839
Disposals	(1)	–	(1)	–	(2)
Exchange adjustments	(7)	11	(5)	3	2
At 31 December 2024	467	6,522	485	161	7,635
Net book value					
At 31 December 2023	13,506	4,578	341	163	18,588
At 31 December 2024	13,237	3,821	349	158	17,565

1 Includes impairment of IFCN and Biofreeze. See Annual Impairment Review section below

Notes to the Financial Statements continued

9 Goodwill and Other Intangible Assets continued

The amount stated for brands represents the fair value of brands acquired since 1985 at the date of acquisition. Other includes product registration, distribution rights, capitalised product development costs and customer contracts.

Software includes intangible assets under construction of £107 million (2023: £88 million).

The net book values of significant brand intangible assets acquired through business combinations are as follows:

Acquisition	Acquisition year	2024 £m	2023 £m
Mead Johnson Nutrition Company	2017	4,503	4,480
SSL International	2010	1,790	1,847
Boots Healthcare International	2006	1,363	1,405
Adams Respiratory Therapeutics	2008	1,230	1,210
Schiff Nutrition International	2012	1,050	1,032
L&F Household	1994	846	834
Lanai Holdings	2021	511	644
American Home Products Corporation	1990	440	439
Bristol-Myers Squibb OTC	2013	297	362
K-Y	2014	280	280

The majority of brands, all of goodwill and certain other intangible assets are considered to have indefinite lives (see Note 1) and therefore are subject to an annual impairment review. The MJN global brand and acquired customer relationships are deemed to have a finite life and are amortised accordingly. Amortisation is recognised in net operating expenses or cost of goods sold depending on the use of the asset.

The net book values of indefinite and finite life intangible assets are as follows:

Net book value	2024 £m	2023 £m
Indefinite life assets		
Brands	13,166	13,415
Goodwill	3,821	4,578
Other	115	107
Total indefinite life assets	17,102	18,100
Finite life assets		
Brands	71	91
Software	349	341
Other	43	56
Total finite life assets	463	488
Total net book value of intangible assets	17,565	18,588

Cash Generating Units

Goodwill and other intangible assets with indefinite lives are allocated to either individual cash generating units (CGUs), or groups of cash generating units (together GCGUs). The goodwill and intangible assets with indefinite lives are tested for impairment at the level at which identifiable cash inflows are largely independent. Generally, this is at a GCGU level, but for certain intangible assets this is at a CGU level.

After considering all the evidence available, including how brand and production assets generate cash inflows and how management monitors the business, the Directors have concluded that for the purpose of impairment testing of goodwill and other intangible assets, the Group's GCGUs are Health, Hygiene and IFCN.

An analysis of the net book value of indefinite life assets and goodwill by GCGU/CGU is shown below:

GCGU/CGU	2024		
	Indefinite life assets £m	Goodwill £m	Total £m
Health ¹	6,981	3,776	10,757
Hygiene	1,828	45	1,873
IFCN	4,472	–	4,472
	13,281	3,821	17,102

GCGU/CGU	2023		
	Indefinite life assets £m	Goodwill £m	Total £m
Health ¹	7,258	3,849	11,107
Hygiene	1,844	45	1,889
IFCN	4,420	684	5,104
	13,522	4,578	18,100

1 Indefinite lived intangible assets and goodwill for VMS, and goodwill for Biofreeze, were transferred to the Health GCGU in 2023

	2024 £m	2023 £m
Indefinite life assets excluding goodwill		
Intimate Wellness	2,083	2,143
Biofreeze	481	613

Notes to the Financial Statements continued

9 Goodwill and Other Intangible Assets continued

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.

For the Health and Hygiene GCGUs, and the Intimate Wellness CGU, as at 31 December 2024 any reasonably possible change in the key valuation assumptions would not imply possible impairment. The recoverable amount for each of these GCGUs and CGU was determined utilising the value-in-use basis (2023: value-in-use basis) with key assumptions including a pre-tax discount rate of 9% for Health, Hygiene and Intimate Wellness (2023: 11% for Health, Hygiene and Intimate Wellness), and a terminal growth rate of either 2.5% for Health, Intimate Wellness and Biofreeze (2023: 2.5%), or 2% for Hygiene and IFCN (2023: 2%).

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 and 2024. 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.

In 2023, as a result of these regulatory factors and to incorporate the effect of higher interest rates, management 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, and so management recorded an impairment loss against IFCN goodwill of £810 million.

During 2024, management further developed their response to the changing regulatory environment and to provide greater resilience to the supply network which now includes significantly more capital expenditure and the accelerated replacement of capital equipment. This capital investment programme over the next five years includes the delivery of replacement spray dryer capacity.

This resulted in the IFCN net book value exceeding its recoverable amount, therefore management has recorded an impairment loss against IFCN goodwill of £696 million to record the IFCN CGU at its recoverable amount of £3,890 million.

The recoverable amount for IFCN has been calculated on a value-in-use basis (2023: 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% (2023: 11%) and an IFCN specific terminal growth rate of 2.0% (2023: 2.0%).

The determination of the recoverable amount for IFCN at 31 December 2024 incorporates certain key assumptions, some of which are subject to considerable uncertainty. These assumptions include but are not limited to the costs of complying with the evolving regulatory landscape, execution of the capital programme, ongoing resilience risk within the supply network, net revenue growth rates, the commercial success of new product launches and the expansion of speciality nutrition. The value in use does not include any possible net cash outflows in respect of current and future NEC litigation (note 20). 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:

	2024
Pre-tax discount rate	11%
Terminal growth rate	2.0%
Net revenue compound annual growth rate (CAGR) for the period 2024-2029 ¹	3.2%
Gross margin CAGR for the period 2024-2029 ¹	2.7%
	2023
Pre-tax discount rate	11.0%
Terminal growth rate	2.0%
Net revenue compound annual growth rate (CAGR) for the period 2023-2028 ^{1,2}	1.5%
Gross margin CAGR for the period 2023-2028 ³	2.2%

¹ These have been determined on a constant FX basis

² The net revenue CAGR for the period 2024-2028 is circa 4%, following rebasing of Nutrition net revenue in 2024

³ The gross margin CAGR for the period 2024-2028 is circa 5%

Notes to the Financial Statements continued

9 Goodwill and Other Intangible Assets continued

IFCN continued

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

Key estimates	Commentary
Capital expenditure	A significant capital investment programme has commenced to meet regulatory requirements and to build greater resilience in the wider supply network.
Market	In the US, management expects birth rates to be relatively stable. Tendering for WIC contracts continues to be highly competitive but management expects this to remain stable. 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 3.2%. 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) decline marginally as the capital expenditure programme is delivered. In the long term these are expected to return to more normalised levels.
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. The specific risk premium reflects the risk associated with the delivery of the capital investment programme over the next five years and the continued impact of the evolving regulatory environment.
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.

	2024 £m
Expected net revenue growth rates (2025 to 2029) adjusted by 100bps	+475/-460
Expected EBIT growth rates (2025 to 2029) adjusted by 100bps	+220/-215
Terminal growth rate (applied from 2030) adjusted by 50bps	+330/-280
Pre-tax discount rate adjusted by 50bps	+280/-250

The inclusion of a further £200 million of capital expenditure in the value-in-use model, without any associated improvements in gross margin, would result in an additional impairment of £154 million.

	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	+220/-210
Terminal growth rate (applied from 2029) adjusted by 50bps	+290/-250
Pre-tax discount rate adjusted by 50bps	+270/-240

Biofreeze

On 12 July 2021, the Group acquired 100% of the equity interests in Lanai Holdings, owner of the Biofreeze and TheraPearl brands, for cash consideration of \$1,060 million (£766 million). Biofreeze is a leader in over-the-counter topical pain relief, with a strong footprint in the North America retail and clinical channels and a growing international presence.

During 2022, Biofreeze performed below expectations following a short-term category slowdown, in part due to macroeconomic conditions. This underperformance, together with the macroeconomic environment, introduced additional uncertainty into future Biofreeze cash flows. To reflect this uncertainty, management increased the pre-tax discount rate used to determine value-in-use to 12.0%. This resulted in the book value of the Biofreeze CGU exceeding its recoverable amount at 31 December 2022, therefore in 2022 management recorded a goodwill impairment of £152 million to record Biofreeze at its recoverable amount of £698 million (\$843 million). Following this impairment, at 31 December 2022 no headroom remained between the Biofreeze recoverable amount and net book value.

During the second half of 2023, the integration of Biofreeze into the Health business was completed. Following this integration, Biofreeze goodwill is monitored at the Health GCGU level and Biofreeze goodwill has accordingly been transferred to the Health GCGU. An impairment review of the Biofreeze CGU inclusive of goodwill was performed immediately prior to the transfer of the goodwill, with this review performed as at 30 September 2023. Biofreeze goodwill was deemed recoverable immediately prior to transfer to the Health GCGU.

During 2024, Biofreeze performed below expectations following a reduction in the level of displays present in the category, competitive pressure from both private label and branded competitors as well as new entrants to the market. This resulted in Biofreeze net book value exceeding its recoverable amount at 31 December 2024, therefore management has recorded an impairment against the brand intangibles of £142 million (\$178 million) to record Biofreeze at its recoverable amount of £531 million (\$664 million). The recoverable amount for the Biofreeze CGU has been determined on a value-in-use basis using a discounted cash flow approach, with future cash flows derived from a detailed five-year plan. Cash flows beyond the five-year plan have been projected using a terminal growth rate of 2.5% (2023: 2.5%).

The determination of the recoverable amount for Biofreeze in the 2024 impairment assessment incorporates certain key assumptions, some of which are subject to considerable uncertainty. These assumptions include but are not limited to anticipated market share improvement, the commercial success of new product launches and international market expansion.

Notes to the Financial Statements continued

9 Goodwill and Other Intangible Assets continued

Biofreeze continued

The key assumptions used in the estimation of value-in-use of Biofreeze at 31 December 2024 are outlined below.

	31 December 2024
Pre-tax discount rate	11%
Terminal growth rate	2.5%
Net revenue compound annual growth rate (CAGR) for the period 2024-2029	8%
Gross margin CAGR for the period 2024-2029	8%

The key estimates incorporated within the determination of the Biofreeze recoverable amount in 2024 are summarised below:

Key estimates	Commentary
Net revenue	In the short to medium term, the valuation model assumes a five-year CAGR of 8%, to be delivered through category growth and market share growth driven by a mix of innovation arising from format expansion of existing products and international expansion.
Margins	In the short to medium term, the valuation model assumes Biofreeze margins (both gross and operating) to increase from current levels as Biofreeze benefits from productivity initiatives on integrating into Reckitt.
Discount rate	Management determined the Biofreeze-specific weighted average cost of capital (WACC) and the implied pre-tax discount rate with the support of a third-party expert. For valuation purposes management used the mid-point of the calculated range to reflect uncertainty in certain key assumptions.
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 hence is theoretical in nature.

	31 December 2024 £m
Expected net revenue growth rates (2025 to 2029) adjusted by 100bps	+45/-40
Expected EBIT growth rates (2025-2029) adjusted by 100bps	+30/-25
Terminal growth rate (applied from 2030) adjusted by 50bps	+45/-40
Pre-tax discount rate adjusted by 50bps	+45/-40

10 Property, Plant and Equipment

	Land and buildings £m	Plant and equipment £m	Right of use assets £m	Assets under construction £m	Total £m
Cost					
At 1 January 2023	1,409	2,368	580	394	4,751
Additions	13	38	56	301	408
Disposals	(17)	(48)	(53)	(6)	(124)
Reclassifications (including held for sale)	92	231	11	(349)	(15)
Exchange adjustments	(34)	(59)	(27)	(11)	(131)
At 31 December 2023	1,463	2,530	567	329	4,889
Additions	34	52	70	266	422
Disposals	(23)	(100)	(57)	–	(180)
Reclassifications (including held for sale)	66	196	–	(242)	20
Exchange adjustments	(35)	(63)	(16)	(5)	(119)
At 31 December 2024	1,505	2,615	564	348	5,032
Accumulated depreciation and impairment					
At 1 January 2023	556	1,511	206	5	2,278
Charge for the year	68	199	96	–	363
Disposals	(16)	(42)	(28)	–	(86)
Impairment	4	4	–	–	8
Reclassifications (including held for sale)	(1)	(3)	–	–	(4)
Exchange adjustments	(16)	(41)	(11)	(1)	(69)
At 31 December 2023	595	1,628	263	4	2,490
Charge for the year	66	202	85	–	353
Disposals	(13)	(91)	(42)	–	(146)
Impairment	3	3	–	2	8
Reclassifications (including held for sale)	(1)	8	–	2	9
Exchange adjustments	(16)	(42)	(9)	–	(67)
At 31 December 2024	634	1,708	297	8	2,647
Net book value					
As at 31 December 2023	868	902	304	325	2,399
As at 31 December 2024	871	907	267	340	2,385

Notes to the Financial Statements continued

10 Property, Plant and Equipment continued

At 31 December 2024, the Group's right of use assets included land and buildings of £232 million (2023: £276 million) and other assets of £35 million (2023: £28 million). The depreciation charged on the right of use assets comprises £71 million (2023: £82 million) on the land and buildings and £14 million (2023: £14 million) on the other assets.

At 31 December 2024, the Group has commitments to purchase property, plant and equipment of £70 million (2023: £69 million).

11 Equity Instruments

	2024				2023			
	Equity method £m	Fair value through profit or loss £m	Fair value through other comprehensive income £m	Total £m	Equity method £m	Fair value through profit or loss £m	Fair value through other comprehensive income £m	Total £m
Equity investments	-	57	51	108	-	45	69	114
Investments in associates	-	-	-	-	4	-	-	4
	-	57	51	108	4	45	69	118

Equity investments at 31 December 2024 and 2023 is composed of a number of listed and unlisted equity investments in which the Group has a minority stake.

In 2024, equity investments includes investments of £57 million (2023: £45 million) principally in equity mutual funds which are made in the name of the Group, but the proceeds of which are provided to employees as part of their compensation arrangements.

The Group also holds a number of individually immaterial investments in associates over which it exercises a significant influence. In 2024, there are no impairments and gains or losses associated with equity accounted investments that are less than £1 million.

12 Deferred Tax

Deferred tax	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
At 1 January 2024	(60)	(3,121)	511	64	(6)	(2,612)
(Charged) / credited to the Income Statement	(18)	19	46	(13)	(6)	28
Credited/(charged) to other comprehensive income	-	-	(5)	-	-	(5)
Exchange differences	(5)	12	(18)	(6)	-	(17)
At 31 December 2024	(83)	(3,090)	534	45	(12)	(2,606)

2024	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
Deferred tax assets	18	(27)	197	44	11	243
Deferred tax liabilities	(101)	(3,063)	337	1	(23)	(2,849)
Deferred tax	(83)	(3,090)	534	45	(12)	(2,606)

Deferred tax	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
At 1 January 2023	(54)	(3,274)	503	46	(14)	(2,793)
Credited/(charged) to the Income Statement	(10)	11	39	19	(7)	52
Credited/(charged) to other comprehensive income	-	-	(11)	-	16	5
Arising on business combinations	-	-	(1)	-	-	(1)
Exchange differences	4	142	(19)	(1)	(1)	125
At 31 December 2023	(60)	(3,121)	511	64	(6)	(2,612)

Notes to the Financial Statements continued

12 Deferred Tax continued

2023	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
Deferred tax assets	16	(38)	237	62	10	287
Deferred tax liabilities	(76)	(3,083)	274	2	(16)	(2,899)
Deferred tax	(60)	(3,121)	511	64	(6)	(2,612)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority. Deferred tax on short-term temporary differences of £534 million (2023: £511 million) are comprised of accrued expenses deductible for tax on a cash basis of £362 million (2023: £404 million), other short-term temporary differences of £205 million (2023: £140 million) and net of deferred tax liabilities on unremitted earnings of £33 million (2023: £33 million).

Unrecognised deferred tax assets

Deferred tax assets on certain corporation tax losses and other short-term temporary differences totalling £4,738 million gross (2023: £4,734 million gross) have not been recognised at 31 December 2024 as the likelihood of future economic benefit is not sufficiently assured. These assets will be recognised if utilisation of the losses and other temporary differences become probable.

Unrecognised deferred tax liabilities

The aggregate amount of gross temporary differences associated with investments in subsidiaries, branches and associates and interest in joint ventures, for which deferred tax liabilities have not been recognised at 31 December 2024 is £7,405 million (2023: £7,833 million).

13 Inventories

	2024 £m	2023 £m
Raw materials and consumables	359	401
Work in progress	87	82
Finished goods and goods held for resale	1,071	1,154
Total inventories	1,517	1,637

The total cost of inventories recognised as an expense and included in cost of sales amounted to £5,324 million (2023: £5,577 million). This includes inventory write-offs and losses of £112 million (2023: £111 million).

The Group inventory provision at 31 December 2024 was £153 million (2023: £108 million).

14 Trade and Other Receivables

Amounts falling due within one year	Note	2024 £m	2023 £m
Trade receivables		1,783	1,741
Less: Provision for impairment of receivables		(33)	(36)
Trade receivables – net		1,750	1,705
Other receivables	14b	218	266
Prepayments and accrued income		123	91
Trade and other receivables		2,091	2,062

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

Currency analysis	2024 £m	2023 £m
US dollar	616	575
Euro	283	302
Sterling	169	173
Brazilian real	142	170
Other currencies	881	842
Trade and other receivables	2,091	2,062

The maximum exposure to credit risk at the year end is the carrying value of each class of receivable mentioned above.

Notes to the Financial Statements continued

14 Trade and Other Receivables continued

a. Trade receivables

Trade receivables consist of amounts due from customers. The Group's customer base is large and diverse and consequently there is limited concentration of credit risk. Credit risk is assessed at a subsidiary and Group level and takes into account the financial positions of customers, past experience, future expectations and other relevant factors. Individual credit limits are established based on those factors.

The following table provides an ageing analysis of trade receivables at year end:

	2024 £m	2023 £m
Not overdue	1,514	1,455
Up to 3 months overdue	219	250
Over 3 months overdue	50	36
Trade receivables	1,783	1,741

At 31 December 2024, a provision of £33 million (2023: £36 million) was recorded against certain trade receivables based on a forward-looking assessment of the lifetime expected credit loss as required by IFRS 9. This assessment considered the ageing profiles of specific trade receivable balances along with the risk of future customer defaults.

As at 31 December 2024, trade receivables of £236 million (2023: £250 million) were past due but not impaired. These receivables were not impaired because having considered their nature and historical collection, recovery of the unprovided amounts is expected in due course.

b. Other receivables

Other receivables includes recoverable indirect tax of £156 million (2023: £187 million).

c. Other non-current receivables

Other non-current receivables consists of:

	2024 £m	2023 £m
Other receivables	63	72
Prepayments	22	20
Non-current tax recoverable	28	30
Derivative financial instruments	17	50
Other non-current receivables	130	172

d. Financial instruments (Note 15)

At 31 December 2024, £1,853 million (2023: £1,836 million) of the current and non-current receivables totalling £2,221 million (2023: £2,234 million) are financial assets. These mainly related to amounts owed from customers or government bodies and are typically non-interest bearing. Amounts that are not financial assets are mostly prepayments, recoverable sales tax and employee benefit assets.

Notes to the Financial Statements continued

15 Financial Instruments and Financial Risk Management

Financial instruments by category

	Note	At 31 December 2024				At 31 December 2023					
		Amortised cost £m	Derivatives used for hedging £m	Fair value through profit or loss £m	Fair value through other comprehensive income £m	Carrying value total £m	Amortised cost £m	Derivatives used for hedging £m	Fair value through profit or loss £m	Fair value through other comprehensive income £m	Carrying value total £m
Assets as per the Balance Sheet											
Current and non-current trade and other receivables	14d	1,853	-	-	-	1,853	1,836	-	-	-	1,836
Derivative financial instruments											
FX forward exchange contracts	17	-	30	31	-	61	-	48	16	-	64
Cross currency interest rate swaps	17	-	17	-	-	17	-	50	-	-	50
Equity instruments	11	-	-	57	51	108	-	-	45	69	114
Cash and cash equivalents	16	880	-	-	-	880	1,387	-	-	-	1,387
Liabilities as per the Balance Sheet											
Current and non-current trade and other payables	21	5,050	-	-	-	5,050	5,276	-	-	-	5,276
Share repurchase liability	24	477	-	-	-	477	296	-	-	-	296
Borrowings (loans, overdrafts and other non-current borrowings) ¹	17	157	-	-	-	157	43	-	-	-	43
Lease liabilities	19	300	-	-	-	300	327	-	-	-	327
Senior notes	17	1,307	-	-	-	1,307	1,292	-	-	-	1,292
Bonds	17	6,302	-	-	-	6,302	6,875	-	-	-	6,875
Commercial paper	17	592	-	-	-	592	-	-	-	-	-
Derivative financial instruments											
FX forward exchange contracts	17	-	19	19	-	38	-	20	58	-	78
Interest rate swaps	17	-	158	-	-	158	-	115	-	-	115
Cross currency interest rate swaps	17	-	15	-	-	15	-	72	-	-	72

¹ The categories in this disclosure are determined by IFRS 9. Lease liabilities are outside the scope of IFRS 9, but they remain within the scope of IFRS 7, and therefore have been shown separately

The fair value measurement hierarchy levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2). If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3)

Notes to the Financial Statements continued

15 Financial Instruments and Financial Risk Management continued

The following table categorises the Group's financial assets and liabilities held at fair value by the valuation methodology applied in determining their fair value.

	At 31 December 2024				At 31 December 2023			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets as per the Balance Sheet								
Derivative financial instruments								
FX forward exchange contracts	–	61	–	61	–	64	–	64
Cross currency interest rate swaps	–	17	–	17	–	50	–	50
Equity instruments	25	57	26	108	22	45	47	114
Liabilities as per the Balance Sheet								
Derivative financial instruments								
FX forward exchange contracts	–	38	–	38	–	78	–	78
Interest rate swaps	–	158	–	158	–	115	–	115
Cross currency interest rate swaps	–	15	–	15	–	72	–	72

The fair value of forward foreign exchange contracts was determined using forward exchange rates derived from market sourced data at the Balance Sheet date, with the resulting value discounted back to present value (level 2 classification). The fair value of the interest rate swap contracts and the cross currency interest rate swaps was calculated using discounted future cash flows at floating market rates (level 2 classification).

The fair value of equity instruments at 31 December 2024 and 31 December 2023 was determined using quoted share price information (level 1 classification), other observable market data (level 2 classification) and other non-market information (level 3 classification).

Except for the bonds and senior notes, the carrying values of other financial assets and liabilities held at amortised cost approximate their fair values. The fair value of the bonds as at 31 December 2024 is a liability of £6,189 million (2023: £6,788 million) and the fair value of the senior notes as at 31 December 2024 is a liability of £1,191 million (2023: £1,203 million). The fair value of the bonds and senior notes was derived using quoted market rates in an active market (level 1 classification).

Offsetting financial assets and financial liabilities

The majority of the Group's derivative agreements are entered into under International Swaps and Derivatives Association (ISDA) master netting agreements. In certain circumstances – for example, when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not currently have any legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default event.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Gross amounts of recognised financial assets/liabilities in the Balance Sheet £m	Related financial instruments that are not offset £m	Net amount £m
At 31 December 2024			
Financial assets			
Derivative financial instruments	77	(31)	46
Financial liabilities			
Derivative financial instruments	(211)	31	(180)
	Gross amounts of recognised financial assets/liabilities in the Balance Sheet £m	Related financial instruments that are not offset £m	Net amount £m
At 31 December 2023			
Financial assets			
Derivative financial instruments	114	(39)	75
Financial liabilities			
Derivative financial instruments	(265)	39	(226)

Notes to the Financial Statements continued

15 Financial Instruments and Financial Risk Management continued

Financial risk management

The Group's multinational operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates (foreign exchange risk), market prices, interest rates, credit risks and liquidity. The Group has in place a risk management programme that uses foreign currency financial instruments, including debt, and other instruments, to limit the impact of these risks on the financial performance of the Group.

The Group's financing and financial risk management activities are centralised into Group Treasury (GT) to achieve benefits of scale and control. GT manages financial exposures of the Group centrally in a manner consistent with underlying business risks. GT manages only those risks and flows generated by the underlying commercial operations; speculative transactions are not undertaken.

The Board of Directors reviews and agrees policies, guidelines and authority levels for all areas of Treasury activity and individually approves significant activities. The GT function is subject to periodic independent reviews and audits, both internal and external.

1. Market risk

(a) Currency risk

The Group operates internationally and enters into transactions in many currencies and as such is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's policy is to align interest costs and operating profit of its major currencies in order to provide some protection against the translation exposure on foreign currency profits after tax. The Group may undertake borrowings and other hedging methods in the currencies of the countries where most of its assets are located.

It is the Group's policy to monitor and, where appropriate, hedge its foreign currency transaction exposure. These transaction exposures arise mainly from foreign currency receipts and payments for goods and services and from the remittances of foreign currency dividends and loans. Where the Group enters into hedges and applies hedge accounting, hedges are documented and tested for effectiveness on an ongoing basis with any ineffectiveness recorded in the Income Statement.

The local business units enter into forward foreign exchange contracts with GT to manage these exposures where practical and allowed by local regulations. GT matches the Group exposures, and hedges the position where possible, using spot and forward foreign currency exchange contracts.

The Group's strategy is to minimise Income Statement volatility by monitoring foreign currency balances, external financing, and external hedging arrangements. The Group's hedging profile is regularly reviewed to ensure it is appropriate and to mitigate these risks as far as possible.

The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2024 was £7,565 million receivable (2023: £8,426 million) and £7,546 million payable (2023: £8,440 million).

These forward foreign exchange contracts are mainly expected to mature over the period January 2025 to December 2025 (2023: January 2024 to December 2024).

Cash flow hedging is applied with the economic relationship and expected effectiveness being assessed at inception, with any ineffectiveness recognised in the Income Statement. The ineffective portion recognised in the Income Statement arising from cash flow hedges is immaterial (2023: immaterial).

Gains and losses recognised in other comprehensive income and the hedging reserve on forward exchange contracts in 2024 of £38 million gain, net of tax (2023: £39 million loss, net of tax) are recognised in the Income Statement in the periods in which the hedged forecast transaction affects the Income Statement.

At 31 December 2024, the Group had forward contracts used for cash flow hedging with total fair value of £14 million asset (2023: £1 million liability). These contracts are denominated in a diverse range of currency pairings, where a fluctuation of 5% in any one of the contract pairings, with all others remaining constant, would have a maximum effect of £4 million (2023: £4 million) on shareholder equity, until the point at which the contracts mature and the forecast transaction occurs. The four largest contract pairings in order of nominal value were British pound sterling/euro, US dollar/Thai baht, euro/Australian dollar and euro/Canadian dollar.

Where the Group is exposed to currency risk on its borrowings, the Group seeks to minimise the impact of foreign exchange on the Income Statement through placing debt within a net investment hedge or using financial instruments.

The net gain or loss under these arrangements is recognised in other comprehensive income. The net effect on other comprehensive income for the year ended 31 December 2024 was a £85 million gain (2023: £42 million gain). If Sterling weakens by 5% against the US dollar and euro, the maximum impact on shareholders' equity due to the net investment hedging on US dollar forward currency swap contracts and euro bond/forward currency swaps would be £20 million loss and £96 million loss respectively (2023: £20 million loss and £101 million loss respectively).

In 2020, the Group issued a €850 million bond due in 2026. Concurrent with the issue of the bond, the Group entered into a €850 million cross currency interest rate swap on similar terms to the 2026 bond to mitigate foreign exchange currency risk, for which hedge accounting has been applied. Sources of ineffectiveness on this hedge relationship will come from a difference in credit ratings between the counterparties.

In 2023, the Group issued a €650 million bond due in 2028 and a €750 million bond due in 2033. Concurrent with the issue of these bonds, the Group also entered into a cross currency interest rate swap on similar terms to the 2028 bond and the 2033 bond, to mitigate foreign exchange currency risk, for which hedge accounting has been applied. Sources of ineffectiveness on these hedge relationships will come from a difference in credit ratings between the counterparties and modifications to the terms of either hedged item or instrument. At 31 December 2024 no material ineffectiveness (2023: no material ineffectiveness) has been recognised in the Income Statement. The interest rate element of the swap is discussed in interest rate risk below.

Notes to the Financial Statements continued

15 Financial Instruments and Financial Risk Management continued

Financial risk management continued

1. Market risk continued

(a) Currency risk continued

The remaining major monetary financial instruments (liquid assets, receivables, interest and non-interest-bearing liabilities) are either denominated in the functional currency of the Group or the functional currency of the local entity.

In 2024, the Group issued two new bonds comprising of a €900 million and £300 million bonds due to expire in June 2029 and December 2032 respectively. The bonds were issued as part of refinancing repayment of the \$2 billion bond in June 2024. The bonds carry fixed interest rates of 3.625% and 5.000% respectively. No hedging instruments were issued in relation to these bonds.

The gains and losses from fair value movements on derivatives held at fair value through profit or loss, recognised in the Income Statement in 2024, was a £63 million loss (2023: £109 million loss). These derivatives are used to hedge foreign exchange gains and losses on non-sterling financing assets and financing liabilities between the Group's treasury company and fellow Group subsidiaries.

(b) Cost inflation risk

Due to the nature of its business the Group is exposed to commodity, freight and other inflation risks. Short-term volatility in pricing of these products is mitigated through medium-term contracts, inventories of key materials and financial hedging. Over the medium and long term, the Group mitigates the impact of inflation through: implementing pricing and revenue growth management; identifying productivity and efficiency opportunities; and improving sales mix.

(c) Interest rate risk

The Group has both interest-bearing and non-interest bearing assets and liabilities. The Group monitors its interest income and expense rate exposure on a regular basis. The Group sets its desired level of fixed and floating rate exposure as part of its interest risk management strategy. The mix of fixed and floating exposure on interest-bearing assets or liabilities is managed by using a mixture of fixed and floating rate deposits, borrowings and interest rate derivatives.

In 2020 the Group issued two €850 million bonds due in 2026 and 2030. In order to maintain a level of floating rate debt in line with the Group's interest management strategy the Group entered into a €850 million cross currency interest rate swap on similar terms to the 2026 bond and an interest rate swap on the coupon payments due on the 2030 bond. The accounting for the foreign exchange element of the cross currency swap is described above. The interest rate element swaps the fixed coupon payments on the bond for floating rate (the cross currency interest rate swap with reference to adjusted reference rates following GBP LIBOR cessation, and the interest rate swap with reference to EURIBOR). The interest rate swaps have been placed into a fair value hedge relationship with the related bonds.

During 2023, the Group entered into a £747 million nominal value floating-to-fixed interest rate swap due in 2026 to reduce the level of exposure to floating interest rates. This interest rate swap has been designated as a cash flow hedge against the payments made on the floating leg of the Group's existing cross currency interest rate swap. Sources of ineffectiveness on this hedge relationship may come from a difference in credit ratings between the counterparties and modifications to the terms of either the hedged item or the hedging instrument. At 31 December 2024 no material ineffectiveness has been included in the Income Statement.

In 2023 the Group issued a €650 million bond due in 2028 and a €750 million bond due in 2033. In order to maintain a level of fixed or floating rate debt in line with the Group's interest management strategy the Group entered into €650 million of cross currency interest rate swaps on similar terms to the 2028 bond and €750 million cross currency interest rate swaps on similar terms to the 2033 bond. The accounting for the foreign exchange and interest rate element of the cross currency swaps have been described above.

On the €650 million bond due in 2028, the cross currency interest rate swaps the fixed euro coupon payments on the bond for fixed GBP payments. On the €750 million bond due in 2033, the cross currency interest rate swap swaps the fixed coupon payments on the bond for a GBP floating rate (with reference to SONIA) payments. The €650 million cross currency interest rate swap has been placed into a cash flow hedge relationship with the bond due in 2028, and the €750 million has been placed into a fair value hedge relationship with the bond due in 2033.

Sources of ineffectiveness on these hedge relationships will come from a difference in credit ratings between the counterparties and modifications to the terms of either the hedged item or the hedging instrument. At 31 December 2024 no material ineffectiveness (2023: no material ineffectiveness) has been recognised in the Income Statement.

Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on the Income Statement of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies, calculated on a full-year and pre-tax basis.

The scenarios are only run for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on the Income Statement of a 50 basis-point shift in interest rates would be a maximum increase of £10 million (2023: £11 million) or decrease of £10 million (2023: £11 million), respectively for the liabilities covered. The simulation is done on a periodic basis to verify that the maximum loss simulated is within the limit given by management. There is also an impact on the Income Statement of a 50 basis-point shift of £4 million (2023: £4 million) on an asset that are inherently linked to a liability included above, resulting in a net impact of £6 million.

Notes to the Financial Statements continued

15 Financial Instruments and Financial Risk Management continued

Financial risk management continued

2. Credit risk

The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures to customers. The assessment of lifetime expected credit losses relating to trade and other receivables is detailed in Note 14. Financial institution counterparties are subject to approval under the Group's counterparty risk policy and such approval is limited to financial institutions with a BBB rating or above. The Group uses BBB and higher rated counterparties to manage risk and only uses sub-BBB rated counterparties by exception. The amount of exposure to any individual counterparty is subject to a limit defined within the counterparty risk policy, which is reassessed annually by the Board of Directors. Derivative financial instruments are only traded with counterparties approved in accordance with the approved policy. Derivative risk is measured using a risk weighting method.

The Group has counterparty risk from asset positions held with financial institutions. This is comprised of short-term investments, cash and cash equivalents and derivative positions. For risk management purposes the Group assesses the exposure to major financial institutions by looking at the deposits, cash and cash equivalents and a percentage of the nominal amount of derivative contracts taking into account the time to maturity and the nature of the product. The following table summarises the Group's assessment of its exposure.

Credit ratings	2024		2023	
	Limit £m	Exposure £m	Limit £m	Exposure £m
AAA+ to AAA-	3,156	26	3,156	292
AA+ to AA-	550	196	275	84
A+ to A-	3,750	1,118	4,000	1,568
BBB+ and below	205	116	125	84

3. Liquidity risk

Liquidity risk is the risk that the Group cannot repay financial liabilities as and when they fall due. The Group's liquidity risk is concentrated towards bond and senior note principal repayments due between 2025 and 2044.

The Group has various borrowing facilities available to it. The Group has bilateral and syndicated credit facilities provided by high-quality international banks which include a financial covenant and which is not expected to restrict the Group's future operations.

At the end of 2024, the Group had long-term debt excluding lease liabilities of £7,014 million (2023: £6,609 million), of which £6,325 million (2023: £6,010 million) is repayable in more than two years. In addition, the Group has committed borrowing facilities totalling £4,450 million (2023: £4,500 million), of which £3,500 million (2023: £4,450 million) expires after more than two years. The committed borrowing facilities, together with central cash and investments, are considered sufficient to meet the Group's projected cash requirements.

All borrowing facilities are at floating rates of interest.

The facilities have been arranged to cover general corporate purposes, including support for commercial paper issuance. All facilities incur commitment fees at market rates.

The Group's borrowing limit at 31 December 2024 calculated in accordance with the Articles of Association was £20,097 million (2023: £25,344 million).

The following tables analyse the Group's financial liabilities and derivatives which will be settled on a net basis into relevant maturity groupings based on the remaining period at the Balance Sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which have been calculated using spot rates and interest rates at the relevant Balance Sheet date, including interest to be paid.

	Total £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
At 31 December 2024					
Bonds	(7,450)	(179)	(882)	(3,640)	(2,749)
Commercial paper	(594)	(594)			
Senior notes	(1,834)	(656)	(33)	(98)	(1,047)
Trade and other payables	(5,207)	(5,118)	(89)	-	-
Share repurchase liability	(477)	(477)	-	-	-
At 31 December 2023					
Bonds	(7,983)	(1,731)	(138)	(3,586)	(2,528)
Senior notes	(1,858)	(56)	(645)	(96)	(1,061)
Trade and other payables	(5,276)	(5,208)	(68)	-	-
Share repurchase liability	(296)	(296)	-	-	-

Notes to the Financial Statements continued

15 Financial Instruments and Financial Risk Management continued

Financial risk management continued

3. Liquidity risk continued

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period between the Balance Sheet date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant Balance Sheet date.

	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
At 31 December 2024				
FX forward exchange contracts				
Outflow	(7,527)	(19)	–	–
Inflow	7,546	19	–	–
Cross currency interest rate swaps				
Outflow	(111)	(88)	(1,472)	(776)
Inflow	46	46	1,352	717
Interest rate swaps				
Outflow	(58)	(43)	(86)	(14)
Inflow	40	22	16	5
At 31 December 2023				
FX forward exchange contracts				
Outflow	(8,428)	(6)	(6)	–
Inflow	8,414	6	6	–
Cross currency interest rate swaps				
Outflow	(116)	(116)	(1,534)	(824)
Inflow	48	48	1,440	776
Interest rate swaps				
Outflow	(67)	(67)	(126)	(55)
Inflow	44	44	35	11

GT monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Funds over and above those required for short-term working capital purposes by the local businesses are generally remitted to GT. The Group uses the remittances to settle obligations, repay borrowings, or, in the event of a surplus, invest in short-term instruments issued by institutions with a BBB rating or above.

4. Capital management

	Note	2024 £m	2023 £m
Cash and cash equivalents including overdrafts		879	1,380
Financing liabilities	17	(8,793)	(8,670)
Net debt		7,914	7,290
Total equity		6,720	8,469
		14,634	15,759

The Group considers capital to be net debt plus total equity. Net debt is calculated as total financing liabilities less cash and cash equivalents and short-term deposits. Total equity includes share capital, reserves and retained earnings as shown in the Group Balance Sheet.

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital.

In 2024, the Group provided returns to shareholders in the form of dividends and through buying back shares. Refer to Note 24 for further details.

The Group monitors net debt which at year end was £7,914 million (2023: £7,290 million). In 2023 the Group began a share buyback programme funded by surplus free cash flow (see Note 24) in line with the Group's capital allocation policy of returning surplus cash to shareholders.

Supply chain finance

The Group participates in a supply chain finance programme (SCF) under which certain suppliers to the Group are able to access an SCF arrangement that enables them to fund their working capital. The principal purpose of this programme is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to a bank before their due date. The Group does not incur any additional interest towards the bank on the amounts due to the suppliers.

Notes to the Financial Statements continued

15 Financial Instruments and Financial Risk Management continued

Supply chain finance continued

The balance payable is recorded within trade payables on the Balance Sheet and all cash flows associated with the programme are included within operating cash flows as they continue to be part of the normal operating cycle of the Group and their principal nature remains operating, being payments for the purchase of goods and services. Security or guarantees have not been provided by Group.

	End of reporting period 31.12.2024 £m
Carrying amount of financial liabilities	
Presented in trade and other payables ¹ :	437
– of which suppliers have received payment from finance provider	347
Range of payment due dates (Goods and Freight Providers)²	
Liabilities that are part of the arrangements	Cost of inventories: 90 Days - 210 Days Freight: 60 Days - 210 Days Net Operating Expenses: 30 Days - 210 Days
Comparable trade payables that are not part of the arrangements ²	Cost of inventories: 30 Days - 180 Days Freight: 30 Days - 150 Days Net Operating Expenses: 0 Days - 150 Days

Non-cash changes

There were no material business combinations or foreign exchange differences in either period. There were non-cash transfers from trade payables to finance payables of £nil in 2024.

¹ The carrying amount of financial liabilities presented in trade and other payables as at 31 December 2024 is £437m (1 January 2024 £396m). The first-year application exemptions have been utilised for the disclosure of opening balances

² Comparable payables have been identified based on the type of product supplied and legal entity who purchases the goods or services

16 Cash and Cash Equivalents

	2024 £m	2023 £m
Cash at bank and in hand	504	647
Short-term bank deposits	376	740
Cash and cash equivalents	880	1,387

The Group operates in a number of territories where there are either foreign currency exchange restrictions, or where it is difficult for the Group to extract cash readily and easily in the short-term. As a result, £120 million (2023: £229 million) of cash included in cash and cash equivalents is restricted for use by the Group, yet available for use in the relevant subsidiary's day-to-day operations.

17 Financial Liabilities – Borrowings

	Note	2024 £m	2023 £m
Current			
Bank loans and overdrafts ¹		148	30
Commercial paper		592	–
Bonds		–	1,571
Senior notes		604	–
Lease liabilities	19	79	78
Total short-term borrowings		1,423	1,679
Non-current			
Bonds		6,302	5,304
Senior notes		703	1,292
Other non-current borrowings		9	13
Lease liabilities	19	221	249
Total long-term borrowings		7,235	6,858
Total borrowings		8,658	8,537
Derivative financial instruments – as shown below		136	140
Less overdrafts presented in cash and cash equivalents in the Cash Flow Statement		(1)	(7)
Total financing liabilities		8,793	8,670

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:

2024 (£m)	Assets		Liabilities	
	Current	Non-current ¹	Current	Non-current
Derivative financial instruments (financing liabilities)	32	14	(25)	(157)
Derivative financial instruments (non-financing liabilities)	29	3	(13)	(16)
At 31 December 2024	61	17	(38)	(173)

¹ Included within other non-current receivables on the Balance Sheet

Notes to the Financial Statements continued

17 Financial Liabilities – Borrowings continued

2023 (£m)	Assets		Liabilities	
	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)
At 31 December 2023	64	50	(78)	(187)

1 Included within other non-current receivables on the Balance Sheet

Reconciliation of movement in financing liabilities to the Cash Flow Statement	2024 £m	2023 £m
At 1 January	8,670	9,140
Proceeds from borrowings	1,768	1,638
Repayment of borrowings	(1,687)	(1,855)
Other financing cash flows	(47)	(84)
Total financing cash flows	34	(301)
New lease liabilities	70	44
Exchange, fair value and other movements	19	(213)
Total non-cash financing items	89	(169)
At 31 December	8,793	8,670

Maturity of borrowings (excluding lease liabilities)	2024 £m	2023 £m
Bank loans and overdrafts repayable:		
Within one year or on demand	148	30
Other borrowings repayable:		
Within one year:		
Commercial paper	592	–
Bonds	–	1,571
Senior notes	604	–
After one year and in less than five years:		
Bonds	3,949	3,205
Senior notes	–	599
After five years or longer:		
Bonds	2,353	2,099
Senior notes	703	693
Other non-current borrowings	9	13
	8,210	8,180
Gross borrowings (unsecured)	8,358	8,210

18 Provisions for Liabilities and Charges

	Legal provisions £m	Other provisions £m	Total provisions £m
At 1 January 2023	221	65	286
Charged to the Income Statement	7	14	21
Utilised during the year	(63)	(1)	(64)
Released to the Income Statement	(17)	(11)	(28)
Reclassification	1	(2)	(1)
Exchange adjustments	(12)	(3)	(15)
At 31 December 2023	137	62	199
Charged to the Income Statement	23	18	41
Utilised during the year	(7)	–	(7)
Released to the Income Statement	(36)	(17)	(53)
Reclassification	–	–	–
Exchange adjustments	(5)	(1)	(6)
At 31 December 2024	112	62	174

Provisions have been analysed between current and non-current as follows:

	2024 £m	2023 £m
Current	112	142
Non-current	62	57
Total	174	199

Provisions are recognised when the Group has a present or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation, and the amount can be reliably estimated. As at 31 December 2024, the Group recognised legal provisions of £112 million (2023: £137 million) in relation to a number of historical regulatory and other matters in various jurisdictions.

These provisions relate to matters where the Group is currently involved with, or potentially will be involved in, litigation. The provision represents the Group's best estimate of the likely settlement. Due to the uncertain nature of the resolution of majority of these matters, £82 million (2023: £109 million) is recorded as a current provision as it is possible the matter could be settled in the next 12 months, however, it is possible that they may not be. Legal provisions include £30 million (2023: £27 million) relating to the Humidifier Sanitiser (HS) issue in Korea (see Note 20).

Other provisions include environmental and other obligations throughout the Group, the majority of which are expected to be utilised within five years.

Notes to the Financial Statements continued

19 Lease Liabilities

	2024 £m	2023 £m
Maturity analysis – contractual undiscounted cash flows		
Within one year	87	81
Later than one and less than five years	172	199
After five years	99	103
Total undiscounted lease liabilities at 31 December	358	383
Lease liabilities included in the statement of financial position at 31 December	300	327
Current	79	78
Non-current	221	249

Interest charged on lease liabilities amounted to £13 million (2023: £14 million).

20 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, the South Korean government had 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 (essentially allowing the MOE to recognise a variety of disease as IRF injury based on individual review of each IRF application); (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 £30 million (2023: £27 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 certain Group subsidiary companies, or against certain Group subsidiary companies 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 available or nutritionally sufficient. The products are used under the supervision of medical doctors. Any potential costs relating to the product liability actions are not considered probable and cannot be reliably estimated at the current time. Given the uncertainty on the number of cases and range of possible results and/or outcomes on each case, the possible economic outflow cannot be reliably estimated, but may be significant. In 2025 there are currently two trials scheduled, these are currently expected to take place in H2 2025.

Whitfield Case

On 31 October 2024, a state court jury in the city of St. Louis, Missouri ruled in favour of Mead Johnson. The case involved a child who was born prematurely, developed NEC and has allegedly experienced subsequent long-term health issues. Given the verdict, an economic outflow is not considered probable. The Plaintiff has filed a post-trial motion seeking a new trial.

Watson Case

On 13 March 2024, a state court jury in Belleville, Illinois awarded \$60 million to a mother of a child who was born prematurely and died 25 days later from Necrotizing Enterocolitis (NEC). Reckitt believe the allegations from the plaintiff's lawyers in this case were not supported by the science or the experts in the medical community. Reckitt are appealing the verdict, and at this time, an economic outflow is not considered probable. There is a possible outcome that may be unfavourable, however, the Group expects to benefit from relevant product liability insurance subject to limits and deductibles that the Group considers to be reasonable.

Phenylephrine

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. In October 2024, a motion to dismiss the lawsuits was granted, dismissing all claims. The plaintiffs are appealing that ruling. 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 (see Note 7).

Notes to the Financial Statements continued

21 Trade and Other Payables

	2024 £m	2023 £m
Trade payables	2,268	2,194
Other payables	151	118
Forward share purchase liability ¹	133	158
Other tax and social security payable	161	163
Interest accrued on tax balances	101	122
Indemnity provisions for disposed businesses	47	48
Accruals	2,430	2,703
Trade and other payables	5,291	5,506

1 Relates to an agreement signed in May 2023 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

Included within accruals is £1,074 million (2023: £1,125 million) in respect of amounts payable to trade customers and government bodies for trade spend.

Other non-current liabilities

	2024 £m	2023 £m
US employee-related payables	57	45
Indemnity provisions for disposed businesses	2	–
Other	22	22
Other non-current liabilities	81	67

Financial instruments (Note 15)

At 31 December 2024, £5,050 million (2023: £5,276 million) of the current and non-current trade and other payables totalling £5,372 million (2023: £5,573 million) are financial liabilities. These mainly relate to amounts owed to suppliers in respect of goods or services and are typically non-interest bearing. Amounts that are not financial instruments comprise employee-related liabilities, social security liabilities and accrued interest.

22 Current and Non-current Tax Liabilities

	2024 £m	2023 £m
Current tax liabilities	602	620
Non-current tax liabilities	–	28
Total current and non-current tax liabilities	602	648

Certain tax positions taken by us are based on industry practice, tax advice and drawing similarities from our facts and circumstances to those in case law. In particular, international transfer pricing is an area of taxation that depends heavily on the underlying facts and circumstances and generally involves a significant degree of judgement.

Tax assets and liabilities are offset where there is a legally enforceable right to do so. Included within current tax liabilities is an amount of £595 million (2023: £619 million) relating to uncertain tax positions. Within this, £257 million (2023: £187 million) relates to amounts recognised using the most likely outcome method, where the resolution of the uncertainty is concentrated on one binary outcome. There is no individual tax uncertainty calculated with this method that is material to the Financial Statements.

Also within uncertain tax positions is an amount of £338 million (2023: £432 million) recognised using the expected value method. The liabilities calculated using this method are not material in isolation, are individually assessed and cover multiple jurisdictions and issues. Therefore, it is not meaningful to provide aggregated sensitivity estimates. The sources of estimation uncertainty underlying this amount are shown in Note 1.

The recognition of uncertain tax positions is reviewed regularly for changes in circumstances and estimates are updated as potential resolutions for the tax uncertainties are encountered through specific audits or wider case law. As a result, given the size, possible range of outcomes and timing of resolution, there is a significant risk of material adjustment to the aggregate carrying amount of these liabilities within the next financial year.

The disputes underlying the liability recognised in respect of uncertain tax positions may take several years to resolve (see Note 1). Notwithstanding this, the carrying amount of £595 million (2023: £619 million) has been presented as a current liability. The associated interest accrued on uncertain tax positions of £101 million (2023: £122 million) also is presented as a current liability.

23 Pension and Post-Retirement Commitments

Plan details

The Group operates a number of defined benefit and defined contribution pension plans around the world covering many of its employees. The majority of these plans are funded. The Group's most significant pension plan (UK) is set up under Trust and is a separate entity from the Group. The defined benefits section of this plan closed to accrual from 31 December 2017. Members have a normal retirement age of 65. Trustees of the plan are appointed by the Group, active members and pensioner membership, and are responsible for the governance of the plan, including paying all administrative costs of the defined benefit section and compliance with regulations. The defined benefit section of the plan is funded by the payment of contributions as required, following each Triennial Valuation.

The principal UK plan also had a defined contribution section which was closed on 31 March 2024; from that date, UK employees were moved into a separate master trust arrangement and their funds within the defined contribution section were transferred over to the master trust in July 2024. For the principal UK plan, a full independent actuarial valuation is carried out on a triennial basis. The most recent valuation was carried out as at 5 April 2022 and as the plan was in surplus on its technical provisions funding basis, no contributions are required to be paid by the Group in 2025 (2024: £nil). Funding levels are monitored on an annual basis.

Notes to the Financial Statements continued

23 Pension and Post-Retirement Commitments continued

Plan details continued

The Group continues to monitor the impact of UK High Court rulings clarifying the requirements to equalise the Guaranteed Minimum Pension element of benefits for men and women within the UK Pension schemes from Guaranteed Minimum Pension accrued from post 17 May 1990 pensionable service. A method has been agreed with the pension trustees from all defined benefit schemes in the UK. Benefit changes and back payments have been made to members of one of the smaller UK schemes, with work continuing on the other schemes to calculate the required adjustments to benefits.

The Group also operates a number of other post-retirement plans in certain countries. The two major plans are the US Retiree Health Care Plan and the Mead Johnson & Company, LLC Medical Plan (together, the US (Medical) plans). In the US Retiree Health Care Plan, salaried participants become eligible for retiree healthcare benefits after they reach a combined 'age and years of service rendered' figure of 70, although the age must be a minimum of 55. This plan closed to new members in 2009. In the Mead Johnson & Company, LLC Medical Plan, acquired as part of the acquisition of MJN on 15 June 2017, participants become eligible for retiree healthcare benefits if they leave employment after the age of 65, leave after the age of 55 and have completed 10 years of service, or have their employment involuntarily terminated after the age of 55. A Benefits Committee is appointed by the Group for both of these plans, responsible for the governance of the US plans, including paying all administrative costs and compliance with regulations. Both of these plans are unfunded. For the US (Medical) plans, a full independent actuarial valuation is carried out on an annual basis. The most recent valuation was carried out on 1 January 2024. For both of these plans, funding levels are monitored on an annual basis with contributions made equal to the claims made each year. It is expected that the combined contributions in 2025 will be £6 million (2024: £8 million). For the purpose of IAS 19, the projected unit valuation method was used for the UK and US plans, as per the principal UK plan triennial valuation results (at 5 April 2022) and the US (Medical) plan annual valuations to 31 December 2024. For the UK plans, the weighted average duration of the deferred benefit obligation is 11.3 years (2023: 12.4 years). The decrease from the prior year has been driven by rises in bond yields, changes to demographic assumptions, and an ageing scheme population.

Significant actuarial assumptions

The significant actuarial assumptions used in determining the Group's defined benefit obligation for the UK and US (Medical) plans as at 31 December were:

	2024		2023	
	UK %	US (Medical) %	UK %	US (Medical) %
Rate of increase in pensionable salaries	N/A	-	N/A	-
Rate of increase in deferred pensions during deferment	2.9	-	2.8	-
Rate of increase in pension payments	3.2	-	3.1	-
Discount rate	5.6	5.4	4.7	4.9
Inflation assumption – RPI	3.3	-	3.2	-
Annual medical cost inflation	-	5.0-7.0	-	5.0-8.0

Assumptions regarding future mortality experience are set in accordance with published statistics and experience in each territory. The expected lifetime of a participant aged 60 and the expected lifetime of a participant who will be aged 60 in 15 years (20 years in the US) are detailed below:

	2024		2023	
	UK years	US years	UK years	US years
Number of years a current pensioner is expected to live beyond 60:				
Male	27.0	25.1	27.2	25.3
Female	28.6	27.3	28.8	27.4
Number of years a future pensioner is expected to live beyond 60:				
Male	28.3	26.8	28.4	27.0
Female	29.9	28.9	30.0	28.9

For the principal UK plan, the mortality assumptions were based on the standard SAPS mortality table 3NMA for males (scaled by 98%) and table 3NFA for females (scaled by 117%). Allowance is made for future improvements in mortality by adopting the CMI's published 2023 improvement tables with a long-term improvement trend of 1.5% per annum from 2013 onwards, an initial addition to mortality improvements of 0.25% pa, the core period smoothing parameter of 7.0, and default weightings of 0% / 0% / 15% / 15% applied to 2020 / 2021 / 2022 / 2023 calendar year data, reflecting the extent to which high levels of mortality experienced since 2020 as a result of the COVID-19 pandemic may be expected to reoccur in the future. For the US plan the mortality assumptions were determined using the Pre-2012 Total Dataset and projected with Mortality Improvement Scale MP-2021.

Amounts recognised on the Balance Sheet

The amounts recognised on the Balance Sheet are as follows:

	2024 £m	2023 £m
Balance Sheet liability for:		
US (Medical)	(64)	(73)
Other	(171)	(160)
Liability on Balance Sheet	(235)	(233)
Balance Sheet assets for:		
UK	214	206
Other	55	64
Asset on Balance Sheet	269	270
Net pension asset	34	37

Notes to the Financial Statements continued

23 Pension and Post-Retirement Commitments continued

Amounts recognised on the Balance Sheet continued

The UK surplus of £214 million (2023: £206 million) relates mainly to the Reckitt Benckiser Pension Fund. This surplus has been recognised as the Group has concluded it has an unconditional right to a refund of any surplus once all member benefits have been paid. The Group's judgement is based on legal advice that the Trustees would be unable to unconditionally wind up the plan or enhance members' benefits without the Group's consent.

The funded and unfunded amounts recognised on the Balance Sheet are determined as follows:

	2024				2023			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
Present value of funded obligations	(853)	-	(410)	(1,263)	(969)	-	(400)	(1,369)
Fair value of plan assets	1,070	-	419	1,489	1,178	-	443	1,621
Surplus of funded plans	217	-	9	226	209	-	43	252
Present value of unfunded obligations	-	(64)	(125)	(189)	-	(73)	(139)	(212)
Irrecoverable surplus	(3)	-	-	(3)	(3)	-	-	(3)
Net pension surplus/ (liability)	214	(64)	(116)	34	206	(73)	(96)	37

Group plan assets are comprised as follows:

	2024				2023			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
Equities	68	-	97	165	60	-	99	159
Government bonds	123	-	74	197	136	-	108	244
Corporate bonds	289	-	168	457	290	-	150	440
Real estate/property - unquoted	8	-	6	14	28	-	11	39
Insurance contracts	249	-	-	249	273	-	-	273
Other assets - unquoted	333	-	74	407	391	-	75	466
Fair value of plan assets	1,070	-	419	1,489	1,178	-	443	1,621

In 2020 and 2021, the Trustees of three of the UK pension plans entered into annuity buy-in agreements which cover, in aggregate, £249 million of pension liabilities valued under IAS 19 at 31 December 2024 (£273 million of pension liabilities valued under IAS 19 at 31 December 2023). The agreements involved the purchase of bulk annuity policies under which the insurer will pay the UK pension funds amounts equivalent to the benefits payable to members. These purchases were conducted by the trustees to ensure the pension fund had an asset that would match its obligation to members. The policies are valued in accordance with IAS 19 by the plans' actuary such that the fair value on the annuity policies is deemed to be the present value of the related obligation measured using the assumptions underpinning the valuation of the defined benefit obligation. The pension liabilities remain with, and the matching annuity policies are held within, the UK pension funds. As this was an investment decision by the trustees, the immaterial reduction in the valuation of plan assets (due to the difference between the purchase price of the annuity policy and the accounting value of the buy-in asset) arising on each buy-in was recorded within other comprehensive income. The Trustees have not entered any such buy-in agreements in the years 2022 to 2024.

At 31 December 2024 the Group has not committed to any buy-out arrangements in respect of any of the UK pension schemes.

Included in other assets are £273 million (2023: £319 million) relating to liability driven investment funds. This is a bespoke pooled investment vehicle, a unit linked insurance policy fund (ULIP) with underlying listed bonds, equities and structured notes. The fair value of the vehicle is provided by the fund manager based on the underlying value of the securities held within the vehicle. The trustees purchased these investments in 2021 to lower risk within the portfolio without reducing potential returns. These investments have a low leverage percentage and sufficient capital collateral in place. The remaining other assets are cash.

The present value of obligations for the combined UK plans and the US (Medical) plans at last valuation date is attributable to participants as follows:

	2024		2023	
	UK £m	US (Medical) £m	UK £m	US (Medical) £m
Active participants	-	(14)	(1)	(19)
Participants with deferred benefits	(286)	(1)	(334)	(1)
Participants receiving benefits	(567)	(49)	(634)	(53)
Present value of obligation	(853)	(64)	(969)	(73)

Notes to the Financial Statements continued

23 Pension and Post-Retirement Commitments continued

Amounts recognised on the Balance Sheet continued

The movement in the Group's net surplus/(deficit) is as follows:

	Present value of obligation				Fair value of plan assets			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
At 1 January 2023	941	81	532	1,554	(1,186)	–	(426)	(1,612)
Current service cost	–	–	10	10	–	–	–	–
Administrative costs	3	–	3	6	–	–	–	–
Interest expense/(income)	47	4	12	63	(58)	–	(13)	(71)
	50	4	25	79	(58)	–	(13)	(71)
Remeasurements:								
Return on plan assets, excluding amounts included in interest income	–	–	–	–	5	–	10	15
(Gains) from changes in demographic assumptions	(16)	–	(1)	(17)	–	–	–	–
(Gains)/Losses from changes in financial assumptions	34	2	(15)	21	–	–	–	–
Experience (gains)/losses	21	(5)	7	23	–	–	–	–
	39	(3)	(9)	27	5	–	10	15
Exchange differences	–	(4)	(20)	(24)	–	–	20	20
Contributions – employers	–	–	–	–	–	(5)	(23)	(28)
Benefit payments	(61)	(5)	(26)	(92)	61	5	26	92
Scheme assets and obligations previously presented net	–	–	37	37	–	–	(37)	(37)
As at 31 December 2023	969	73	539	1,581	(1,178)	–	(443)	(1,621)
Current service cost	–	–	12	12	–	–	–	–
Administrative costs	3	–	–	3	–	–	2	2
Interest expense/(income)	44	4	21	69	(54)	–	(20)	(74)
	47	4	33	84	(54)	–	(18)	(72)
Remeasurements:								
Return on plan assets, excluding amounts included in interest income	–	–	–	–	103	–	17	120
(Gains)/losses from changes in demographic assumptions	(8)	(4)	11	(1)	–	–	–	–
(Gains) from changes in financial assumptions	(81)	(3)	(11)	(95)	–	–	–	–
Experience (gains)/losses	(15)	–	4	(11)	–	–	–	–
	(104)	(7)	4	(107)	103	–	17	120
Exchange differences	–	–	(3)	(3)	–	–	(1)	(1)
Contributions – employers	–	–	–	–	–	(6)	(12)	(18)
Benefit payments	(59)	(6)	(38)	(103)	59	6	38	103
As at 31 December 2024	853	64	535	1,452	(1,070)	–	(419)	(1,489)

Notes to the Financial Statements continued

23 Pension and Post-Retirement Commitments continued

Amounts recognised in the Income Statement

The charge for the year ended 31 December is shown below:

	2024 £m	2023 £m
Defined contribution plans	48	44
Defined benefit plans (net charge excluding interest)		
UK	3	3
Other	12	13
Total pension costs included in operating profit (Note 5) ¹	63	60
Pension net finance income included in net finance expense (Note 6)	(5)	(8)
Income Statement charge included in profit before income tax	58	52
Remeasurement gains/(losses) for²:		
UK	1	(44)
US (Medical)	7	3
Other	(21)	(1)
	(13)	(42)

¹ The Income Statement charge recognised in operating profit includes current service cost, past service cost and administrative costs

² Remeasurement gains/(losses) exclude £nil (2023: £1 million) recognised in OCI for irrecoverable surplus

Sensitivity of significant actuarial assumptions

The sensitivity of the UK defined benefit obligation to changes in the principal assumptions is shown below:

2024	Change in assumption	Change in defined benefit obligation
Discount rate	Increase 0.1%	Decrease by 1.1%
Discount rate	Increase 1.0%	Decrease by 9.9%
RPI increase	Increase 0.1%	Increase by 0.9%
RPI increase	Increase 1.0%	Increase by 7.7%
Life expectancy	Members live 1 year longer	Increase by 3.1%
2023	Change in assumption	Change in defined benefit obligation
Discount rate	Increase 0.1%	Decrease by 1.2%
Discount rate	Increase 1.0%	Decrease by 10.7%
RPI increase	Increase 0.1%	Increase by 1.0%
RPI increase	Increase 1.0%	Increase by 8.9%
Life expectancy	Members live 1 year longer	Increase by 3.3%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Impact of medical cost trend rates

A 1% change in the assumed healthcare cost trend rates would have an immaterial impact on the service cost, interest cost and post-retirement benefit obligation.

Risk and risk management

Through its defined benefit pension plans and post-employment medical plans, the Group is exposed to a number of risks, the most significant of which are detailed as follows:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit/reduce the surplus. The US plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short-term. However, the Group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the plans efficiently.

Notes to the Financial Statements continued

23 Pension and Post-Retirement Commitments continued

Risk and risk management continued

Asset volatility continued

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A portion of assets consists of unit linked insurance policies with underlying investments in quoted equities and quoted bonds, although the Group also invests in property and cash. The Group believes that quoted equities offer the best returns over the long term with an acceptable level of risk. The Trustees of all the UK funds have moved the majority of their assets to low-cost investment funds in consultation with the Group whilst maintaining prudent diversification and appropriate interest and inflation hedging. The Trustees and the Group have aligned goals in respect of climate risk which includes a 50% reduction in carbon footprint ambition by 2030. The trustees of the principal UK plan have carried out climate change scenario analysis to help them understand and quantify the potential effects of climate change on the plan's assets and liabilities and identify possible actions to address the risks and opportunities presented.

Changes in bond yields

A decrease in government and corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings

Inflation risk

Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). In order to manage inflationary risks, the Trustees' investment strategy within the UK plan provides a high level of protection against higher than expected long-term inflation through investments in index-linked gilts, liability driven investments and insurance contracts. In the US plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member. Whilst the plans allow for an increase in life expectancy, increases above this assumption will result in an increase in the plans' liabilities. This is particularly significant in the UK plan, where inflationary increases to benefits result in higher sensitivity to improvements in life expectancy. In 2020 the principal UK scheme reduced its exposure by purchasing an insurance product that will pay the pensions of some of the plan's pensioners. In 2021 two other UK pension schemes purchased a similar insurance policy covering 100% of their members' benefits.

Change in regulations

The Group is aware that future changes to the regulatory framework may impact the funding basis of the various plans in the future. The Group's pensions department monitors the changes in legislation and analyses the risks as and when they occur.

In June 2023, the High Court in England handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The Group and pension trustees are currently considering the implications of the case for the Group's UK plans. The defined benefit obligation has been calculated on the basis of the pension benefits currently being administered, and at this stage the Directors do not consider it necessary to make any adjustments as a result of the Virgin Media case.

24 Share Capital

	Equity ordinary shares number	Nominal value £m
Issued and fully paid		
At 31 December 2023	736,535,179	74
At 31 December 2024	736,535,179	74

The holders of ordinary shares (par value 10 pence) are entitled to receive dividends (Note 28) as declared from time to time and are entitled to one vote per share at meetings of the Parent Company.

Repurchase of ordinary shares

In July 2024, the Group announced a new share buyback programme of an amount of £1 billion to be effected over 12 months. During 2024, as part of this share buyback programme, the Group entered into commitments to purchase £1 billion of ordinary shares.

A share repurchase liability of £477 million has been recognised in the Balance Sheet as at 31 December 2024 (2023: £296 million), reflecting contractual obligations to purchase ordinary shares (including associated costs).

During the year to 31 December 2024, 28,488,957 shares have been purchased at a total cost of £1,328 million. Repurchased ordinary shares have been included in the Treasury shares (see below).

Allotment of ordinary shares and release of Treasury shares

During the year nil ordinary shares (2023: nil ordinary shares) were allotted, 1,083,133 ordinary shares were released from Treasury (2023: 2,047,518) and 28,488,957 ordinary shares (2023: 3,782,835 ordinary shares) were bought back, to satisfy vesting/exercises under the Group's various share schemes as follows:

	2024		2023	
	Number of shares	Consideration £m	Number of shares	Consideration £m
Ordinary shares of 10p				
Released from Treasury				
Executive Share Options – exercises	18,117	1	380,348	19
Restricted Shares Awards – vesting	1,013,180	–	1,037,960	–
Total under Executive Share Option and Conditional Award Schemes	1,031,297	1	1,418,308	19
Savings-related Share Option Schemes – exercises	51,836	2	629,210	29
Total released from Treasury	1,083,133	3	2,047,518	48
Bought into Treasury				
Repurchase of shares	(28,488,957)	(1,328)	(3,782,835)	(207)
Total	(27,405,824)	(1,325)	(1,735,317)	(159)

Notes to the Financial Statements continued

24 Share Capital continued

Allotment of ordinary shares and release of treasury shares continued

In 2024, 1,083,133 Treasury shares were released (2023: 2,047,518) and 28,488,957 ordinary shares (2023: 3,782,835 ordinary shares) were bought back, leaving a balance held at 31 December 2024 of 49,912,354 (2023: 22,506,530). Proceeds received from the reissuance of Treasury shares to exercise share options were £3 million (2023: £48 million).

25 Share-Based Payments

The Group operates a number of incentive schemes, including a Long-Term Incentive Plan (LTIP), and various other share plans. All awards under these plans are equity-settled. The total expense recognised in respect of share-based payments for the year was £85 million (2023: £102 million).

Executive share awards

Executive share awards granted to the senior management team under the LTIP consist of Performance Share Options, Performance Shares, and Time-Vested Shares. For Performance Share Options and Performance Shares, vesting is conditional on achievement of specified performance targets over a three-year period as well as continued employment. For Time-Vested Shares, vesting is conditional only on continued employment, typically over three years from grant. For Performance Share Options, the exercise price is determined on the grant date and becomes payable on exercise, which may be up to seven years after the options have vested. Performance Shares and Time-Vested Shares entitle the recipient to receive shares at no cost following satisfaction of the vesting conditions.

The performance metrics and associated weightings for LTIP awards from 2022 to 2024 are as follows:

LTIP performance metrics – 2022, 2023 and 2024 awards	Weighting
Like-for-like net revenue growth	40%
Return on Capital Employed (ROCE)	25%
Relative Total Shareholder Return (TSR)	25%
Sustainability	10%

LTIP awards with a market-based TSR performance condition were first granted in 2022. For LTIP awards granted before 2022, LTIP awards included only non-market performance conditions.

For the Executive Committee and members of the Group Leadership Team, vesting conditions must be met over the three-year performance period and are not retested. For awards granted to other members of the senior management team before 2021, the targets could be retested in years four or five of the scheme. The final retest date was in 2024, at which point any remaining unvested shares or options lapsed. For awards granted in May 2021 and thereafter, vesting conditions must be met over the three-year period and are not retested.

Other share awards

Other share awards include savings-related share options (offered to all staff within the relevant geographic area) and a number of Senior Executive Share Ownership Policy Plan (SOPP) awards. Other share awards have contractual lives of between three and eight years and are generally not subject to any vesting conditions other than the employee's continued employment.

Individual tranches of these other share awards are not material for detailed disclosure and therefore information about these awards is presented only on an aggregated basis.

Valuation of share awards

The fair value of share options granted is calculated using a Black-Scholes model. Performance Share Options and Performance Shares which include the market-based TSR performance target are valued by a third-party expert using a Monte Carlo model. For Performance Shares with non-market performance conditions and for Time-Vested Shares, the fair value is the share price on the date of grant. From 2022 onwards, no adjustment to the market price at grant is required because all new Performance Shares and Time-Vested Shares accrue dividend equivalents. Performance Options do not accrue dividend equivalents.

The weighted average fair value of the LTIP Performance Share Options granted in the year and the key assumptions made in arriving at that fair value were as follows:

	Performance Share Options	
	2024	2023
Exercise price	£50.90	£58.28
Performance period	2024-26	2023-25
Share price on grant date	£50.14	£59.18
Volatility	22.3%	22.6%
Dividend yield	3.9%	3.1%
Expected life	6.9 years	6.6 years
Risk-free interest rate	3.9%	3.2%
Weighted average fair value per award	£7.68	£10.49

An estimate of future volatility is made with reference to historical volatility over a similar time period to the expected life of the option. Historical volatility is calculated based on the annualised standard deviation of the Group's daily share price movement, which approximates the continuously compounded rate of return on the share.

The weighted average fair value of the LTIP Performance Shares granted in the year was £41.65 per award (2023: £51.38 per award).

Notes to the Financial Statements continued

25 Share-Based Payments continued

Movements in the year

The following table shows movements in the total number of outstanding awards across all award types:

	Year ended 31 December 2024		Year ended 31 December 2023	
	Number of awards	Weighted average exercise price	Number of awards	Weighted average exercise price
Outstanding at 1 January	18,562,750	£45.24	18,707,602	£44.99
Granted	6,449,300	£31.65	4,806,191	£36.92
Exercised	(1,112,643)	£2.90	(2,084,209)	£23.51
Lapsed	(4,628,219)	£46.90	(2,866,834)	£45.48
Outstanding at 31 December	19,271,188	£42.73	18,562,750	£45.24
Exercisable at 31 December	4,273,783	£63.35	3,009,018	£61.36

The weighted average share price over the year was £47.28 (2023: £58.38).

Summary of outstanding awards

For awards outstanding at the year end the weighted average remaining contractual life is 5.0 years (2023: 5.3 years) and the range of exercise prices is as follows:

	Price to be paid £		Number of awards outstanding	
	From	To	at 31 December 2024	at 31 December 2023
LTIP – performance share options	42.01	78.00	11,621,996	11,522,463
LTIP – performance shares	–	–	3,404,027	3,584,219
LTIP – time-vested shares	–	–	1,197,033	861,596
SOPP	–	–	141,400	150,200
Savings-related share options	40.49	62.44	2,906,732	2,444,272
Total			19,271,188	18,562,750

For LTIP awards with non-market performance conditions, assumptions regarding the number of awards that will eventually vest are based on the Directors' expectations in light of the Group's business model and relevant published targets.

There has been no material modification of outstanding awards such as would impact the expense recognised in respect of share-based payments.

26 Other Reserves

	Hedging reserve £m	Foreign currency translation reserve £m	Total other reserves £m
Attributable to owners of the parent			
Balance at 1 January 2023	13	(307)	(294)
Other comprehensive income/(expense):			
Fair value losses on cash flow hedges, net of tax	(16)	–	(16)
Reclassification of cash flow hedges to the Income Statement	(23)	–	(23)
Net exchange losses on foreign currency translation, net of tax	–	(638)	(638)
Gains on net investment hedges, net of tax	–	42	42
Reclassification of foreign currency translation reserves on disposal or liquidation of foreign operations, net of tax	–	(131)	(131)
Total other comprehensive expense for the year	(39)	(727)	(766)
Balance at 31 December 2023	(26)	(1,034)	(1,060)
Other comprehensive income/(expense):			
Fair value gains on cash flow hedges, net of tax	9	–	9
Reclassification of cash flow hedges to the Income Statement	29	–	29
Net exchange losses on foreign currency translation, net of tax	–	(442)	(442)
Gains on net investment hedges, net of tax	–	85	85
Reclassification of foreign currency translation reserves on disposal or liquidation of foreign operations, net of tax	–	(11)	(11)
Total other comprehensive income/(expense) for the year	38	(368)	(330)
Balance at 31 December 2024	12	(1,402)	(1,390)

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedge transactions that are extant at year end.

The foreign currency translation reserve contains the accumulated foreign exchange differences from the translation of the Financial Statements of the Group's foreign operations arising when the Group's entities are consolidated. The reserve also contains the translation of liabilities that hedge the Group's net exposure in a foreign currency.

During the year ended 31 December 2024, a net gain of £11 million (2023: £131 million net gain) was reclassified to the Income Statement from foreign currency reserves following the disposal or liquidation of foreign operations, of which a net gain of £nil million (2023: £130 million net gain) related to the liquidation of subsidiaries (see Note 6 for further details).

Notes to the Financial Statements continued

27 Related Party Transactions

The Group has related party relationships with its Directors and key management personnel (Note 5).

28 Dividends

	2024 £m	2023 £m
Cash dividends on equity ordinary shares:		
2023 Final paid: 115.9p (2022: Final paid 110.3p) per share	820	790
2024 Interim paid: 80.4p (2023: Interim paid: 76.6p) per share	561	549
Total dividends for the year	1,381	1,339

The Directors are proposing a final dividend in respect of the financial year ended 31 December 2024 of 121.7 pence per share which will absorb an estimated £830 million of shareholders' funds. If approved by shareholders it will be paid on 29 May 2025 to shareholders who are on the register on 11 April 2025, with an ex-dividend date of 10 April 2025.

29 Acquisitions and Disposals

Acquisitions

On 25 September 2023, the Group acquired a business distributing Reckitt products in the Kingdom of Saudi Arabia. This was accounted for as a business combination with the purchase consideration £79 million, of which a preliminary fair value of £56 million was allocated to goodwill and intangible assets, and a preliminary fair value of £23 million to inventories acquired.

The measurement period to finalise the purchase price allocation concluded in 2024. The finalisation led to a £3 million increase in goodwill and other intangible assets and a £6 million reduction in inventory assets during the year.

Disposals

There were no disposals material to the Group during 2024 and 2023.

30 Discontinued Operations

The expense in the current year from discontinued operations of £4 million relates to interest accruing on an uncertain tax position relating to the former RB Pharmaceuticals business (now Indivior plc). The income in the prior year from discontinued operations of £9 million relates to the Group's disposal of the RB Pharmaceuticals business (now Indivior plc).

31 Post Balance Sheet Events

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

Five-Year Summary (Unaudited)

The five-year summary below is presented on an IFRS basis. The years ending 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 show the results for continuing operations.

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Income Statement					
Net revenue	14,169	14,607	14,453	13,234	13,993
Operating profit/(loss)	2,425	2,531	3,249	(804)	2,160
Net finance (expense)/income	(321)	(130)	(161)	547	(286)
Share of loss and impairment of equity-accounted investees, net of tax	-	-	(21)	(3)	(1)
Profit/(loss) before income tax	2,104	2,401	3,067	(260)	1,873
Income tax (charge)/credit	(672)	(753)	(711)	208	(720)
Attributable to non-controlling interests	(2)	(14)	(19)	(11)	(16)
Net profit/(loss) attributable to owners of the Parent Company from continuing operations	1,430	1,634	2,337	(63)	1,137
Balance Sheet					
Net assets	6,720	8,469	9,483	7,453	9,159
Key Statistics – IFRS basis					
Operating margin	17.1%	17.3%	22.5%	(6.1%)	15.4%
Diluted earnings per share, continuing	203.8p	227.4p	325.7p	(8.8p)	159.3p
Declared total dividends per ordinary share	202.1p	192.5p	183.3p	174.6p	174.6p

Parent Company Balance Sheet

As at 31 December 2024

	Note	2024 £m	2023 £m
Fixed assets			
Investments	2	15,248	15,174
Current assets			
Debtors due within one year	3, 6	313	185
Debtors due after more than one year	4, 6	8	14
		321	199
Current liabilities			
Creditors due within one year	5, 6	(3,901)	(5,361)
Share repurchase liability	6, 8	(477)	(296)
Net current liabilities		(4,057)	(5,458)
Total assets less current liabilities		11,191	9,716
Provisions for liabilities and charges	7	(25)	(26)
Net assets		11,166	9,690
Equity			
Share capital	8	74	74
Share premium		254	254
Retained earnings		10,838	9,362
Total equity		11,166	9,690

Reckitt Benckiser Group plc has made a profit of £4,280 million (2023: £4,135 million) for the financial year.

The Financial Statements on pages 198-217 were approved by the Board of Directors and signed on its behalf on 5 March 2025 by:

Sir Jeremy Darroch

Director
Reckitt Benckiser Group plc

Company Number: 06270876

Kris Licht

Director
Reckitt Benckiser Group plc

Parent Company Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 January 2023	74	254	6,921	7,249
Comprehensive income				
Profit for the financial year	–	–	4,135	4,135
Total comprehensive income	–	–	4,135	4,135
Transactions with owners				
Treasury shares reissued	–	–	48	48
Purchase of ordinary shares by employee share ownership trust	–	–	(2)	(2)
Repurchase of shares	–	–	(503)	(503)
Share-based payments	–	–	6	6
Capital contribution in respect of share-based payments	–	–	96	96
Cash dividends	–	–	(1,339)	(1,339)
Total transactions with owners	–	–	(1,694)	(1,694)
Balance at 31 December 2023	74	254	9,362	9,690
Comprehensive income				
Profit for the financial year	–	–	4,280	4,280
Total comprehensive income	–	–	4,280	4,280
Transactions with owners				
Treasury shares reissued	–	–	3	3
Purchase of ordinary shares by employee share ownership trust	–	–	(2)	(2)
Repurchase of shares	–	–	(1,509)	(1,509)
Share-based payments	–	–	11	11
Capital contribution in respect of share-based payments	–	–	74	74
Cash dividends	–	–	(1,381)	(1,381)
Total transactions with owners	–	–	(2,804)	(2,804)
Balance at 31 December 2024	74	254	10,838	11,166

Reckitt Benckiser Group plc has £9,912 million (2023: £8,521 million) of its retained earnings available for distribution. Details of Treasury shares and other equity transactions are included in Note 24 of the Group Financial Statements.

Notes to the Parent Company Financial Statements

1 Parent Company Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Reckitt Benckiser Group plc is a company incorporated in the United Kingdom, registered in England and Wales under the Companies Act 2006, and is a public limited company. The address of the registered office is given on page 230.

The Company is the parent of the Reckitt Benckiser Group and its principal activity is to act as a holding company for the Group. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1-57.

Statement of compliance

The Financial Statements have been prepared under the historical cost convention and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) and the Companies Act 2006.

The functional currency of Reckitt Benckiser Group plc is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

As permitted by s408 of the Companies Act 2006, a Statement of Comprehensive Income is not presented for Reckitt Benckiser Group plc.

Going concern

Having assessed the principal risks and other matters discussed in connection with the Group's Viability Statement as set out on page 57 of the Group Annual Report, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Company Financial Statements. When reaching this conclusion, the Directors took into account the Company's overall financial position and exposure to principal risks.

Financial Reporting Standard 102 – Reduced Disclosure Exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following exemptions:

- (i) from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and the Group Cash Flow Statement, included in these Financial Statements, includes the Company's cash flows; and
- (ii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

The Company's results are included in the publicly available consolidated Financial Statements of Reckitt Benckiser Group plc and these Financial Statements may be obtained from 103-105 Bath Road, Slough, Berkshire SL1 3UH or at www.reckitt.com.

Foreign currency translation

Transactions denominated in foreign currencies are translated using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Taxation

The tax charge/credit is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are provided for in full and deferred tax assets are recognised to the extent that they are considered recoverable.

A net deferred tax asset is considered recoverable if it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is measured on an undiscounted basis.

The Company has applied the temporary mandatory exception from accounting for deferred taxes arising from the Pillar Two model rules as set out in 'International Tax Reform – Pillar Two Model Rules (Amendments to FRS 102)' issued by the FRC in July 2023.

Notes to the Parent Company Financial Statements continued

1 Parent Company Accounting Policies continued

Fixed asset investments

Fixed asset investments are stated at the lower of cost or their recoverable amount, which is determined as the higher of net realisable value and value-in-use. A review of the potential impairment of an investment is carried out by the Directors if events or changes in circumstances indicate that the carrying value of the investment may not be recoverable. Such impairment reviews are performed in accordance with FRS 102 Section 27 'Impairment of assets'.

Employee share schemes

Incentives in the form of shares are provided to employees under equity-settled share option and restricted share schemes, which have various combinations of market-based and non-market performance conditions, service conditions, and non-vesting conditions.

The fair value determined at the award grant date takes into account the probability of any relevant market-based performance conditions and non-vesting conditions being satisfied and is subsequently expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. This estimate takes into account the expected outcome for relevant non-market performance conditions and service conditions but assumes satisfaction of all market-based performance conditions and non-vesting conditions. At each Balance Sheet date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Additional employer costs, including social security taxes, in respect of options and awards are charged to the Statement of Comprehensive Income over the same period with a corresponding liability recognised.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the Company Financial Statements.

Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual obligations of the instrument.

(i) Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts. Such assets are subsequently carried at amortised cost.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in comprehensive income or expense.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future payments. Debt instruments are subsequently carried at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Derivative Financial Instruments

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value.

Notes to the Parent Company Financial Statements continued

1 Parent Company Accounting Policies continued

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that there will be an outflow of resources to settle that obligation; and the amount can be reliably estimated. Provisions are valued at the present value of the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date. Where it is possible that a settlement may be reached or it is not possible to make a reliable estimate of the estimated financial impact, appropriate disclosure is made but no provision recognised.

Where a company enters into a financial guarantee contract to guarantee the indebtedness of other companies within its Group, the Company treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Company will be required to make a payment under the guarantee.

Share capital transactions

When the Company purchases equity share capital, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Purchased shares are either held in Treasury in order to satisfy employee options, or cancelled and, in order to maintain capital, an equivalent amount to the nominal value of the shares cancelled is transferred from retained earnings.

Repurchase and reissuance of ordinary shares

When shares recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Repurchased shares are classified as Treasury shares and are presented in retained earnings. When Treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus is presented within share premium.

Dividend distribution

Dividends to owners of the Parent Company are recognised as a liability in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

Accounting estimates and judgements

In preparing these Financial Statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts and results may differ from these estimates.

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.

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 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 addressed below.

Tax provisions

Current tax liabilities include an amount of £245 million (2023: £156 million) relating to uncertain tax positions in respect of tax deductibility of management expenses. The exposure recognised is calculated based on the expected value method and the most likely amount method. The accounting estimates and judgements considered include:

- status of the unresolved matter;
- clarity of relevant legislation and related guidance;
- advice from related party specialists and unrelated third parties;
- range of possible outcomes; and
- statute of limitations.

The recognition of uncertain tax positions is reviewed regularly for changes in circumstances and estimates are updated as potential resolutions for the tax uncertainties are encountered through specific audits or wider case law. As a result, given the size, possible range of outcomes and timing of resolution, there is a significant risk of material adjustment to the aggregate carrying amount of these liabilities within the next financial year.

Legal provisions

The Company recognises legal provisions in line with the Company's provisions policy. The level of provisioning in relation to civil and/or criminal investigations is an area where management and legal judgement is important, with individual provisions being based on best estimates of the probable loss, considering all available information, external advice and historical experience. As at 31 December 2024, the Company recognised legal provisions of £25 million (2023: £26 million) in relation to a number of historical regulatory matters. Refer to Note 7 of the Company Financial Statements for further information.

The Company's Directors are of the opinion that there are no other judgements and no further key sources of estimation uncertainty in applying the Company's accounting policies.

Notes to the Parent Company Financial Statements continued

2 Investments

	Shares in subsidiary undertakings £m
Cost	
At 1 January 2023	15,078
Additions during the year	96
At 31 December 2023	15,174
Additions during the year	74
At 31 December 2024	15,248
Provision for impairment	
At 1 January 2023	-
At 31 December 2024	-
Net book value	
At 31 December 2023	15,174
At 31 December 2024	15,248

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

The subsidiary undertakings as at 31 December 2024, all of which are included in the Group Financial Statements, are shown in Note 12 of the Company Financial Statements.

With the exception of Reckitt Benckiser Limited, none of the subsidiaries are directly held by Reckitt Benckiser Group plc. All subsidiaries have a financial year ending 31 December with the exception of: Reckitt Benckiser (India) Private Limited, Reckitt Benckiser Healthcare India Private Limited, Mead Johnson Nutrition (India) Private Limited and Reckitt Piramal Private Limited which have a year ending 31 March; Scholl Latin America Limited which has a year ending 4 March; Reckitt Benckiser Health Kenya Limited which has a year ending 30 April; Reckitt Benckiser (Czech Republic) spol. s r.o which has a year ending 31 May; Lloyds Pharmaceuticals which has a year ending 24 August and RBHCR Health Reckitt Costa Rica Sociedad Anónima which has a year ending 30 September.

Additions during the year, and in 2023, relate to the grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group.

3 Debtors Due Within One Year

	2024 £m	2023 £m
Amounts owed by Group undertakings	307	178
Other debtors	6	7
	313	185

Amounts owed by Group undertakings are unsecured, interest free and are repayable on demand (2023: same).

4 Debtors Due After More Than One Year

	2024 £m	2023 £m
Deferred tax assets	2	1
Other debtors	6	13
	8	14

Deferred tax assets consist of short-term timing differences.

5 Creditors Due Within One Year

	2024 £m	2023 £m
Amounts owed to Group undertakings	3,639	5,196
Taxation and social security	246	157
Derivative liabilities	1	1
Other creditors	15	7
	3,901	5,361

Included in the amounts owed to Group undertakings is an amount of £3,613 million (2023: £5,123 million) which is unsecured, carries interest at the official SONIA fallback rate and is repayable on demand (2023: interest at the official ISDA fallback rate and is repayable on demand). All other amounts owed to Group undertakings are unsecured, non-interest bearing and are repayable on demand (2023: same).

Included within taxation and social security creditors is an amount recognised in respect of uncertain tax positions may take several years to resolve (Note 1). Notwithstanding this, the presentation of corporation tax liabilities has been assessed to reflect that there is not an unconditional right to defer settlement of these liabilities and the carrying amount of £245 million (2023: £156 million) has been presented as a current liability.

Notes to the Parent Company Financial Statements continued

6 Financial instruments

	2024 £m	2023 £m
Financial assets measured at amortised cost		
Amounts owed by Group undertakings	307	178
Other debtors – current and non-current	12	20
	319	198
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss		
Derivative liabilities	(1)	(1)
Financial liabilities measured at amortised cost		
Amounts owed to Group undertakings	(3,639)	(5,196)
Share repurchase liability	(477)	(296)
Other payables	–	(7)
	(4,117)	(5,500)

7 Provisions for Liabilities and Charges

	Legal provisions £m	Total provisions £m
At 1 January 2023	44	44
Charged to the Statement of Comprehensive Income	1	1
Utilised during the year	(18)	(18)
Released to the Statement of Comprehensive Income	(1)	(1)
At 31 December 2023	26	26
Charged to the Statement of Comprehensive Income	1	1
Utilised during the year	(1)	(1)
Released to the Statement of Comprehensive Income	(1)	(1)
At 31 December 2024	25	25

Provisions have been analysed between current and non-current as follows:

	2024 £m	2023 £m
Current	25	26
Non-current	–	–
	25	26

Provisions relate to legal provisions in relation to a number of historical matters.

8 Share Capital

	Equity ordinary shares	Nominal value £m
Issued and fully paid		
At 31 December 2023	736,535,179	74
At 31 December 2024	736,535,179	74

The holders of ordinary shares (par value 10 pence) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Parent Company. Dividends proposed and paid are disclosed in Note 28 of the Group Financial Statements.

The allotment of ordinary shares and release of Treasury shares are disclosed in Note 24 of the Group Financial Statements.

In addition, the Company announced a share buyback programme also disclosed in Note 24 of the Group Financial Statements.

9 Related Party Transactions

There were no transactions with related parties other than wholly owned companies within the Group.



Notes to the Parent Company Financial Statements continued

10 Contingent Liabilities

The Company has issued a guarantee to the trustees of the Reckitt Benckiser Pension Fund covering the obligations of certain UK subsidiaries of the Group who are the sponsoring employers of the UK defined benefit pension fund. The guarantee covers any amounts due to the pension fund from these subsidiaries if they fail to meet their pension obligations.

The Company issued a guarantee on behalf of Reckitt Benckiser Treasury Services plc in relation to the issuance of a \$2,500 million bond (2023: \$4,500 million bond), made up of one tranche of \$2,500 million (2023: one tranche of \$2,500 million and one tranche of \$2,000 million). The Company has issued a further guarantee in relation to the issuance of a £500 million bond (2023: same). Details are included in Note 15 of the Group Financial Statements.

The Company also issued a guarantee on behalf of Reckitt Benckiser Treasury Services plc in relation to the issuance of a €1,400 million bond, made up of one tranche of €750 million and one tranche of €650 million (2023: same). The Company has issued a further guarantee in relation to the issuance of a £300 million bond (2023: same). Details are included in Note 15 of the Group Financial Statements.

During the year, the Company issued a guarantee on behalf of Reckitt Benckiser Treasury Services plc in relation to the issuance of a €900 million bond. The Company has issued a further guarantee in relation to the issuance of a £300 million bond. Details are included in Note 15 of the Group Financial Statements.

During the year, the Company continued to provide a guarantee on behalf of Reckitt Benckiser Treasury Services plc in relation to issuance of commercial paper under a USD-denominated \$8,000 million commercial paper programme and a €3,000 million euro commercial paper programme. Details are included in Note 15 of the Group Financial Statements.

The Company issued a guarantee on behalf of Reckitt Benckiser Treasury Services plc in relation to committed borrowing facilities totalling £4,450 million (2023: £4,500 million). Details of the facilities are included in Note 15 of the Group Financial Statements.

The Company issued a guarantee on behalf of Mead Johnson Nutrition Company in relation to outstanding senior notes of \$1,550 million (2023: same) issued by Mead Johnson Nutrition Company prior to acquisition. The senior notes consist of one tranche of \$750 million, one tranche of \$500 million and one tranche of \$300 million (2023: same).

The Company has also issued a guarantee on behalf of Reckitt Benckiser Treasury Services (Nederland) BV in relation to the issuance of two €850 million bonds (2023: same). Details are included in Note 15 of the Group Financial Statements.

The Company has provided a guarantee to certain subsidiary undertakings to exempt them from audit under Section 479a of the Companies Act 2006. The companies to which a guarantee has been issued for this purpose are highlighted in Note 12.

Other contingent liabilities are disclosed in Note 20 of the Group Financial Statements.

11 Post Balance Sheet Events

There are no events subsequent to the Balance Sheet date that require disclosure.