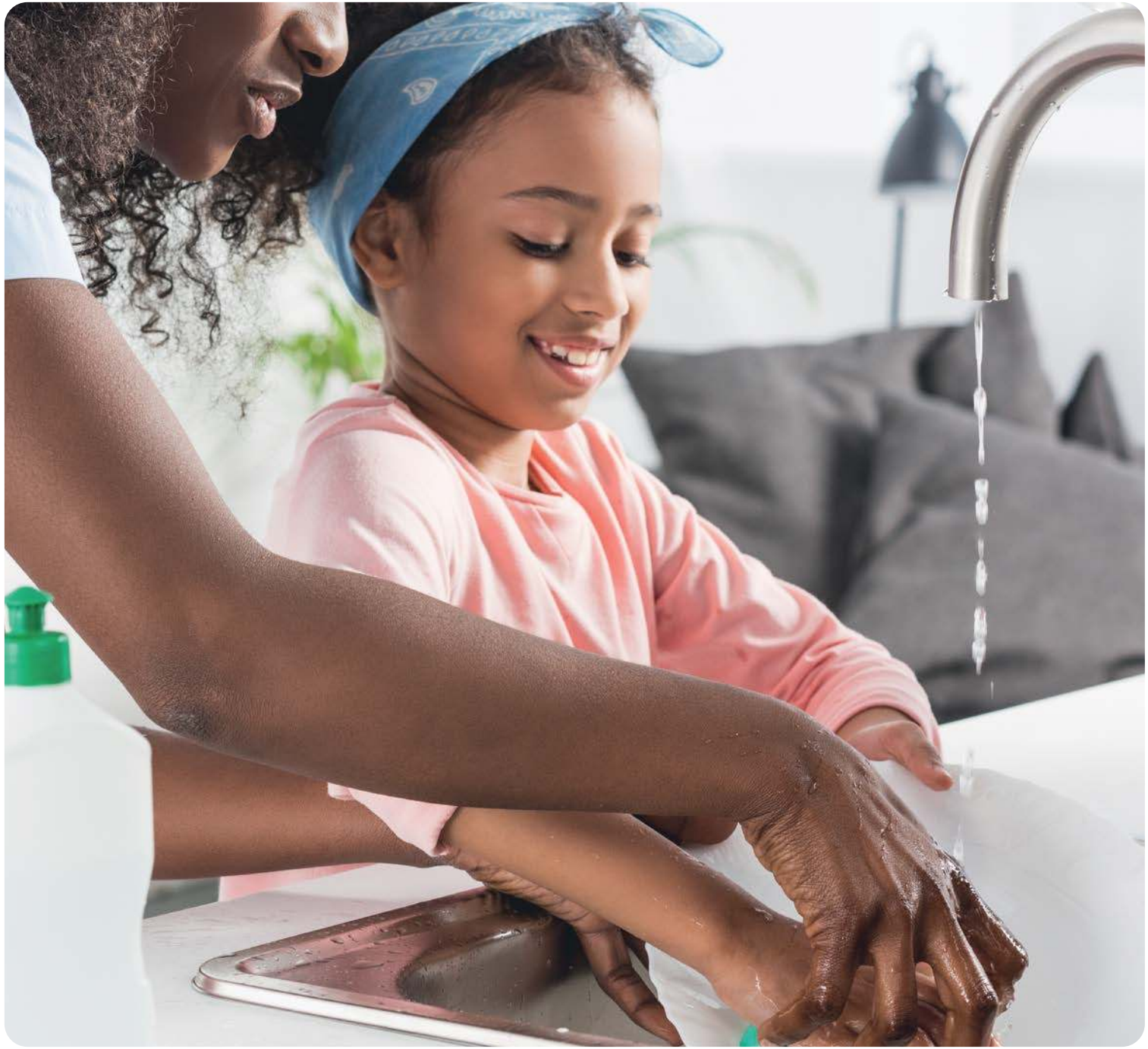
Everyday cleaning products, expertly made



McBride plc

Annual Report and Accounts 2024

Contents

Strategic Report

Our Highlights	1
McBride At A Glance	2
Chairman's Statement	3
Our Markets	4
Our Business Model	5
Our Strategy	7
Our Values	10
CEO's Report	11
Our Divisions	13
CFO's Report	18
Our Key Performance Indicators	21
Our Stakeholders	22
Sustainability	25
Climate-Related Financial Disclosures	36
Non-Financial and Sustainability Information Statement	51
Our Principal Risks and Uncertainties	53
Going Concern and Viability Statement	60

Please note, throughout this report McBride plc is referred to variously as 'McBride', the 'Company' or the 'Group'.

Governance Report

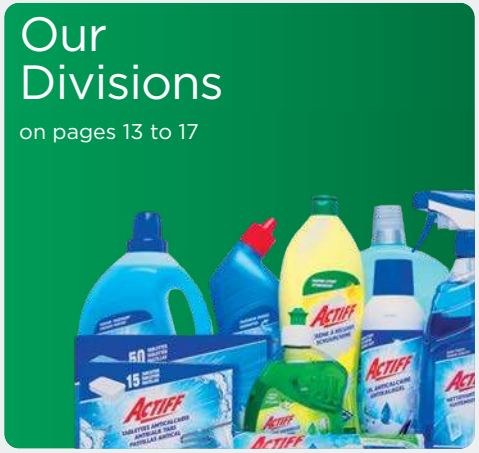
Chairman's Introduction to Governance Report	61
Our Board	62
Compliance with the UK Corporate Governance Code 2018	64
Corporate Governance Statement	65
Nomination Committee Report	71
Audit and Risk Committee Report	76
Remuneration Committee Report	83
Statutory Information	103
Directors' Responsibilities Statement	107

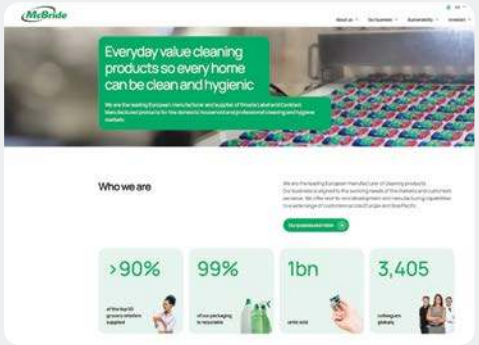
Financial Statements

Independent Auditors' Report	108
Consolidated Financial Statements	115
Notes to the Consolidated Financial Statements	121
Company Financial Statements	172
Notes to the Company Financial Statements	174
Group Five-Year Summary	181

Additional Information

Shareholder Information	182
Registered Office and Advisers	184





Visit us online:
www.mcbride.co.uk

As part of our ongoing commitment to sustainability, we have taken a 'digital-first' approach, printing only a small number of copies of this Annual Report & Accounts on 100% recycled paper.

Financial highlights

Revenue
£934.8m
(2023: £889.0m)

Adjusted EBITDA[1]
£87.1m
(2023: £34.1m)

Adjusted operating profit[1]
£67.1m
(2023: £13.5m)

Operating profit
£64.3m
(2023: £10.3m)

Adjusted profit before tax[1]
£53.1m
(2023: £0.3m)

Profit/(loss) before tax
£46.5m
(2023: £(15.1)m)

Adjusted return on capital employed (ROCE)[1]
33.5%
(2023: 6.4%)

Net debt/adjusted EBITDA[1]
1.5x
(2023: 4.9x)

Free cash flow[1]
£81.7m
(2023: £38.0m)

Liquidity
£98.3m
(2023: £59.3m)

Strategic highlights

Total volume growth
5.7%
(2023: 5.6%)

Laundry volume growth
8.0%
(2023: 6.5%)

Private label volume growth
7.2%
(2023: 7.0%)

Private label share of household
35.4%
(2023: 33.3%)

Divisions growing profit
Five
(2023: Five)

Transformation programme
On track

Science Based Target initiative (SBTi)
Committed

Green energy usage
54.9%
(2023: 42.1%)

(1) Further details on APMs can be found in note 2 to the consolidated financial statements on pages 132 to 134.

Alternative performance measures

This report includes alternative performance measures (APMs) that are presented in addition to the standard International Financial Reporting Standards (IFRS) metrics. The APMs[1] used are adjusted operating profit; adjusted EBITDA; adjusted profit before tax; adjusted profit for the year; adjusted EPS; free cash flow; cash conversion %; adjusted ROCE; liquidity; net debt; net debt cover ratio and interest cover ratio.

Our manufacturing locations

With trading roots dating back to 1927, McBride boasts a strong heritage. As the leading European manufacturer and supplier of private label and contract manufactured products for the domestic household and professional cleaning and hygiene markets, McBride offers end-to-end development and manufacturing capabilities to a wide range of customers in Europe and Asia Pacific.

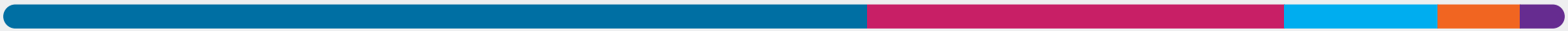
Watch corporate video online

Key:

- Liquids
- Unit Dosing
- Powders
- Aerosols
- Asia Pacific

Group sales by division

See more about our divisions on pages 13 to 17



Liquids	Unit Dosing	Powders	Aerosols	Asia Pacific
57.0%	25.0%	9.9%	5.5%	2.6%

78%
of revenue from top five European economies

>90%
of top European retailers supplied

>1bn
units sold

3,695
colleagues globally[1]

(1) Includes employees, third-party contractors, consultants and agency workers.

Chairman's Statement

> Building on the momentum from 2023, McBride has performed a significant turnaround and achieved an outstanding full-year result.

Jeff Nodland
Chairman

Dear shareholder

Welcome to the McBride 2024 Annual Report and Accounts.

I am delighted to report an excellent full-year performance by the Group. Led by our committed executive team, McBride and our specialist divisional teams have built on the solid recovery in 2023 and delivered an impressive turnaround, which has set a strong platform for further financial success.

Strong full-year performance

For the year ended 30 June 2024, the Group has substantially increased revenue and delivered on upgraded profit expectations, with each of its five divisions growing profitably. Whilst the ongoing cost-of-living pressure on consumers across our geographies has fuelled a transition towards value products and private label, it is McBride's strategic and operational execution that has ensured the Group has been able to capitalise on the market trend and ensure consumers are provided with the products they desire and need.

In addition, a key driver for this impressive financial performance has been the strategic focus of McBride's divisional teams to build closer customer relationships. The full-year results demonstrate the significant strategic benefit of building these partnerships and what it means to have such depth of market knowledge possessed by our teams.

Strategic and operational progress

At our Capital Markets Day (CMD) in March this year, the executive and divisional teams presented the Group's progression against the Compass strategy which was designed to deliver divisional focus, specialism and accountability. Now, having successfully executed on its objectives, the foundation has been laid for McBride to progress its Transformation programme which will enhance the Group's operational, service and commercial capability.

Importantly, the successful implementation of the Compass strategy has continued to enhance shareholder value, as demonstrated by McBride's consistent market valuation appreciation since it was launched in 2021. The Group is now in a strengthened financial position having materially reduced the debt level during the year, in line with our stated ambition at the CMD.

Sustainability

We continue to ensure that a focus on sustainability is embedded throughout our business, with climate objectives closely aligned to our fundamental values and key to our strategy. Importantly, McBride has an established governance structure to provide a high level of expertise and oversight to deliver on key initiatives. The Group has also made the significant commitment to science-based targets for Scope 1, 2 and 3 emissions, which cover operations, supply chain and our product portfolio.

On pages 25 to 35 we explain our approach to enhancing the sustainability of our business, whilst outlining some of the key initiatives we are taking to create value for our customers, employees, shareholders and society.

Governance

The Board remains focused on ensuring that the UK Corporate Governance Code's Principles are applied. My introduction to the Governance Report on page 61 sets out how the Board has complied with the Principles of the UK Corporate Governance Code 2018 ('the Code'), which were applied throughout the financial year ended 30 June 2024.

Our people

The Board would like to thank all colleagues across McBride for their commitment to ensuring we meet our customers' requirements, and their relentless drive to innovate and adapt to changing consumer needs. Our executive management and teams have demonstrated an outstanding ability to combine their market knowledge with customer engagement and innovation to consistently deliver high-quality products to market.

The Group has a clear strategy and a direct line of sight for further value creation opportunities. I look forward to our future with confidence as we build on the significant progress of our Compass strategy and the implementation of the Transformation programme to take the business through its next stage of growth.

Jeff Nodland
Chairman

Our Markets

Raw materials

There has been a general stabilisation in raw material costs, with the overall environment remaining relatively benign. Certain materials, particularly recycled materials and alcohol-based products, are seeing some upward cost pressure.

Response
We continue to maintain a prudent, cost-conscious approach whilst working to develop innovative solutions to mitigate inflationary pressures. Notably, our divisions are focusing on greater compaction and working to enhance product formulations and concentration levels to preserve and enhance margins.

Sustainability

McBride's customers, consumers and employees continue to place a high level of importance on the sustainability of its manufactured products.

Response
Improving sustainability is a core component of our corporate strategy. We have now set science-based targets for our full supply chain and established a dedicated sustainability team to lead our climate risk initiatives. Our product development teams continue to be committed to sourcing the most appropriate raw materials and, by understanding the carbon footprint of those components, they make the most appropriate product choices. They continue to promote products that can be reused and drive further formulation compaction.
As we strive to achieve our science-based targets, we are collaborating actively with our customers, suppliers and employees to implement meaningful actions that further minimise our environmental impact.

Regulation

The regulatory landscape for McBride is rapidly evolving, driven by the EU and UK's push towards Net Zero and other green policies. Whilst these changes may increase operational costs, they also present opportunities to innovate and develop sustainable products that align with legal requirements and meet customer demands.

Response
Compliance with legislation is central to our full service offering to our customers. We fully support initiatives that enhance safety and sustainability for consumers and the environment.
To achieve this, we invest heavily in our operations and continuously improve our product portfolio, ensuring we not only meet, but exceed, all relevant standards.

Sales channels

Despite the rates of inflation slowing in the second half of the year, cost-of-living pressures remain significant, meaning that shoppers are focused on value. Retailers are demanding extended ranges of everyday value household products to meet demand. There are signs of increasing competitive pressure, with branders beginning to engage in more promotional activity, which can impact on private label share.

Response
We continue to support our retail partners and customers to ensure we deliver market-appropriate and channel-relevant recommendations. Through our innovation and product development, we deliver products at the price and range that consumers require, and which achieve consistently high-quality cleaning across all product formats.

Consumers

Pressure on consumer discretionary spend means that whilst shoppers have moved towards private label, they also demand high-quality products at value pricing to service their everyday needs.

Response
Through our product development and market expertise, our divisions create award-winning products that offer high-quality and great value products to the consumer. We can then ensure consumers have clean and hygienic living environments despite the pressure on their spending. We also continue to develop new ranges with a focus on sustainability, providing enhanced cleaning capacity through smaller doses, reformulation and compaction initiatives.

Brand owners

Owners of household cleaning and personal care brands sometimes outsource the manufacture of their products to private label suppliers, such as McBride. This may be because they lack capacity or specific technologies in their own manufacturing facilities, want to bring new innovations to market more quickly, or want to reduce their operational footprint.

Response
Our knowledge, ability, scale, professionalism and reputation for manufacturing high-quality products assures major brand owners that we are the right partner to support their innovation or strategic outsourcing objectives. Such contracts offer significant growth opportunities, de-risk margins and drive operational efficiencies by increasing asset utilisation.

Our Business Model

Our purpose

Everyday value cleaning products so every home can be clean and hygienic.

Our vision

McBride will extend its position as the leading European manufacturer and supplier of private label and contract manufactured everyday value cleaning products, through focused and sustainable divisional strategies.

Our guiding principles

- Focused growth
- Effective execution
- Proud of our identity

Our values

- Always committed
- Giving and taking accountability
- Working together
- Aspire to be the best

What sets us apart

Four pillars underpin our strategy:

Market standing

- Wide market coverage/knowledge from pan-European operations
- Reduced risk from customer diversification
- Scale advantages: largest volume player
- Blue-chip reputation

Operational excellence

- Manufacturing excellence
- Supply chain co-ordination and capabilities

Sustainability

- Innovation: specialisation and focus
- Sustainable product expertise: formulation and packaging

Talent

- Experienced management and dedicated employees

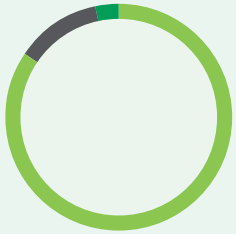
How we do it

Customer focus

We sell to retailers and branders their finished products, as well as a small number of McBride brands.

The Group has well-established market positions in all major European economies and supplies its products to a wide range of customers, including virtually all of Europe's leading retailers.

Our sales



- Private label **84.5%**
- Contract manufacturing **12.4%**
- McBride brands **3.1%**

R&D expertise

Best-in-class expertise and know-how in:

- Formulation
- Prototyping
- Sourcing
- Manufacturing
- Packaging

How we do it continued

Production process

We are end-to-end producers:

From:
- Resins
- Base chemicals
- Packaging

To:
- Shelf-ready finished products

Our in-house processes:
- Blow/injection moulding
- Liquid and powder mixing
- Bottle filling
- Capsule forming and filling
- Tablet pressing
- Powder filling

Distribution efficiency

Consolidating the customer requirements via:

McBride warehouse network

Into

Customer distribution hubs

Who we create value for

Our workforce

With our values-based culture, we are committed to creating the best possible working environment where our employees feel included, engaged and can achieve their full potential.

Our customers

We follow a 'customer focus' approach, building strong, collaborative customer relationships to drive high customer service levels and develop and manufacture innovative new products.

Our suppliers

We believe that our suppliers should have the opportunity to benefit from their relationship with us. Effective supplier relationships allow us to make high-quality everyday value cleaning products.

Our shareholders

We work to deliver long-term, sustainable growth of the Group, to provide enhanced shareholder value through our financial performance and focus on long-term value creation.

Our communities

We acknowledge our responsibility to actively engage with and support the local communities where we live and work, extending beyond merely providing employment.

Winning in a growing market

Our strategy remains unchanged: to be the leading value producer of everyday cleaning products, leveraging scale and unrivalled product expertise to deliver a segmented product and customer proposition with a cost-aware sustainability agenda.

The implementation of the Compass operating model has delivered divisional focus, specialism and accountability, underpinned by shared services that deliver economies of scale for the Group. Our divisional structure supports our ambition to expand our position as the leading value label producer of everyday cleaning products and being the preferred partner for our customers.

We achieve this ambition in several ways. We grow and win across all laundry categories. We lead with the largest retailers in the top five economies, growing disproportionately with the discounters. We shall expand our number one status in the UK, France and Italy to Germany and Spain, as well as grow in contract manufacturing, which we are targeting to grow to a 25% share of the Group's revenue.

These targets will be met as we strengthen our customer centricity, from joint value creation to service and quality excellence, and as we maintain the most competitive product portfolio in the sector. Our business Transformation initiatives are driving excellence in core activities, generating £50 million in benefits over five years, while our focused, accountable and expert divisional teams lead a cost-aware, innovation-led sustainability agenda.

Our strategy and targets are clear

- Drive private label market share
- Focus on key growth opportunities:
  - Laundry
  - Germany
  - Spain
- Increase contract manufacturing share of revenue
- Deliver Transformation programme enhancing excellence in core activities
- Explore additional value opportunities

McBride operating model

We support divisional success by leveraging the scale of the Group through effective central teams for purchasing, talent management and other shared services

One McBride

McBride Liquids | McBride Unit Dosing | McBride Powders | McBride Aerosols | McBride Asia Pacific

Shared services

Divisional strategies and Group strategy	Building on initial three-year phase	Focus and accountability	Responsiveness
Scale benefits from shared services	People empowered and engaged	Customer interface	

Our Transformation programme

Gold programmes

Operating Systems Excellence

- Deployment of SAP S/4HANA Enterprise Resource Planning platform across Europe
- Target first deployment in UK in first half of 2025

Commercial Excellence

- Sales & Marketing training and development
- Commercial processes, new tools and insights

Service Excellence

- Improved, consistent and transparent service
- Demand planning, supply chain planning and inventory optimisation
- Logistics network evolution

Silver programmes

HR Digital Excellence

- Modernisation of core HR platform
- Digitisation of payroll operations

Contract Manufacturing Excellence

- Thought leadership in packaging and product innovation
- Moving from 'fast follower' to 'innovation leader'

Operations & Overheads Excellence

- Production process re-engineering
- Aligning overheads to volume growth

One McBride

Five divisions

Each division has specialist teams embedded in their markets, bringing a unique level of knowledge and expertise.

Our model means divisions can target different opportunities, initiatives, challenges and improvement options; all reinforcing the need for varying strategies for the different parts of this business.

Hence, the Group continues to be managed as a series of portfolio businesses, each with its own identity, strategy, operating model and role within the Group.

Separate, focused and accountable divisional teams strengthen our leading market position and improve speed and agility in all our activities.

See more online

McBride Liquids

Our market

- All categories supplied in liquids form
- Regional business
- Innovation focus driven by sustainability
- Private label share gain

Compass priorities

1. Simplified portfolio, increasing competitiveness
2. Lower cost
3. Enhanced customer proposition
4. Focused growth

Compass next phase

- Product sustainability to drive value growth
- Generate value at competitive price
- Build valuable customer relationships

Cost leadership

See more online

McBride Unit Dosing

Our market

- Convenient and sustainable format
- European business
- High pace of innovation

Compass priorities

1. Become specialist supplier
2. Be embedded in the industry
3. Accelerate efficient innovation
4. Invest behind right asset base
5. Be more cost competitive

Compass next phase

- Lead as the specialist supplier
- Be ever closer to customers and suppliers
- High pace innovation – sustainable and compact
- 'FleXellence'

Product leadership

See more online

McBride Powders

Our market
- Declining market overall in Europe
- Private label gaining share over brands
- Germany and UK still heavy powder users
- Surplus industry capacity

Compass priorities
1. Low cost
2. Asset utilisation
3. Technical capability upgrade
4. Targeted market opportunities

Compass next phase
- Be the clear low-cost leader
- Improved utilisation for cost and capacity
- Continued technical capability upgrade, sustainability-led
- Targeted geography and channel opportunities

Cost leadership

See more online

McBride Aerosols

Our market
- A growing market
- Strong manufacturers in key markets
- Sustainability is a top priority

Compass priorities
1. Expand horizons beyond France
2. Build on operational excellence
3. Capitalise on innovation and eco credentials

Compass next phase
- Innovation remains key
- Collaborate with customers to grow market reach
- Expand into new territories
- Invest in additional capacity and capabilities

Product leadership

See more online

McBride Asia Pacific

Our market
- The fastest growing economy worldwide
- Growing middle class prioritising health & wellness
- Increased awareness of environmental issues
- Fragmented, localised supply base

Compass priorities
1. Invest in flexible manufacturing capacity
2. Develop household and regional format capability
3. R&D drive behind sustainability
4. Wider relationships for new growth
5. Keen cost focus

Compass next phase
- Leveraging capacity
- Developing relationships for contract manufacturing
- Lead through innovation and superior service
- Target further cost efficiencies
- Extend regional reach for private label

Cost and value leadership

See more online

Our Values

At McBride, our values are more than just words; they are commitments that guide everything we do.

Aspire to be the best

Commercial Excellence

In 2024, we launched our Commercial Excellence programme – a strategic initiative that will support our sales and margin growth aspirations. This initiative directly aligns with our core value of aspiring to be the best.

Programme objectives:

1. Bring clarity to our commercial organisation's roles and responsibilities, meeting both colleague and business expectations.
2. Establish a method to identify and address training needs through competencies, which will link into the McBride academy creation.
3. Streamline processes to simplify how we conduct business with customers, implementing best-in-class processes that will create value for both McBride and our customers.
4. Equip colleagues with modern systems, processes and tools to enhance efficiency and remove unnecessary burdens.

The guiding principles we adopted are a consistent, programmatic approach applied across our three largest divisions: Liquids, Unit Dosing and Powders. Rather than 'reinventing the wheel', we have leveraged past successes in some areas.

By the end of the calendar year, the programme will be fully rolled out and integrated into our organisation. We will continue to strive for excellence together.

Always committed

SAP S/4HANA

To support our business strategy, we have embarked on a transformation of our business processes, enabled through the implementation of SAP S/4HANA. SAP S/4HANA is a cutting-edge Enterprise Resource Planning (ERP) system that helps businesses to run smoothly and efficiently. Built on the advanced SAP S/4HANA database, it offers real-time analytics and insights, which means we can simplify complex processes and make quick, informed decisions. By bringing together key business functions, the system gives us a complete view of our operations, boosting collaboration and productivity.

We are currently collaborating with colleagues from all our sites, external suppliers and customers to implement SAP S/4HANA. Our readiness to embrace change, tackle challenges head-on and maintain a commitment to excellence lays the foundation for the future. This transformation benefits not only McBride, but also our customers and suppliers. By unifying our ERP system, we will enhance our supply chain, improve forecasting accuracy and respond more swiftly to market demands. This streamlined approach strengthens our partnerships and enables us to provide even better service to our customers. Through adopting SAP S/4HANA, we embody our 'always committed' value, leading the way in innovation and operational excellence. Our motivated teams are eager to deliver this transformative programme for McBride and make a meaningful impact.

Giving and taking accountability

Project White

During 2024, we executed Project White – an upgrade and expansion of our bleach capacities in our Liquids factories in Ieper (Belgium) and Étain (France). This significant investment included a new automatic mixing system, expanded bottle filling capacity, upgrades to filling lines and essential infrastructure development. The investment programme followed discussions with potential new customers.

The multi-functional project team faced challenges, such as long lead times for equipment due to material shortages. However, despite these obstacles, the operational management teams at both sites embraced the extra accountability, diligently working towards the complex project goals, with a real sense of pride and empowerment. Human Resources played a crucial role in recruiting resources for the sizeable new business. The 'One McBride' team demonstrated ownership and teamwork, making decisions to deliver the project on time and within budget. Successfully manufacturing for our first new customer in March 2024 stands as a testament to their commitment and accountability.

Working together

'McBride Gives' volunteering scheme

'McBride Gives' is an initiative designed to provide our colleagues and all McBride people with an opportunity to make a difference. Through engaging with local communities, offering not only time, but also resources, such as clothes, blankets and flasks, we are trying to make the world a better place.

Our new 'McBride Gives' volunteering scheme had a positive impact on the local community of Opole, Poland, this year. More than 50 colleagues from our Strzelce site dedicated a day to volunteering at the House of Hope.

The House of Hope is a charitable organisation, operated by volunteers and clergy, offering essential support to homeless and poor residents in the area. Beyond provision of food, clothing, bathing facilities and other such essentials, the House of Hope offers respect, mercy and tolerance. This holistic package uplifts spirits and restores dignity.

McBride Gives

"An excellent year of operational and strategic delivery, capitalising on the consumer trend towards private label."

Chris Smith
Chief Executive Officer

Overall business performance

It has been a year of significant growth and progress for McBride, with the Group delivering an excellent financial and operational performance. All five divisions maintained the positive momentum created in the second half of 2023, generating profit growth for the year, which is a testament to our specialist teams and their ability to execute our strategy. Whilst the consumer trend towards private label has presented a rising tide of potential growth opportunities, it is McBride's operational delivery that has ensured such a strong trading and financial performance.

It is also pleasing to report that the Group continued to make good progress against its strategic imperative of ensuring a safe working environment. The lost time incident frequency rate fell to 0.75 (2023: 0.88), with new tools and an online reporting system being introduced. At the year end, 11 of the Group's 15 manufacturing locations had been free of lost time incidents for over 100 days.

The Group continued to capitalise on higher demand for everyday value private label household cleaning products, with overall sales volumes up 5.7% and private label sales volumes up 7.2%. The strong demand for McBride's products was driven by a combination of new business wins and growth of existing private label products. Whilst contract manufacturing volumes were lower in the first half of the year and for the year overall, they increased by 13.4% in the second half, largely due to strong fourth quarter volumes from the commencement of a substantial new long-term contract. In the second half, there were some signs of increased promotional activity from manufacturers of branded products, but all divisions continued to see solid demand for private label products.

Customer service levels (CSL) improved by 2.5ppts compared to last year, with the second half performance being over 3ppts higher than the first half, as issues on a small number of the Group's manufacturing lines were resolved.

The Group's strong sales volume performance resulted in revenue increasing by 5.2% to £934.8 million (2023: £889.0m), and adjusted operating profit of £67.1 million (2023: £13.5m) being delivered slightly ahead of upgraded market expectations. The Group performed well in its strategic focus areas of laundry and Germany, which delivered sales volume growth of 8.0% and 6.2% respectively. Whilst the Group's profit performance has been driven in part by sales volume growth, it was underpinned by a combination of strong margin management, improved operational output and tight cost control in an inflationary environment.

Net debt reduction has remained a key area of focus for McBride. As presented at the CMD in March 2024, net debt/adjusted EBITDA is one of the primary financial metrics used to measure progress against the Group's strategic priorities. Pleasingly, this focus resulted in net debt closing at £131.5 million, a £35.0 million reduction versus the prior year (2023: £166.5m) and a net debt/adjusted EBITDA of 1.5x, already positioning the Group close to achieving its net debt/adjusted EBITDA ambition of less than 1.5x.

Inflationary environment

Over the course of the year, prices for consumers continued to rise and cost-of-living pressures resulted in continued strong demand for good value, high-quality private label products across the Group's markets.

The challenge for McBride has been how to effectively and reliably serve the significantly increased demand. As such, the divisions have successfully focused on efficient supply chain and logistics management, with a key principle of the business being its ability to deliver an effective end-to-end supply chain solution.

The raw materials environment has been relatively benign, with generally weaker demand lowering input cost pressure, which has supported McBride's strong financial performance. However, as the Group exited the financial year, it has started to see upward pressure on certain materials, particularly recycled materials and natural alcohol-based products, as customer and consumer demand for these materials continued to increase.

Strategic progress

At the CMD, McBride presented the significant progress achieved in the implementation of its Compass strategy and outlined the key elements of its Transformation programme. Importantly, each division remains focused on delivery of its key objectives, with the strategies continuing to be as relevant today as they were when they were first implemented in 2021.

In terms of the Transformation programme, it is pleasing to report that the initiatives are progressing to plan, as the Group works towards its target of £50 million of net benefits, annualising at £17 million adjusted operating profit in 2028. The focus at present is on the transition from the technical design stages to a phased implementation of three priority initiatives: SAP S/4HANA; Commercial Excellence; and Service Excellence.

One of McBride's key strengths is the depth to which its divisions are embedded in their sectors and markets.

Strategic progress continued

It is this focused specialism that provides exceptional product and technological knowledge, together with the ability to adapt to changing customer and consumer needs. Over the past two years, the Group has developed closer partnerships with its customers to enhance the value proposition provided to them. In addition to creating more dynamic pricing arrangements, the clear customer-centric approach means that the divisions can respond quickly and with agility to evolving customer and consumer needs, as well as having a better platform to promote product innovations.

Innovation

The development of innovative products remains at the heart of McBride and is a driver of many of its new business wins. Throughout the year, the divisions have continued to create new solutions to meet changing consumer demands and ensure reliable delivery for their customers. A common theme across the whole business is the move to more compact or more concentrated products, reducing the weight of product to transport and the volume of required packaging. Additionally, during the year, Unit Dosing adapted product packaging formats from plastic to carton packs, Liquids introduced improved product formulations, Powders developed innovative solutions for greater compaction and Aerosols introduced lighter-weight packaging to mitigate the impact of input cost pressures.

Sustainability

A commitment to sustainability, relevant and tuned to the needs of our stakeholders and wider society, is core to the Group's strategy and corporate proposition. McBride continues to operate strong levels of governance, as would be expected of a listed company, and has made great strides in engaging with its workforce and local communities. During the year, McBride appointed a small, dedicated team to drive its environmental impact reduction plans. The Group signed up to the SBTi, the only major private label household supplier to have done so, setting goals for the coming years on all three carbon scopes. The divisions' research and development teams work to ensure that each new product launched is less carbon intense than the one it replaces. Further detail on all of these initiatives can be found on pages 25 to 35.

Current trading and outlook

The first two months of the new financial year have seen overall volume levels in line with the Group's expectations. The overall market for household cleaning products is showing volume growth, and within that demand for private label products remains robust in the face of initiatives from branded manufacturers to recover market share. The divisions have a good pipeline of new product launches and business wins ahead and continue to prioritise growth initiatives. Input costs for the main raw materials remain steady overall, but with costs of recycled materials and natural-based chemicals increasing in line with expectations. The business will continue to manage its margins through informed and co-operative dialogue with its customers.

The next year is a crucial period for a number of the Group's Transformation projects, especially the 'gold programmes', being the SAP S/4HANA ERP system upgrade, Commercial Excellence and Service Excellence. The Group remains confident in the quality of delivery and the benefits that will be delivered from these Transformation initiatives.

The Group's outlook for the year is consistent with analyst expectations, which would represent a third consecutive year of revenue growth, with profitability levels significantly ahead of our historical average.

Revenue	2024 £m	2023 £m	Reported change	Constant currency change[2]
Liquids	**532.8**	497.9	7.0%	7.7%
Unit Dosing	**233.6**	234.2	(0.3)%	0.7%
Powders	**92.8**	85.9	8.0%	9.2%
Aerosols	**50.9**	46.2	10.2%	11.6%
Asia Pacific	**24.7**	24.8	(0.4)%	8.3%
Group	**934.8**	889.0	5.2%	6.2%

Adjusted operating profit/(loss)[1]	2024 £m	2023 £m	Reported change £m	Constant currency change £m[2]
Liquids	**45.6**	10.5	35.1	35.0
Unit Dosing	**19.4**	10.0	9.4	9.2
Powders	**6.0**	(0.7)	6.7	7.0
Aerosols	**2.1**	0.3	1.8	1.8
Asia Pacific	**1.4**	1.1	0.3	0.4
Corporate	**(7.4)**	(7.7)	0.3	0.4
Group	**67.1**	13.5	53.6	53.8

(1) Please refer to APM in note 2.

(2) Comparatives translated at financial year 2024 exchange rates.

Chris Smith
Chief Executive Officer

16 September 2024

McBride Liquids

"A focus on operational delivery has driven market outperformance in private label volume growth."

Peter Ingelse
Managing Director Liquids

Revenue
£532.8m
(2023: £497.9m)

Adjusted operating profit[1]
£45.6m
(2023: £10.5m)

Adjusted ROCE[1]
37.8%
(2023: 9.1%)

Performance review

Revenue grew to £532.8 million (2023: £497.9m), a 7.7% increase on a constant currency basis[2], generating an adjusted operating profit of £45.6 million (2023: £10.5m) and resulting in an adjusted operating profit margin of 8.6% (2023: 2.1%).

Driven by sales volume growth of 6.6%, the strong performance was supported by efficient operational delivery and the effect of prior year pricing actions agreed with customers to offset significant input cost inflation. All major geographies saw sales volume and revenue growth, with a standout performance in France, as consumers continued to switch from branded to private label products in response to increased pressure on their disposable incomes.

Private label revenue increased by 9.4% on a constant currency basis[2], driven principally by private label share growth and new contract wins, and was the result of a strategic focus on building customer partnerships. In the strategic focus areas of laundry, private label sales volumes grew by 17.9%, driven by contract wins and a focused approach. Sales volumes of private label products in the dishwash and cleaners categories grew broadly in line with the wider markets.

Contract manufacturing volumes decreased by 1.8%; however, volumes in the second half increased by 24.1%, driven by a major new customer contract, which is expected to generate further growth in 2025.

Liquids has made good progress with the Transformation programme, creating efficiencies and capacity through the continued rollout of Lean manufacturing methodology across the division and using innovation to improve sustainability. The development of more concentrated products, together with a move towards carton packaging, supports the Group's commitment to sustainability by reducing the use of water and plastic in the manufacturing process.

776.7m
units sold

See more online

(1) Please refer to APM in note 2.
(2) Comparatives translated at financial year 2024 exchange rates.

McBride Unit Dosing

"Unit Dosing delivered a solid performance in a challenging year, through its ability to adapt and its focus on sustainable innovation for customers."

Lennard Markestein
Managing Director Unit Dosing

Revenue
£233.6m
(2023: £234.2m)

Adjusted operating profit[1]
£19.4m
(2023: £10.0m)

Adjusted ROCE[1]
32.8%
(2023: 16.0%)

Performance review

On a constant currency basis[2], revenue increased by 0.7% to £233.6 million (2023: £234.2m), generating an adjusted operating profit of £19.4 million (2023: £10.0m) and resulting in an adjusted operating profit margin of 8.3% (2023: 4.3%).

While the number of customer units grew by 1.1%, the volume of individual doses sold grew by 6.2%, driven by a shift in sales mix towards larger consumer packs. Volume growth in doses was seen across all product categories and in both private label and contract manufacturing customer segments, despite certain operational challenges limiting laundry capsules output. Contract manufacturing sales volumes increased by 22.4% in the second half, mainly driven by new product launches, with this positive momentum expected to continue into 2025.

Despite the average sales price per dose reducing by 5.2% on a constant currency basis[2], driven by successful efforts to create more compact and increasingly sustainable products and certain price reductions, the division improved profitability through operating leverage from higher production volumes, strong margin management and tight cost controls.

As outlined at the CMD, product leadership remains at the heart of Unit Dosing's strategy. Expertise in designing and manufacturing compacted products and sustainable packaging solutions, providing its customers with affordable, easy-to-use, fit-for-purpose, sustainable products, led to multiple new business wins in 2024 and created a healthy pipeline of new product launches. Under the 'FleXellence' initiative also discussed at the CMD, the division made investments to improve the flexibility of operations and increase capacity for key product and packaging formats, while ensuring the right balance between output increases, cost to produce and the flexibility required to fully satisfy its customers' needs.

3.1bn
dishwasher tablets sold

See more online

(1) Please refer to APM in note 2.
(2) Comparatives translated at financial year 2024 exchange rates.

McBride Powders

"Powders has built on a solid end to 2023 to deliver a strong turnaround performance and return to profitability."

Marielle Claudon
Managing Director Powders

Revenue
£92.8m
(2023: £85.9m)

Adjusted operating profit/(loss)[1]
£6.0m
(2023: £(0.7)m)

Adjusted ROCE[1]
21.5%
(2023: (2.4)%)

Performance review

Revenue grew to £92.8 million (2023: £85.9m), a 9.2% increase on a constant currency basis[2], generating an adjusted operating profit of £6.0 million (2023: loss of £0.7m) and resulting in an adjusted operating profit margin of 6.5% (2023: operating loss margin of 0.8%).

This strong turnaround performance resulted from a combination of good operational delivery, business wins outpacing contract losses, and a strong recovery in demand from industrial and institutional customers. More broadly, underlying cost-of-living pressures supported the continued trend of consumers switching to private label laundry powder from branded products and other higher-cost laundry product formats.

The division's return to profitability was also underpinned by the proactive cost mitigation actions initiated in 2023 and, in part, by the easing of raw material cost inflation.

In the overall powders market, whilst volumes increased slightly by 0.9%, pricing increased in value by 5.5%, mainly due to branders increasing prices, widening the price gap between private label and brands. The Powders division gained market share versus higher-cost branded competition. Across the five major European markets, private label volume share in laundry rose to 29.8% (2023: 29.1%).

In line with the strategic priorities initially outlined in 2021, Powders continued to deliver award-winning products, led by research and development product compaction and sustainability actions. This is a key component of a wider programme to better tailor products to meet the needs of European consumers, with the aim of being the 'go-to' powder specialist. The focus on operational excellence resulted in efficiency improvements and improved customer service levels. Powders secured a number of new customer wins, gaining new contract manufacturing customers and expanding its private label presence into new geographic regions.

As outlined at the CMD, laundry powder remains a core part of the Group's product offering in the strategically important laundry category. Powders has developed a winning formula of being an efficient powder specialist, meeting its customers' needs by offering a wide portfolio of products, ranging from low-cost everyday value to premium award-winning products. Powders will continue on its journey to become the 'go to' powder specialist, by being the low-cost leader, driving efficiencies by improving asset utilisation, continuing to build on technical and R&D expertise and targeting growth opportunities in new geographies and channels.

(1) Please refer to APM in note 2.
(2) Comparatives translated at financial year 2024 exchange rates.

McBride Aerosols

"A strong performance driven by new contract wins and innovative development to meet customer needs."

Marc Marot
Business Unit Director Aerosols

Revenue
£50.9m
(2023: £46.2m)

Adjusted operating profit[1]
£2.1m
(2023: £0.3m)

Adjusted ROCE[1]
17.7%
(2023: 2.7%)

Performance review

Revenue grew to £50.9 million (2023: £46.2m), an 11.6% increase on a constant currency basis[2], generating an adjusted operating profit of £2.1 million (2023: £0.3m) and resulting in an adjusted operating profit margin of 4.1% (2023: 0.6%).

Delivering on its strategy to expand horizons beyond France, several contract wins in the year delivered good growth in Germany and Iberia. Private label and personal care achieved standout performances, with revenue increasing by 16.0% and 17.5% respectively, on a constant currency basis[2]. A clear focus on innovation, particularly leveraging sustainability credentials, allowed the introduction of more eco-friendly packaging and greener formulations using natural ingredients. In addition to making its products more sustainable, new product developments enabled the realisation of cost efficiencies.

As outlined at the CMD, Aerosols has developed strong relationships with customers, thanks to its proven track record of being fast, agile and reliable. From its established position as a leader in personal care and household aerosol products, Aerosols has a strong base from which to expand into new territories, driving further growth supported by significant capex investments to expand its manufacturing capacity and capabilities.

73.7m
units produced

See more online

(1) Please refer to APM in note 2.
(2) Comparatives translated at financial year 2024 exchange rates.

McBride Asia Pacific

"The division has improved profitability on increased demand for private label and personal care products."

Teong Dee Ong
Business Unit Director Asia Pacific

Revenue
£24.7m
(2023: £24.8m)

Adjusted operating profit[1]
£1.4m
(2023: £1.1m)

Adjusted ROCE[1]
15.9%
(2023: 11.6%)

Performance review

Revenue grew to £24.7 million (2023: £24.8m), an 8.3% increase on a constant currency basis[2], generating an adjusted operating profit of £1.4 million (2023: £1.1m), and resulting in an adjusted operating profit margin of 5.7% (2023: 4.4%).

During the year, sales of personal care products grew strongly, particularly as the Malaysia facility returned to normal supply levels to customers in Southeast Asia and Australia after the extended Covid-19 slowdown period. Second half revenue growth of 13.1% on a constant currency basis[2], was significantly up versus 4.0% growth in the first half, as the division secured new personal care contracts, offsetting the partial loss of business with a major customer at the end of the prior financial year. Production output at the Vietnam facility increased significantly in the fourth quarter as a result of a new contract manufacturing agreement.

As outlined at the CMD, with its well-invested and flexible manufacturing capacity, the division is well positioned to grow in the Asia-Pacific region that boasts some of the world's fastest growing economies and a growing middle class that is increasingly demanding environmentally-friendly health and wellness products. The division will leverage its manufacturing capacity and product development know-how to drive growth opportunities in household cleaning products, developing new contract manufacturing relationships and extending the regional reach for its private label products. More concretely, while the personal care products should continue their strong momentum into 2025, the Malaysia site will also begin to supply new household products to Australia in the first half.

20.5m
litres produced

See more online

(1) Please refer to APM in note 2.
(2) Comparatives translated at financial year 2024 exchange rates.

"Excellent financial results, driven by the continuing commitment of our McBride colleagues, strong demand for our great value private label products and a laser-like focus on delivering shareholder value."

Mark Strickland
Chief Financial Officer

Group operating results

Operating profit of £64.3 million was significantly higher than the prior year (2023: £10.3m). Adjusted operating profit[1] of £67.1 million also improved significantly (2023: £13.5m), with the adjusted operating profit margin[1] increasing from 1.5% to 7.2%. The Group's improved profitability continues to be underpinned by a focus on margin management and volume growth, realised through a combination of new business wins and higher demand on existing private label contracts.

Adjusted EBITDA[1] of £87.1 million (2023: £34.1m) reflected the strong trading and operational performance.

Exceptional items

Exceptional items of £4.6 million were recorded during the year (2023: £13.0m). The charge comprised the following:

- £0.8 million costs relating to the re-evaluation of the environmental remediation provision (2023: £0.8m); and
- £3.8 million charged to finance costs (2023: £12.2m). The charge primarily related to the termination of the upside sharing fee. As announced on 25 October 2023, the Group agreed to make a one-off payment of £5.0 million to its lender group in respect of the upside sharing fee. As £1.5 million had already been recognised at 30 June 2023, a further £3.5 million cost was recognised in the year. Costs of £12.2 million incurred in the prior year related to the independent business review and amendment of the Group's revolving credit facility (RCF).

Finance costs

The decrease in total finance costs from £25.4 million to £17.8 million was mainly driven by the reduction in exceptional finance costs. At £14.0 million, adjusted finance costs[2] were £0.8 million higher than the prior year (2023: £13.2m), driven by high market interest rates. Excluding pension interest costs and the impact of foreign exchange movements, underlying adjusted finance costs of £12.1 million (2023: £12.9m) decreased by £0.8 million despite high market interest rates, due to the reduction in the cost of borrowing resulting from lower levels of net debt.

Taxation

Reported profit before taxation was £46.5 million (2023: loss of £15.1m). Adjusted profit before taxation[1] was £53.1 million (2023: £0.3m). The tax charge on adjusted profit before tax[1] for the year is £14.8 million (2023: £0.3m) and the effective tax rate is 28% (2023: 100%).

The statutory effective tax rate for the year is 28% (2023: 24%).

The Group operates across a number of jurisdictions and tax risk can arise in relation to the pricing of cross-border transactions. Associated provisions have reduced in the year mainly due to statute of limitation expiries.

Earnings/(loss) per share

On an adjusted basis, diluted earnings per share[1] was 21.7 pence (2023: loss of 0.0p). Total adjusted basic earnings per share[1] increased to 22.2 pence (2023: loss of 0.0p), with basic earnings per share at 19.3 pence (2023: loss of 6.6p).

Payments to shareholders

Under the terms of the amended RCF announced on 29 September 2022, the Company may not, except with the consent of its lender group, declare, make or pay any dividend or distribution to its shareholders prior to an 'exit event', being a change of control, refinancing of the RCF in full, prepayment and cancellation of the RCF in full, or upon the termination date of the RCF, being May 2026. Hence, the Board is not recommending a final dividend for the financial year ended 30 June 2024.

(1) Please refer to APMs in note 2.
(2) Please refer to note 8 for reconciliation to total finance costs.

Cash flow and balance sheet

	2024 £m	2023 £m
Adjusted EBITDA[1]	**87.1**	34.1
Working capital excluding provisions and pensions	**(4.6)**	7.1
Share-based payments	**1.6**	0.5
Loss on disposal of fixed assets	**1.4**	0.3
Impairment of fixed assets	**0.2**	—
Pension deficit reduction contributions	**(4.0)**	(4.0)
Free cash flow[1]	**81.7**	38.0
Exceptional items	**(1.0)**	(1.4)
Interest on borrowings and lease liabilities less interest receivable	**(10.9)**	(11.4)
Refinancing costs paid	**(5.5)**	(12.3)
Tax paid	**(5.1)**	(1.8)
Net cash generated from operating activities	**59.2**	11.1
Net capital expenditure[2]	**(19.6)**	(12.0)
Repayment of lease liabilities	**(4.5)**	(4.3)
Debt financing activities	**(25.9)**	2.6
Settlement of derivatives	**1.1**	0.4
Free cash flow to equity[3]	**10.3**	(2.2)
Purchase of own shares	**(2.8)**	—
Net increase/(decrease) in cash and cash equivalents	**7.5**	(2.2)

Free cash flow[1] was £81.7 million (2023: £38.0m) in the year to 30 June 2024, mostly attributable to the strong performance in adjusted EBITDA[1]. Working capital outflows of £4.6 million (2023: £7.1m inflow) reflected an increase in trade receivables, driven by the growth in revenue.

Refinancing costs paid of £5.5 million (2023: £12.3m) mainly reflected the payment of £5.0 million to McBride's lender group to terminate the upside sharing fee. The increase in tax paid to £5.1 million (2023: £1.8m) reflects the return to taxable profit across the tax jurisdictions in which the Group operates.

During the year, net capital expenditure[2] was £19.6 million (2023: £12.0m) in cash terms. The £7.6 million increase reflects a return to more normal levels of capital expenditure after a period of careful management of cash flows to mitigate increases in net debt. The Group continues to prioritise investment to support divisional growth objectives and the SAP S/4HANA programme.

Strong levels of cash generation resulted in a net repayment of £25.9 million external debt, significantly reducing the amount drawn on the Group's RCF.

The Group's net assets increased to £63.4 million (2023: £37.1m). Gearing[4] decreased to 66.0% (30 June 2023: 78.4%) as net debt levels decreased by £35.0 million. Adjusted ROCE[1] of 33.5% was significantly higher than the prior year (2023: 6.4%) driven by the increased operating profit.

Bank facilities and net debt[1]

Net debt at 30 June 2024 was £35.0 million lower than the prior year end at £131.5 million (2023: £166.5m).

Throughout the year, the Group had a €175 million multi-currency, sustainability-linked RCF. This facility ensures the Group continues to have significant levels of liquidity headroom.

At 30 June 2024, liquidity[1] was £98.3 million (2023: £59.3m). Liquidity throughout the year remained comfortably above the RCF's minimum liquidity covenant of £15 million.

At 30 June 2024, the net debt cover ratio[1], as defined under the RCF funding arrangements, was 0.8x (2023: 2.9x) and the interest cover[1] was 6.8x (2023: 2.7x). The amount undrawn on the facility was £82.9 million (2023: £40.0m). Under the RCF agreement, net debt cover and interest cover covenants will be tested quarterly with effect from 30 September 2024.

(1) Please refer to APMs in note 2.
(2) Net capital expenditure is capital expenditure less proceeds from sale of fixed assets.
(3) Free cash flow to equity excludes cash flows relating to transactions with shareholders.
(4) Gearing represents net debt divided by the average of opening and closing capital.

Bank facilities and net debt continued

The RCF, which is aligned with the Loan Market Association's 'Sustainability Linked Loan Principles', incorporates three sustainability performance targets which are central to McBride's commitment to maintaining a responsible business and contributing actively to a more sustainable future:

1. Renewable energy: McBride strives to reduce its environmental impact by increasing the percentage of energy from renewable sources from 5.9% in 2020 to 70.0% in 2026. During the year, 54.9% (2023: 42.1%) of the Group's energy came from renewable sources, surpassing the loan agreement target of 50.0% by 30 June 2024.
2. Recycled content: Plastics are a significant element in many of McBride's final products. During the year, 98.8% (2023: 98.2%) of polyethylene terephthalate (PET) plastic packaging sourced in manufacturing the Group's products had post-consumer recycled (PCR) content, exceeding the loan agreement target of 84.0%. This also significantly exceeds the Company's own target of 94.0% PCR by 2026.
3. Responsible sourcing: McBride aims to source all paper and card components responsibly via FSC®-approved suppliers, with the percentage of virgin carton sourced from FSC®-approved suppliers increasing from 50.0% in 2020 to 100.0% in 2026. By 30 June 2024, the percentage of FSC®-certified skillets sourced was 78.9% (2023: 55.6%), slightly below the loan agreement target of 80.0% by 30 June 2024. The limitation in the use of FSC®-sourced board is due to product mix and transition impacts. McBride continues to focus on improving our recyclability via product design and working closely with customers.

Successful achievement of all three annual targets results in a reduction of 0.05% of the margin of the facility.

At 30 June 2024, the Group had a number of facilities whereby it could borrow against certain of its trade receivables. In the UK, the Group had a £20 million facility, committed until May 2026. In Germany and Denmark, the Group had a €45 million facility, committed until May 2026. In France, Belgium and Spain, the Group had an unlimited facility, committed until May 2026. The Group can borrow from the provider of the relevant facility up to the lower of the facility limit and the value of the qualifying receivables.

Pensions

In the UK, the Group operates a defined benefit pension scheme, which is closed to new members and to future accrual.

A cash flow driven investment (CDI) strategy was implemented during the first half of the financial year to 30 June 2020. Using credit/bond investments, the CDI strategy was intended to deliver a stable, more certain, expected return and reduce volatility. The strategy previously targeted a c.100% hedge of interest rates and inflation. This strategy worked well until the UK government bond crisis in 2022. Following that crisis, and the resultant changes in liability-driven investment managers' collateral requirements, the Trustee amended the strategy in October 2022 and as an interim step moved to an unlevered government bond-based hedge with c.40% of interest rate and inflation hedging. The investment strategy was then reviewed and hedging was increased to c.65% of interest rates and inflation during October to December 2023 to broadly hedge the funding level of the Fund and strike a balance between risk and return objectives and liquidity needs of the Fund.

At 30 June 2024, the Group recognised a deficit in the scheme of £27.5 million (30 June 2023: £24.7m). The increase in deficit is due to a reduction in corporate bond yields over the year, leading to a decrease in the discount rate used to value the Fund's liabilities, which has led to an increase in the liabilities and a loss on assets in excess of interest income.

Following the triennial valuation at 31 March 2021, McBride and the Trustee agreed a new deficit reduction plan based on the scheme funding deficit of £48.4 million. The current level of deficit contributions of £4.0 million per annum is payable until 31 March 2028. McBride separately agreed that, from 1 October 2024, conditional profit-related contributions of £1.7 million per annum will be paid over the period to 31 March 2028. If adjusted operating profit exceeds £35.0 million, additional annual deficit contributions of £1.7 million will be due over the following year. If adjusted operating profit is below £30.0 million then no profit-related contributions will be due the following year. If reported adjusted operating profit is between £30.0 million and £35.0 million, a proportion of the £1.7 million contribution will be due over the following year, with incremental increases of £0.34 million of additional contributions for each whole £1.0 million of adjusted operating profit in excess of £30.0 million. As adjusted operating profit for the twelve months ended 31 March 2024 exceeded £35.0 million, additional deficit contributions of £0.14 million will be payable each month from 1 October 2024, with total additional payments for the year ended 30 June 2025 expected to be £1.3 million. McBride also agreed to make additional contributions such that the total deficit contributions in any year match the value of any dividend paid.

The funding arrangements and recovery plan will next be reviewed by McBride and the Trustee as part of the 31 March 2024 valuation, which has a statutory deadline for signing of 30 June 2025.

The Directors acknowledge the appeal judgement dated 25 July 2024 in the case of NTL vs Virgin Media and will be reviewing the implications for the Group in the coming months.

The Group has other post-employment benefit obligations outside the UK that amounted to £1.9 million (30 June 2023: £1.9m).

Mark Strickland
Chief Financial Officer

Our Key Performance Indicators

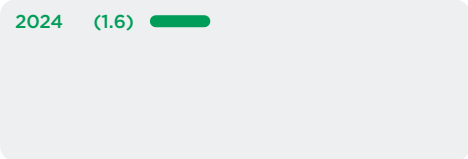
Revenue
(£m)

Why we measure: A key performance indicator of the relevance of our portfolio to our customers and consumers.

How we have performed: Group revenue increased by £45.8 million (5.2%), driven by volume increases.

How it links to our strategy

Transformation benefits
(£m)

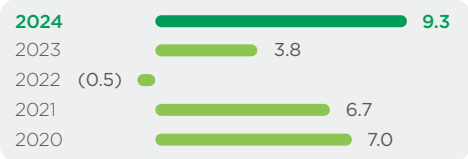


Why we measure: Net profit benefit achieved from the Transformation programmes will play a key role in delivering the long-term, sustainable profit growth of the Group.

How we have performed: In 2024, the net cost of £(1.6) million reflects the initial operating expenditure investment required in commencing the seven Transformation programmes.

How it links to our strategy

Adjusted EBITDA[1] margin
(%)

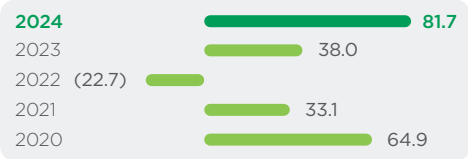


Why we measure: We measure adjusted EBITDA[1] margin to get a good view of the underlying profitability of the Group.

How we have performed: The Group's improved profitability continues to be underpinned by volume growth, realised through a combination of business wins and strong demand increases on existing private label contracts.

How it links to our strategy

Free cash flow[1]
(£m)

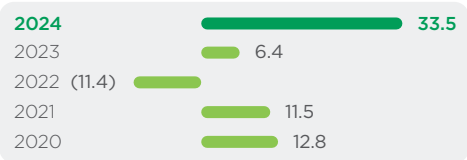


Why we measure: Free cash flow[1] is an important indicator of our overall operational performance as it reflects the cash we generate from operations.

How we have performed: Free cash flow[1] increased by £43.7 million, driven by increased adjusted EBITDA (£53.0 million) and offset slightly by working capital outflows (£11.7 million).

How it links to our strategy

Adjusted ROCE[1]
(%)

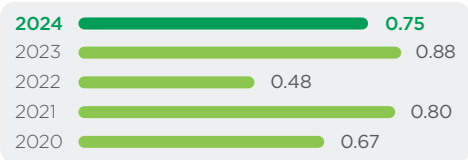


Why we measure: Adjusted ROCE[1] serves as an indicator of how efficiently we generate returns from the capital invested in the business.

How we have performed: Adjusted ROCE[1] has increased from 6.4% to 33.5%, driven by substantially higher profit achieved in the current year.

How it links to our strategy

Lost time incident frequency rate
(#)



Why we measure: Ensuring that all of our colleagues return home safe and healthy at the end of every working day is the primary objective of the Group.

How we have performed: Our lost time frequency rate decreased in 2024 in line with key objectives focused on Group standards, risk assessment, zero loss journey maps and leading indicators.

How it links to our strategy

Customer service level (CSL)
(%)

Why we measure: Consistently delivering a high CSL underpins our customer-focus approach.

How we have performed: Our CSLs increased in 2024, following continued focus in this area. Whilst improving, CSLs are not yet back to historical levels as changes in customer and consumer behaviours have resulted in unstable demand signals. We continue to work closely with our customers to improve CSLs further.

How it links to our strategy

Key:

- Market standing
- Operational excellence
- Sustainability
- Talent

(1) Please refer to APM in note 2.

Section 172(1) statement

How we engage and foster strong relationships with some of our key stakeholders

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006 ('the 2006 Act'). The Board considers it has acted in good faith and made decisions which promote the long-term success of the Company for the benefit of its shareholders and its people. In doing so, it considered the interests of stakeholders impacted by the business as well as its legal duties. It acknowledges that as it works towards securing the Group's success and sustainability and delivering on our strategy it needs to build and maintain successful relationships with a wide range of stakeholders within an interconnected society. The Board has identified five key stakeholder groups and recognises that it must ensure the perspectives, insights and opinions of stakeholders are understood and considered when key decisions are being made. Equally, not all decisions will result in a positive outcome for all stakeholders; however, the Board recognises that its decisions should nonetheless be justifiable in themselves.

Factors taken into account in the Board's decision making included:

- likely consequences of any decisions in the long term;
- the interests and wellbeing of our people, including health and safety risks;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct;
- the compliance and financial risks to the Company and our stakeholders; and
- the need to act fairly between shareholders of the Company.

Examples of how the Board had oversight of stakeholder matters and had regard for these matters and the potential impact on stakeholders when making decisions, are set out below.

Workforce

Why significant

We remain dedicated to fostering a supportive and dynamic work environment that empowers our 3,695 colleagues[1] across 14 countries to achieve their full potential.

How we engage

The Executive Committee believes we can ultimately differentiate our business through our colleagues, so it is important to us that we create a culture where our people can be themselves and fulfil their potential. By focusing on inclusion and diversity, we can make better business decisions, informed by diverse perspectives. Our culture comes to life through our three core values, which remain unchanged. These values underpin our purpose and have become a vital part of our culture.

We are committed to providing an open and inclusive culture, where colleagues have the opportunity to progress and where they are supported in their development.

2024 highlights

- Employee Voice surveys, launch of our engagement survey in December 2023 and our health and wellbeing survey in April 2024, both of which have provided valuable information on how our colleagues feel whilst identifying areas that need addressing.
- The launch of McBride Gives, our corporate volunteering scheme, supporting local charities that align with our purpose in Poland, Denmark and France.
- Progressed with the Diversity, Equity and Inclusion (DEI) awareness programme roll out for senior leaders as the first step in our DEI journey.
- Continued to provide career development options, empowering our colleagues to fulfil their potential and their professional ambitions.
- Regular communications and town halls fostering transparency, engagement and a sense of belonging.
- Board member engagement with our European Works Council (EWC) throughout the year to ensure that the Board is well informed about perspectives, concerns and the ideas of the workforce.

Outcomes and impact of key decisions

Our continued commitment to creating an attractive, diverse, equitable and inclusive environment, where our colleagues feel they belong and that their safety and wellbeing matters, is fundamental to the delivery of our strategic priorities.

(1) Includes employees, third-party contractors, consultants and agency workers. Figure given as at 30 June 2024.

Section 172(1) statement continued

Customers

Why significant

Good relationships with our customers are the fundamental bedrock of our business. Under our divisional structure, a core ambition is to provide focused and specialist insight to help our customers with the optimal portfolio proposition that best suits their business.

How we engage

We aim to deliver industry-leading value, service and quality for our customers. Our specialist commercial and technical teams, supported by central teams such as logistics and purchasing, look to drive long-lasting, trusted relationships with our customers, ultimately providing a compelling range of value products. Reacting quickly and effectively to changing requirements is increasingly a core competence in our customer proposition.

2024 highlights

The strong momentum in the private label market at the end of the prior financial year carried on into the start of the year under review as consumers continued to move towards private label goods as a result of the strong inflation in 2022 and 2023. The private label market grew substantially in a short period of time.

In this period, we focused on supporting our customers in the realisation of their private label growth, by scaling up, creating capacity, reinforcing our logistics operations and upskilling our teams to better serve them. This required strong co-operation with our customers in the forecasting, supply chain management and logistics processes.

In the second half of the year under review, our customers were looking for support to strengthen their private label offerings and grow their sales volumes and market shares. With our comprehensive services, we were able to deliver added value solutions to customers, strengthening our relationships with them.

Outcomes and impact of key decisions

Our ability to react quickly and effectively to evolving customer needs, to work together with our customers and to further improve our offering to our customers has enabled us to better serve them.

Suppliers

Why significant

Raw materials are responsible for a large proportion of our product costs. Price increases, delays or interruption in the supply of raw materials could have a significant detrimental effect on both our operations and financial position.

How we engage

Our Supplier Code of Conduct, which is available on our website, sets out the standards of behaviour we expect from all of our suppliers. We strive to establish mutually beneficial relationships across our supplier base, encouraging them to match our high standards. Our centralised Group Purchasing function is committed to sourcing the Group's key materials and maintaining constructive and collaborative two-way communication across our supplier base. A due diligence exercise is carried out on new suppliers prior to engagement.

2024 highlights

Despite supply/demand balance improvements throughout 2024, pockets of tightness still remained as output restrictions continued to be applied by some of the large global players. Whilst the rate of inflation has started to slow, it is clear that prices remain at high levels. As a strategic Group function, the Group Purchasing team has leveraged its supplier relationships, and the expert market knowledge that the team has, to ensure supply continuity and reliability.

Outcomes and impact of key decisions

We continue to benefit from a strategic, centralised Group Purchasing function, with supply reliability a key achievement. The Group also reaps the rewards of the market-leading market knowledge and insights that the Group Purchasing team are able to provide to the business regarding the complex commodities markets that our industry is reliant on.

Section 172(1) statement continued

Shareholders

Why significant

A key objective of the Board is to create value for shareholders and deliver long-term, sustainable growth. By engaging with our shareholders, we ensure confidence and continued support from shareholders and alignment of interests.

How we engage

We place considerable importance on maintaining effective and balanced dialogue with all shareholders to discuss the Company's strategy and other associated objectives. The Chairman and Executive Directors proactively engage with both existing and potential shareholders. In addition, the Executive Directors deliver formal presentations of full-year and half-year results and attend meetings with analysts, brokers and fund managers to promote a better understanding of our business and our strategic plans.

The Board is kept informed of investors' views through the distribution and regular discussion of analysts' and brokers' briefings and through summaries of investor opinion feedback.

All Directors are available at the Annual General Meeting (AGM), either in person or virtually, to answer questions.

2024 highlights

During the year:

- We undertook our regular programme of engagement with shareholders, which included the financial reporting cycle comprising full-year and half-year results, trading statements and the AGM.
- A Capital Markets Day (CMD) was held to enable us to present to shareholders our strategy and explain how we intend to deliver shareholder value. A video of the CMD is available on the McBride website. Subsequent to the CMD, follow-up calls were held with our key shareholders as part of the Company's standard engagement programme.
- Following engagement with shareholders, the Board put forward resolutions at the 2023 AGM in respect of Directors' authority to allot shares in McBride with a reduced authority to allot on both a non-pre-emptive and pre-emptive basis of 5%.
- The Board received updates from the Company's brokers.
- Shareholder feedback was provided to the Board by the Chairman, Chief Executive Officer or Chief Financial Officer following all meetings or conversations with shareholders.

Outcomes and impact of key decisions

Shareholder views consistently inform our strategic activities and the views of the Group's major shareholders continue to inform the actions of the Board as it implements its Compass strategy and Transformation programme. These will play a key role in supporting the long-term, sustainable growth that will enable the Board to deliver value for all of McBride's stakeholders.

Communities

Why significant

We acknowledge our responsibility to actively engage with and support the local communities where we live and work, extending beyond merely providing employment.

How we engage

McBride proactively supports and encourages colleagues from all locations to unite in supporting local initiatives, organising product donations, raising funds for chosen charities and volunteering for local organisations. Examples are provided in the Sustainability report under 'Community and social vitality' on pages 33 to 34.

2024 highlights

Each of our McBride sites continues to support their local community through specific efforts such as:

- the launch this year of the 'McBride Gives' volunteering scheme, encouraging colleagues to donate their time to local charities aligned to our purpose;
- donating products to a range of local organisations including schools, hospitals, aid organisations, churches, shelters and foundations in the countries in which we operate;
- supporting the children of McBride colleagues with educational grants;
- continuing to support In Kind Direct with product donations; and
- providing local employment opportunities.

More information on this can be found in the Sustainability report under 'Community and social vitality' on pages 33 to 34, which highlights some of the charitable activities over the last financial year.

Outcomes and impact of key decisions

Helping and supporting local communities and improving the living conditions in the areas where we operate is a high priority of our Group.

Introduction

At McBride, we strive to embed long-term environmental, social and governance sustainability principles into every facet of our divisional and overall business strategies. This report covers these three aspects of sustainability.

Our environmental sustainability approach is grounded in a thorough analysis of the most relevant and significant sustainability issues. We acknowledge that taking actions to address climate-related risks is critical to our ongoing market relevance and viability.

Recognising their strategic importance, our sustainability priorities are actively managed by a cross-functional Sustainability committee, overseen directly by the CEO, with regular reporting updates provided to the Board. In order to further emphasise this commitment, we appointed a Group Head of Sustainability during the year. This individual will play a crucial role in driving the delivery of our science-based targets for climate action, working in close collaboration with our divisions, customers and supply chain partners.

Our plans are aligned with the Sustainable Development Goals adopted by all United Nations Member States in 2015 as part of the 2030 Agenda for Sustainable Development.

Our 2025 product sustainability targets were set in 2020 from a baseline of 2019 and have been monitored and reported on for the past four years. The targets are as follows:

Operations

- 15% improvement in eco-efficiency (measured in output volume per gigajoule of energy).
- Procure a minimum of 30% of energy used in our operations from renewable sources.
- Zero waste to landfill.

Product and design

- All paper and board sourced will be FSC® compliant.
- All our packaging will be 100% fully recyclable, compostable or reusable.
- On average our plastic packaging will contain at least 50% recycled content.
- We will exit all multi-layered flexible packaging.
- We will remove all REACH-defined microplastics from our formulations.

We will continue to report on these product sustainability targets until the end of 2025. After this date, we will update our targets to align with our science-based target commitment. In December 2023, we committed to science-based targets for climate action via the Science Based Target initiative (SBTi) for Scope 1, 2 and 3 emissions. Our plan was submitted in May 2024 and we expect this to be reviewed by the SBTi in late 2024.

Green energy	Year-on-year reduction in waste to landfill	CO_2e saving from operations (tonnes)	PCR weight of our PET packaging
54.9%	23.5%	1,989	65.5%

Our sustainability initiatives are:

Operating sustainably

Pages 27 to 28 →

Fit for the future products

Page 29 →

Responsible sourcing and supplier engagement

Page 30 →

Our foundations

Our people and communities See more on page 31 →

Governance See more on page 35 →

Progress on carbon emissions

In 2021, we measured our corporate carbon footprint with an external partner, ClimatePartner® to gain an understanding of our Scope 1, 2 and 3 emissions and have continued to measure this annually, following the GHG protocol. The measurement includes all sites except Vietnam, which is excluded due to low materiality. The hotspots that were identified in 2021, being Scope 1 and 2 emissions from our energy consumption and Scope 3 emissions from our purchased goods, are still relevant today. As a result of this carbon assessment, we can see that the highest percentage of emissions are generated by the chemicals and packaging materials that we buy to manufacture our products.

The table below reports our CO_2e emissions data for the current year, prior year and the 2021 baseline. In order to remain in line with the GHG protocol, data for the 2021 baseline and 2023 comparative have been restated to reflect the most recent updates in emission factors and changes in SBTi methodology used in calculating corporate carbon footprints.

Following the latest calculation of our carbon footprint for 2024, our total emissions are 1,096,835 tonnes of CO_2e.

This is an increase in emissions of 5.5% compared to the latest calculated 2021 baseline for Scope 1, 2 and 3 emissions, mostly driven by increased production volumes as the Group grows its market share. The intensity ratio of CO_2e tonnes per product sold in tonnes is marginally favourable compared to the 2021 baseline. The Group is considering the best measure to demonstrate carbon intensity going forward. As more products are compacted, the number of consumer 'uses' per tonne of production grows, possibly distorting this progress measure.

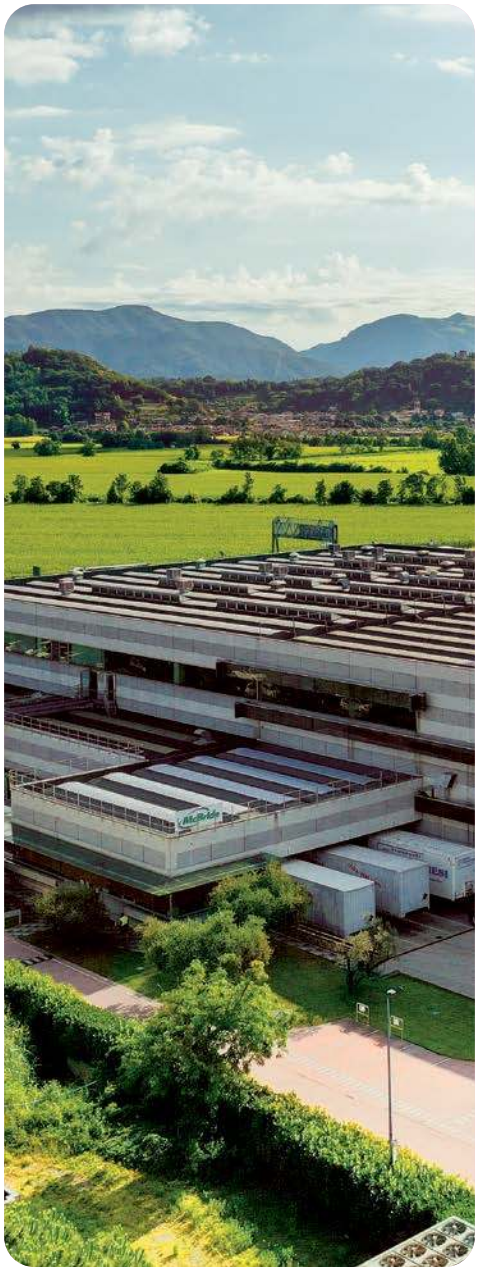
The increase in our footprint versus the 2021 baseline is driven by a mix of changes in Scope 1, 2 and 3. Scope 1 emissions (mainly natural gas) have increased by 10.3% versus 2021 to support the increased production volumes in 2024. We have reduced Scope 2 emissions from electricity as a result of an increase in energy efficiency during the year and an increase in the procurement of green electricity. Scope 3 emissions have increased by 6.7% as a direct result of an increase in production volumes relative to our 2021 baseline. This increase is predominantly driven by our purchased goods, with a 9.0% increase in emissions coming from our chemical portfolio and 4.6% increase from packaging.

In order to meet our new science-based target commitment, we will prioritise operational energy efficiency, enhance our responsible sourcing practices and engage proactively with our supply chain and customers. Our product development teams will continue to focus on reducing carbon emissions through the innovation of new household cleaning products.

	Emissions 2024 (tonnes CO_2e)	Emissions 2023 (tonnes CO_2e)[1]	Emissions 2021 baseline (tonnes CO_2e)[1]	% emissions change 2024 from 2023	% emissions change 2024 from 2021 baseline
Total[2]	**1,096,835**	1,033,690	1,039,929	6.1%	5.5%
Scope 1	**9,132**	8,251	8,282	10.7%	10.3%
Scope 2	**7,630**	10,841	19,190	(29.6)%	(60.2)%
Scope 3[2]	**1,080,073**	1,014,598	1,012,457	6.5%	6.7%
Output: net weight of products sold (tonnes)	**912,323**	880,628	859,449	3.6%	6.2%
Intensity: tCO_2e per tonne net weight of sold product (excluding use phase)	**1.20**	1.17	1.21	14.8%	(0.6)%

(1) Scope 3 and total emissions data has been restated to reflect the latest changes in SBTi calculation methodology and most recent updates in emission factors.

(2) Supply chain emissions only. McBride is exempt from calculating emissions associated with the use of the product.



Operating sustainably

Total energy consumption, efficiency and emissions

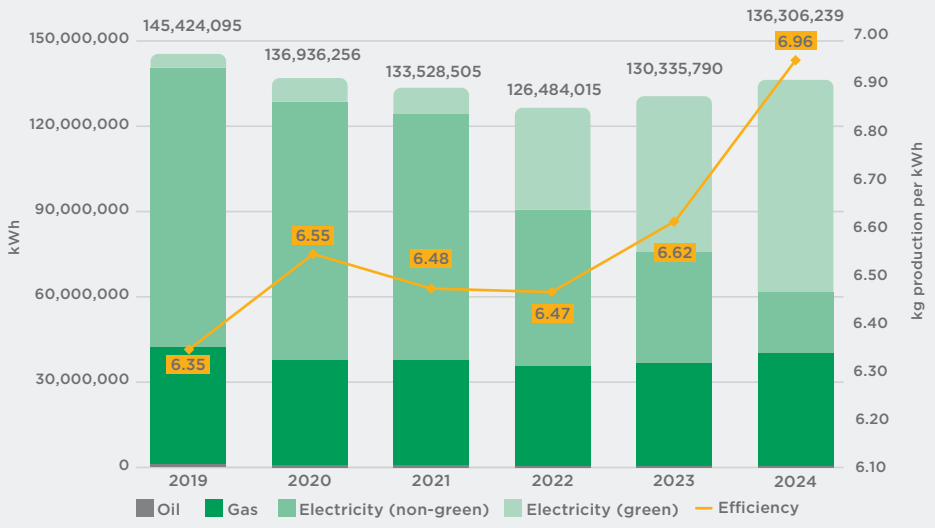
Our total energy consumption (kWh) across all our operations has increased by 4.6% in the year, driven by increased production volumes. As at 30 June 2024, energy efficiency increased to 6.96kgs produced per kWh, up 9.6% versus 2019. Our target of achieving a 15.0% improvement in energy efficiency by 2025, compared to the 2019 baseline, remains a key area of focus.

More sites are adapting to use energy monitoring software, with sensors to gain further granularity on where electricity is being consumed across the site. Energy champions have been appointed to each production site to share best practice across our divisions.

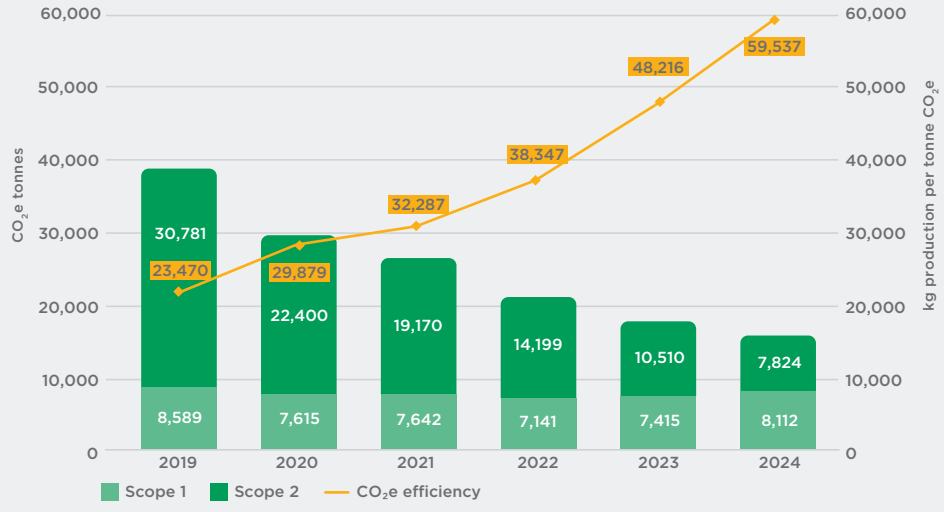
Our investment in green electricity has continued in 2024. As a result, energy from green sources as a proportion of total energy has increased from 42.1% in 2023 to 54.9% in 2024, significantly exceeding our 2025 target of 30.0%. As part of our SBTi submission, this target will be increased and will be published once confirmed by SBTi.

Increasing our consumption of green electricity and improving our overall energy efficiency has positively impacted our GHG emissions, resulting in a reduction of 1,989 tonnes of CO_2e. We produced considerably more product per tonne of CO_2e emissions, increasing from 48,216 tonnes of production per tonne of CO_2e in 2023 to 59,537 in 2024.

Total energy consumption[1]



Net Scope 1 and 2 CO_2e emissions (tonnes CO_2e)[2] for energy consumption



(1) Total energy consumption for 2024 of 136.3 million kWh relates to 17.1 million kWh for the UK (12.5%) and 119.2 million kWh for the Rest of the World (87.5%).

(2) Total emissions for energy in 2024 of 15,936 tonnes relates to 588 tonnes for the UK (3.7%) and 15,348 tonnes for the Rest of the World (96.3%).

Operating sustainably continued

Total energy mix

McBride purchases a mix of gas and oil. The consumption of this is relatively stable year on year and proportionate to production growth. We generate solar power on site at our factories in Belgium, whilst our Sallent site in Spain buys solar electricity directly from the grid. In addition, we buy certified green electricity across many of our other factories, and all of these contribute to our total green energy usage. We also track the energy from our non-green energy providers, which can be a mix of non-green and zero carbon energy.

Operational waste

In 2024 we reduced our waste to landfill across all our factories from 222 tonnes to 170 tonnes. Our sites have continued to focus on reducing waste year on year, the result of which is shown in the second chart. This year our Strzelce plant in Poland has changed their waste management provider, aiming to reduce their waste to landfill significantly in 2025. The Group will continue to work on its zero waste to landfill target for 2025.

New targets for operations – in line with science-based targets

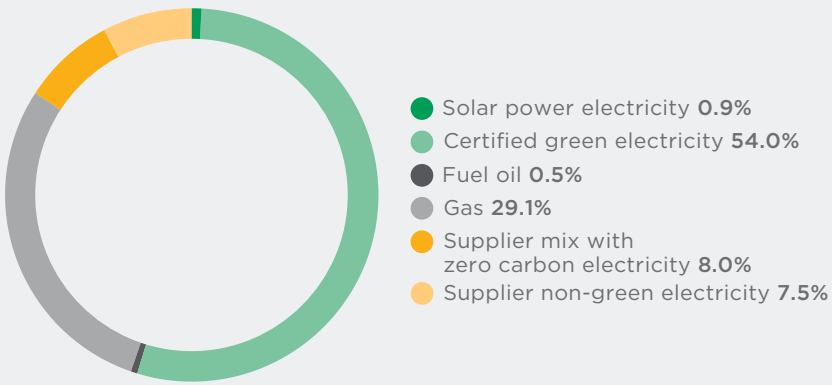
In 2025, we will continue to monitor performance against our 2025 product sustainability targets. From 2025 onwards, we will also start to collect data for our new operational targets, which are aligned to our science-based target commitment.

Our Scope 1 and 2 targets are currently under review with the SBTi and we expect to receive feedback in late calendar year 2024. In order to deliver our emission target for the Group, each of our production sites will have an energy reduction target, which will be supported by our energy champions. We will continue to increase the proportion of green electricity used in our operations.

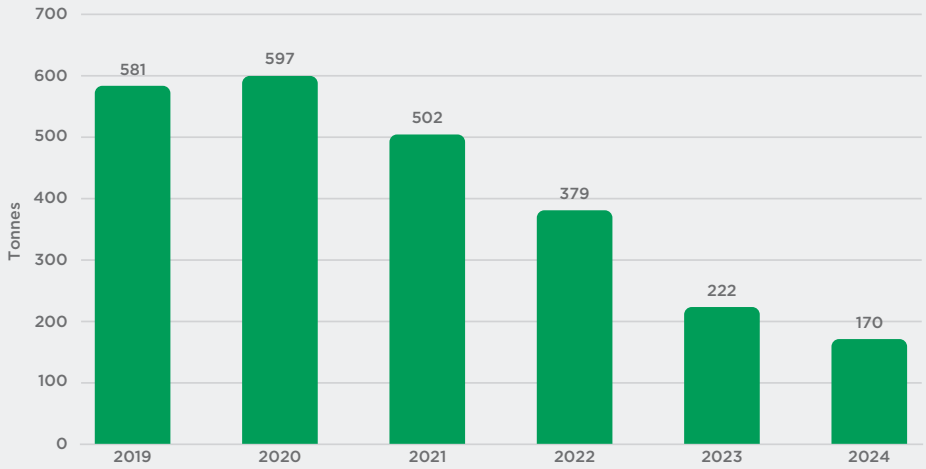
Looking ahead

In 2025, our energy champions will focus on driving best practice sharing to ensure delivery of our product sustainability targets. We will conduct a water and gas usage study to look for ways to reduce water and gas usage going forwards. We are also planning to raise awareness amongst our colleagues through introduction of a climate literacy programme. All operational activities will be reported at our quarterly Sustainability committee meetings.

Split of energy source, including green element of supplier grid mix in 2024



Waste to landfill (tonnes)



Fit for the future products

In 2024, we continued to focus on the following product improvements:

1. Improve plastic recyclability
2. Reduce total plastic use
3. Drive product compaction

Performance versus 2025 product sustainability targets:

Area of focus	2024	2023	2025 target
FSC® sourced	91.9%	88.4%	100.0%
100% recyclable	99.4%	99.0%	100.0%
50% PCR in our plastic packaging	25.8%	19.3%	50.0%
– PET	65.5%	60.2%	
– PE	9.2%	8.4%	
Flexible multi-plastic moved to mono-material plastic	44.6%	36.0%	100.0%

In 2024, we increased the percentage of FSC®-sourced paper we buy and are still committed to move this closer to 100% by the end of 2025. The challenge we still face is increasing our percentage of PCR for our PE packaging. This challenge is a combination of PCR availability, cost of PET and customer acceptance. We continue to drive a shift to more recycled content and as of 2024, we have increased from 60.2% to 65.5% by weight of PCR in our PET portfolio.

All of the divisions have driven compaction projects this year, which has been well received by our customers. Product compaction projects have been across some of our most popular products, including laundry liquid, fabric conditioner, auto dishwashing tablets, laundry capsules and laundry powder.

Whilst we continue to provide everyday household cleaning products that are effective and safe to use, we need to ensure that each new development is more sustainable than the product it replaces. We continue to push forward this principle.

New targets for product development – in line with science-based targets

In 2025, we will invest further in software to measure individual product carbon footprints to help guide product development design decisions. This will allow our developers to model different approaches, ensuring we drive the lowest carbon footprint possible through each new product that we bring to market, to support both our and our customers' climate targets.

Looking ahead

The product development team will use our new product carbon footprint tool to support ongoing development. This will aid our teams to find sustainable solutions with the right balance in carbon reduction and maintaining a great cleaning solution. Our development teams across the divisions will work together and share best practice.

Responsible sourcing and supplier engagement

In 2025, supplier engagement will be a key area of focus to gain a better understanding of the carbon footprint of our current components and identify opportunities to reduce the carbon footprint of our portfolio. Our supplier engagement programme will involve working collaboratively with our largest suppliers who contribute significantly to our footprint. We recognise the criticality that suppliers play in our decarbonisation journey. We are engaging with our top suppliers via supplier webinars and one-to-one meetings. We will assess our suppliers in terms of carbon maturity and will provide technical support to our smaller less experienced suppliers.

Looking ahead

It is our intention to engage with our key suppliers to understand their carbon maturity and how we can support them to set their own science-based targets. We will be requesting emission factors for the chemicals and packaging we buy from our suppliers to use in our product carbon footprint analysis. Over time, we want to increase the percentage of primary data we use in our calculations.

Sustainability summary

In summary, we will continue to focus on our 2025 product sustainability targets. These targets will transition into new science-based targets and in 2025, we will continue to focus on our three strategic initiatives:

- operating sustainably;
- fit for the future products; and
- responsible sourcing and supplier engagement.

These activities will be underpinned with robust data management for monitoring and reporting, customer and supplier engagement and rolling out a climate literacy programme for all colleagues.

Our people and communities

Social – Our contribution to our colleagues and the communities where we do business

As we reflect on the past year, our unwavering commitment to creating positive social impact remains at the forefront of our mission. From fostering DEI, to prioritising health, safety and wellbeing, we have actively worked towards creating a great place to work. Our focus on developing skills for the future, promoting employment opportunities and generating wealth has strengthened our ties with local communities. Together, we continue to enhance community vitality and create lasting change.

Highlighted in this section, you will find examples from various locations of some of our initiatives over the year.

Diversity, Equity and Inclusion

As we progress on our journey towards creating a more inclusive workplace, our dedication to DEI remains resolute. Throughout the year, we conducted educational workshops for senior leaders across all countries, emphasising pathways to inclusion. These workshops equipped leaders to actively champion DEI and respond effectively to non-inclusive behaviour.

At Hammel and Holstebro we embraced the Danish Industry's 'Gender Diversity Pledge'. This pledge, grounded in 16 principles, inspires us to take action and drive positive changes. Our focus includes strengthening gender distribution within our company and management, as well as promoting DEI across the organisation.

By committing to this pledge, we gain valuable support and insight from other businesses on our journey towards becoming a more diverse, equitable and inclusive workplace.

In December 2023, we introduced our Employee Voice engagement survey, achieving a commendable 74% participation rate. Whilst the participation rate for this initial survey was encouraging, there is room for improvement, especially amongst our manufacturing colleagues. The overall engagement score of 7.3 out of 10 highlighted areas where we can enhance the employee experience. By providing verbatim comments, colleagues shared valuable insights into how we can improve their work environment and help to make McBride a great place to work.

Furthermore, we maintain our commitment to recruiting, developing and rewarding colleagues based on their performance and role, regardless of identity, background or circumstance.

Our commitment to transparency remains unwavering. We continue to report our gender pay gap statistics annually, both on the UK's government website and our corporate website. As of 30 June 2024, female representation on both the Board and Executive Committee stood at 33.3%. Our goals for Board diversity can be found on page 75.

As at 30 June 2024

33.3% (2/6)
Female Directors

32.7% (17/52)
Female senior leaders[1]

33.3% (2/6)
Female Executive Committee members

37.1% (1,369/3,695)
Female total global workforce[2]

(1) Includes senior female leaders that report directly to the Executive Committee.
(2) Includes employees, third-party contractors and agency workers.

Our people and communities continued

Health, safety and wellbeing

At McBride, we take health, safety and wellbeing seriously. Our Group health and safety lead reports directly to the CEO, underscoring our commitment. Dedicated health and safety professionals at local site levels across all countries ensure the delivery of Group policies and standards. They also implement initiatives, processes and procedures, fostering a culture of safety and accident prevention.

In 2024, we once again ensured zero work-related fatalities. Our overall lost time incidents (LTI) frequency rate decreased from 0.88 to 0.75. To assess our performance, we use a mix of lagging and leading indicators. Lagging indicators include LTI, whilst leading indicators encompass near miss reporting, training compliance, quick risk predictions, dynamic risk assessments, corrective actions, risk assessments and safety observational walks.

Our zero loss journey maps, developed from a comprehensive Health, Safety and Environment (HSE) gap analysis in 2023, guide our progress. These maps include a five-year overview plan, an annual master plan and a quarterly priority plan, ensuring site teams have clear strategies and priority objectives for continuous improvement.

In 2024, we implemented EcoOnline, an environmental, health, safety and quality (EHSQ) software solution. It provides real-time insights, consistent information and actionable data. Safety observational walks, standardised across the Group, also contribute to valuable analysis.

Additionally, we appointed an HSE resource to develop 28 Group standards for key health and safety elements. Our revised health and safety governance framework includes a steering committee, ensuring our goals are achievable. We are committed to building structures that meet future demands and expectations.

Early in calendar year 2024, we launched our second Employee Voice survey focused on health and wellbeing. With an impressive 77% participation rate, the survey yielded an overall score of 7.2 out of 10. Employee wellbeing encompasses various dimensions, including physical, mental and social health. By combining insights from this survey with our engagement data, we will develop targeted approaches to enhance employee engagement and health and wellbeing across all our locations in the coming year.

During 2024, we partnered with an external company to conduct a comprehensive cultural survey within our organisation. This survey explored individual and group values, attitudes, perceptions, competencies and behavioural patterns related to health and safety management. We have developed action plans to address key findings in the upcoming financial year. Our strategic focus for 2025 centres on enhancing employee engagement, fostering a culture of responsibility, accountability and compliance. By doing so, we aim to reduce the risk of injuries and uphold our health and safety vision statement: 'Working together to ensure everyone returns home healthy and safe every day'.

Skills for the future

At McBride, we offer a wide range of career development options, empowering our colleagues to reach their full potential and achieve their professional ambitions through learning and coaching programmes. Our approach involves aligning individual goals with the Company's overall success.

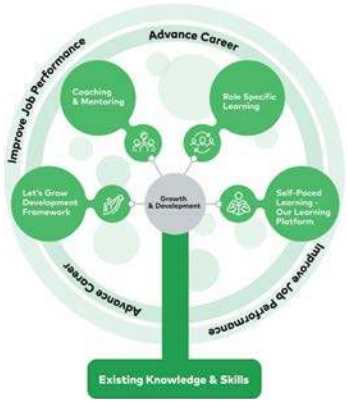
During the past year, as part of our commitment to internal growth and colleague investment, we facilitated four cohorts of 'Investing in Me,' two cohorts of 'Learning 2 Lead,' and one cohort of 'Leading with Impact' from our 'Let's Grow' development framework. These initiatives collectively involved 70 colleagues across the Group, totalling 2,153 training hours.

Since the launch of our 'Let's Grow' programmes in 2020, 407 colleagues from various functions and countries have participated in these courses, accumulating 10,283 training hours.

In addition to our focus on internal capability development through 'Let's Grow,' we prioritised the following areas in 2024:

1. Compliance training: We introduced essential compliance training for colleagues, emphasising the importance of maintaining a safe and reliable company. Addressing risks such as anti-bribery, corruption, conflicts of interest and data protection, our interactive online training programme is available in twelve languages covering all countries where we operate.
2. Self-paced learning library: Our revamped self-paced learning library offers over 1,000 programmes, allowing colleagues to acquire new skills at their convenience.
3. Change management certification: To support our transformation journey, we have certified eleven internal colleagues as Prosci change management practitioners. Their expertise will help drive our strategic objectives and support colleagues during organisational shifts.
4. Role-specific training: We continue to provide targeted training, both on and off the job, ensuring colleagues have the necessary skills for their roles, including health and safety training.
5. Internal coaching scheme: Our safe and supportive internal coaching scheme remains active, allowing colleagues to work with qualified coaches.
6. Myers-Briggs Type Indicator (MBTI) utilisation: We have delivered MBTI training courses to enhance individual and team awareness.

At McBride, we are passionate about creating growth opportunities for all colleagues, enabling them to thrive in their current roles and fulfil their aspirations for the future.



Our people and communities continued

Employment and wealth generation

Our staff turnover figures have remained consistent throughout the year at c.5%.

Additionally, we have observed several 'boomerang' employees returning to McBride over the course of the year. This has been beneficial as they bring familiarity with our culture and organisational expectations, whilst also offering a fresh perspective.

We have maintained close collaboration with the EWC over the past year. Partnering with employee representatives from all countries where we operate remains a priority for us.

Community and social vitality

We believe that community involvement and engagement programmes strengthen our relationships with colleagues and communities, benefiting our company and shareholders through colleague retention, enhanced reputation and positive relationships with local governments and communities.

McBride Gives

This year, we launched our 'McBride Gives' volunteering scheme, encouraging colleagues to participate in giving time to local charities. We will partner with community centres and associations that provide services and support to low-income families as this aligns with our company purpose of 'everyday value cleaning products, so every home can be clean and hygienic'.

Supporting McBride children

Promoting future talent is a priority for us through our McBride Charitable Trust, where we offer educational (university/apprenticeships/vocations) grants to support children of our colleagues that are undertaking a supplementary course of study leading to a recognised national qualification, after having obtained a first national recognised qualification. During the year, we granted £12,411 to 67 children of McBride colleagues, supporting their education and personal growth

Supporting charitable bodies

Throughout the year, we sustained our commitment to the UK charity 'In Kind Direct' by making monthly product donations from our Middleton site. These essential cleaning products directly benefit those who are less fortunate.

Additionally, our teams across all locations have remained dedicated to supporting our local communities, whilst also strengthening our culture and team engagement. The following pages highlight some of the impactful activities across our business.

Rosporden, France: Team McBride

Our entire Rosporden team of 135 colleagues gathered for a 'team building' day at Domaine de Lanniron in Quimper. The aim was to enhance collaboration amongst colleagues who do not usually work together. The morning was spent revisiting key departmental events, celebrating successes and reflecting on our pride in being part of McBride Aerosols. Participants formed 24 teams and played games to earn points, before merging into twelve teams who were then challenged to construct a car using materials won during the games. This activity promoted co-ordination, active listening and innovation. The creative results were impressive, with one car chosen as a symbol of our day. We also shared future project ambitions and welcomed new joiners. The day ended with a quiz based on the day's activities, with teams performing admirably. This event fostered a deeper understanding of our business and created convivial moments that contribute to our growth.

Our people and communities continued

Strzelce, Poland: Making a difference by giving time

This year, our new 'McBride Gives' volunteering scheme positively impacted the community of Opole, Poland. More than 50 colleagues from our Strzelce site dedicated a day to volunteering at the House of Hope, which is a charity operated by volunteers and clergy to provide crucial support to people suffering from homelessness or economic deprivation. The House of Hope provides food, clothing and bathing facilities, as well as the respect and dignity needed to help its patrons get back on their feet.

Our 'McBride Gives' scheme demonstrates commitment to the communities where we work and live. By volunteering locally at places like the House of Hope, we actively contribute to making a difference across the world. Together, we strengthen our community bonds and create a ripple effect that extends far beyond our immediate surroundings.

Ieper, Belgium: Products come to life: A family experience

On 19 and 26 April, our Ieper Liquids manufacturing site welcomed family and friends of colleagues. The purpose was to offer them an opportunity to connect with their loved ones and gain insight into our products and processes. Over the two dates, more than 400 visitors enjoyed a 90-minute guided tour of our site led by McBride colleagues. Colleagues and visitors alike provided positive feedback, and everyone received goodie bags containing samples of the products manufactured at the site. The event not only enhanced our presence within the local community, but also served as a testament to the exciting career opportunities that McBride offers to potential future talent.

Bagnatica, Italy: Fostering connections

Creating and fostering a great place to work, our Italian team organised an end-of-financial-year gathering where colleagues and their families joined in. The event aimed to commemorate the year's achievements and foster relationships. More than 50 colleagues participated, enjoying time together with food and drinks.

Hammel & Holstebro, Denmark: Local Code of Care

Through our membership in the local Code of Care, a non-profit organisation that promotes social responsibility, creating opportunities for individuals facing challenges entering or re-entering the job market, we have organised and participated in local job fairs to promote McBride as an employer of choice. Additionally, we offered apprenticeships, part-time roles and express employment as part of the Care for Young initiative, which focuses on helping young people enter the job market and gain essential skills.

Code of Care

Mere care - mindre mig

Governance

How we conduct ourselves

We believe robust corporate governance fosters sound and responsible decision making and strengthens accountability, transparency and fairness. As a public company, we consider that our governance processes are already well established. However, we recognise these processes need to be maintained and regularly reviewed to ensure we continue to govern our activities with financial integrity and in accordance with best practice.

Governance body quality

Our guide to how we have complied with each principle in the Code is set out on page 64. Our metrics on tenure, gender, nationality and Board members' relevant experience are set out on page 67. Our metrics on Board activity and attendance at Board and Committee meetings are set out on pages 66, 69, 70, 71, 76 and 100.

Stakeholder engagement

How we engage with our stakeholders is set out in our Section 172(1) statement on pages 22 to 24 and in our Corporate governance statement on pages 65 to 70. Both the quality and frequency of our engagement with our key stakeholders are reviewed regularly by the Board. We are open and transparent in all our dealings with our stakeholders, which we consider as fundamental to our way of working. Monitored via our framework of key indicators and metrics, we strive to improve our customer experience, our impact on our communities, including our environmental and social impact and the quality of engagement with all stakeholders.

Ethical behaviour

We are committed to conducting business with integrity and high standards of business ethics. Our Business Ethics Policy, which can be found on our website, is a guide for our employees to promote the right behaviours and to help them make the right decisions. McBride's Business Ethics Policy is updated and reviewed by the Board annually. It is promoted to all employees through internal communication channels and is highlighted to suppliers.

To ensure a constant minimum standard across the workforce on good business ethics, McBride has rolled out mandatory ethics and compliance training modules to all its colleagues in management and administrative roles. This includes modules on anti-bribery and corruption, conflicts of interest, data protection and whistleblowing.

Whilst McBride aims to reinforce a healthy culture at all levels of the organisation, it knows that sometimes things go wrong. McBride has an independent whistleblowing channel, as well as local internal channels, which employees can use to speak up against possible malpractice or wrongdoing by any employee, supplier, customer, competitor or contractor. The independent whistleblowing reporting line is designed to give colleagues and others a way, anonymously and confidentially, without fear of detriment or retribution, to report suspected violations of our standards of conduct, policies, laws or regulations. The reporting line is available in all languages commonly used in our business. Any reports received are evaluated by representatives from the Internal Audit and Legal functions to determine the appropriate action to address the issues raised.

If warranted, an investigation is undertaken to determine the validity of the issue reported and to identify appropriate action to address it.

Cyber security and data protection

With the advancement and widespread use of information and communication technologies, comes an increased cyber security threat. We regularly assess our corporate readiness against external cyber attacks and insider threats, and we implement corporate-wide measures to protect data and preserve data privacy. In addition to complying with applicable data protection laws and regulations, we also implement cyber security and data protection measures to safeguard our assets and to protect our stakeholders' data.

Our policies and procedures focus on protecting our data from unauthorised disclosures, use or access, and include monitoring mechanisms to prevent unauthorised intrusion into our network and identify vulnerabilities against potential cyber attacks. These risk-based cyber security measures help to ensure the integrity, confidentiality and availability of our data. Regardless of where the data resides, we apply appropriate safeguards to ensure a sustainable and robust corporate environment in the interest of our stakeholders. Compliance with our IT policies is required of anyone who has access to our networks. We raise awareness about the importance of data protection and cyber security with our colleagues through training.

Risk and opportunity oversight

We are focused on continuous improvement to develop and enhance our control mechanisms to manage risks and maximise financial returns for our stakeholders. There is active engagement with management and leadership teams to identify and assess risks related to our strategies and business models. The experience of management and leadership teams helps to anticipate emerging and interrelated risks, in addition to facilitating effective risk control and mitigation mechanisms.

The Board is responsible for overseeing and monitoring the management of risks and opportunities. Our governance framework of committees and advisory forums provides updates and information to the Board to ensure it is able to make informed decisions. Details on the responsibilities of the Board and its Committees are set out in the schedule of matters reserved for the Board and Committee Terms of Reference, which are available on our website.

Our risk management framework and oversight of risk is set out in the Audit and Risk Committee Report on pages 80 to 82 and in the Principal Risks and Uncertainties section on pages 53 to 59. This is our third year of reporting our climate-related financial disclosures. Governance around climate-related risks and opportunities can be found on pages 36 to 37.

McBride has structured its climate disclosures according to the recommendations set out by the Task Force on Climate-Related Financial Disclosures (TCFD), in order to improve reporting of climate-related risks and opportunities (CROs) and support shareholders in making more informed long-term investment decisions.

According to the Financial Conduct Authority Listing Rule LR 9.8.6 R(8), reporting is on a 'comply or explain' basis.

We are fully consistent with the full set of TCFD recommendations and recommended disclosures. We have continued to make further progress on our TCFD journey this year by building on the activities of 2023. We have also considered the TCFD's All Sector Guidance in determining our consistency statement above.

We will continue to work on the maturity of climate risk assessment in 2025 as data collection and internal sustainability policies are further developed, helping to inform residual risk exposure.

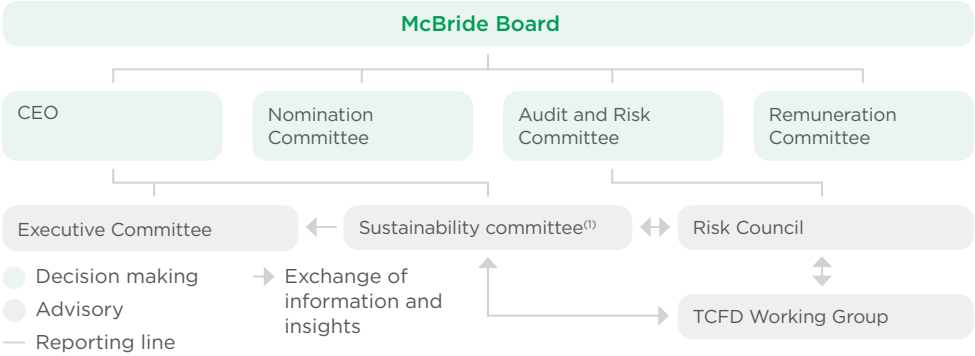
Our analysis will continue into 2025, assessing key risks in greater detail, including the residual risk impacts across products, operations and potential changes in consumer behaviour and usage. Our longer-term risks, primarily physical risks, will also be assessed and quantified in greater detail starting in 2025, building upon the initial work done in previous years. This will help us to focus activity where we can create the greatest impact and to capitalise on potential opportunities associated with a low-carbon transition, supporting our business resilience and growth in a future low-carbon economy.

Page 49 explains the work to be completed to ensure consistency with the TCFD recommendations and sets out the activities McBride has planned to perform during 2025, as it continues on its journey towards increased consistency.

Governance

TCFD governance structure

The TCFD governance structure is set out in the graphic below. This framework enables the Board to make more informed business decisions with climate-related perspectives in mind.



(1) The Executive Committee and Sustainability committee, both led by the CEO, provide advice and input to the TCFD Working Group during the preparation of the TCFD disclosures.

Board oversight of climate issues

The Board

- Is responsible for overseeing and monitoring the management of risks and opportunities, including CROs.
- Maintains knowledge and understanding of current and emerging legislative and regulatory developments pertaining to climate-related matters.
- Provides strategic guidance in respect of McBride's Sustainability programme covering its ESG activities.
- Endorses actions to address climate-related matters and how McBride adapts its strategy to take account of potential CROs.
- Reviews climate-related reporting as part of the overall assessment of the Annual Report and Accounts.

Nomination Committee

- Is responsible for Board appointments.
- Ensures the Board possesses the correct depth and balance of capabilities, including the ability to assess the impact of climate change through ongoing briefing sessions during the course of the year.
- Ensures Board appointments support McBride's long-term position.

Audit and Risk Committee

- Oversees the assurance model and supports the Board on matters relating to financial reporting, internal control and risk management.
- Monitors climate-related risks and associated key risk indicators (KRIs) on an ongoing basis, as part of reports on principal Group-wide risks presented to it by the Risk Council.
- Appraises the integrity of McBride's climate-related financial reporting.
- Assesses the process used to develop McBride's TCFD-aligned disclosures.

Governance continued

Board oversight of climate issues continued

Remuneration Committee

- Supports the future implementation of Board-approved policy on CROs, including climate factors and sustainability goals within performance-related pay for Executive Directors and senior management. See further details in the Remuneration Committee Report on pages 83 to 102.

Role of senior management

Executive Committee

- Is responsible for the implementation of strategy and the management of financial risks, including those of meeting the Group's climate-related goals. This is done through the operational management of McBride's divisions and monitoring of performance in line with agreed plans.
- Receives information periodically from the Risk Council and Sustainability committee on progress towards the Group's climate goals. This is done by reviewing regular reports by the Risk Council on climate-related risks and associated KRIs, and taking appropriate actions, as necessary.

Sustainability committee

- Is responsible for the Group's overall Sustainability programme, with each committee member responsible for monitoring key sustainability developments and implementing actions within their own business area.
- Delivers the Sustainability programme, monitoring progress against key indicators and action plans.
- Continues to develop, review and monitor progress against Board-approved science-based targets and a focused roadmap of emissions reduction opportunities.
- Provides oversight to the Executive Committee on sustainability matters, collaborating with subject matter experts within McBride, as appropriate.
- Will be enhanced during 2025 by a broader multi-functional committee led by the newly appointed Group Head of Sustainability. The Group Head of Sustainability, in conjunction with the Sustainability committee, is expected to drive and co-ordinate the achievement of the Group's carbon reduction ambition and lead the cultural and compliance requirements to achieve agreed targets and meet applicable reporting obligations in this area.

Risk Council

- Is responsible for managing climate risks through its existing risk management processes. This includes review and oversight of the underlying activities, processes, risks and impacts surrounding our climate-related financial disclosures.
- Reports to the Audit and Risk Committee on McBride's principal risks, including CROs, and on the performance of the TCFD Working Group, including progress against the TCFD disclosures requirements.
- Has direct responsibility for principal risks and uncertainties, reporting to the Executive Committee and the Audit and Risk Committee, communicating any updates on key climate-related risks on at least a twice-yearly basis.

TCFD Working Group

- Is responsible for identifying and considering CROs and their impact as they pertain to the organisation.
- Evaluates the resulting implications of, and responses to, key CROs, ensuring valuable input from stakeholders is incorporated into the process.
- Reports to the Risk Council, operating on a collaborative basis with members from various divisions and departments, playing a pivotal role in shaping climate-related financial disclosures.
- Collaborates with the ESG Committee to ensure that the roadmap of emissions reduction opportunities is aligned with the TCFD recommendations.
- Actively monitors and tracks the progress made towards climate-related targets, ensuring a comprehensive approach to address climate-related concerns.

External advice

McBride continues to engage expert external advisers to supplement the capabilities within the Company and assist in establishing reporting frameworks for our Scope 1, 2 and 3 emissions and to aid in the process of setting and monitoring science-based targets for our Scope 1, 2 and 3 emissions. External expertise has also been employed in the detailed analysis of our transitional and physical CROs associated with the transition to a decarbonised economy and the potential impact of specific physical risks to the McBride estate. Further details can be found on pages 38 to 46.

Strategy

Overview of scenario analysis

The distinctive nature of climate risks poses a challenge for standard risk assessment. This is because there is a high degree of certainty that some combination of climate risks will materialise, but the exact outcomes are dependent on short-term actions and are therefore still unclear.

Scenario analysis provides a flexible 'what if' framework that enables the exploration of potential economic outcomes and financial risks under a range of different future pathways. As such, qualitative scenario analysis was used to assess McBride's strategy against two contrasting climate scenarios: a 1.5°C low carbon world scenario and a 4°C hot house world scenario, similar to prior years.

McBride has continued to work closely with expert external advisers since 2022 to address our climate risks and opportunities (CROs). In 2022, physical and transitional CROs were identified and assessed via a workshop with a cross-section of internal stakeholders. The identified risks were rated in the context of McBride's ERM framework. Based on the findings, further detailed work was undertaken in 2023 to better quantify six transition CROs which were perceived as posing more immediate short/medium-term risk. During 2024, McBride has worked with the external adviser to strengthen ongoing efforts to improve the quality and maturity of climate risk assessment and disclosure, with the objective of improving alignment with the TCFD and other related emerging regional disclosure frameworks and standards (e.g. ISSB/IFRS).

Specifically, we have:

- refreshed the overall CRO assessment initially conducted in 2022, detailing specific physical and transition risks;
- analysed residual risk for key transition CROs, assuming a low carbon world (1.5°C) scenario, including potential regulatory, market and reputational risks; and
- commenced a detailed assessment and quantification of longer-term physical CROs, to be conducted on a three-year cycle across the entire McBride estate under climate scenarios that include both the low carbon economy (+1.5°C) and the hot house world (+4°C) scenarios.

Selection of climate scenarios

We constructed scenarios by referencing a collection of published scenarios developed by widely used sources, including the IPCC, IEA and NGFS. These sources are detailed in the following table. The assumptions underpinning each of these scenarios, such as greenhouse gas emissions pathways, energy demand and policy responses, are detailed further on pages 59 and 60 of our 2022 Annual Report, supplementing our TCFD disclosures for 2024. Going forward, and in line with TCFD requirements, we intend to review and update our climate scenario analysis at least every three years, when scenario indicators change, or if there is a change to our business. This is planned to be conducted during 2025.

Climate scenario	Temperature rise by 2100	Policy action	Informed by
Low carbon world scenario	Not likely to exceed + 1.5°C by 2100	Aggressive mitigation to bring about a reduction in emissions	RCP 1.9[1] IEA NZ2050[2] NGFS NZ2050[3] SSP1[4]
Hot house world scenario	Likely to exceed + 4°C by 2100	Minimal policy action taken	RCP 8.5[5] SSP5[6]

(1) Technical Summary, IPCC, 2018.
(2) World Energy Outlook 2021, IEA, 2021.
(3) NGFS Climate Scenarios, NGFS, 2021.
(4) SSP1 – The roads ahead: Narratives for shared socioeconomic pathways describing world futures in the 21st century, O'Neill, B et al, 2015.
(5) Technical Summary, IPCC, 2018.
(6) SSP5 – The roads ahead: Narratives for shared socioeconomic pathways describing world futures in the 21st century, O'Neill, B et al, 2015.

See more on page 45

Strategy continued

Climate risks and opportunities

In 2022, 15 CROs were identified, including regulatory changes, market shifts and physical impacts, such as extreme weather events. These risks and opportunities were identified over short (before 2027), medium (2027 to 2040) and long-term (post-2040) time horizons. The short-term time horizon was considered as the mid-point of time horizons used for business planning purposes, with the medium-term time horizon encompassing timelines for sustainability targets (including SBTi). The long-term time horizon was selected based on the longer-term timeframes involved with some climate-related risks, specifically physical risks.

As part of the assessment, a structured scenario analysis methodology was employed to evaluate the likelihood of each risk impacting McBride and the most likely time horizon of impact, incorporating quantitative and qualitative data.

These 15 risks and opportunities are evaluated in further detail on pages 61 to 66 of McBride's 2022 Annual Report, which supplements our TCFD risk reporting for 2024. These CROs continue to be monitored as part of management's ongoing risk management processes. In 2024, the original assessment of transition risks conducted in 2022 was refreshed to ensure an up-to-date understanding of risk exposure and to check for any emerging transition risks.

The key results from this exercise are:

- nine of the eleven transition CROs identified in 2022 were deemed relevant for 2024, with updates to their likelihood and timeframe assessments based on recent market and regulatory developments;
- the previously identified climate-related employee risk, initially focused on employee health and safety, is now managed alongside the broader enterprise risk of employee attraction and retention, leading to its removal from our CROs;
- the transition opportunity related to operational decarbonisation has been integrated into a broader initiative focusing on more efficient production and distribution processes, reflecting a more holistic approach to reducing carbon footprint;
- a new transition risk related to emissions offset was identified in 2024, driven by anticipated increases in offset prices and the impact on cost structures; and
- the four physical risks identified in 2022, including risks related to flooding, heatwaves and supply chain disruptions, remain relevant with updated assessments reflecting the latest climate models and impact projections.

These changes resulted in 14 CROs considered relevant for 2024 which are summarised in the chart opposite.

Note: Relative position of risks/opportunities within grid boxes does not reflect relative ranking (e.g. for 2, 6 and 9).

Transition risks

1. Pricing of GHG emissions
2. Climate change litigation
3. Mandates and regulation
4. Increased cost of raw materials
5. Change in consumer demands
6. Investment and finance risk
7. Substitution of existing tech to lower emission options
8. Emissions offset

Transition opportunities

9. Use of more sustainable and efficient production and distribution processes
10. Development of new products or services through R&D and innovation

Physical risks

11. Heat stress (heatwaves)
12. Drought stress (prolonged drought period)
13. Floods, storm surge and sea level rise
14. Windstorms

Strategy continued

Climate risks and opportunities continued

Based on the above, physical and transition risks and opportunities have been considered across the climate scenarios described above. In 2024, as a result of marked progress in McBride's decarbonisation strategy and more detailed site-level physical risk analysis, the business has been able to better define mitigations/adaptation measures and factor these into the scenario analyses. McBride is consequently able to better evaluate the resilience of its strategy to climate-related risks.

A subset of these CROs was prioritised for residual risk assessment in 2024, based on the quantitative assessment of inherent risk in 2023. Specifically, the following should be noted:

- 2 This remains unlikely with minor impact and was deemed most likely to occur later than previously thought.
- 6 This is no longer deemed an immediate risk, although still likely. Impact has dropped considerably due to a Group refinancing facility that was successfully established since the last assessment, with sustainability-based performance targets that are being consistently achieved.
- 8 This is now deemed a risk due to the setting of SBTi targets but was considered to be longer term due to the Net Zero target time horizon.

Consequently, no further quantification or updated assessment was considered necessary for these three risks at this stage, whilst a residual risk assessment for all other CROs was conducted in 2024, outlined in the following pages. The tables below detail the impact of climate-related risks and opportunities on McBride's businesses and strategy, providing a comprehensive breakdown of exposure by both key transition and physical risk.

Transition risks

1 Pricing of GHG emissions

Inherent risk	2027	2040
Gross risk score	Medium	Higher
Max financial impact	£2.9 million per annum	£4.5 million per annum
Residual risk	**2027**	**2040**
Net risk score	Medium	Medium
Max financial impact	£2.3 million per annum	£2.0 million per annum

Description

Carbon taxes are expanding globally, with the EU Emission Trading System (EU ETS) already up and running. The EU ETS benchmark carbon price in February 2022 reached a record high of nearly EUR 96 per tCO_2e. Carbon pricing could manifest as a range of policies such as environmental, and/or sector-wide taxes, which could increase operational costs.

Impact assumptions

Carbon prices based on IEA and NGFS forecasts; emissions based on current Scope 1 and 2 assuming it is not anticipated to increase. Residual risk has been calculated based on Scope 1 and 2 emissions reduction target of 58.9% by 2033, with linear reduction out to 2027. Calculations for 2040 assume emissions will remain consistent beyond 2033, given no SBTi targets have been set beyond this yet.

Controls/mitigation

Ensure continued achievement of 30% of energy from renewables by 2025 and 100% by 2033 to meet target, as well as enforcement of site energy saving targets. In addition, a science-based target project is underway to develop Net Zero targets and an associated action plan. In parallel, proposals are also under consideration for upgrading vehicle fleet to electric vehicles, as well as accelerating the shift from gas to electricity.

Key: Gross and net risk and opportunity scores (impact x likelihood): Lower Medium Higher

Strategy continued

Transition risks continued

3 Mandates and regulation

Inherent risk	2027	2040
Gross risk score	Medium	Higher

Residual risk	2027	2040
Net risk score	Medium	Medium

Max financial impact not applicable for inherent or residual risk.

Description

Increased compliance/operational costs, reformulation costs and/or legal fines for non-compliance.

Impact assumptions

- Environmental legislation such as PEF ratings and other mandates for detergents are likely to emerge in EU post-2025. This could result in fines and possibility of lower demand of certain products.
- Certain chemicals could be banned within products for environmental reasons which could result in the need to reformulate some McBride products.
- Introduction of digital product passports across the EU would increase administration costs and require more FTEs.
- McBride already pays plastic taxes in countries that require this and the cost of these, plus any new taxes, will likely increase between 2025 and 2030.

Controls/mitigation

- Employ experts in regulatory compliance and product safety to act on behalf of the Company.
- Continue working with industry group such as AISE on monitoring developments and engaging with regulators.
- Continuing to internally scan regulations, monitor developments and provide impact assessments to the business.
- Undertake technology scanning to ensure McBride remains up to date in its knowledge, explore use of third-party assistance.

4 Increased cost of raw materials

Inherent risk	2027	2040
Gross risk score	Medium	Higher

Residual risk	2027	2040
Net risk score	Medium	Medium

Max financial impact not applicable for inherent or residual risk.

Description

As we move to a low-carbon economy, the implementation of carbon taxation could lead to higher prices for raw materials, chemicals, plastics and energy costs. This could lead to higher costs of packaging and product costs. Increased cost of fuel could also affect the transport of products to customers. The higher costs suppliers face may be passed onto McBride's supply chain; this could be passed onto customers or alternatively erode McBride's margins.

Impact assumptions

Carbon prices based on IEA and NGFS forecasts; emissions based on current Scope 3 (with a focus on purchased goods and services) estimates assuming levels remain consistent through to 2040. For residual risk, Scope 3 reduction could be driven by supplier-led emissions reduction. These cannot currently be accurately estimated until feedback is received from suppliers over the next five years and so savings have been factored in based on the manufacturing changes.

Controls/mitigation

Committed to a supplier engagement target for the next five years in order to refine Scope 3 current estimates and outlook. Initial assessment of top suppliers and RAG exercise completed, with 53% suppliers confirming plans to set SBT targets. Reformulation of products will be explored to minimise cost impact. At a divisional level, McBride will work with both suppliers and customers to explore levers to manage cost risk and reduce emissions across the supply chain.

Key: Gross and net risk and opportunity scores (impact x likelihood): Lower Medium Higher

Strategy continued

Transition risks continued

5 Change in consumer demands

Inherent risk	2027	2040
Gross risk score	Higher	Higher
Gross opportunity score	Higher	Medium

Residual risk	2027	2040
Net risk score	Medium	Medium
Max financial impact	£1-3 million revenue per annum	
Net opportunity score	Higher	Medium
Max financial opportunity	£3-5 million revenue per annum	

Max financial impact not applicable for inherent risk or opportunity.

Description

McBride's retail customers are increasingly prioritising reducing carbon emissions and more sustainable business practices as awareness of the impacts of climate change increases. This shift is more likely to accelerate as Gen Z's spending power increases. Failure to meet these shifting values could cause retail customers to switch to alternative products. Alternatively, capitalising on sustainability reputational benefits could provide McBride the opportunity to extend market share and/or increase revenue.

Impact assumptions

McBride's divisions were consulted regarding the perceived risk to their products and services based on their technical expertise and experience in the markets. Each division provided an indication of financial impact range, which were consolidated for an enterprise risk level exposure.

Controls/mitigation

Each division is addressing this risk/opportunity differently depending on the relative impact on their product mix. All divisions have considered sustainability in the context of product development, including with respect to: sustainability of packaging; reducing energy intensiveness of production; reducing the embodied carbon content of products via alternative materials; and increasing production capacity for eco-friendly products.

Liquids is the largest division by revenue; its focus is on reducing packaging material, reducing water use in production, reducing Scope 3 emissions, compact formulations, transitioning to plant-based, reducing waste and increasing the use of recycled plastic in packaging.

Divisions will continue to innovate via R&D and work closely with retailers and branders to stay abreast of consumer requirements.

10 Development of new products or services through R&D and innovation

7 Substitution of existing tech to lower emission options

Inherent risk	2027	2040
Gross risk score	Lower	Higher
Max financial impact	<£0.5 million per annum	>£4 million per annum
Gross opportunity score	Lower	Lower
Max financial opportunity	<£0.5 million per annum	<£0.5 million per annum

Residual risk	2027	2040
Net risk score	Lower	Lower
Max financial impact	£1-3 million revenue per annum	
Net opportunity score	Lower	Lower
Max financial opportunity	<£1.0 million per annum	

Description

As we move to a low-carbon economy, the implementation of different packaging, new materials and technology could lead to a requirement for some technology enhancement and substitution. Meanwhile, more efficient distribution processes could lead to operational savings, for example due to lower input material requirements or due to more compact products leading to more efficient distribution.

Impact assumptions

McBride's capital asset register was reviewed, and assumptions were built around the obsolescence risk to different technologies.

Analysis from McBride's science-based target setting workstream on other technological initiatives was also factored in to inform potential cost ranges, as well as insight from internal subject matter experts.

Controls/mitigation

The science-based target setting workstream is in the process of finalising recommendations for emissions targets. The workstream has identified some costs and opportunities associated with technology initiatives. McBride is exploring alignment between climate risk assessment. Significant budget spend has been allocated across divisions to mitigate this risk. Further consideration is being provided – aligned with market demand; however, the capital expenditure mitigation will be part of the general capital expenditure as assets reach the end of their useful life.

9 Use of more sustainable and efficient production and distribution processes

Key: Gross and net risk and opportunity scores (impact x likelihood): Lower Medium Higher

Strategy continued

Physical risks

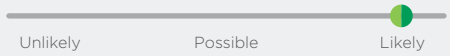
11

Heat stress (heatwaves)

Periods of time with sustained high temperatures in excess of 30°C.

Impact:

Likelihood:



Business impact assessment

People:

- Reduced labour productivity/ineffective work performance.
- Fainting potential if exposed to temperatures over 35°C. Threat to life for the vulnerable.

Physical assets (operations & suppliers):

- Increased OPEX, energy consumption and carbon emissions due to increased cooling demand.
- Inadequate or inefficient ventilation leading to H&S risks.
- Issues with equipment cooling and quality control.
- Potential overloading of the power grid.
- Supply chains can be disrupted due to transportation delays, reduced productivity, or interruptions in the availability of goods and services.
- Higher chances of 'fire weather'.

Risk response: adaptation/ mitigation options

People:

- Limiting or modifying the duration of heat exposure time of workers.
- Reducing the metabolic component of the total heat load, majorly through automation of the physical components of the job.
- Workers medical evaluations.
- Identify tedious/discomforting commute journeys and encourage transport modes that are less affected by heatwaves.

Physical assets (operations & suppliers):

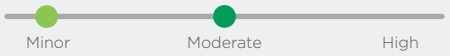
- Review operating temperature tolerances for machinery.
- Review inefficiencies and improve five major types of engineering controls – general ventilation, cooling fans, air conditioning, reflective shields to redirect radiant heat, and insulation of hot surfaces to reduce heat stress.
- Considering heat-reflecting exterior treatment on the walls. Cool roof paint has a cooling potential of 2°C to 4°C; reflective paints applied to roofs can help reduce the amount of indoor heat by reflecting heat away.
- Consider installation of exterior shading as an energy-effective measure for responding to the impact of increased heat gain.
- Introduce natural cooling and ventilation solutions.
- Maintain a good practice fire loss control maintenance and mitigation regime.
- Collaborate with suppliers, implementing real-time monitoring systems, and fostering transparent communication can enhance supply chain resilience.

12

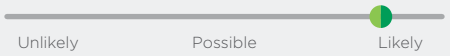
Drought stress (prolonged drought periods)

Period of abnormally dry weather sufficiently prolonged for the lack of water to cause serious hydrologic imbalances and regional water scarcity.

Impact:



Likelihood:



Business impact assessment

People:

- Impact on mental health.
- Worsens likelihood of heat stroke and threat to life.

Physical assets (operations & suppliers):

- Resulting water stress and prolonged impact on water utilities.
- Impact to water-intensive manufacturing processes.
- Potable and process water supply reduction/disruption could impact manufacturing and commercial operations.
- High water costs and tariffs.
- Water usage restrictions.
- Water shortages for suppliers reliant on water-intensive processes can disrupt supply of raw materials and instrument parts, this could also lead to higher cost of those goods and potential delays in supply.
- Higher chances of 'fire weather'.
- Disruption of inland water routes transportation.
- Electricity utilities disruption where reliant on hydropower.

Risk response: adaptation/ mitigation options

People:

- Awareness campaigns promote long-term adaptation.

Physical assets (operations & suppliers):

- Water system audits, pipe repair and leak maintenance.
- Explore options for water saving in the manufacturing process.
- Incentivise and encourage water saving by employees.
- Engage with water supply and disaster management agencies on water resources and droughts planning.
- Recycling and reusing water wherever possible.
- Introduce grey/rainwater collection and input to non-potable uses.
- Engage with suppliers expecting to see the biggest changes and how water availability might affect them.
- Diversify supplier base to mitigate risks associated with a single supplier's water-related disruptions.
- Develop contingency plans that outline steps to take during water scarcity events to ensure continuity of operations.
- Maintain a good practice fire loss control maintenance and mitigation regime.

Key: ● Current/2030 RCP 2.6 ● 2040-50 RCP 8.5

Strategy continued

Physical risks continued

13 Floods (inland flood, storm surge and sea level rise)

Includes inland floods caused by heavy precipitation (flash floods) and/or by river bank overflow (riverine).

Coastal flooding caused by storms.

Sea level rise plays an important role on the severity of storm surges.

Impact:

Minor | Moderate | High

Likelihood:

Unlikely | Possible | Likely

Business impact assessment

People:

- Long-term/temporary road and railroad damage and closure.
- Traffic congestion and delays.
- Threat to life.

Physical assets (operations & suppliers):

- Factory and infrastructure damage.
- Damage to foundations and drainage systems.
- Damage to main or backup utilities stored in basements.
- Damage to contents including raw material and equipment stored on ground and basement level.
- Impact on utilities (water supply, energy supply, telecoms/internet).
- Possible long disruptions for repairs or installation of critical utilities.
- Impact on emergency services.
- Safe building access issues.
- Delays in supply chain and distribution.

Risk response: adaptation/ mitigation options

People:

- Train employees on flood response protocols, evacuation procedures and safety measures.

Physical assets (operations & suppliers):

- Risk transfer/insurance/captive/parametric solutions.
- Deep dive (engineering) assessment for high-risk assets to gauge the flood risk at each site and recommend the most suitable course of action.
- Review water ingress routes (including drainage) with facility management and local protection and/or elevation features that could minimise the exposure.
- Prepare business continuity and emergency response plans and create stress test 'what if' scenarios.
- Consider temporary and portable flood defence systems, investing in backup utilities, door guards, etc.
- Elevate equipment on platforms if possible.
- Reduce critical equipment and operations in basements.
- Review ponding areas on ground or at roof level. Review and upgrade drainage system capacity on ground and at roof.
- Fix leaking roofs.
- Plan for future possible extents of flooding and build in physical protection.
- Engage with government agencies on coastal protection measure and plans.
- Engage with suppliers currently at risk and for those having future risk of flooding and heavy precipitation, ensuring these events are covered in their ERPs (Emergency Response Planning) and BCPs (Business Continuity Planning).

14 Windstorm (extratropical cyclone and tropical cyclone)

Includes the wind-related impact of different types of storms such as winter storms, extratropical cyclones or hurricanes.

Impact:

Minor | Moderate | High

Likelihood:

Unlikely | Possible | Likely

Business impact assessment

People:

- Long-term/temporary road and railroad damage and closure.
- Traffic congestion and delays.
- Threat to life.

Physical assets (operations & suppliers):

- High winds, storm surges and flooding can all cause significant damage to buildings, equipment and inventory.
- Damage to factory fabric including claddings, roofs, windows and any external gear attached to the building.
- Damage to building access points and vehicles in open parking areas.
- Damage from flying debris.
- Power outages and transportation disruptions can hinder daily operations.
- Possible long disruptions for repairs or installation of critical utilities.

Risk response: adaptation/ mitigation options

People:

- Consider setting up a fully trained Emergency Response Team, including representatives with decision-making authority as well as knowledge of the facility and operations.
- Define actions for each warning level issued by the responsible authority (government/met office) and the employees responsible for implementing these actions, as well as resources required.

Physical assets (operations & suppliers):

- Risk transfer/insurance/captive/parametric solutions.
- Review exterior walls and doors by inspecting if the building is well sealed to prevent wind from getting in openings and crevices, causing interior damage, also if siding and windows are tightly attached.
- Review the roof strength and roof-wall connections by inspecting if roof sheathing is securely nailed down and HVAC units, skylights and pipes are tightly affixed and will not be blown off.
- Electrical supply to circuits or equipment that could be flooded should be turned off unless the equipment is designed and required to operate when immersed.
- Inspect outdoor area by inspecting if storage sheds (with equipment, inventory and supplies) and outbuildings are securely anchored.
- Survey external claddings/screens, attached signs and others for durability and consider removing debris from outdoor areas, to prevent the risk of flying debris.
- Engage with suppliers and ensure they have covered these events in ERPs and BCPs.

Key: Current/2030 RCP 2.6 | 2040-50 RCP 8.5

Strategy continued

Resilience of McBride's strategy to climate risks

Low carbon world scenario

In a low carbon world (1.5°C) scenario, McBride faces an overall medium residual climate risk exposure, which is lower than the overall gross risk scores, indicating that current and planned mitigations promote resilience of the strategy. The Company's risk profile is shaped by physical climate risks as well as transition risks and opportunities, with varying impacts across its operations and portfolio. Physical climate risks could pose challenges to McBride's operations, with heat stress being a primary concern. The 2023 Western Europe heatwave demonstrated the potential for extreme weather events to disrupt operations. Looking ahead, the frequency and severity of heatwaves and droughts are expected to increase. Currently, drought stress minimally affects McBride's production sites, with appropriate risk mitigation arrangements already in place where relevant. Other physical risks, which are projected to be moderate compared to current levels, are likely to be prevalent across the McBride estate. McBride has implemented risk management strategies for such future risks. The Company's property damage and business interruption insurance helps to mitigate potential financial losses from flood and windstorm risks.

Transition risks also play a significant role in McBride's risk exposure:

- Pricing of greenhouse gas emissions, though mitigated by science-based targets.
- Increased raw material costs, partially offset by various company actions.
- Changing customer demands, presenting both risks and opportunities, especially in the Powders division.
- Technology substitution for more sustainable options and distribution processes, offering moderate risks but potential operational cost savings.

Over the short to medium term, McBride's exposure to transition risk is expected to decrease due to effective mitigation strategies and adaptation measures. The Company also anticipates upside opportunities, such as adopting sustainable technologies and improving processes for operational efficiencies. To enhance its resilience, McBride is continuing to assess and adapt its operations across all sites.

Key actions have been incorporated into McBride's strategy, risks and opportunities, including:

1. Energy and emissions reduction:
   - Blow-moulding process: This energy-intensive process is a significant area of focus for reducing carbon emissions. McBride is investing in energy-efficient technologies and exploring alternative methods to minimise environmental impact.
   - Compaction: By concentrating formulas across divisions and optimising product compositions, McBride aims to reduce emissions from both manufacturing and distribution processes. Compaction also presents an opportunity for operating expenditure savings through optimised packaging and logistics.
2. Sustainable packaging:
   - Transition from polyethylene terephthalate (PET): McBride is committed to moving away from PET to more sustainable packaging options. This transition is aligned with consumer demands and regulatory pressures, ensuring the business remains competitive and compliant.
   - Innovation and collaboration: Partnering with third-party experts and appliance manufacturers, McBride is focused on developing innovative packaging solutions that meet sustainability criteria and consumer preferences.
3. Market adaptation and investment:
   - Adaptation to demand shifts: McBride recognises the importance of staying ahead of market trends, such as the growing preference for compacted products. Investments in new technologies and production methods are crucial to remain competitive and meet evolving consumer demands.
   - Future trends: Anticipating the rise of self-dosing machines and other disruptive technologies, McBride is prepared to invest in research and development to ensure its product offerings remain relevant and sustainable.
4. Risk management:
   - Raw material shortages: As more companies adopt sustainable solutions, McBride is proactive in securing its supply chain to mitigate potential raw material shortages.
   - Customer strategy: McBride's strategy includes engaging with major customers to align on sustainability goals and exploring opportunities with smaller customers to diversify its market base.
   - Supply chain engagement: McBride is committed to a supplier engagement target for the next five years to refine Scope 3 current estimates and outlook, ultimately to manage cost risk and reduce emissions across the supply chain.
   - Legislative compliance: McBride continues to employ experts in all areas of legislation that impact the Company's products and operations, thereby ensuring all current and emerging climate-related legislative requirements are effectively addressed.

Strategy continued

Resilience of McBride's strategy to climate risks continued

Hot house world scenario

Under a hot house world (>4°C) scenario, McBride was assessed to have similar physical risk exposure for its 14 production facilities, with heat stress exposure expected to remain similar to current climate conditions by 2040-50. Its strategy is moderately resilient, as the Company and its suppliers are likely to adapt to these adverse climate conditions where relevant. Over time, the heat stress exposures for the wider portfolio of physical assets, including warehouses and key suppliers, will likely increase from 11% to 38% by 2040-50. This increased exposure is expected to result in higher operational costs, such as cooling machinery and office spaces, as well as possible increases in raw material costs.

However, the understanding of overall resilience will be enhanced as work continues on other sites. For example, by 2040-50, the drought hazard exposure for the wider portfolio is expected to rise from 4% to 39%, which could increase operational costs and potentially impact supply routes such as river shipping. Additionally, river flood exposure and heavy rainfall exposure could also rise, although the associated financial impact is anticipated to remain largely covered by insurance. Further risk adaptation measures, such as embedding 'what if' scenarios in business continuity plans and implementing physical adaptation measures, could protect sites and infrastructure during any future climate events.

Overall, continued efforts at all sites will provide a more comprehensive understanding of McBride's resilience to these climatic changes.

Key actions have been incorporated into McBride's strategy to address physical risk, including:

- Site level engagement: A number of measures listed in the tables above have been identified to help manage risk exposures within individual sites. This is expected to be further developed over a three-year cycle across the entire McBride estate.
- Central capex decisions: McBride is currently developing central processes to ensure overall climate impact is being considered on all capex submissions and decisions across the Group.

No or little transition risk/opportunity is expected under this scenario.

Risk management

Defining a process for climate risk identification and management

As detailed on pages 53 to 59, the Group has a rigorous process in place to report the organisation's principal and emerging risks. Through this process, and as in 2023, climate change and environmental concerns were identified as principal risks and assessed accordingly. Aspects of climate change risk are also captured in other principal risks, notably supply chain resilience, changing market dynamics and increased regulatory focus. In addition, we built upon the initial climate risk and opportunity assessment that was carried out in 2022 with third-party consultants, with a deeper dive into financial impact and residual risk assessment in 2024. The overall process used for identifying, assessing and managing CROs under different climate scenarios is detailed in the graphic below.

1. Define climate scenarios

Transition risk 1.5°C

Physical risk 1.5°C and 4°C

2. Identify climate-related risks to McBride under articulated scenarios

Policy and legal risks

Market risks

Reputational risks

Technology risks

Acute physical risk

Chronic physical risks

3. Assess business impacts to McBride

Impact on:
- Physical asset portfolio
- Input costs
- Operational costs
- Revenue
- Supply chain
- Business interruption

Impact on:
- Physical asset portfolio
- Input costs
- Operational costs
- Revenue
- Supply chain
- Business interruption

4. Identify potential responses

Responses might include:
- Changes to business model
- Portfolio mix
- Investments in capabilities and technology

Responses might include:
- Changes to business model
- Portfolio mix
- Investments in capabilities and technology

5. Perform detailed impact assessment on selected CROs

1. Pricing of GHG emissions
3. Mandates and regulation
4. Increased cost of raw materials
5. Change in consumer demands
7. Substitution of existing tech to lower emission options
9. Use of more sustainable and efficient production and distribution processes
10. Development of new products or services through R&D and innovation

11. Heat stress (heatwaves)
12. Drought stress (prolonged drought period)

Risk management continued

Defining a process for climate risk identification and management continued

Details of the articulated approach used to assess climate-related physical and transition risks and opportunities are included on page 67 of our 2022 Annual Report, supplementing our TCFD risk assessment process for 2024. A list of potential CROs that could impact McBride's business were identified in 2022 under the two articulated scenarios. These were refreshed and validated by management in 2024 based on likelihood and timeframe. These were tracked and monitored for key developments, financial impact assessment and appropriate mitigating factors during the year, as outlined in the Strategy section above. In addition, during both 2023 and 2024, the key CROs were assessed via workshops with a cross-functional set of internal stakeholders and a focused set of surveys and questionnaires. The process identified the impact, likelihood and mitigations for each CRO in the context of an adapted set of McBride's Enterprise Risk Management (ERM) impact and likelihood scales.

Risk was assessed from a residual perspective in 2024 (i.e. by factoring in mitigation) by building upon the inherent risk assessments for key CROs performed last year. Going forward, the identification and assessment of CROs will be refreshed by McBride on an annual basis.

Integration of climate risk management into McBride's wider risk management

We continue to assess climate risk in 2024 against an adapted version of our ERM scales. The adapted scales have allowed for longer time horizons due to the nature of climate risk and the assessment of upside opportunities. Using aligned scales has also enabled McBride to integrate the assessment of its climate risks into its corporate risk register. We have continued to identify, assess and manage climate risks through the existing risk management process on an annual basis, adopting a top-down risk management approach whereby the risks associated with climate are centrally monitored by the Risk Council and the TCFD Working Group.

Metrics and targets

Details of the Group's Scope 1, 2 and 3 carbon emissions for the financial year ended 30 June 2024 are set out on page 26. This data has been provided as eleven months actual and one month extrapolated. Our Scope 1, 2 and 3 GHG emissions have been calculated in accordance with the relevant GHG Protocol Corporate Accounting and Reporting Standards and latest emissions factors from recognised sources. The Group's Scope 3 emission data covers the following categories:

- purchased goods and services;
- upstream transportation and distribution;
- end-of-life treatment of sold products;
- downstream transportation and distribution;
- capital goods;
- waste generated in operations;
- fuel and energy-related activities;
- employee commuting; and
- business travel.

These are the categories that are considered most relevant to McBride. Emissions relating to the use of sold products are considered as indirect as they do not directly consume energy and therefore are not required to be disclosed.

We continue to engage with an external partner to identify a heatmap of Scope 1, 2 and 3 GHG emissions sources, by raw material/packaging category, which continues to inform progress against our Scope 1 and 2 science-based targets. Our Scope 3 emissions target is based on a supplier engagement model and will be fully embedded and reported from 2025 onwards.

The table on page 49 details the metrics and targets (linked to the specific CROs identified by the Company) that have currently been defined and are being monitored by McBride.

The CO_2 Scope 1 and 2 targets outlined in the table on page 49 have been costed in detail and the financial impacts have been factored into our short-term financial forecasts and plans. A number of the targets in the table below conclude in 2025. McBride expects its ESG agenda and targets will be refined and developed over 2025 and beyond, with new and updated targets set. Where these are considered to be financially significant, the impacts will be identified and reflected in forward-looking forecasts.

Metrics and targets continued

Metric	Target	Link to identified CRO	Performance against target
CO_2 Scope 1 and 2 emissions	Reduce Scope 1 and 2 by 54.6% by 2033	1 3 6 8 9 10	See page 26
Output volume per gigajoule of energy	15% improvements in eco-efficiency by 2025	1 9 10	See page 27
Use of FSC® certified board	All paper and board sourced will be FSC® compliant by 2025	4 5 11	See page 29
Packaging recycling	All our packaging will be 100% fully recyclable, compostable or reusable by 2025	4 5 11	See page 29
Recycled plastic content	On average, all our packaging will contain at least 50% recycled content by 2025	4 5 11	See page 29
Flexible packaging	We will exit all multi-layered flexible packaging by 2025	4 5 11	See page 29
Microplastics	We will remove all REACH-defined microplastics from our formulations by 2025	4 5 11	See page 29

Focus for 2025

McBride will continue to build on the progress achieved in 2024 in relation to the refinement and introduction of new metrics and targets. Our strategy outlines our commitments to continue to reduce carbon emissions by setting appropriate science-based targets and continuing to have these externally validated. For 2025 our focus will be on embedding and reporting our Scope 3 carbon emissions target, which will be based on a supplier engagement model, emphasising the critical role that suppliers play in our decarbonisation journey.

We also remain very aware of the impact that climate change may have on us as an organisation. The CRO identification process is now an established tool for us to identify the inherent and residual risks that McBride faces. Our Scope 1, 2 and 3 targets, as well as the technologies selected to achieve these, continue to be pivotal in defining McBride's ultimate risk under a transitional climate scenario. The outcomes of climate risk assessment continue to be disseminated and mitigation actions reviewed and progressed by teams across the Company following the standard Company agreed risk process. In addition, we also intend to continue the process of assessing and quantifying long-term risks (i.e. physical risks) via a site-by-site approach. This will ultimately enable us to monitor and assess these risks and allow for their effective communication and mitigations at a Group level.

Location of TCFD-aligned disclosures within the Annual Report

Governance

		See page(s)
Disclose the Group's governance around climate-related risks and opportunities		
a) Describe the Board's oversight of climate-related risks and opportunities	Climate-Related Financial Disclosures	36 to 37
b) Describe management's role in identifying, assessing and managing climate-related risks and opportunities	Audit and Risk Committee Report	80

Strategy

		See page(s)
Disclose the actual and potential impacts of climate-related risks and opportunities on the Group's business, strategy and financial planning where material		
a) Describe the climate-related risks and opportunities that the organisation has identified over the short, medium and long term	Climate-Related Financial Disclosures	38 to 46
b) Describe the impact of climate-related risks and opportunities on the Group's business, strategy and financial planning	Principal Risks and Uncertainties	57
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario		

Risk management

		See page(s)
Disclose how the Group identifies, assesses and manages climate-related risks and opportunities		
a) Describe the Group's process for identifying and assessing climate-related risks and opportunities	Climate-Related Financial Disclosures	47 to 48
b) Describe the Group's process for managing climate-related risks and opportunities	Principal Risks and Uncertainties	57
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Audit and Risk Committee Report	80 to 82

Metrics and targets

		See page(s)
Disclose the metrics and targets used to assess and manage climate-related risks and opportunities		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Climate-Related Financial Disclosures	49
b) Disclose Scope 1, 2 and, if appropriate, Scope 3 GHG emissions, and the related risks	Sustainability	26 to 28
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets		

Non-Financial and Sustainability Information Statement

Understanding the impact of our activities with regard to specified non-financial matters

In accordance with sections 414CA and 414CB of the Companies Act 2006, which outline requirements for non-financial reporting, the table below is intended to provide our stakeholders with the content they need to understand our development, performance, position and the impact of our activities with regard to specified non-financial matters.

Reporting requirement and our material areas of impact	Relevant Group principal risks	Relevant Group policies/statements	Policy embedding, due diligence, outcomes and KPIs – page reference
Environmental matters Responsible approach to product design and production	Consumer and customer trends	• Sustainability and the Environment Policy	Pages 25 to 35
Employees Responsible for the health and safety of our workforce	Legislation	• Health and Safety Policy	Pages 21 and 32
Social matters Responsible approach to taxation	Financial risks	• Preventing the Facilitation of Tax Evasion Policy • Tax Strategy Statement • Business Ethics Policy	Pages 21 and 139 to 142
Respect for human rights, anti-bribery and corruption Reinforcing an ethical business culture	Legislation	• Business Ethics Policy • Supplier Code of Conduct Policy • Anti-Bribery and Corruption Policy • Gifts and Hospitality Policy • Conflicts of Interest Policy • International Sanctions Policy • Share Dealing Policy • Data Protection Policy • Policy on the use of independent auditors for non-audit services • Policy on the employment of former employees of the auditors • Whistleblowing Policy • Anti-slavery and Human Trafficking Statement	Page 35

Understanding the impact of our activities with regard to specified non-financial matters continued

Reporting requirement and our material areas of impact	Relevant Group principal risks	Relevant Group policies/statements	Policy embedding, due diligence, outcomes and KPIs – page reference
Business model	All risks	n/a	Pages 5 to 6
Non-financial KPIs	n/a	n/a	Page 21
Description of principal risks and uncertainties	n/a	n/a	Pages 53 to 59
Climate-related financial disclosures	Climate change and environmental	n/a	
• A description of the Company's governance arrangements in relation to assessing and managing climate-related risks and opportunities.			Pages 36 to 37
• A description of how the Company identifies, assesses and manages climate-related risks and opportunities.			Pages 47 to 48
• A description of how processes for identifying, assessing and managing climate-related risks are integrated into the Company's overall risk management process.			Pages 47 to 48
• A description of: (i) the principal climate-related risks and opportunities arising in connection with the Company's operations; and (ii) the time periods by reference to which those risks and opportunities are assessed.			Pages 38 to 46
• A description of the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy.			Pages 38 to 46
• An analysis of the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios.			Pages 38 to 46
• A description of the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets.			Pages 48 to 49 and pages 25 to 30
• A description of the KPIs used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those KPIs are based.			Pages 48 to 49 and pages 25 to 30

Our Principal Risks and Uncertainties

Our risk management process continues to be based on an integrated and joined-up approach to managing risk across the Group. It involves understanding, analysing and addressing risk to enable the business to achieve its overall strategic and day-to-day operational objectives, delivering on its commitments to all stakeholders.

The Group continues to operate under a robust, well-established and externally benchmarked risk management framework, which is aligned to ISO 31000:2018, and supported by a formally defined risk taxonomy structure. The risk management framework is also supported by a comprehensive risk appetite framework to help with the assessment, escalation and reporting of principal risks. These activities are performed by identifying and regularly monitoring key risk indicators (KRIs) tracked by senior business leaders on an ongoing basis, from across the organisation.

Further detail on the risk management process can be found on pages 80 to 82.

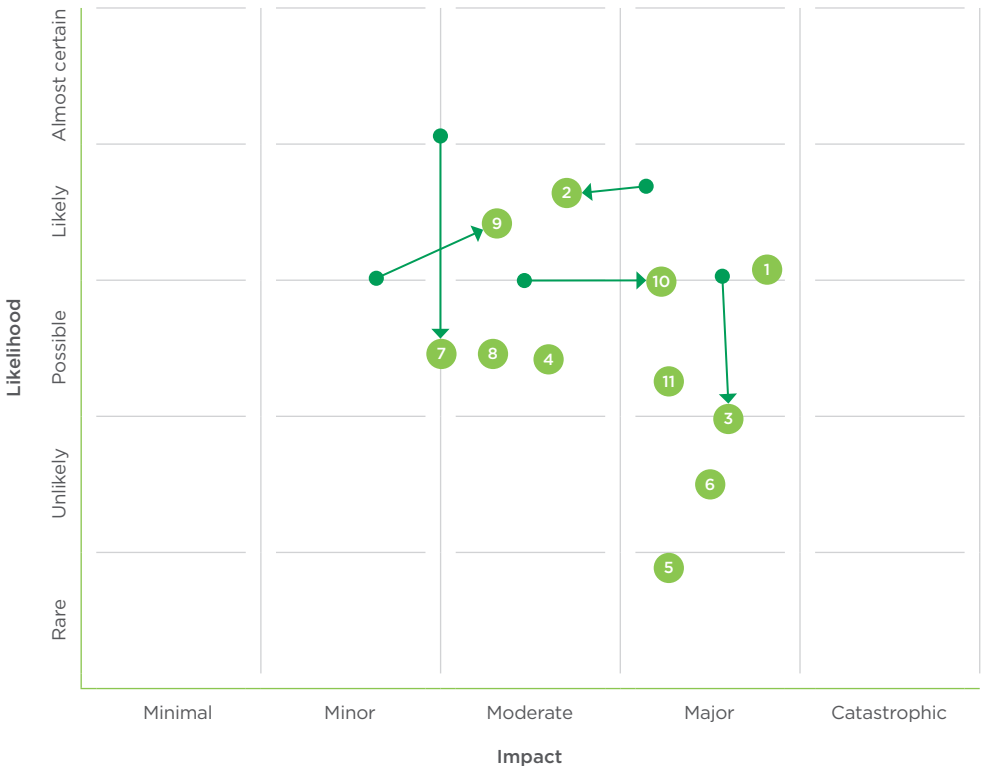
This process has allowed the Board to identify those risks which are deemed fundamental to the business as they potentially threaten the achievement of the Group's strategic objectives and the delivery of its key business priorities. These risks are identified as 'principal' based on the likelihood of occurrence and the potential impact on the Group.

They have been consolidated by the Risk Council and reviewed and agreed with the Board (having been considered by the Group Executive Committee and the Audit and Risk Committee). It should be noted that these principal risks and uncertainties in many instances also offer potential opportunities for the business to harness benefits from.

The principal risks and uncertainties to which the Group is exposed are summarised on pages 54 to 59, outlining the risk impact, key mitigating actions and any key developments during the year. The risk trend over the year is also noted, showing any changes in the risk profile compared to the prior year. The Group continues to review its overall risk framework within the context of further geopolitical and macroeconomic uncertainty and the instability being experienced globally this year, which continues to test the resilience of our supply chains, as well as impacting an ever shifting and evolving set of market, customer and consumer dynamics.

The business has also been faced with a complex and evolving set of legislative requirements across individual jurisdictions, which need to be continually monitored and acted upon. There remains a heightened focus on managing the risks associated with cyber threats and potential security breaches relating to sensitive business data, climate and environmental considerations from both consumers and governments and financing risks affecting liquidity and funding considerations, although the overall risk profile in each of these instances is being actively managed by a number of mitigation strategies currently in place. The business continues to prioritise the need to attract and retain talent within the organisation, whilst ensuring health and safety considerations and product quality remain fundamental areas of focus for the Group.

In addition, a structured Transformation programme underpins our overall business strategy, to drive improvements in business performance, efficiency and the operating model. Whilst this risk has previously been managed in our operational risk registers, this has been elevated as a principal risk in 2024, reflecting the focus on continuing improvements within this area.



1. Changing market, customer and consumer dynamics
2. Disruption to systems and processes
3. Financing risk
4. Supply chain resilience
5. Safe and high-quality products
6. Health and safety
7. Climate change and environmental concerns
8. Challenges in attracting and retaining talent
9. Increased regulation
10. Economic, political and macro environment instability
11. Business transformation challenges

Our Principal Risks and Uncertainties continued

The set of principal risks and uncertainties provided on the following pages is not intended to be an exhaustive list. Additional risks not presently known to management, or risks currently deemed to be less material/strategically important, may also have the potential to cause an adverse impact on our business.

The Board continues to have confidence in the ongoing risk horizon scanning and monitoring activities, embedded within the Group's risk management processes, to provide early notification of emerging, strategically important and potentially significant risks on a regular basis.

1

Changing market, customer and consumer dynamics

Risk trend/change: —

Risk appetite rating: Moderate to high

Averse | Low | **Moderate** | **High** | Very High

How it links to our strategy:

Risk impact

- Whilst consumers' available income remains limited, branders may target innovation as a route to regaining some of the lost volume.
- International retailers face pressure to be consumer 'Champions', driving the pricing agenda at the expense of wider value-added offerings.
- Despite an increasingly fragile competitor set, retailers demand high levels of CSL, with failure impacting our reputation and sales performance.
- Increased focus on innovation could reduce the time and resource available for value engineering initiatives.
- A heightened sustainability and regulatory focused environment could add costs that are difficult to recover.

Mitigation

- Investment in skills and tools and increased knowledge of our markets supports our commercial teams' ability to demonstrate the true value added by our offering.
- An agile approach to portfolio management allows rapid response to changes in consumer behaviour.
- Our rolling five-year strategic plan reviewed on an annual basis balances capital allocation between new initiatives and existing business.
- A continued strengthening of partnerships with key retailers highlights the value added by McBride and avoids one-dimensional discussions solely focused on price.
- Continued exploration of contract manufacturing activities with branders dilutes potential private label risk.

Key developments

- A centralised approach to market data and insights provides visibility of trends and developments across our markets, allowing focused decision making.
- The ESG Group continues to progress, measuring our environmental impact by setting appropriate targets supporting ongoing business growth.
- Continue demonstrating high levels of resilience and agility in supporting retailers who have suffered disruptions in supply linked to competitors' financial and operational difficulties.
- A widened supplier network ensures reliable supply at highly competitive price levels.
- Clear cost-saving targets exist, enabled by continued investment in business processes.

Key: Market standing | Operational excellence | Sustainability | Talent | ↑ Increased risk | — No change | ↓ Decreased risk

2 Disruption to systems and processes

Risk trend/change: ↓

Risk appetite rating: Low

Averse | **Low** | Moderate | High | Very High

How it links to our strategy:

Risk impact

- Loss of key and sensitive business data due to security breaches, auto software updates, external hacking and/or cyber attacks.
- Increased legislation (NIS2) exposes the organisation to regulatory fines in cyber security.
- Increased use of artificial intelligence tools internally exposes a risk of data leakage.
- Outdated technologies with weak IT General Controls (ITGCs), potentially leading to a higher risk of cyber-attack, loss of key data and an inability to harness digitalisation.
- Failure to implement a new ERP system would disrupt our operations and our ability to serve customers.

Mitigation

- We continually invest in security policies, controls and technologies to protect commercial and sensitive data.
- We monitor developments in cyber security, which includes engaging with third-party penetration testers and other specialists where appropriate.
- Ongoing hardware and software refreshes and upgrade programmes are conducted.
- Business systems roadmaps are updated to ensure relevance including core ERP.
- Strong programme governance is in place for major ERP implementations.

Key developments

- Annual external vulnerability testing and third-party risk assessments are undertaken, with underlying improved cyber resilience.
- Security KRIs are in place to monitor progress and drive appropriate action, where necessary, with the overall roadmap updated.
- Critical infrastructure is upgraded, ensuring the correct patch levels are applied.
- We are moving critical systems away from our sites into an external cloud infrastructure.
- An annual review of disaster recovery processes for all business-critical systems has been undertaken, ensuring relevant backup and recovery plans are in place.
- IT strategy continues to be updated in line with Group strategy.

3 Financing risks

Risk trend/change: ↓

Risk appetite rating: Low

Averse | **Low** | Moderate | High | Very High

How it links to our strategy:

Risk impact

- Financing risk covers the risk of a deterioration in profitability and its knock-on/resultant potential negative impact upon liquidity.
- In 2022, an inability to offset in a timely manner the significant input cost inflation by raising prices had resulted in a deterioration of the Group's profitability and liquidity.
- Not achieving the required levels of profitability and cash flows increases the risk that banking facilities may be withdrawn due to breach of banking covenants.

Mitigation

- We have a robust and reliable input cost forecasting process designed to equip the Group with forward visibility of both the direction and magnitude of input cost evolution.
- Divisional Managing Directors are accountable for maintaining gross margins through cost saving product redesigns and/or cost price increases agreed with customers.
- A comprehensive governance process of divisional performance reviews is in place to monitor actual performance versus pricing and financial targets. This includes the Executive Committee's weekly review of key operational and financial performance metrics, meaning that risks can be identified and mitigating actions agreed in a timely manner.
- A 13-week cash, debt and liquidity forecast is performed each week to highlight any risks and allow effective liquidity management.

Key developments

- The strong financial performance in 2024, driven by sales volume increases, continued focus on cash management, and the extension of invoice discounting facilities to unencumbered sales ledgers, has continued to drive improved liquidity. At 30 June 2024, liquidity of £98.3 million is significantly above the £15.0 million minimum liquidity covenant required by the lender group. The Group is meeting normal banking covenant requirements, ahead of testing recommencing in September 2024.

Key: Market standing | Operational excellence | Sustainability | Talent | ↑ Increased risk | — No change | ↓ Decreased risk

4

Supply chain resilience

Risk trend/change: —

Risk appetite rating: Moderate

Averse | Low | **Moderate** | High | Very High

How it links to our strategy:

Risk impact

- Global supply chains remain susceptible to sudden changes in supply and demand, with the resultant volatility creating potential uncertainty over forward input price inflation.
- The continued trend of some customers for an increasingly transactional relationship could lead to prolonged discussions around pricing adjustments and have a substantive impact on Group profitability.
- Any over-reliance on any single supplier could pose a significant business interruption risk to the Group.

Mitigation

- The Group Purchasing function is adequately resourced with high levels of market and industry knowledge, ensuring the ability to spot market trends and developments.
- Strong, established and highly effective supplier relationships allow McBride to leverage scale whilst securing prioritisation in times of material shortages.
- A robust, reliable and effective input cost forecasting process provides forward visibility of the direction and magnitude of input cost evolution.
- The Commercial Excellence programme has been designed to equip our commercial teams with the tools required to ensure our customer account plans allow timely, appropriate and effective engagement with customers on commercial topics.
- We continue to apply a robust and effective risk management approach to identify supply risks and drive corrective actions.

Key developments

- We have increased access to market intelligence and data, coupled with a clearly defined training pipeline.
- An effective and embedded monthly forecasting cycle provides ongoing insights over differing time horizons.
- Embedded KRIs allow us to monitor progress and drive appropriate actions.
- We have an appropriate focus on contractual cover, with close alignment between the Group Purchasing, Commercial and Legal functions.

5

Safe and high-quality products

Risk trend/change: —

Risk appetite rating: Averse

Averse | Low | Moderate | High | Very High

How it links to our strategy:

Risk impact

- Issues with quality or safety of products could lead to reputational damage with customers, consumers or regulators.
- Potential financial losses could arise due to a need to recall products, disruptions in supply, delays to launch or fines imposed on the Company

Mitigation

- Our product quality processes and controls are comprehensive, verified annually and monitored for continuous improvement.
- Raw materials are approved against our standards and material quality is regularly monitored.
- In the event of a safety or quality incident, processes are in place to make sure that the right experts take prompt and effective action.
- Our labelling processes comply with all applicable regulations and are kept up to date with all regulatory changes.
- We engage with regulators and industry groups to stay updated on emerging safety and regulatory concerns.

Key developments

- All annual reviews of processes and controls are completed.
- Raw material and fragrance policies have been updated in line with all newly identified requirements.
- We continue to participate in all relevant trade associations and taskforces.
- Our product compliance processes have successfully passed both external and internal audits.

Key: Market standing | Operational excellence | Sustainability | Talent | Increased risk | No change | Decreased risk

6 Health and safety

Risk trend/change: —

Risk appetite rating: Averse

Averse | Low | Moderate | High | Very High

How it links to our strategy:

Risk impact

- Insufficient assessment of hazardous tasks, activities and specialised areas, coupled with differing standards in key elements of Health, Safety and Environment (HSE) could result in the risk of injury, ill health or environmental incidents.
- An insufficient 'Training Needs Analysis' could lead to an inconsistent approach to training, ultimately affecting the HSE performance of our teams.

Mitigation

- The Group Health and Safety Lead reports directly into the CEO, supported by dedicated HSE professionals at each site.
- The health and safety governance framework oversees the development and implementation of continual improvement initiatives.
- Developing a standard Group health and safety proforma provides a more robust risk assessment of general tasks and activities.
- Defined Group standards help to establish minimum requirements for key elements of HSE.
- A Root Cause Analysis review process helps to drive alignment on identified issues and corrective actions to support continual improvement.

Key developments

- An HSE resource has been appointed to develop Group standards for key elements of health and safety, defining minimum requirements subject to local legislation.
- Additional leading indicators have been implemented to drive a more proactive approach, e.g. dynamic risk assessment, quick risk prediction, etc.
- A leading HSE software tool has been implemented to provide greater visibility, analysis and management of incidents and corrective actions to further enhance Group-wide HSE performance.
- A health and safety cultural survey has identified individual and Group-wide beliefs, values, attitudes and perceptions regarding health and safety, with defined action plans for areas of improvement.

7 Climate change and environmental concerns

Risk trend/change: ↓

Risk appetite rating: Low

Averse | Low | Moderate | High | Very High

How it links to our strategy:

Risk impact

- Government actions to mitigate climate change may increase costs or limit operational flexibility.
- Failing to adapt our business models and strategies to the sustainability concerns of customers and consumers could reduce our ability to continue to produce and deliver appropriate goods and services. The increased incidence of extreme weather events could impact our ability to sustainably source essential components for our products and services, potentially leading to supply disruptions.

Mitigation

- We remain focused on our preparedness for both supply chain disruptions (e.g. through flexible sourcing policies in place) and the ongoing reduction of our operational carbon footprint, aligned to our customers' needs and objectives (measured via appropriate metrics and validated targets).
- An annual measurement of our corporate carbon footprint and creation of a carbon heat map has been developed with external consultants.
- Our focused cross-functional ESG forum continues to lead the Group's ESG activities.

Key developments

- Validation of the existing CROs, previously assessed in 2022, was conducted by key business stakeholders during 2024.
- We have started a rolling programme of physical climate risk assessments at specific sites during 2024, to be completed on a triennial basis across the whole Group.
- Our GHG emissions reduction target has been set at 58.9% by 2033.
- We have established a supplier engagement programme to support our Scope 3 emissions ready for delivery during 2024-2025. We have completed our Carbon Disclosure Project (CDP) disclosure requirement on climate action for this year.

Key: Market standing | Operational excellence | Sustainability | Talent | ↑ Increased risk | — No change | ↓ Decreased risk

8

Challenges in attracting and retaining talent

Risk trend/change: —

Risk appetite rating: Low

Averse | **Low** | Moderate | High | Very High

How it links to our strategy:

Risk impact

- Our ability to attract, develop and retain a diverse workforce with a wide range of skills is critical for the effective delivery of our strategies.
- The loss of talented colleagues and the inability to effectively replace them could make it difficult to manage the business, adversely affecting operations and financial results.
- Market competition for key leadership and talent remains strong.

Mitigation

- People performance, potential and succession management is formally reviewed each year. Clear action plans are developed to address key risks.
- The Executive Committee frequently discuss talent and retention with regular Board oversight.
- Our Remuneration Committee agrees the objectives and remuneration arrangements for senior leaders.
- We regularly review our ways of working to drive speed and simplicity through our business and to motivate, retain and attract talent, allowing us to remain agile and responsive to market trends.

Key developments

- Our Human Capital Management (HCM) system is now embedded within the business, helping us to run a full talent cycle annually, enabling us to better determine, report and act on colleagues' performance and potential to enhance retention of key colleagues. Actions have been taken to ensure that staff remuneration remains competitive within each local market.
- We continued to build on our wellbeing initiatives, including delivering Diversity, Equity and Inclusion awareness training for all senior leaders.
- We launched a new Group-wide employee survey in December 2023 to understand and develop employee engagement levels, especially around why colleagues enjoy working at McBride and what can be done to enhance engagement. We will continue to regularly survey colleagues using our new survey tool.

9

Increased regulation

Risk trend/change: ↑

Risk appetite rating: Low

Averse | **Low** | Moderate | High | Very High

How it links to our strategy:

Risk impact

- Non-compliance with relevant laws and regulations could expose McBride and our customers to civil and criminal actions and reputational damage.
- Changes to and introduction of additional laws and regulations also have a material impact on the cost of doing business via increased reporting and complex evolving compliance needs.

Mitigation

- Our continued focus on product compliance processes and controls is regularly monitored to drive improvement.
- Communication with employees ensures that compliance is embedded within key roles.
- Our Supplier Code of Conduct sets out our expectations from all raw material suppliers from an ESG perspective, with suppliers required to verify compliance to relevant legal and safety requirements.
- Legal and regulatory specialists continue to monitor the relevant legislative framework that McBride operates under, with external legal guidance sought where appropriate.
- McBride is an active member of relevant trade associations and industry bodies.

Key developments

- There have been continual improvements of monitoring and oversight systems, processes and activities to respond to increased emerging regulatory compliance and reporting obligations.
- We continue to use a range of digital tools to check compliance of formulations against legal and McBride policy requirements.
- Chemicals and packaging legislation road maps are available to the business showing new and updated legislative files that will impact McBride.
- Current legislative focus is on the implementation of the new extended allergen labelling, a requirement which stems from the Detergent Regulation.

Key: Market standing | Operational excellence | Sustainability | Talent | ↑ Increased risk | — No change | ↓ Decreased risk

10 Economic, political and macro environment instability

Risk trend/change: ↑

Risk appetite rating: Moderate to high

Averse | Low | **Moderate** | **High** | Very High

How it links to our strategy:

Risk impact

- Failure to react quickly to rapidly changing geopolitical landscapes may impact our freedom to operate in specific markets, adversely impacting financial performance.
- General economic and geopolitical climate, disposable income, changing demographics and buying patterns could all impact consumer spending.
- Prolonged uncertainty triggered by the Russian invasion of Ukraine and the Israel–Palestine conflict provides significant inflationary pressures, with the potential to affect global supply chains.
- Disruption could be caused by sanctions linked to geopolitical events, or the failure to respond or react to sanctions on a timely basis.

Mitigation

- Cross-functional steering groups manage acute issues, including inflation and other supply chain considerations.
- Robust sourcing strategies are supported by centrally administered currency and interest rate hedging.
- Specific pricing agreements have been implemented with a range of suppliers, designed to reduce input cost volatility.
- There is a proven record of being able to pass on inflationary costs through increased pricing.
- Our established forecasting and planning processes provide early visibility of significant changes in consumer demand patterns.
- Our Group-wide Sanctions Policy and risk-based process ensure compliance with international sanctions measures applicable to our business.

Key developments

- The risk profile increased this year, primarily due to ongoing political and macroeconomic developments.
- Our improved forecasting and planning capabilities help us to better assess and respond to long-term opportunities and risks.
- McBride has taken a commercial decision not to trade with any countries subject to comprehensive sanctions programmes, or with any entity or individual that is located, incorporated or ordinarily resident in any of these locations. In relation to other countries subject to less restrictive programmes, we risk assess and perform adequate due diligence on our business partners and the final destination of our products when establishing or reviewing trade relationships to ensure that we do not trade with listed sanctions targets or otherwise engage in activities that are prohibited under relevant sanctions measures.

11 Business transformation challenges

Risk trend/change: —

Risk appetite rating: Low

Averse | **Low** | Moderate | High | Very High

How it links to our strategy:

Risk impact

- Our business strategy is underpinned by a Transformation programme which seeks to improve our business performance and efficiency through structured process and systems re-engineering designed to simplify and strengthen our operating model.
- The multi-year deployment of a new business-wide ERP system is a core element of our programme which carries a significant risk of business disruption.
- Failure to execute and deliver the Transformation programme effectively may adversely impact the delivery of benefits and our potential returns to shareholders.

Mitigation

- Our fully resourced, dedicated, inter-disciplinary transformational team ensures that progress on our transformation commitments is monitored on an ongoing basis.
- A dedicated Change Panel has been in place for over a year, responsible for oversight and stewardship of the Transformation programme.
- Steering Committees with ExCo sponsors and dedicated Project Managers are in place for individual functional projects.
- A robust governance plan and detailed roadmap has already been agreed and developed on our multi-year ERP system deployment. This is continuously being tracked, monitored and refined to ensure on time and on budget delivery.

Key developments

- We have recently appointed an interim Programme Director to lead our overall Transformation programme, driving an appropriate and consistent level of programme oversight and governance, whilst helping to facilitate effective change management across the Group.
- Appropriate and independent finance resource and support is provided to each project within the Transformation programme.
- Our dedicated team of Business Process Owners supported by a wider network of Subject Matter Experts provide the necessary expertise and knowledge to effectively re-engineer and simplify activities in each project area.
- McBride has appointed an independent external partner to provide ongoing and independent monitoring and assurance on key areas of the Group's transformation strategy.

Key: Market standing | Operational excellence | Sustainability | Talent | ↑ Increased risk | — No change | ↓ Decreased risk

Going Concern and Viability Statement

In accordance with the UK Corporate Governance Code 2018, the Board has taken into consideration the Group's principal risks and uncertainties when determining whether to adopt the going concern basis of accounting and when assessing the prospects for the Group when preparing its viability statement.

Going concern statement

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the CFO's Report on pages 18 to 20. In addition, notes 20 and 21 to the consolidated financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit and liquidity risks. The Group meets its funding requirements through internal cash generation and bank credit facilities. At 30 June 2024, liquidity, as defined in note 2 to the consolidated financial statements, amounted to £98.3 million.

The Group's base case forecasts are based on the Board-approved budget and three-year plan. They indicate sufficient liquidity, debt cover and interest cover throughout the going concern review period to ensure compliance with current banking covenants. The Group's base case scenario assumes:

- revenue growth of c.4% per annum, driven predominantly by volume increases;
- raw material prices stabilising after the exceptional levels of input cost inflation seen in the previous two years;
- interest rates reducing in line with current market expectations; and
- a Sterling to Euro exchange rate of £1:€1.15.

The Directors have considered the Group's principal risks with the highest likelihood of occurrence or the severest impact, and the adverse effect this would have on the Group's financial forecasts. Changing market, customer and consumer dynamics could adversely impact revenue growth. Lack of supply chain resilience influences raw material and packaging input costs. Economic, political and macro environment instability potentially affects both revenue growth and input costs, in addition to market interest rates and foreign exchange rates. Considering these risks, together with the risk that the Group's credit facility is reduced as part of the upcoming refinancing project, a severe but plausible downside scenario to stress test the Group's financial forecasts has been modelled, with the following assumptions:

- no revenue growth in 2025;
- revenue growth reducing to 1% in 2026, being half of the Group's long-term target of 2%;
- an increase in raw material and packaging input costs compared to latest forecasts;
- interest rates increasing by 100 basis points;
- Sterling appreciating significantly against the Euro to £1:€1.25; and
- credit facility reducing from €175 million to €150 million.

In the event that such a severe but plausible downside risk scenario occurs, the Group would remain compliant with current banking covenants.

After reviewing the current liquidity position, financial forecasts, stress testing of potential risks and considering the uncertainties described above, and based on the currently committed funding facilities, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence and without significant curtailment of operations for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the Group financial statements.

Viability statement

In accordance with the requirements of the UK Corporate Governance Code 2018, the Directors have performed a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The Board has determined that a three-year period to 30 June 2027 constitutes an appropriate period over which to provide its viability statement. The strategic plan under our Compass strategy is based on detailed action plans developed by the Group with specific initiatives and accountabilities; there is inherently less certainty in the projections for years four and five.

The Group has a €175 million multi-currency, sustainability-linked RCF, with a tenor to May 2026, as well as a number of facilities whereby it could borrow against certain of its trade receivables: in the UK a £20 million facility, committed until May 2026; in Germany and Denmark a €45 million facility, committed until May 2026; and in France, Belgium and Spain an unlimited facility committed until May 2026. The Group can borrow from the provider of the relevant facility up to the lower of the facility limit and the value of the qualifying receivables.

The Group's strategic plan assumes that financing facilities will be available on an appropriate basis and as required to meet the Group's capital investment and growth strategies for the entire viability period.

In assessing the Group's viability, the Directors have considered the current financial position of the Group and its principal risks and uncertainties. The analysis considers a severe but plausible downside scenario, featuring the principal risks from a financial and operational perspective, with the resulting impact on key metrics, such as debt headroom and covenants. The downside risk scenario assumes sensitivity around exchange rates and interest rates, along with significant reductions in revenue and cash flow over the three-year period. The Group's global footprint, product diversification and access to external financing all provide resilience against these factors and the other principal risks to which the Group is exposed.

Whilst the Group ends the year with net current liabilities of £26.0 million (2023: £11.9m), the Directors conclude that the Group has access to sufficient financing facilities in order to support this position.

After conducting their viability review, the Directors confirm that 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 three-year period of their assessment to 30 June 2027.

The Strategic Report was approved by the Board on 16 September 2024 and signed on its behalf by:

Chris Smith
Chief Executive Officer

Chairman's Introduction to Governance Report

Dear shareholder

On behalf of the Board, I am pleased to present this year's Governance Report and the audited consolidated and Company Financial Statements for the year ended 30 June 2024, and to update you on the work of the Board and its Committees and how we have discharged our responsibilities during this financial year.

Board leadership

As Chairman, I am responsible for leading and ensuring an effective Board. Pleasingly, this year has seen the Group deliver successfully upon its strategy and, as a result, the Group's performance has improved significantly. In the year ahead, the Board will be focused on building upon the foundations laid this year and, in doing so, we hope to deliver for our stakeholders and to create further value for our shareholders. I would like again to pay tribute to my Board colleagues for their dedication and outstanding support throughout the year.

Governance

The application of the Principles of the Code is evidenced throughout this Annual Report.

We are accountable to all of our stakeholders for ensuring that governance processes are in place and we are fully committed to meeting the standards of the 2018 Code as far as it applies to a FTSE SmallCap company. The table on page 64 provides details of our compliance with the 2018 Code for the financial year under review. We are also reviewing and, where necessary, revising our corporate governance processes to ensure that we are able to comply with the 2024 UK Corporate Governance Code when it begins to apply to McBride from 1 July 2025.

Dividend

The Board is not recommending a final dividend for the year ended 30 June 2024. As stated in the 2023 Annual Report, future dividends will be final dividends paid annually in cash, not by the allotment and issue of non-cumulative redeemable preference shares ('B Shares').

As outlined in the RNS dated 29 September 2022, under the Company's €175 million RCF as amended, the Company is not permitted to redeem or repay any of its share capital. This restriction remains in place until either the current RCF matures in May 2026 or it is superseded by a new financing agreement. As a result, no redemption of existing B Shares is permitted at the present time. Once this restriction is lifted, B Shares will continue to be redeemable but limited to one redemption date per annum, in November of each year.

S172 of the Companies Act 2006

Stakeholder interests are at the heart of every strategic and operational decision taken by the Board. Our focus on discharging our responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006, and the impact our decisions will have on our stakeholder groups, is at the forefront of our minds at each and every Board and Committee meeting.

Further information on our stakeholders, how we have considered them in decisions during the year and our engagement with these stakeholders is set out on pages 22 to 24.

Board effectiveness

As Chairman, I am responsible for ensuring we continue to have an effective and functioning Board. We review our effectiveness as a Board on an annual basis, including an assessment of its Committees.

The internally led Board performance review undertaken in May 2024 gave us the opportunity to reflect on our own performance and consider areas of focus which will drive improvement and positive change over the coming years. Further details of the Board performance review can be found in the Nomination Committee Report on pages 73 and 74.

I will continue to work with my fellow Directors and with the Company Secretary to seek enhancements to the effectiveness of the Board and our Board Committees and create further focus on those areas that the Board believes will make the most impact in achieving long-term sustainable success for the business.

Annual General Meeting (AGM)

The 2024 AGM will be held at Arbeta, 11 Northampton Road, Manchester M40 5BP on 12 November 2024 at 2.00pm.

Each ordinary share of the Company carries one vote at General Meetings of the Company. Any ordinary shares held in treasury and the B Shares have no voting rights.

A shareholder entitled to attend, speak and vote at a General Meeting may exercise their right to vote in person, by proxy, or in relation to corporate members, by corporate representatives. To be valid, notification of the appointment of a proxy must be received not less than 48 hours (excluding non-working days) before the General Meeting at which the person named in the proxy notice proposes to vote.

The Board would like to thank our colleagues, suppliers, investors, lender group and customers for their continued support. I believe that your Board has the right balance of skills and expertise to continue to support and challenge management as we move forward in embedding our Compass and transformation strategies.

Jeff Nodland
Chairman

> "The Board was pleased with the Group's performance in 2024 as it executed its strategy successfully and delivered record results. The Board's focus in the year ahead will be to ensure the Group builds upon those successes and, in doing so, delivers further value for its shareholders."

Jeff Nodland
Chairman

N R

Jeff Nodland
Chairman

Appointed to the Board:
26 June 2019

Skills and experience:
Jeff has significant experience in consumer chemicals manufacturing businesses, including both private label and contract manufacturing activities.

He was most recently President and CEO of KIK Custom Products, one of North America's largest independent manufacturers of consumer-packaged goods (including branded and private label products), retiring in February 2019 after 11 years in the role.

During that time Jeff led the financial turnaround and growth of the business, both organically and via acquisition.

Previously, Jeff held executive positions at specialty chemical businesses including Hexion Speciality Chemicals, Inc., McWhorter Technologies and The Valspar Corporation, with responsibility for activities at a number of chemical plants in Europe. In addition, Jeff was previously a Non-Executive Director of Pioneer Recycling Inc.

Other roles:
Independent Non-Executive Director of EcoSynthetix Inc., Partner of Brenton Point Capital Partners and Board member of Trademark Cosmetics Inc.

Chris Smith
Chief Executive Officer

Appointed to the Board:
7 January 2015

Skills and experience:
Chris joined the Company in 2015 as Chief Financial Officer. During the period 22 July 2019 to 1 November 2019 he held the position of Interim Chief Executive Officer and on 11 June 2020 he was appointed to the role of Chief Executive Officer.

Chris's career spans over 30 years working in listed manufacturing businesses in highly competitive global industries. He brings extensive experience of international leadership in multi-site and multi-country organisations, covering mostly the UK, Europe and Asia Pacific.

From 2008 to 2014, Chris was Group Finance Director at API Group plc, the AIM-listed specialty metallic film, foil and laminates producer. Other previous roles have included Scapa plc, where he was Finance and IT Director for Europe and Asia, and also a number of senior finance roles at Courtaulds plc, where he gained extensive international experience, including overseas positions based in Germany and Hong Kong.

Mark Strickland
Chief Financial Officer

Appointed to the Board:
4 January 2021

Skills and experience:
Mark has operated at the C-Suite level for more than 25 years, possessing extensive and hands-on finance experience across chemicals, logistics, retail/own label food businesses, B2B/B2C services, insurance and financial services.

More recently, Mark has been involved in a number of business turnarounds/transformations and has delivered a number of successful private equity exits (having worked with CBPE, Apollo and Promethean). Immediately prior to joining McBride, he was Interim Chief Financial Officer at The AA plc.

Mark has an MBA from Manchester Business School and is a Fellow member of CIMA.

A Audit and Risk Committee N Nomination Committee R Remuneration Committee ● Chair

A N R

Elizabeth McMeikan
Senior Independent Non-Executive Director

Appointed to the Board:
14 November 2019

Skills and experience:
Elizabeth has extensive experience within the consumer goods and retail sectors, including senior management roles in operations and marketing at Colgate Palmolive and Tesco. This, combined with her strong non-executive experience, makes her a valued member of the Board.

Her past appointments include Senior Independent Director and Remuneration Committee Chair of Unite Group plc, Senior Independent Director at J.D. Wetherspoon plc and Senior Independent Director and Remuneration Committee Chair at Flybe plc.

Other roles:
Non-Executive Chair of Nichols plc, Senior Independent Director and Remuneration Committee Chair at Dalata Hotel Group plc, Senior Independent Director at Custodian Property Income REIT plc and Non-Executive Director and Chair of the Audit Committee of Fresca Group Ltd.

A N R

Alastair Murray
Independent Non-Executive Director

Appointed to the Board:
2 August 2021

Skills and experience:
Alastair, a chartered management accountant, brings a strong financial background, having operated as Chief Financial Officer of Premier Foods plc until August 2019. He has recent and relevant financial experience across a number of listed companies, including Premier Foods plc, Dairy Crest plc and The Body Shop International plc.

As well as a background in finance, Alastair has significant experience in corporate strategy, restructuring and M&A.

Other roles:
Independent Member of the Audit and Risk Committee for the Department for Education and Non-Executive Director and Chair of the Audit and Risk Committee at Greencore Group plc.

A N R

Regi Aalstad
Independent Non-Executive Director (and Designated Non-Executive Director for Employee Engagement)

Appointed to the Board:
14 March 2022

Skills and experience:
Regi has extensive leadership experience in global fast-moving consumer goods. She has held Regional General Manager and Vice President positions with Procter & Gamble (P&G) in Europe, Asia, the Middle East and Africa. She first joined P&G in the Nordics within the laundry and cleaning sector. Regi is currently a Non-Executive Director at several tech start-ups in Switzerland, where she resides.

She also works as an adviser to private equity companies and as a coach.

Regi holds a Master of Business Administration from the University of Michigan, USA.

Regi has previously held Non-Executive Director positions at Telenor ASA, Geberit AG and Plair SA, and as chair of an international NGO.

Other roles:
Non-Executive Director at Billerud AB and Gmelius SA, and a Director of Regina Sarl.

A Audit and Risk Committee N Nomination Committee R Remuneration Committee ● Chair

Compliance with the UK Corporate Governance Code 2018

The Board is pleased to report that the Company has applied the Principles and complied with the provisions of the UK Corporate Governance Code 2018 for its financial year ended 30 June 2024.

The table below provides a guide to the most relevant explanations for how the Company has complied with each Principle.

Board leadership and company purpose	Page reference
A. An effective and entrepreneurial Board promotes the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.	pages 1 to 60, 62 to 63 and 65 to 70
B. Purpose, values and strategy are set and align with culture, which is promoted by the Board.	pages 5 to 10, 31, 65 to 70 and 84
C. Resources allow the Company to meet its objectives and measure performance. A framework of controls enables assessment and management of risk.	pages 35, 49, 53 to 59 and 80 to 82
D. Engagement with shareholders and stakeholders is effective and encourages their participation.	pages 22 to 24 and 65 to 66
E. Oversight of workforce policies and practices ensures consistency with values and supports long-term sustainable success. The workforce is able to raise matters of concern.	pages 22, 31 to 34, 65 to 66 and 69

Division of responsibilities	Page reference
F. The Chairman is objective and leads an effective Board with constructive relations.	pages 61 to 63 and 67 to 70
G. The Board comprises an appropriate combination of Non-Executive and Executive Directors, with a clear division of responsibilities.	pages 61 to 63 and 67 to 68
H. Non-Executive Directors commit appropriate time in line with their role.	pages 69, 71, 76 and 100
I. The Company Secretary and the correct policies, processes, information, time and resources support Board functioning.	pages 65 to 70

Composition, succession and evaluation	Page reference
J. There is a procedure for Board appointments and succession plans for Board and senior management which recognise merit and promote diversity.	pages 61 and 71 to 75
K. There is a combination of skills, experience and knowledge across the Board and its Committees. Tenure and membership are regularly considered.	pages 62 to 63, 67, 68 and 71 to 75
L. Annual evaluation of the Board and Directors considers overall composition, diversity, effectiveness and contribution.	pages 61 and 72

Audit, risk and internal control	Page reference
M. Policies and procedures ensure the independence and effectiveness of internal and external audit functions. The Board satisfies itself of the integrity of financial and narrative statements.	pages 76 to 82
N. A fair, balanced and understandable assessment of the Company's position and prospects is presented.	pages 1 to 60, 82 and 107 to 134
O. Procedures manage and oversee risk, the internal control framework and the extent of principal risks the Company is willing to take to achieve its long-term strategic objectives.	pages 53 to 59, 66 and 76 to 82

Remuneration	Page reference
P. Remuneration policies and practices are designed to support strategy and promote long-term sustainable success, with executive remuneration aligned to Company purpose, values and strategic delivery.	pages 83 to 89
Q. A transparent and formal procedure is used to develop policy and agree executive and senior management remuneration.	pages 83 to 84 and 100
R. Independent judgement and discretion is exercised over remuneration outcomes taking account of the relevant wider context.	pages 83 to 89 and 100

The Code is published by the Financial Reporting Council, a full copy of which can be viewed on its website **www.frc.org.uk**.

Introduction

In this Annual Report we report on how we have applied the main Principles of the 2018 Code and followed its recommendations. A cross-referencing table to each Code Principle can be found on page 64.

The Governance Report complements the Strategic Report and explains how the Board operates within a robust governance framework, which underlies the work of the Directors to ensure that the Company's purpose, values, strategy and culture are aligned. The Board's role is promoting the Group's long-term success; setting its strategic aims and values; supporting leadership to put them into effect; supervising and constructively challenging leadership on the operational running of the business; ensuring a framework of prudent and effective controls; and reporting to shareholders on the Board's stewardship. We trust that the Strategic and Governance Reports together enable our stakeholders to assess the effectiveness of those frameworks and the quality of their outcomes.

Business model, strategy and risks

Strategy

Good progress was made in implementing the Transformation programme during the year, which continued to drive improvements in the areas of productivity, Service Excellence, Commercial Excellence and investment in best-in-class technology. The Transformation programme is central to the Company achieving its strategic objectives and ensuring sustained margin improvement and revenue growth.

As a Board, we reviewed the strategic direction of each division during the year. The review again confirmed the Compass approach, divisional organisation and the strategic direction of each division, whilst reaffirming the fact that our purpose, vision and values continue to set the right objectives for the Group. On pages 25 to 35 we explain our approach to enhancing the sustainability of our business, whilst outlining some of the key initiatives we are taking to create value for our customers, employees, shareholders and society. Further details on strategic topics assessed by the Board during 2024 can be found on page 66.

Purpose, values and culture

McBride's purpose, values and culture have sustainability at their heart. Whilst we operate through five divisions, we have a single vision and purpose and common values. Our guiding principles of focused profitable growth, backed by effective execution and a strong McBride identity, provide strategic direction towards achieving our vision and purpose and delivering long-term sustainable success. As explained in the Strategic Report, to fulfil our commitment to our stakeholders to govern responsibly, we need to ensure that we have a full understanding of the impact of our products and the way we conduct business, on people and the environment. Our sustainability framework is therefore based around four objectives:

- product and design;
- production and operations;
- our people; and
- community and society.

McBride continues to encourage a sense of belonging and employee engagement to ensure a motivated and productive workforce. We are continuing to focus on the development of our people and on promoting a diverse and inclusive culture. The measurements the Board uses to evaluate culture continue to evolve and include employee engagement surveys, senior leaders' pulse surveys and monitoring HR statistics such as absenteeism, employee turnover, learning and development completion rates and safety incidents. Some of these are already part of our non-financial KPIs as set out in the Strategic Report.

Stakeholder engagement

The Board is aware of its obligations both collectively and individually to promote the success of the Company for the benefit of its stakeholders as a whole: its workforce, its customers, its suppliers, its shareholders and its communities. Having an overall understanding of our stakeholders' perspectives and values, and considering them in our decision making and planning, is crucial to the Group's continued success and we value their broad range of perspectives. Comprehensive engagement allows us to make informed decisions, whilst considering the consequences of our actions on the different stakeholder groups. The Board is mindful of all of the Group's stakeholders when making decisions of strategic importance.

Workforce engagement

In accordance with Provision 5 of the 2018 UK Corporate Governance Code, the Board appointed Regi Aalstad, Independent Non-Executive Director, as the designated Non-Executive Director for employee engagement in November 2022. Regi has continued in this role in the financial year under review.

During the year, the Board visited a number of the Group's manufacturing plants and spent time with our colleagues. Engaging with the workforce, both formally and informally, is a priority for the Board to ensure that we are aware of the views of the workforce and can address any concerns they may have.

Customer engagement

Engagement with customers is at the operational level. The Board receives regular updates from the CEO and members of the senior management team on customer sales performance and ongoing customer engagement. These updates assist the Board in developing and maintaining its understanding of any potential issues and how these could be addressed. Further details of engagement with customers can be found on page 23.

Supplier engagement

Further details on engagement with our suppliers can be found on page 23.

Stakeholder engagement continued

Communities

The Board is conscious of the need to positively impact the communities living and working around us by providing employment within our communities and by our increased focus on ESG initiatives. Further details of engagement within our communities can be found on page 24.

Shareholder engagement

The Board recognises the importance of regular, open and constructive dialogue with shareholders throughout the year. The Board welcomes the opportunity to openly engage with shareholders and help them understand our business. Details of engagement with shareholders can be found on page 24.

Board activity in 2024

Below is a non-exhaustive list of areas of focus, actions and decisions taken by the Board during the year. The Board's focus has principally been on: (i) governance and risk; (ii) the market and economic environment; (iii) trading, financial and operational performance; (iv) strategic development opportunities; and (v) training.

Governance and risk

Matters considered

- Approved the Annual Report and Accounts
- Approved the business to be considered at the AGM
- Capital Markets Day
- Shareholder discussion and feedback
- Received updates from the Audit and Risk Committee, Nomination Committee and Remuneration Committee
- Approved Committee Terms of Reference
- Corporate policies review and approval
- Corporate governance horizon scanning
- Health and safety updates
- Insurance programme renewal
- Litigation updates

Market and economic environment

Matters considered

- Market and customer development updates
- Competitor activity analysis
- Raw material market updates
- Inflation outlook
- Sales and pricing activity reviews
- Purchasing performance and feedstock forecasts
- Forward outlook for FX and interest rates

Trading, financial and operational performance

Matters considered

- Financial management and performance
- Banking, tax and treasury strategy and policy reviews
- Review and approval of three-year plans and budgets
- Review of pricing strategy
- Divisional performance reviews
- Approval of full-year and half-year announcements and other trading updates
- Annual Report and Accounts review and approval
- Consideration of shareholder views and analyst expectations
- Consideration of the share price performance
- Review of the management of the defined benefit pension scheme
- Review of the colleague engagement survey

Strategic development opportunities

Matters considered

- Review of divisional and organisational strategies
- Key operational project progress reviews, including major capital expenditure investment proposals
- Transformation programmes
- Overseeing strategic implementation
- M&A opportunities
- Review of talent strategy
- Regulatory affairs updates

Training

Matters considered

- Reporting obligations under the Corporate Sustainability Reporting Directive (CSRD)
- Fraud awareness and fraud management
- Cyber
- Plastics regulations
- 2024 UK Corporate Governance Code

The Board

The Board has collective responsibility for leading the Group and promoting its long-term success. It has the prime role of confirming the Group's purpose and vision and agreeing a sustainable strategy that supports its purpose. It is responsible for setting cultural expectations that drive ethical and responsible business conduct.

As at 30 June 2024, the Board of Directors comprised the Non-Executive Chairman, three independent Non-Executive Directors and two Executive Directors. Additional responsibilities assigned to certain Non-Executive Directors are explained on page 68.

The composition of the Board is subject to review and is a responsibility delegated to the Nomination Committee. Details of the tenure, gender, nationality and relevant experience of Board members are set out below.

Board Committees

The Board is directly assisted in the discharge of its duties by three Board Committees: the Nomination Committee, the Audit and Risk Committee and the Remuneration Committee. The remit, authority and composition of the Committees is monitored to ensure effective Board support. Each Committee provides dedicated focus to a defined area of responsibility with the nature of delegated work ranging from a recommendation being made to the Board or, if within its agreed authority, a final decision being taken on behalf of the Board. Further information on the specific role of each Committee is set out in their respective reports on pages 71 to 102.

The Nomination Committee

The Board has established a Nomination Committee. The Nomination Committee is responsible for setting out and monitoring the Board's succession plans, reviewing the composition and diversity of the Board and proposing new appointments to the Board. Further detail of the composition of the Nomination Committee and its work during the year can be found on pages 71 to 75.

The Audit and Risk Committee

The Board has established an Audit and Risk Committee of independent Non-Executive Directors. The Audit and Risk Committee is responsible for monitoring the integrity of the financial statements, reviewing the effectiveness of internal controls and risk management systems and overseeing the relationship with the independent auditors.

Details of its composition and work during the year are set out in the Audit and Risk Committee Report on pages 76 to 82. The Board is satisfied that the Chair of the Audit and Risk Committee has recent and relevant financial experience including competence in accounting.

The Remuneration Committee

The Board has established a Remuneration Committee, the composition and role of which is set out in the Remuneration Committee Report. The Remuneration Committee ensures that the remuneration policies and practices are designed to support the Company's strategy and promote long-term sustainable success. Further details of the work of the Remuneration Committee throughout the year can be found on pages 83 to 102.

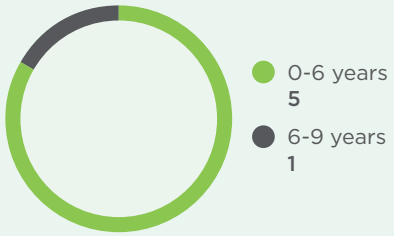
Operational management

The management of the Group's business activities is delegated to the CEO, who is ultimately responsible for establishing objectives and monitoring executive actions and for the overall performance of the business. The day-to-day management and global governance of the business is delegated to members of the Executive Committee on a structured functional basis.

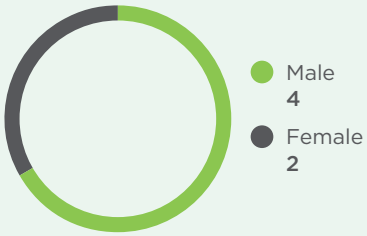
As at 30 June 2024, the membership of the Executive Committee comprised the Chief Executive Officer, the Chief Financial Officer, the Divisional Managing Directors of the three largest divisions, namely Liquids, Unit Dosing and Powders, and the Chief HR Officer.

Board composition as at 30 June 2024

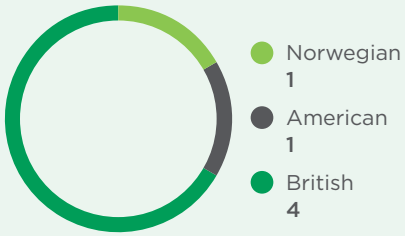
Tenure



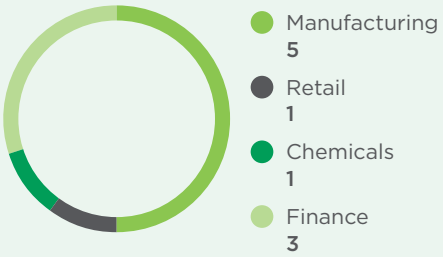
Gender



Nationality



Relevant experience



Roles within the Board

The roles of the Chairman and the Chief Executive Officer are separate and there is a clear division of responsibility between the executive and non-executive members of the Board. Details of these responsibilities are set out below:

Chairman of the Board

Responsible for:

- overall leadership and governance of the Board, ensuring it operates effectively in terms of agenda setting, information management, induction, development and performance review;
- maintaining a focus on strategy, performance and value creation and the assessment of significant risks in the implementation of strategy;
- ensuring the Board as a whole has a clear understanding of shareholder, customer and workforce views;
- promoting a healthy culture of challenge and debate at Board and Committee meetings and encouraging constructive debate and decision making;
- fostering effective relationships and open communication between all Directors;
- ensuring both Board and shareholder meetings are properly conducted; and
- developing a supportive working relationship with the Chief Executive Officer.

Senior Independent Director

Responsible for:

- providing a sounding board for the Chairman and acting as an intermediary between other Directors when necessary;
- evaluating the performance of the Chairman on behalf of the Directors; and
- being available to shareholders, where contact through the Chairman or Executive Directors is not appropriate.

Non-Executive Directors

Responsible for:

- providing the skills, experience and knowledge to assist the Board's decision making;
- challenging and assisting with developing and establishing objectives and monitoring the Group's business model and strategy;
- measuring and reviewing the performance of the Executive Directors;
- providing independent insight and support and advice to the Executive Directors;
- reviewing Group financial information and overseeing the effectiveness of the Company's internal controls;
- reviewing succession plans for Board Directors and senior managers and supporting inclusion and diversity; and
- setting policy in respect of Executive Director remuneration.

Chief Executive Officer

Responsible for:

- effective leadership and development of the executive management team and operational running of the Group;
- developing and implementing the Group's business model and strategy;
- effectively communicating the Group's strategy and performance; and
- building positive relationships by engaging appropriately with all internal and external stakeholders.

Chief Financial Officer

Responsible for:

- deputising for the Chief Executive Officer;
- proposing policy and actions to support sound financial management, including in relation to funding and net debt;
- leading the Finance, Tax, Treasury and IT functions;
- leading on mergers and acquisitions; and
- overseeing the defined benefit pension scheme.

Company Secretary

Responsible for:

- compliance with Board procedures and supporting the Chairman of the Board;
- ensuring the Board has high-quality information, adequate reading time and the appropriate resources;
- advising and keeping the Board updated on corporate governance developments;
- considering Board effectiveness in conjunction with the Chairman;
- facilitating the Directors' induction programmes and assisting with professional development; and
- providing advice, services and support to the Directors as and when required.

How the Board operates

Boardroom culture

The Board recognises the importance of establishing the right culture and values and communicating this message consistently throughout the organisation. It is important that the Board provides strong and effective leadership, constructive challenge and accepts collective accountability for the long-term sustainable success of the Group. In so doing, it will continue to drive and deliver our strategy in the best interests of all our stakeholders.

A strong feature of the Board's effectiveness in delivering the Group's strategy is our inclusive and open style of interaction which benefits from a free flow of information between the Executive and Non-Executive Directors. The size of our Board encourages Directors to discuss matters openly and freely and to make individual contributions through the exercise of their personal skills and experience. No individual has unfettered powers of decision making.

All Directors communicate with each other on a regular basis and contact with the Group's senior managers is sought and encouraged. In-person Board meetings have been held at various site locations across the Group in both 2023 and 2024.

Independence

All Non-Executive Directors have been appointed for their specific areas of knowledge and expertise. They are independent of management and exercise their duties in good faith based on judgements informed by their personal experience. This ensures that matters can be debated constructively in relation to both the development of strategy and assessment of performance against the objectives set by the Board.

It is believed that the balance between non-executive and executive representation continues to encourage healthy independent challenge.

Powers of Directors

The powers of the Directors are determined by the Articles of Association ('Articles'), which are available on our website, UK legislation, including the Companies Act 2006, and any directions given by the Company in a General Meeting. The Directors are authorised by the Company's Articles to issue and allot ordinary shares and to make market purchases of the Company's own shares. These powers are referred to shareholders for renewal at each AGM.

The appointment and replacement of Directors is governed by the Company's Articles, the 2018 Code, the Companies Act 2006 and related legislation.

The Directors may from time to time appoint one or more Directors. As required by the Articles, any Director appointed during the year will be required to step down and stand for election at the next AGM.

Any amendments to the Articles can only be made by special resolution at a General Meeting of shareholders.

Subject to the Articles and the Companies Act 2006 and any directions given by special resolution, the business of the Company is managed by the Board who may exercise all the powers of the Company.

Conflicts of interest

In line with the Companies Act 2006 and the Articles, the Company has a strict process in place to manage conflicts of interest.

A Director who becomes aware that they or their Connected Persons have an interest in an existing or proposed transaction with the Company is required to declare that interest at a meeting of the Board. Such disclosures are recorded and compliance reviewed at each meeting. Under the powers granted by the Articles, the Board is authorised to approve such conflicts where appropriate.

No Director had a material interest at any time in any contract of significance with the Company other than their service contract or letter of appointment.

Re-election of Directors

The Board is satisfied that all the Directors standing for re-election perform effectively and demonstrate commitment to their roles. This has been demonstrated during the year by the willingness of the Directors to attend additional Board meetings, as well as from the general support they have given to the Executive Directors and senior managers. When appropriate, any changes to the commitments of any Director are considered in advance by the Board to ensure they are still able to fulfil their duties satisfactorily.

Although the Articles require the Directors to submit themselves for re-election at every third AGM, in line with the requirements of the 2018 Code, all Directors are subject to annual re-election at the AGM.

The biographies for each Director seeking re-election are set out in the 2024 notice of meeting. These provide details of the skills and experience which demonstrates why each Director's contribution is, and continues to be, important to the Company's long-term sustainable success.

The Board, its Committees and the individual Directors participate in an annual performance review. Further details of the performance review process can be found in the Nomination Committee Report on pages 73 and 74.

The Committee confirmed the continuing independent and objective judgement of all the Non-Executive Directors. The performance review process also confirmed that the performance of all the current Directors standing for re-appointment continued to be effective and demonstrated that the Board has the necessary range of skills, knowledge and diversity of thought.

Policies

Whilst the Board takes overall responsibility for approving Group policies, including those relating to business ethics, health and safety, environmental matters, anti-bribery and corruption and whistleblowing, their implementation is delegated to the Chief Executive Officer and cascaded throughout the organisation via the Executive Committee and the various functional teams.

Time commitment

The expected time commitment of the Chairman and Non-Executive Directors is agreed and set out in writing in the letters of appointment confirming their position. The existing demands on a Non-Executive Director's time are assessed on appointment to confirm their capacity to take on the role. The Nomination Committee reviews Directors' external commitments annually to ensure they still have sufficient capacity to fulfil their role. Further appointments which could impair their ability to meet these arrangements can only be accepted following approval by the Board. The taking on of any external appointment by an Executive Director is subject to Board consent.

There were seven scheduled meetings in the year to 30 June 2024. Scheduled meetings of the Board follow an agreed format, with agendas developed by the Chairman, Chief Executive Officer and Company Secretary, who consider the Board's annual plan of business and the current status of projects, strategic workstreams and overarching operating content. Adequate time is allocated to support effective and constructive discussion of each item. An electronic resources portal allows efficient navigation of Board papers.

Board and other meetings

Board papers are prepared and issued prior to each Board meeting to allow Directors sufficient time to give due consideration to all matters. Directors are able to take independent professional advice, if necessary, at the Company's expense.

The Board holds a minimum of seven meetings a year at regular intervals. Additional meetings are held on an ad hoc basis as and when required.

From time to time, the Board authorises the establishment of an additional committee or sub-committee to consider and, if thought fit, approve certain items of business.

During the year, the Non-Executive Directors have met without Executive Directors being present before or after each scheduled Board meeting. The Senior Independent Director and the Non-Executive Directors have also met without the presence of the Chairman as part of the Board performance review exercise.

Board attendance

The table below shows the attendance at Board and Committee meetings during the year to 30 June 2024.

Directors	Role	Board	Nomination	Audit and Risk	Remuneration
Number of meetings held in the year		7	2	4	5
Jeff Nodland	Chairman	7/7	2/2	—	5/5
Chris Smith	Chief Executive Officer	7/7	—	—	—
Mark Strickland	Chief Financial Officer	7/7	—	—	—
Elizabeth McMeikan	Senior Independent Non-Executive Director	7/7	2/2	4/4	5/5
Alastair Murray	Independent Non-Executive Director	7/7	2/2	4/4	5/5
Regi Aalstad	Independent Non-Executive Director	7/7	2/2	4/4	5/5

The Corporate Governance Statement was approved by the Board on 16 September 2024 and signed on its behalf by:

Jeff Nodland
Chairman

Nomination Committee Report

> This year the Committee focused on improvement in the areas identified through the Board evaluation and, whilst continual improvement is sought, significant progress was made.

Jeff Nodland
Chair of the Nomination Committee

Dear shareholder

On behalf of the Nomination Committee, I am pleased to present the Nomination Committee Report for the year ended 30 June 2024.

The Committee's key objective is to ensure that the Board comprises individuals with the appropriate skills, knowledge, experience and diversity to ensure that McBride can fulfil its purpose, achieve its vision and execute its strategy.

Composition of the Nomination Committee

I chair the Nomination Committee and was regarded as independent on appointment. I will not chair the Committee when it is dealing with matters of succession to the Chairmanship of the Board or assessment of the Chairman of the Board's performance. The Committee also comprises three other independent Non-Executive Directors: Elizabeth McMeikan, Regi Aalstad and Alastair Murray. As reported on page 70, the Committee met twice during the year, with all Committee members attending both meetings.

Induction, development and support

On appointment, all new Directors undergo a formal and in-depth induction programme to provide them with an appropriate understanding of the business and what is expected of them in their role as a Director. This involves site visits, meetings with senior management and provision of access to key documents relating to their role. External training may also be provided by independent legal advisers in relation to the key duties of Directors and required governance principles.

The Board recognises the importance of ongoing training and development to ensure Directors have the skills and knowledge to discharge their duties effectively. This can take the form of briefing papers and/or presentations on strategic, regulatory and legislative developments and other topics of specific relevance to ensure that the Directors continually update their knowledge of, and familiarity with, the Group's business and the markets in which we operate. During the year, the Board was provided with external training on its reporting obligations under the CSRD and fraud awareness and fraud management, as well as internal presentations on cyber security, plastics regulations and the 2024 UK Corporate Governance Code. From October 2024, the Board will receive training updates on a quarterly basis from the Company's Group Head of Sustainability.

All Directors have access to the Company Secretary, who is responsible for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operations.

Key responsibilities of the Nomination Committee

Details on our key responsibilities can be found below and in our Terms of Reference at **www.mcbride.co.uk**.

Board composition

- Review the ongoing composition of the Board and its Committees to ensure they have the necessary expertise and experience to discharge their role now and in the future.
- Lead the appointment process for new Directors.

Succession planning and talent management

- Ensure adequate plans are in place for effective succession planning at management and Board level.
- Review the measures in place for the development and retention of senior management.

Diversity and inclusion

- Ensure a balance of skills, knowledge, experience and diversity on the Board.
- Encourage diversity throughout the Group and oversee a diverse pipeline for succession.
- Review the Board's monitoring of diversity and inclusion initiatives to ensure compliance with the Board's policy.

Governance

- Oversee the Board performance and review process.
- Agree an action plan addressing the results of the annual performance review process.

Key responsibilities of the Nomination Committee continued

Committee activities

Our principal activities during 2024 and up to the date of approval of this Annual Report were as follows:

Board composition	Reviewed the Board's skills matrix and the Board Diversity Policy. The Committee reviewed and considered the performance and contribution made by Alastair Murray as part of a review conducted pursuant to the succession planning procedures. The Committee confirmed his effectiveness in his role and acknowledged his valuable contribution to Board debates and effective chairmanship of the Audit and Risk Committee. The Committee approved an additional term of three years.
Re-election of Directors	After considering the individual contributions made by the Directors, it was recommended to the Board that all Directors be proposed for re-election at the 2024 AGM.
Review of performance and effectiveness during 2024	Undertook a review of the Board and the Committee's performance and effectiveness as part of the annual Board performance review and considered progress against actions identified in the prior year Board evaluation.
Conflicts of interest and independence	Informed the Board of updates to the Conflicts of Interest Register. During the year, all independent Non-Executive Directors were considered to have maintained independence throughout the year.
External commitments and Director performance review	As a general principle, the Committee takes the view that Non-Executive Directors should have no more than four, and for Executive Directors no more than one, additional listed mandates. The Board has concluded that each Non-Executive Director has sufficient time to discharge their duties as a Director of the Company, taking into consideration their external appointments and commitments. The Committee will continue to review the external commitments of each Director on an annual basis. Details of the Directors' external commitments can be found on pages 62 and 63. The Chairman assessed the performance of all Directors during the course of the year and met with each Non-Executive Director to discuss their performance and contribution to the Board. Directors' duties under section 172 of the Companies Act 2006 are referenced in the minutes at the beginning of every meeting.
Board Inclusion and Diversity Policy	The Board-level policy on inclusion and diversity was reviewed to ensure the ongoing relevance of Board membership to a global manufacturing company in today's world. The policy was extended to include the Board's principal Committees and the Company's Executive Committee, and diversity targets and progress in achieving them were reviewed. Further details are set out on page 75.
Talent and capability	The Board received an update on executive and senior leader talent and succession planning, which enabled the Directors to monitor the internal talent pipeline and provide feedback. This update included analysis of the gender diversity of the talent pool, with a view towards continuing to improve diversity over the longer term.

Assessing Board performance

Progress against 2023 actions

In last year's Annual Report, the Board reported on the key areas of focus from the 2023 Board evaluation. The table below sets out the Board's progress in the key areas of focus.

Key areas of focus from our 2023 evaluation	Actions to be taken throughout the year	Progress
Macro and megatrends	Adapt the Board agenda to review more fully the strategic impacts from macro and megatrends including: • challenging the strength and resilience of the business model and emerging technologies; • ESG influences; and • consumer and retailer developments.	The Board agenda is now more focused and prioritised to drive discussion on the Company's value drivers and achieving the Company's strategic goals, recognising the assessment of risks and opportunities as a tool to measure the resilience of the business model. Progress on the Transformation programme is now a standing item on the Board agenda to include such matters as the implementation of SAP S/4HANA. In view of the developments in the ESG landscape, the Company has appointed a Head of Sustainability and created a Sustainability Committee. Work continues in relation to preparedness for CSRD, CS3D and other developments. Private label volumes have continued to grow during the financial year due to cost-of-living increases with consumers being attracted to the lower costs of private label. The Board has monitored market data and trends in the household product market, which has informed the Board and enabled it to monitor the Company's progress in achieving its strategic goals.
Corporate resilience	Reviewing business readiness for any future challenges and opportunities, including: • crisis management including cyber risks; • margin and pricing management in a volatile macro environment; and • medium-term validity of key strategic initiatives.	A crisis management exercise was successfully carried out during the year facilitated by an insurer (RQA). The Board participated in the exercise and received feedback from the facilitator. The Board has been monitoring margin and pricing management in the context of the continuing geopolitical uncertainties and global supply chain instability.
Information and support	Improve Board papers through better use of summaries and appendices and clearer positions.	Increased focus has been made to ensure that the Board papers are concise and clear, and that summaries and appendices are used, where appropriate.

2024 Board performance review process

The Board recognises the importance and benefits of continually monitoring the Board's effectiveness. In April 2024, the Board conducted an online performance review, led by the Chairman. The review used Independent Audit's online system, Thinking Board©, as the basis of the review. The respondents included the Board and the interim Company Secretary, who anonymously answered questions derived from the Thinking Board© library. A report was prepared by Independent Audit based on the results of the self-assessment, which Independent Audit then presented to the Board. No interviews or document reviews were conducted as part of this exercise, and the report was based solely on the information gathered through the questionnaires.

The evaluation covered themes regarding the operation of the Board, value creation and strategy, talent and culture, management of risk, Board composition and dynamics, the Chairman and the Committees. The Chairman held or will hold one-to-one discussions with each Director to discuss areas of focus for the year ahead.

The Senior Independent Director, Elizabeth McMeikan, received feedback from the Non-Executive Directors with regard to the Chairman's performance separately to the Board evaluation. Elizabeth discussed the feedback and any areas of development with the Chairman.

Assessing Board performance continued

2024 Board evaluation findings

The Board's main strengths identified by the evaluation were:

- collegiate and productive Board relationships between Non-Executive Directors and Executive Directors;
- open and inclusive discussions;
- effectiveness of the Committees;
- effective chairmanship of the Board and the Committees;
- the Board having the right skills and experiences; and
- proper consideration being given to the Company's stakeholders.

Areas of focus for 2025	Commentary and actions
Big trends and long-term view	Focusing more on the big trends, specifically how major shifts in markets, as well as in customer needs and expectations, are being anticipated and incorporated into the strategy, coupled with a shift in Board focus to a more long-term view, now that the period of instability has passed.
Emerging technology	Giving more consideration to the opportunities and risks presented by emerging technology and how they are being reflected in the strategy.
Risk	Continuing to further improve the oversight of risk, particularly cyber risk.

Succession planning

During the year, the Committee continued to develop its succession plan for all Board roles to ensure that appointments are made of individuals who have the appropriate skills, experience and personal characteristics.

Our succession planning involves the following steps:

1. Identify those roles that are subject to formal succession planning
2. Define the skills, competencies and experience required of individuals to undertake those roles
3. Identify internal talent or external sources to which recruitment will be directed
4. Assess the individuals to undertake the roles

In 2021 the Board approved a formal succession plan considering the Group's strategy and structure, the size and composition of the Board, the terms of appointment for the current Directors and the skills and expertise that McBride will need going forward. Short-term and medium-term plans were put in place for all roles subject to formal succession planning. The Committee currently believes that the Board is of an appropriate size and has the skills required for the Company's current requirements but continues to keep this under review and will look to implement the succession plan as and when it believes that there is a requirement for new Directors.

The Committee has reviewed the succession plan to ensure that it continues to support the development of a diverse pipeline with particular focus on key senior employees. Where internal candidates are identified, ongoing development will be put in place to ensure that they are prepared for the role.

Board appointments and election procedures

The Committee has overall responsibility for leading the process for new appointments to the Board and ensuring that the Board has Non-Executive Directors with relevant, diverse and complementary skills.

Any new Directors are appointed by the Board and, in accordance with the Company's Articles of Association, they must be elected at the next AGM to continue in office. All existing Directors retire by rotation and stand for re-election every year.

Diversity and inclusion

Board appointments are made based on merit against objective criteria whilst actively seeking diversity of skills, gender, social and ethnic backgrounds, cognitive and personal strengths. The policy in respect of Board diversity is reviewed annually by the Committee and aims to ensure the optimal composition of the Board and its Committees for successfully delivering McBride's strategy with the goal of achieving the targets contained in the FCA Listing Rules on diversity which are included in the diversity objectives set out below.

In 2024, the Committee reviewed the Board Diversity Policy, which sets out a commitment to encourage diversity and inclusion in the boardroom. The application of the Policy was extended to include members of the Executive Team as well as the Nomination, Audit and Risk and Remuneration Committees. The new Board and ExCo Diversity Policy sets out to ensure that appointments are based on the best individual for the role and that the composition of the Board, its Committees and the Executive Committee should have an appropriate balance of skills and diversity to meet the requirements of the business. The Committee considers that it has successfully achieved diversity in terms of differing experience, education, background, thinking styles and gender, both on the Board and Executive Committee. However, the Committee acknowledges it must continue to move forward to embrace all aspects of diversity. As a global company with manufacturing sites in the EU and Asia, with two non-UK nationals on the Board and a further three non-UK nationals on the Executive Committee, the Company is well placed to continue on this journey.

At 30 June 2024, two out of six members of the Board were female (33.3%), two out of six members (33.3%) of the Executive Committee were female and 32.7% (17 out of 52) of the direct reports to the Executive Committee were female[1].

At 30 June 2024, no members of the Board or the Executive Committee were from a non-white background.

The objectives of the Board Diversity Policy are reviewed and recommended to the Board for adoption annually by the Committee. This year the Board updated the Policy as it continues to strive for greater diversity on the Board and at executive and senior management level. The Board's objectives are set out opposite:

Objective	Implementation and progress
To ensure so far as possible that the proportion of women on the Board is not less than 40%.	The appointment of Regi Aalstad in March 2022 increased the proportion of women on the Board. However, the proportion of women remains at 33.3% as no additional Board members have been recruited during the year. The Committee believes that the current Board structure of two Executive and four Non-Executive Directors, including the Chairman, is appropriate for the size of the Company. However, McBride will continue to work towards its diversity target of 40% female representation and the Committee is hopeful that any future recruitment will enable the Board to exceed this target.
To ensure that at least one of the senior Board positions (Chair, CEO, SID or CFO) is a woman.	Elizabeth McMeikan remains in the role of Senior Independent Director.
To ensure so far as possible that the proportion of women within the Executive Committee and their direct reports is not less than 25%.	The minimum target for female representation within the Executive Committee and their direct reports has been achieved and maintained throughout the year. The Company will continue to ensure that there are no barriers for women rising to senior positions within McBride.
To ensure so far as possible that there is one member of the Board from a minority ethnic background.	As stated above, the Committee believes that the current Board structure of two Executive and four Non-Executive Directors, including the Chairman, is appropriate for the size of the Company. Whilst two of the current Board members are resident overseas, McBride will continue to work towards its diversity target to ensure that there is one member of the Board from a minority ethnic background. The Committee is hopeful that any future recruitment will enable the Board to meet or exceed this target.

The Committee will continue to make recommendations for new appointments to the Board based on the best individual for the role, whilst ensuring that the Board's composition has an appropriate balance of skills and diversity to meet the requirements of the business.

2025 objectives

The Committee's focus for 2025 will be on strategic opportunities and operational performance to ensure that the business builds on the successes of this year and delivers for its stakeholders, including by creating further value for its shareholders.

Jeff Nodland
Chair of the Nomination Committee

(1) The Executive Committee figures include the two Executive Directors. The direct reports to the Executive Committee figures include all direct reports into any member of the Executive Committee, excluding direct reports who are, themselves, a member of the Executive Committee.

Audit and Risk Committee Report

> During the year we particularly focused on risk management and processes to ensure the effective governance of the Transformation programme.

Alastair Murray
Chair of the Audit and Risk Committee

Dear shareholder

On behalf of your Board, I am pleased to present the Audit and Risk Committee Report for the year ended 30 June 2024.

The Committee is responsible for monitoring and reviewing the integrity of the Group's financial reporting systems and for assessing and providing assurance on the adequacy and effectiveness of internal control policies and procedures in place for the identification, assessment and reporting of risk.

The Committee also reviews and oversees the relationship with the independent auditors, PricewaterhouseCoopers LLP (PwC), including the approval of the terms of their engagement and fees, their independence and expertise, and the effectiveness of the audit process. In addition to the disclosure requirements relating to audit and risk committees under the Code, the Committee's report sets out areas of significant and particular focus for the Committee.

Over the course of 2024, we carried out our usual work as set out on page 78. In addition, during the year we particularly focused on risk management and processes to ensure the effective governance of the Transformation programme.

Committee role

The Committee is responsible on behalf of the Board for:

- monitoring the integrity of the financial statements and overseeing the financial reporting process;
- reviewing the effectiveness of the Group's systems of risk management and internal control;
- reviewing the effectiveness of the Internal Audit function; and
- approving the appointment, re-appointment, remuneration and removal of the independent auditors, as well as the terms of the engagement and the provision of any non-audit services, overseeing the independent auditors' independence and effectiveness in delivering a quality audit.

The roles and responsibilities of the Committee are set out in its Terms of Reference. These are reviewed annually to ensure that they are aligned with best practice, including the recommendations of the ICSA: The Chartered Governance Institute. A copy of the Committee's Terms of Reference is available on the Group's website at **www.mcbride.co.uk**.

Composition of the Audit and Risk Committee

I served as Chair of the Committee and Regi Aalstad and Elizabeth McMeikan served as members of the Committee throughout the year. As reported on page 70, the Committee met four times during the year, with all Committee members attending all four meetings.

For the purposes of the UK Corporate Governance Code, I qualify as a person with 'recent and relevant financial experience', being a Fellow of the Chartered Institute of Management Accountants and having previously been the Chief Financial Officer for Premier Foods plc. I have previously held other senior finance roles at Dairy Crest plc and The Body Shop International plc.

All members of the Committee are independent Non-Executive Directors, with a broad range of fast-moving consumer goods (FMCG), commercial, operational and financial experience relevant to the Group's business.

In addition to the Committee members, the Chief Executive Officer, Chief Financial Officer, Chairman, Group Financial Controller, Head of Internal Audit and independent audit partner are regularly invited to attend and present at the Committee's meetings. During the year, PwC attended all four meetings.

During the year I met separately with representatives of the independent auditors in the absence of the Executive Directors. I also had regular meetings with senior members of the Finance team and the Head of Internal Audit. This provided me with a better understanding and insight of the key risk and control issues raised, and ensured sufficient time was devoted to them at subsequent meetings.

Effectiveness of the Audit and Risk Committee

As part of the annual Board evaluation, the effectiveness of the Committee was reviewed by questionnaire. It was determined that the Committee continues to be effective in its role. More details on how the annual Board evaluation was conducted can be found on pages 73 and 74 of the Nomination Committee Report.

The Board is satisfied that each of the Committee members is independent, and that the Committee as a whole has the necessary commercial, financial and audit expertise required to fulfil its responsibilities. The members of the Committee have a wide range of business, international and governance expertise both within the sector and elsewhere, as shown in their biographies on pages 62 and 63. The Board has determined that the Committee has competence relevant to the sector in which the Group operates.

Independent auditors

The Audit and Risk Committee has primary responsibility for making recommendations to the Board on the appointment, re-appointment and removal of the independent auditors. This is submitted to shareholders for their approval at the Company's AGM.

As part of its oversight of the independent auditors, the Committee has undertaken its annual assessment of the auditors and audit process. This included the Committee's own evaluation of the reports and services received, such as the scope, strategy, approach, audit hours, quality of reports presented to the Committee, value added and outcome of the year-end audit.

The Committee also considered the professionalism, competence and objectivity, constructive challenge of management and key judgements of the auditors. In its assessment, the Committee took account of the views of management and the Committee's own experience and interactions with the independent auditors throughout the year. The Committee also considered the professionalism, competence and objectivity, constructive challenge of management and key judgements of the auditors. In its assessment the Committee took account of the views of management and the Committee's own experience and interactions with the independent auditors throughout the year.

The Committee has sought assurance from PwC of their compliance with applicable ethical guidance and, in addition, has taken account of the appropriate independence and objectivity guidelines.

The Committee considers the risk of PwC withdrawing from the market as remote, since they are one of the four largest accounting firms globally.

The Committee has considered and approved the terms of engagement and fees of PwC for the year ended 30 June 2024. Fees payable by the Group to PwC totalled £1.2 million (2023: £1.3m) in respect of audit services. There were no contingent fee arrangements with PwC.

Audit tenure

PwC was appointed as the Group's auditors on 14 November 2011. In accordance with the Companies Act 2006 and the EU Audit Regulation forming part of UK law (as amended by the EU Exit Regulations), a full tender for the appointment of the independent audit firm was undertaken during 2021, as a result of which PwC were re-appointed as our independent auditors from 2022.

The Committee remains satisfied with the level of independence, objectivity, expertise, fees, resources and general effectiveness of PwC and, accordingly, the Committee recommends (and the Board agrees) that a resolution for the re-appointment of PwC as independent auditors for the Company should be proposed at the forthcoming AGM in November 2024. The independent auditors are required to rotate the audit engagement partner every five years. Hazel Macnamara began her appointment as audit engagement partner in July 2023, so this is her second audit cycle.

Non-audit services

The Company maintains a detailed policy on the engagement of the independent auditors for non-audit services, designed to preserve their independence when performing the statutory audit. To avoid any conflict of interest, types of non-audit work are categorised as those:

- for which the auditors can be engaged without referral to the Committee;
- for which a case-by-case decision is necessary; and
- from which the independent auditors are excluded.

In accordance with this policy, other providers are considered for non-audit work. Such work is awarded based on expertise, service and cost. This policy is regularly reviewed; a copy is available from the Group's website at **www.mcbride.co.uk**.

Fees payable by the Group to PwC totalled £2,000 (2023: £2,000) in respect of non-audit services, equating to 0.2% of audit fees received by PwC during the year (2023: 0.1%). These non-audit services involved other non-audit assurance services. The Committee is of the view that this has not threatened the independence or objectivity of the independent auditors.

The Company's policy on the employment of former employees of the independent auditors was adhered to during the financial year. No such employees were employed by any company in the Group.

In all other respects, the Committee is satisfied that the independent auditors have exercised an appropriate level of scepticism and challenge in relation to the Company's control environment.

Financial Reporting Council (FRC) Audit Quality Review

The FRC's Audit Quality Review (AQR) team routinely monitors the quality of the audit work of certain UK audit firms through inspections of sample audits and related quality processes. PwC's audit of the Group for the year ended 30 June 2022 was chosen by the FRC for an AQR as part of their routine quality monitoring process. The Committee considered both the findings of the FRC's AQR team's report into the conduct of PricewaterhouseCoopers LLP audits generally and in respect of the audit of our financial reporting for the year ended 30 June 2022.

FRC corporate reporting review (CRR)

During the year the Group corresponded with the FRC's CRR team in connection with its review of its Annual Report and Accounts for the year ended 30 June 2023. As is common practice with public limited companies, the FRC carried out a review in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures. The Audit and Risk Committee was involved in reviewing the Group's responses to the points raised by the CRR.

The FRC requested that in disclosing this engagement we note the limitations of their review, namely that it was based solely on its reading of the Annual Report and Accounts and did not benefit from a detailed knowledge of the business, or an understanding of the underlying transactions entered into. It is also noted that its review provided no assurance that the ARA is correct in all material respects and that the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

Committee activities

The Committee received regular reports on the Group's trading performance, as well as progress on both the interim and full-year financial statements. Papers and other regular updates from both management and PwC have also been provided to assist the Committee in assessing whether suitable accounting policies have been adopted and appropriate judgements made by management.

The significant matters considered, and judgements undertaken during the financial year, are set out on pages 79 and 80. The Committee is satisfied that the presentation of the financial statements is appropriate and in accordance with the Group's accounting policies.

The Committee concluded that there were no major concerns that had not been addressed, that there was no evidence of systemic control weaknesses and that the overall control environment was acceptable for a group of McBride's size and nature.

Going concern and viability

The Code requires the Board to state whether it considers it appropriate to adopt the going concern basis of accounting in preparing the financial statements and identify any material uncertainties to the Company's ability to do so over a period of at least twelve months from the date of approval of the financial statements. Details of the Group's going concern statement are on page 60.

The Committee thoroughly considered and constructively questioned the forecast assumptions underlying the going concern and viability statements presented by management. The Committee assessed the prospects of the Company over a three-year period following a robust assessment of principal and emerging risks affecting the Company, the business model, forecasts and strategic plans. It also reviewed 'severe, but plausible downside risk' stress test scenarios. Details of the assessment and the viability statement are set out on page 60.

Significant judgements and estimates

Matters considered	Committee review and conclusions
Impairment reviews	Management's judgement on the need (or otherwise) to take impairment charges for goodwill or fixed assets was reviewed, considering the trading performance of, and the prospects for, each cash-generating unit (CGU). Details of the impairment reviews performed are outlined in note 12 to the financial statements. The reviews concluded that no impairment was required. Management's judgement on the need (or otherwise) to take impairment charges for the valuation of investments held in subsidiaries was also reviewed. The review found no indicators of impairment, therefore concluded that no impairment was required.
Going concern status and longer-term viability statements	In line with typical market practice for most UK companies, the Board considered that an 18-month period from the reporting date constitutes an appropriate period over which to provide its going concern statement. The Board determined that a three-year period to 30 June 2027 constitutes an appropriate period over which to provide its viability statement. Reviews of the Group's going concern status were carried out by the Committee at both the half-year and full-year ends. Detailed papers setting out all the relevant considerations were tabled by management and discussed by the Committee together with PwC. The Committee noted that during 2024 the Group has negotiated a further increase to liquidity by extending invoice discounting facilities to unencumbered receivables ledgers. The Group's base case forecasts, based on the Board-approved budget and three-year plan, indicate sufficient liquidity throughout the going concern and viability review periods to ensure compliance with its banking covenants. Furthermore, the Committee considered a severe but plausible downside scenario including several downside assumptions relating to lower revenue growth, increases in input costs, increases in interest rates and a weakening Euro, to stress test the Group's financial forecasts. If such a severe but plausible downside risk scenario occurs, the Group would remain compliant with current banking covenants. After reviewing the Group's liquidity position, financial forecasts, stress testing of potential risks and uncertainties, and based on the committed funding facilities, the Directors have a reasonable expectation that the Group has sufficient resources to be able to meet its liabilities as they fall due over the three-year period ending 30 June 2027. The risk that the Group would become insolvent during this time was considered remote. The Committee recommended to the Board that the going concern and viability statements on page 60 be approved.
Exceptional items	The Committee reviewed the accounting treatment of exceptional items and agreed that the items listed in note 4 are exceptional in size and nature in relation to the Group and therefore it is appropriate to disclose them separately.
Quality of earnings	Reviews of the quality of the earnings (material items of income or expense) and one-off items included in cash flow were carried out by the Committee both at the half-year and full-year ends. The Committee agreed that sufficient disclosure has been made in the financial statements.
Tax and treasury matters	The Committee continued to review the Group's Tax Strategy and monitor tax governance and compliance with transfer pricing rules. The Committee recommended for Board approval the Group's Tax Strategy for 2024; this can be found in the Corporate Policies section of the Group's website at **www.mcbride.co.uk**. The Committee received updates regarding the tax audit undertaken in France, the findings of HMRC's Business Risk Review Plus (BRR+), which confirmed a 'Low' overall risk rating and a 'Low' rating for all constituent parts of their audit, and an assessment of the impact on the Group of the new 'Pillar Two' rules. The Committee reviewed the Group's debt funding strategy and compliance with policies on currency, and interest rate hedging transactions. The Committee continued to monitor performance versus all relevant covenants, to ensure the Group will continue to have sufficient liquidity and funding capacity to deliver its strategy.

Significant judgements and estimates continued

Matters considered	Committee review and conclusions
Pensions	The Committee reviewed the performance of the Robert McBride Pension Fund ('the Fund'), a defined benefit pension scheme which is operated in the UK and is closed to new members and future accrual. At 30 June 2024, the Group recognised a deficit in the scheme of £27.5 million (30 June 2023: £24.7m). The increase in deficit is due to a reduction in corporate bond yields during the year, leading to a decrease in the discount rate used to value the Fund's liabilities which in turn led to an increase in the liabilities and a loss on assets in excess of interest income. Following the triennial valuation at 31 March 2021, the Company and Trustee agreed a new deficit reduction plan based on the scheme funding deficit of £48.4 million (further details can be found in the CFO's Report). The funding arrangements and recovery plan will next be reviewed by McBride and the Trustee as part of the 31 March 2024 valuation, which has a statutory deadline for signing of 30 June 2025. The Directors acknowledge the appeal judgement dated 25 July 2024 in the case of NTL v Virgin Media and will be reviewing the implications for the Group in the coming months.
Task Force on Climate-related Financial Disclosures (TCFD)	The Committee continues to provide oversight of the Group's compliance with the TCFD recommendations, assessing the processes used to develop McBride's climate-related financial disclosures. The Committee receives periodic updates from the TCFD Working Group, a cross-functional team established in 2022, which continues to actively drive the Group's approach and response to TCFD, raising awareness around the business of climate-related risks and reporting on progress to the Committee. The TCFD Working Group continues to report into the Risk Council, thereby co-ordinating the adoption of TCFD best practices into the Group's risk management processes, whilst also ensuring visibility and oversight of the programme by the Sustainability committee, with which it continues to work in close collaboration. Over the year, the Committee has reviewed the prioritised plan, including actions and priorities for 2024, and progress against the four disclosure pillars (governance, strategy, risk management and metrics and targets). The Group's Climate-Related Financial Disclosures are set out on pages 36 to 50.

Risk management framework

The Group continues to identify, evaluate, mitigate and monitor risks facing the business through an established risk management framework, aligned to ISO 31000:2018, and incorporating both a top-down and a bottom-up approach to identify and assess the Group's principal risks and operational risks, respectively. The framework was updated and enhanced in 2022 to formalise a risk taxonomy framework, which continues to be adopted across the Group, thereby helping with the categorisation of risk types to which McBride is exposed, whilst providing a common language for the management and reporting of risk across the organisation. In addition, a risk appetite framework continues to operate effectively, helping the organisation with the assessment, communication, escalation and reporting of principal risks, within the context of determining the amount of risk that the Board is prepared to accept, tolerate or be exposed to at any point in time.

Responsibility for the ongoing review, reporting oversight and monitoring of risks lies with a cross-functional Risk Council made up of senior employees from across the business. The Council continues to act as a focal point for the exploration and evaluation of strategic and emerging risks faced by the Group as it pursues its strategic objectives. It provides regular reporting on KRIs to the Executive Committee and makes recommendations for appropriate mitigation strategies in line with the Group's risk appetite. It also helps improve risk awareness, conduct a more joined-up discussion on risk and facilitates the consideration of risk in key decision making, by actively driving and supporting the embedding of the Group's risk management framework across the organisation. During 2024, the Risk Council has also been overseeing the Group's crisis management framework, ensuring policies, procedures, roles, responsibilities and mitigation measures are embedded within the overall risk management framework, with updates provided to the Committee on an ongoing basis.

The principles of risk management continue to be embedded into the day-to-day operations of the divisions and corporate functions, who remain primarily responsible for identifying and evaluating key risks in their functional, operational and geographical domains, and escalating the same to the Risk Council. The Committee was responsible for monitoring and challenging the adequacy of the Company's procedures in respect of business risk identification, assessment, monitoring and reporting. On behalf of the Board, the Committee specifically considered those risks and uncertainties which were deemed significant, whilst seeking comfort from management on mitigating factors being used to manage, monitor and address these. The Group's current principal risks and uncertainties can be found on pages 53 to 59.

Risk management framework continued

The Committee has also continued to be responsible for ratifying the Risk Council's Terms of Reference and is provided with regular updates of matters considered by the Risk Council, further information on which can be found on page 81.

Risk Council

- Group-wide cross-functional forum for the discussion, monitoring and oversight of risks and controls.
- Explores and evaluates strategic, significant and emerging risks.
- Provides oversight and monitoring of the Group's crisis management framework.
- Accesses internal and external knowledge, expertise and insight.
- Periodically reviews KRIs submitted by the business, before reporting and escalating the same to the Executive Committee.
- Supported by various risk forums focusing on the identification, assessment and monitoring of risks and controls within each division and function.

Executive Committee

- Reviews risk registers from across individual divisions and functions.
- Ratifies the assessment and evaluation of risks conducted by the Risk Council.
- Agrees actions to mitigate key business risks that are escalated to it.
- Ensures risk management and crisis management are embedded across the business.
- Defines and establishes the risk appetite of the Group.
- Considers KRIs escalated by the Risk Council.
- Works with the business to ensure adequate and effective risk mitigation actions are in place for risks outside acceptable thresholds.

Audit and Risk Committee

- Supports the delivery of the Group's strategy in the context of the risk management framework.
- Ensures actions to mitigate risks have been developed and designed with appropriate ownership and timescales.
- Monitors the timely and effective completion of risk mitigation actions, in line with agreed timelines.
- Monitors and reviews key financial, non-financial and internal controls, as well as the independent audit process and report.
- Receives and reviews reports from the Risk Council relating to principal risks, the status of crisis management plans and actions and the ongoing monitoring of KRIs.
- Discusses and confirms the risk trend and overall effectiveness of the risk control and monitoring environment.
- Considers whether any additional control improvement actions are required.

The Board

- Monitors and reviews the effectiveness of the Group's risk management and internal control systems.
- Reviews and approves the risk appetite of the Group.
- Reviews reports from the Audit and Risk Committee on risk management and internal controls.

Risk management and internal control environment

The Group's risks are identified and managed through various activities, including:

- business risk reviews;
- major project and investment reviews;
- strategic risk assessments and specific functional risk mapping activities;
- ongoing risk identification, 'horizon scanning' and evaluation discussions at individual functional and divisional levels, and by the Risk Council;
- year-end self-assessment questionnaires supporting key internal control procedures, with an in-built control validation, review and reporting mechanism;
- a quarterly follow-up process to review outstanding internal control actions; and
- a programme of audits within and across individual processes, functions and sites by various internal stakeholders, including Internal Audit and other assurance providers within the business.

The responsibility for reviewing the effectiveness of the Group's systems of internal control has been delegated by the Board to the Audit and Risk Committee. This includes reviewing all material financial, operational and compliance controls, key corporate policies, the financial reporting framework and processes, the preparation of the Group's consolidated financial statements, and also the overall risk management system in place throughout the year under review, up to the date of this Annual Report.

The Committee receives regular reporting from senior management during the year and has concluded that there continues to be a robust and effective control environment in place. The Committee also confirms that it has not been advised of any failings, breaches or weaknesses which it considers to be significant during the financial year, and which are likely to have had a material effect on the Group's financial performance.

Key control procedures undertaken by the Group during the year included:

- monthly consolidated management accounts reviewed by the Executive Committee;
- monthly reporting on commercial, operational, financial and non-financial KPIs, with performance discussed at a divisional, functional and Group level;
- regular updates to the Board on the Group's financial performance and position against targets;
- a comprehensive annual budgeting process, reviewed and approved by the Board;
- ongoing monitoring of the Group's liquidity and net debt position;
- monthly reviews of working capital balances;
- authorisation and control procedures in place for capital expenditure and other major projects, with post-completion reviews to highlight issues and learnings, to improve future performance and delivery; and
- regular meetings and site visits with insurance and risk advisers to discuss risk assessments, safety audits and performance against agreed objectives.

Risk management and internal control environment continued

The Group also has an Internal Audit function that provides independent assurance on the adequacy and effectiveness of the Group's risk management framework and is responsible for overseeing and monitoring the effective design and operation of internal control processes across the Group. Further details are set out below.

Recommendations arising from the independent auditors' internal controls report have been reviewed by the Committee and actions to implement enhanced policies, processes and procedures undertaken by management over the course of the year have been discussed and agreed by the Committee every six months.

Based on the effective conduct of its activities, the Audit and Risk Committee has enabled the Board to confirm that a robust assessment of the Company's risk management and internal controls has been carried out and that no significant failings or weaknesses have been identified. The assessment covered financial, operational and compliance controls together with financial reporting processes.

Internal Audit

The Internal Audit function provides a range of financial, operational, regulatory and compliance-driven audit activities, performed by our independent, experienced and qualified in-house internal audit professionals, in conjunction with skilled and experienced in-house personnel, at a central functional or a local divisional level, as and where necessary and appropriate. By discharging its duties in a robust and effective manner, the Internal Audit function provides assurance to the Committee that the overall control environment and specific control activities across the Group are adequate, effective and fit for purpose.

Regular meetings are held between the Head of Internal Audit and the Chair of the Audit and Risk Committee, and the Committee actively engages the Internal Audit function to determine the extent to which the overall internal control environment is adequate, appropriate and effective and how it can be enhanced further by considering and evaluating specific process and control enhancements.

At the start of each financial year, the Committee reviews and agrees the annual Internal Audit Plan. This is based on confirming its alignment with the Group's strategic priorities and key current and emerging risks, whilst also ensuring there is appropriate focus on essential, integral and ongoing compliance monitoring requirements. There are in-built mechanisms to ensure that the Internal Audit Plan remains flexible and agile at all times, to address any new and emerging risks that may arise throughout the year, requiring prompt and timely consideration by the Internal Audit function.

The Committee considers the results of any audits undertaken and the adequacy, effectiveness and timeliness of management's response to matters raised on an ongoing basis through the year. Any recurring themes across processes, functions or locations are challenged and considered. Such themes, along with any significant or unexpected audit findings, could result in specific follow-up audits or separate assurance reviews, informing and influencing the scope of work undertaken in the Internal Audit Plan, both for the current as well as for future years.

The Committee continues to be satisfied that the Internal Audit function has sufficient and appropriate resources at its disposal and provides a critical and effective assurance role to the organisation. Additionally, the Committee notes that in 2025 management will commission an independent review of the impartiality and effectiveness of the Internal Audit function.

Fair, balanced and understandable

Having given due and full consideration to all the matters referred to above, the Committee is satisfied that the financial statements present a fair, balanced and understandable view, and provide shareholders with the necessary information to assess the Group's position, performance, strategy and business model, and has undertaken to report accordingly to the Board.

The Audit and Risk Committee Report was approved by the Board on 16 September 2024 and signed on its behalf by:

Alastair Murray
Chair of the Audit and Risk Committee

Remuneration Committee Report

Annual statement

> Strong business performance during 2024 has driven higher incentive outcomes for executives.

Elizabeth McMeikan
Chair of the Remuneration Committee

Dear shareholder

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report ('the Remuneration Report') for the year ended 30 June 2024. I am very grateful for the strong support received from our shareholders for the Directors' Remuneration Policy (the 'Policy'), with 93.7% of votes cast in favour of the Policy at the Company's AGM in 2023. 2024 was the first year of our new Policy and I summarise below how the business performed during the year, the remuneration outcomes for 2024 and how we intend to operate the Policy in 2025.

Performance of the business in 2024

2024 has been a year of significant growth for McBride, with the Group delivering excellent financial and operational performance. The business has built on the solid recovery reported in 2023 and all five divisions generated profitable growth in 2024. This is a testament to our specialist teams and their ability to execute on the strategy as outlined in the March 2024 Capital Markets Day. The positive momentum in 2024 has been a product of the consumer shift to private label across all geographies, new business wins, our divisional teams building closer customer relationships and the expansion of private label contracts. This, in turn, has driven a significant transformation and has led to increased volumes, revenue and profit and reduced our net debt.

The Group saw revenue growth of 5.2% to £934.8 million and upgraded profit expectations were delivered, with adjusted operating profit increasing to £67.1 million (2023: £13.5m). Furthermore, net debt, a key metric for us, reduced by £35.0 million to £131.5 million, which brings our net debt/EBITDA to 1.5x, and is closer to our <1.5x ambition as outlined at the Capital Markets Day.

The exceptional financial performance was combined with strong strategic progress against the key elements of our Transformation programme. The annual bonus and long-term incentive plan (LTIP) outcomes reflect the transformation delivered.

Incentive outcomes and base salary increases

At the start of 2024 the Committee agreed annual bonus targets and these were based on our key financial metrics, adjusted EBITA and net debt, as well as the delivery of strategic objectives. The targets considered internal and external expectations at the time. Reflecting the strong financial performance of the Group and strategic progress, a bonus of 98% of maximum was earned.

- 2024 Annual Bonus:
  - Group adjusted EBITA (60%): The Group delivered EBITA of £67.1 million, which was well above the maximum target of £33.6 million set for the year. Therefore, this part of the bonus was achieved in full.
  - Group net debt (20%): The net debt measure was based on the December 2023 and June 2024 period end positions. Reflecting the high level of profitability and cash generated during the year, net debt as at 31 December 2023 was £145.7 million and as at 30 June 2024 was £131.5 million. Overall, net debt reduced by £35.0 million over the course of the year. Both the December 2023 and June 2024 outcomes were ahead of the maximum targets set and therefore this part of the bonus was also achieved in full.
  - Individual performance (20%): The non-financial performance measures were based on objectives common to both the CEO and CFO and individual objectives. The outcome for both the CEO and CFO was 18% out of 20% and full details are provided in the Annual Report on Remuneration.
  - The overall bonus outcome was 98.0% of maximum for both the CEO and CFO.

Further details of the bonus targets and a fuller description of the strategic objectives are set out in the Annual Report on Remuneration.

Remuneration Committee Report continued

Annual statement continued

Incentive outcomes and base salary increases continued

We granted LTIP awards to the Executive Directors and other senior management in 2021. These awards were based on basic adjusted earnings per share (EPS) growth and return on capital employed (ROCE), each with an equal weighting and measured to 30 June 2024. The EPS targets were achieved in full, which reflects the strong business turnaround in profit as set out earlier. Notwithstanding the financial outperformance in 2024, the ROCE metric was not achieved despite delivering ROCE of 33.5% in 2024.

- 2021 LTIP awards:
  - EPS (50%): Reflecting the high profit delivery in 2024, EPS of 22.2 pence was above the maximum of 19.0 pence and therefore this part of the award will vest in full.
  - ROCE (50%): Whilst the Group's ROCE was 33.5% in 2024, average ROCE over the three-year period was below the threshold target of 11.6% and therefore this part of the award will lapse.
  - The overall vesting outcome was 50% of maximum.

Taken as a whole, the Committee is satisfied that the overall bonus and LTIP outcomes for the year ended 30 June 2024 are a fair reflection of the strong recovery of the Group and, accordingly, we have not applied any discretion to this year's outturns.

As per our existing custom and practice, base salaries were reviewed during the year in the context of the Executive Directors' performance and the wider workforce increase.

The CEO and CFO received increases of 3%, bringing their annual salaries to £470,632 and £309,000 respectively. The percentage increase was in line with that provided to other Executive Committee members and compared to a tiered UK workforce increase ranging from 3% to 6%. The next salary review is scheduled to be undertaken later this year and will be effective from 1 January 2025.

Remuneration for 2025

The Committee's approach to remuneration is underpinned by remuneration principles which are designed to ensure that executive remuneration:

- is transparent in respect of elements of remuneration quantum, the rationale for targets and performance outcomes;
- is simple to ensure that remuneration structures act as intended and are clearly understood;
- discourages inappropriate behaviours or excessive risk-taking through clawback provisions and holding periods;
- is predictable through the use of a range of outcomes and individual caps;
- is aligned to the Group's strategy and the long-term sustainable development of the business; and
- is aligned to the Company's purpose, values and strategy and to the Group's culture.

These principles apply equally to those of senior management and are embedded in the Policy. The Policy and last year's Directors' Remuneration Report received 93.7% and 99.8% support respectively at the Company's AGM in 2023 and, as a reminder, the main changes to the Policy for Executive Directors included:

- an increase to the restricted stock unit (RSU) award from 15% to 30% of salary;
- a reduction to the maximum LTIP award from 125% to 100% of salary for the CEO and from 110% to 90% for the CFO; and
- a strengthening of the post-cessation shareholding requirement so that shares must be held for two years post-cessation.

The Committee has considered carefully how the Policy should be applied in 2025, being the second year of our three-year Policy, and has determined that there will be no substantive changes:

- a base salary review will be undertaken during 2025 with increases, if any, to take into account the general workforce increases and to be effective from 1 January 2025;
- an RSU grant of 30% of salary will be made to each of the CEO and CFO;
- annual bonuses will be based 60% on Group adjusted EBITA, 20% on net debt reduction as at 30 June 2025 and 20% on personal objectives; and
- the 2024 LTIP awards will be granted at 100% of salary for the CEO and 90% of salary for the CFO. The measures will be 50% on cumulative EPS and 50% on average annual ROCE.

I would like to take this opportunity to thank shareholders for their strong support for our Policy and I look forward to your support on the Directors' Remuneration Report resolution being tabled at the 2024 AGM.

Elizabeth McMeikan
Chair of the Remuneration Committee

Remuneration Committee Report continued

Directors' Remuneration Policy

This Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended ('the Regulations'), the UK Corporate Governance Code 2018 and the Financial Conduct Authority's Listing Rules and takes into account the accompanying Directors' Remuneration Reporting Guidance and the relevant policies of the shareholder representative bodies. The Remuneration Report is split into three sections: the Remuneration Committee Chair's annual statement, a summary of the Directors' Remuneration Policy (which was approved by shareholders in 2023) and the Annual Report on Remuneration.

The Policy was approved by shareholders at the AGM held on 20 November 2023 and is effective for three years from the date of approval. In this Remuneration Report we set out a summary of the key elements of the Policy. The full Directors' Remuneration Policy is available on McBride's website (**www.mcbride.co.uk**) under the 'Our Board and Corporate Governance' section.

Policy table

The following table summarises each element of our Policy for the Executive Directors, explaining how each element operates.

Element: Executive Director base salary

Purpose and link to strategy	• To ensure the Group is able to recruit and retain high-calibre executives.
Operation	• Salaries are set by the Committee considering individual experience, performance, skills and responsibilities, prevailing market conditions (by reference to companies of a similar size and complexity and other companies in the same industry) and internal relativities. • Salaries are paid monthly in arrears by bank transfer and are normally reviewed annually with any changes effective from January.
Maximum	• Details of current salaries of the Executive Directors are detailed on page 91. • Salaries are normally reviewed annually and may be increased each year. There is no maximum, but increases will generally be in line with those awarded to the Group's workforce, as well as reflective of the overall financial performance of the Group. • Increases beyond this may be awarded in limited circumstances, such as where there is a change in responsibility, experience or a significant change in the scale of the role and/or size, value and/or complexity of the Group.
Performance measures	• Not applicable.

Element: RSUs

Purpose and link to strategy	• To ensure the Group is able to recruit and retain high-calibre executives. • To provide enhanced alignment to shareholders.
Operation	• Annual awards, as part of fixed pay. • Awards will normally vest three years from the date of grant subject to continued employment. • Awards will be subject to a two-year post-vesting holding period, less any shares required to be sold to cover withholding tax. • Not pensionable, or 'salary', for the purposes of bonus, LTIP or payments for loss of office. • A 'dividend equivalent' provision is also available on the RSU shares at the discretion of the Committee, enabling dividend equivalent payments to be paid, in cash or shares, on any shares that vest. • Subject to malus and clawback[1].
Maximum	• Awards of up to 30% of salary may be granted annually.
Performance measures	• Not applicable.

(1) Malus and clawback apply in the event of an error in calculation, a material misstatement of the financial results, serious misconduct by a participant, corporate failure or reputational damage.

Remuneration Committee Report continued

Directors' Remuneration Policy continued

Policy table continued

Element: benefits

Purpose and link to strategy	• To provide market-competitive benefits, in line with those provided to other Group employees.
Operation	• Benefits may include private medical insurance, sick pay, a fully expensed car (or equivalent cash allowance), disability and life assurance cover. • Some benefits may be provided in the case of relocation, such as removal expenses, and in the case of international relocation might also include such items as cost of accommodation, children's schooling, home leave, tax equalisation and professional advice etc. • The Company has the ability to reimburse the tax payable (grossed up) on any business expenses captured as taxable benefits.
Maximum	• The benefit provision is reviewed periodically. No maximum level is set on the value or cost of benefits provided.
Performance measures	• Not applicable.

Element: pension

Purpose and link to strategy	• Retirement benefits are regarded as an important element of the Group's basic benefits package to attract and retain talent.
Operation	• Membership of the Company's defined contribution, or similar, pension scheme, or in agreed circumstances, a cash allowance in lieu of pension.
Maximum	• Up to 8% of base salary, or such other amount in line with that available to the majority of the UK general workforce, from time to time.
Performance measures	• Not applicable.

Remuneration Committee Report continued

Directors' Remuneration Policy continued

Policy table continued

Element: annual bonus

Purpose and link to strategy	• The purpose of the annual bonus is to incentivise delivery of the Group's financial and non-financial objectives and to ensure that Executive Directors and senior executives are fairly rewarded for their contribution to the success of the Group. • To provide alignment of Directors' interests to the interests of shareholders through enhanced shareholdings.
Operation	• Performance conditions are set independently by the Committee at the start of each year. • Performance criteria include the financial targets of the Group, as agreed by the Board, and specific targets based on clear and measurable objectives that underpin, and are key to the achievement of, the Group's strategy. • Personal objectives are reviewed by the Committee to ensure they contribute to the strategic aims of the Group. • To further align the interests of Directors with shareholders, 30% of the bonus is paid via the DBP. • Executive Directors can voluntarily invest any remaining bonus, up to a maximum of 70% of salary, into the DBP. Invested sums will be matched with additional shares on a 1:2 ratio (i.e. Executive Directors receive two additional shares from the Company for every one share their invested sum purchases). • Awards granted under the DBP vest after three years and are normally subject to the Director remaining employed by the Group at the end of that period. • A 'dividend equivalent' provision is also available on the DBP shares at the discretion of the Committee, enabling dividend equivalent payments to be paid, in cash or shares, on any shares that vest. • All bonus payments are at the ultimate discretion of the Committee and the Committee retains an overriding ability to ensure that overall bonus payments reflect its view of corporate performance during the year when determining the final bonus amount to be awarded. • Both the cash and deferred share elements of the annual bonus are subject to malus and clawback[1].
Maximum	• 100% of base salary.
Performance measures	• At least 80% of the bonus will be assessed against a sliding scale of challenging and stretching financial performance targets, with no more than 20% of the bonus being based on the achievement of specific and measurable personal targets. Irrespective of achievement against the personal targets, no bonus is payable unless a minimum level of financial performance is achieved. Targets are set considering our financial and strategic plans for the business. • The Committee retains the ability, in exceptional circumstances, to adjust the targets and/or set different measures and alter weightings for the annual bonus if certain events occur, such as a material divestment of a Group business, which cause it to determine they are no longer appropriate and a change is required to ensure that they achieve their original purpose and are not materially less difficult to satisfy.

(1) Malus and clawback apply in the event of an error in calculation, a material misstatement of the financial results, serious misconduct by a participant, corporate failure or reputational damage.

Remuneration Committee Report continued

Directors' Remuneration Policy continued

Policy table continued

Element: LTIP

Purpose and link to strategy	• The objectives of the LTIP are to align the long-term interests of shareholders and management and reward achievement of long-term, stretching targets. • Awards are made to Executive Directors and to senior executives who have a significant influence over the Group's ability to meet its strategic objectives. Whilst it is not a requirement of the LTIP, senior executives are encouraged to use the scheme to increase their share ownership in the Company.
Operation	• Annual awards are granted, subject to individual performance and Committee discretion. The awards vest after three years subject to continued employment and the satisfaction of challenging performance conditions. A two-year post-vesting holding period applies to all shares (less any shares required to be sold to cover withholding tax) that vest. • LTIP awards are subject to malus and clawback[1]. • A 'dividend equivalent' provision is also available on the LTIP shares at the discretion of the Committee, enabling dividend equivalent payments to be paid, in cash or shares, on any shares that vest. • The Committee will operate the LTIP according to its respective rules and in accordance with the Listing Rules and HMRC rules, where relevant.
Maximum	• 100% of salary for the Chief Executive Officer and 90% of salary for the Chief Financial Officer and any other Executive Director in any financial year. The Committee reviews the quantum of awards annually to ensure they are in line with market levels and appropriate given the performance of the individual and the Company. • Actual award levels to Executive Directors are set out in the Annual Report on Remuneration.
Performance measures	• Vesting of awards would normally be based on key financial measures of performance (such as, but not limited to, EPS and ROCE), selected by the Committee and measured over a period of no less than three financial years. EPS is a measure of the Company's overall financial success and ROCE is a key performance indicator for the Group. In the first year of operation of the Policy, half of the award was subject to an EPS performance condition and the remaining half was subject to a ROCE performance condition. • Different performance measures and/or weightings may be used for future awards to help drive the strategy of the business. • Targets are set by the Committee for each award on a sliding scale basis. No more than 25% of awards will vest for threshold performance, with full vesting taking place for equalling or exceeding maximum performance conditions. Targets are set considering the prevailing strategy and long-term plans. • The Committee retains the ability, in exceptional circumstances, to adjust the targets and/or set different measures and alter weightings for the LTIP if events occur, such as a material divestment of a Group business, which cause it to determine they are no longer appropriate and a change is required to ensure that they achieve their original purpose and are not materially less difficult to satisfy.

(1) Malus and clawback apply in the event of an error in calculation, a material misstatement of the financial results, serious misconduct by a participant, corporate failure or reputational damage.

Remuneration Committee Report continued

Directors' Remuneration Policy continued

Policy table continued

Element: Non-Executive Director fees

Purpose and link to strategy	• To ensure the Group is able to attract and retain experienced and skilled Non-Executive Directors able to advise and assist with establishing and monitoring the strategic objectives of the Company.
Operation	• The remuneration of the Chairman and the Non-Executive Directors is payable in cash fees. • They are not eligible to participate in bonus or share incentive schemes. • Their services do not qualify for pension or other benefits. • Expenses incurred for advice in respect of UK tax returns for non-UK Non-Executive Directors may be reimbursed. • Fees are paid monthly and reasonable expenses are reimbursed where appropriate. Tax may be reimbursed if these expenses are determined to be a taxable benefit. • Fee levels are determined by the full Board with reference to those paid by other companies of similar size and complexity, and to reflect the amount of time the Non-Executive Directors are expected to devote to the Group's activities during the year (and may include additional ad-hoc payments to reflect increased time commitments over a short period). • A supplementary fee is also paid to Committee Chairs and to the Senior Independent Director to reflect their additional responsibilities. • An additional allowance of up to £50,000 per annum may be payable to the Chairman to compensate for the additional time commitment involved in travelling both to attend Board meetings and to generally carry out the duties as Chairman. • An additional allowance of up to £15,000 per annum may be paid to Non-Executive Directors based overseas for any additional time commitment involved in travelling both to attend Board meetings and to generally carry out the duties as a Non-Executive Director.
Maximum	• Details of the current fees for the Chairman and Non-Executive Directors are set out on page 92. The aggregate annual sum for Non-Executive Director fees cannot exceed £600,000 per annum. The Company does not intend to seek shareholder approval for any increase to this maximum in the short to medium term.
Performance measures	• No element of the Chairman's or the Non-Executive Directors' fees is performance related.

Element: share ownership guidelines/requirements

Purpose and link to strategy	• Executive Directors and other senior executives are required to build and maintain a shareholding in the Company as this represents the best way to align their interests with those of shareholders. Levels are set in relation to earnings and according to the post held in the Company. • Non-Executive Directors are encouraged to build and maintain a shareholding.
Operation	• The expectation is that executives will build up to these levels over a period of time, through: (i) retaining shares received under the Company's incentive arrangements, net of sales to settle tax; and/or (ii) shares purchased in their own right. • Vested but unexercised LTIP awards, unvested RSU awards and deferred shares will count towards this requirement, on a net of tax basis. • The Executive Directors are also required to maintain their shareholding requirement or the actual shareholding on departure, if lower, for a minimum of two years after cessation of employment. The post-cessation shareholding obligation will apply to shares acquired (net of tax) under awards granted under this and future policies. Shares purchased from the executives' own funds would not be included.
Maximum	• There is no maximum. However, Executive Directors are required to build and maintain a shareholding equivalent to 200% of salary, or 300% of salary in the case of the CEO. Other senior executives are required to build and maintain a shareholding equivalent to 50% of salary. • Newly appointed Executive Directors would normally be required to achieve the required shareholding within a five-year period of appointment to the Board. • The guideline for Non-Executive Directors is to hold shares equivalent to 100% of their annual fee.
Performance measures	• Not applicable.

Remuneration Committee Report continued

Directors' Remuneration Policy continued

Executive Directors' service contracts

Service contracts stipulate that the Executive Directors will provide services to the Company on a full-time basis. Copies of the Executive Directors' service contracts are available for inspection at the Company's registered office.

Executive Director[1]	Date of service contract	Notice period[2]
Chris Smith	11 Jun 2020	6 months
Mark Strickland	4 Jan 2021	6 months

(1) All Directors are re-elected on an annual basis.

(2) By either the Company or the Executive Director. In exceptional circumstances, notice periods of up to a maximum of twelve months may be offered to newly recruited Directors. The service contract is of an unlimited duration.

Non-Executive Directors' letters of appointment

Set out below is information regarding the dates of the letters of appointment and notice periods for the Chairman and the Non-Executive Directors.

Copies of the letters of appointment are available for inspection at the Company's registered office.

Director[1]	Latest letter of appointment	Date first appointed to the Board	Notice period[2]
Jeff Nodland	21 Jun 2019	26 Jun 2019	3 months
Elizabeth McMeikan	14 Nov 2019	14 Nov 2019	3 months
Alastair Murray	27 Aug 2024	2 Aug 2021	3 months
Regi Aalstad	17 Feb 2022	14 Mar 2022	3 months

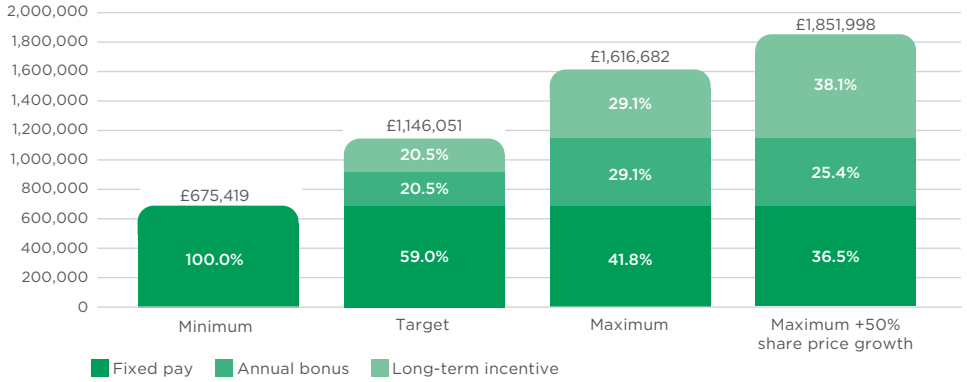
(1) All Directors stand for re-election on an annual basis at the AGM.

(2) Terminable at the discretion of either party. Appointments may be terminated without compensation in the event of them not being re-elected by shareholders or otherwise in accordance with the Articles. Appointments are of an unlimited duration subject to note (1) above in the case of Jeff Nodland and Elizabeth McMeikan. In the case of Alastair Murray and Regi Aalstad, each Non-Executive Director's appointment will continue for an initial three-year term, subject to note (1). The appointment letters state that Non-Executive Directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. Alastair Murray is now in his second three-year term.

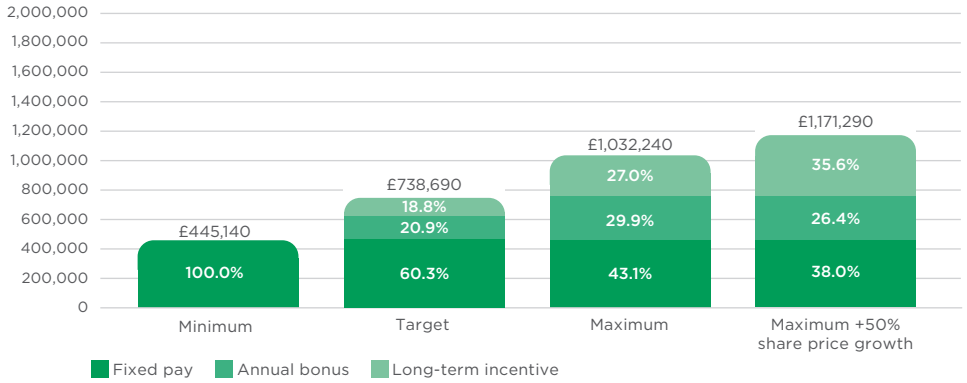
Remuneration performance scenarios 2025

The Executive Directors' remuneration packages comprise both core fixed elements (base salary, RSUs, pension and benefits) and performance-based variable pay. The charts opposite illustrate the composition of the Chief Executive Officer's and Chief Financial Officer's remuneration packages (£'000) at minimum, target, maximum and maximum +50% share price growth for 2025 in line with policy.

CEO



CFO



Notes:

(1) Fixed pay comprises salary for the financial year as at 1 July 2024, RSUs, benefits and cash allowance in lieu of pension.

(2) Bonus includes both the cash element and the deferred share element, but it is assumed that no voluntary deferral takes place and therefore no matching award is made.

(3) Assumptions when compiling the charts are:

- minimum = fixed pay only (i.e. salary, RSUs face value at grant (i.e. 30% of annual salary), benefits and pension);
- target = fixed pay plus 50% of annual bonus payable and 50% vesting of LTIP;
- maximum = fixed pay plus 100% of annual bonus payable and 100% of LTIP vesting (based on a face value of 100% of salary for the CEO and 90% of salary for the CFO); and
- maximum +50% share price growth = fixed pay plus 100% of annual bonus payable and 100% of LTIP vesting at a 50% higher share price than when the LTIP was awarded.

Remuneration Committee Report continued

Annual Report on Remuneration

This part of the Remuneration Report comprises five sections:

Subject	Item
Remuneration for 2024	1. Single total figure of remuneration (audited) 2. Annual bonus outcomes for 2024 (audited) 3. LTIP outcome for the year ended 30 June 2024 (audited) 4. Payments for loss of office 5. Payments to former directors
Directors' share ownership and share interests	6. LTIP, RSU and deferred bonus awards granted in 2024 7. Outstanding LTIP, RSU and deferred bonus awards 8. Statement of Directors' shareholdings and share interests

Subject	Item
Pay comparison	9. Percentage change in Directors' remuneration versus employee pay 10. CEO pay ratio 11. CEO single figure history and TSR performance 12. Relative importance of spend on pay
Remuneration Committee membership, governance and voting	13. Remuneration Committee and advisers 14. Statement of shareholder voting
Implementation of Remuneration Policy in 2025	15. Application of the Remuneration Policy for the 2025 financial year

Remuneration for 2024

1. Single total figure of remuneration (audited)

Executive Directors

The table below sets out a single total remuneration figure for the position of the Executive Directors in office for the 2024 financial year:

	Fixed remuneration					Performance-related remuneration			Total
	Base salary[1] £'000	RSU[2,3] £'000	Benefits[4] £'000	Pension[5] £'000	Total fixed remuneration £'000	Annual bonus[6] £'000	LTIPs[7] £'000	Total variable remuneration £'000	£'000
Chris Smith									
2024	464	141	26	37	**668**	454	455	**909**	**1,577**
2023	448	66	24	36	**574**	425	—	**425**	**999**
Mark Strickland									
2024	305	80	19	24	**428**	298	241	**539**	**967**
2023	282	40	17	23	**362**	267	—	**267**	**629**

(1) The base salary review was undertaken during the financial year with changes effective from 1 Jan 2024. The annual base salaries for the CEO at 1 Jul 2023 and 1 Jan 2024 were £456,924 and £470,632, respectively. The annual base salaries for the CFO at 1 Jul 2023 and 1 Jan 2024 were £300,000 and £309,000, respectively.

(2) RSU grants have been included for Chris Smith as follows: (i) a grant made on 13 Jun 2022, with 347/365ths included in 2023; (ii) a grant made on 12 June 2023, with 19/366ths included in 2023 and the remaining 347/366ths included in 2024; (iii) a grant made on 20 Nov 2023 (deemed grant date of 12 Jun 2023), with the full value of this included in 2024; and (iv) a grant made on 11 Jun 2024, with 19/365ths included in 2024 and the remaining 346/365ths to be included in 2025. The additional Nov 2023 grant relates to the increased Policy award level from 15% to 30% of salary. All grants are valued using the closing share price for the day prior to the date of grant.

(3) RSU grants have been included for Mark Strickland as follows: (i) a grant made on 9 Sep 2021, with 2/12ths included in 2023; (ii) a grant made on 3 Oct 2022, with 10/12ths included in 2023 and the remaining 2/12ths included in 2024; (iii) a grant made on 20 Sep 2023 with 10/12ths included in 2024 and the remaining 2/12ths to be included in 2025; and (iv) a grant made on 20 Nov 2023 (deemed grant date of 20 Sep 2023), with 8/10ths included in 2024 and 2/10ths of this to be included in 2025. All grants are valued using the closing share price for the day prior to the date of grant.

(4) Benefits consist of the provision of a company car (or cash equivalent), private healthcare, disability insurance and life cover.

(5) The pension figure represents the value of the Company's pension contribution (8% of salary) taken as a cash payment in lieu.

(6) 30% of the bonus for each of the Executive Directors will be deferred in shares for three years.

(7) The LTIP value for 2024 is the value of the awards granted on 9 September 2021 which are due to vest at 50% of maximum. The vesting date for these awards is 9 September 2024, but as the Company will be in a closed period, these awards will vest after the announcement of the full-year results. The value of the awards has been shown using the share price on 9 September 2024: 127.0 pence.

Remuneration Committee Report continued

Annual Report on Remuneration continued

Remuneration for 2024 continued

1. Single total figure of remuneration (audited) continued

Non-Executive Directors

	2024				2023			
	Base fee £'000	Committee Chair/ SID fee £'000	Benefits[1] £'000	Total £'000	Base fee £'000	Committee Chair/ SID fee £'000	Benefits[1] £'000	Total £'000
Jeff Nodland[2]	210	—	53	263	200	—	60	260
Steve Hannam[3]	—	—	—	—	19	3	—	22
Igor Kuzniar[4]	—	—	—	—	46	—	1	47
Elizabeth McMeikan[5]	53	17	—	70	50	13	2	65
Alastair Murray	53	9	—	62	50	9	1	60
Regi Aalstad	53	—	1	54	50	—	1	51

(1) Benefits comprise reimbursement of expenses on a gross of tax basis incurred by Non-Executive Directors in the course of carrying out their roles which are considered by HMRC to be taxable.

(2) Jeff Nodland received a travel allowance of £50,000 during the year.

(3) Steve Hannam resigned from the Board on 16 November 2022.

(4) Igor Kuzniar resigned from the Board on 31 May 2023.

(5) Elizabeth McMeikan was appointed Senior Independent Director on 17 November 2022.

2. Annual bonus outcomes for 2024 (audited)

For the 2024 financial year, the maximum bonus opportunity for the Executive Directors was 100% of base salary. 80% of bonus was based upon financial performance and 20% of bonus for performance against demanding specific measurable personal objectives. Based on the outcomes of the financial and personal elements (as set out below), the Executive Directors both received a total bonus of 98% of salary (representing 98% of the maximum bonus opportunity).

Financial element outcomes

The financial element of the bonus consisted of a Group adjusted EBITA target (60% of bonus) and Group net debt targets (20%), as set out below:

	Performance targets			Actual performance £m	Pay-out (% of salary)
	Threshold £m	Target £m	Stretch £m		
Group adjusted EBITA[1,2]	22.5	30.0	33.6	67.1	60%
Group net debt[3]					
At 31 December 2023	168.1	164.8	159.9	145.7	10%
At 30 June 2024	164.1	160.9	156.1	131.5	10%

(1) Excludes amortisation of intangibles and exceptional costs.

(2) EBITA is calculated on a straight-line basis between threshold and target and between target and stretch.

(3) Group net debt is measured at the end of the half year and full year.

Both the EBITA and net debt targets were achieved in full, resulting in a pay-out of 80% of maximum (or 80% of salary).

Remuneration for 2024 continued

2. Annual bonus outcomes for 2024 (audited) continued

Personal element outcomes

Both Executive Directors were set two personal objectives to be measured as a whole, as follows:

	Objective	Achievement
Shared objective (10%)	Deliver Year 2 (2024) benefits of transformation plans. Ensure the crucial backbone SAP project and the critical customer impacting programmes of Commercial Excellence and Service Excellence remain on track, to timetable and adequately resourced to deliver the medium-term benefits as included in the Transformation programme £50 million ambition.	• Delivery of benefits achieved (in 2024). • SAP on track. • Commercial Excellence on track with no major blockages or concerns. • Service Excellence largely delivered. 80% pay-out was based on delivering financial benefits as set out above and delivery against the three programmes (SAP, Commercial and Customer) ahead of plan.
Chris Smith (10%)	Sustainability: Progress Scope 3 approval and progress towards establishing eventual Net Zero ambition (e.g. 2045) for publication in the 2024 Annual Report and Accounts.	• Scope 3 target and phasing received Board approval and was submitted to the SBTi in December 2023. • Communication plan developed and approved by the Executive Committee, which includes customer briefings and interactions. • Internal personnel structure defined and in place, supported by SMEs from the divisions. • Sustainability committee established. • 2024 Annual Report and Accounts includes the near-term SBTi targets and conversion of our previous 2025 targets to our new SBTi commitments. Significant progress has been made on the sustainability front and this objective has been met in full.
Mark Strickland (10%)	Banking: Progress towards launch and completion of the refinancing of the Group's current RCF, overdraft and invoice discounting lines by 30 June 2024.	• Launch was 1 August 2024, with completion expected to be in October 2024, following the September 2024 publication of the 2024 audited accounts. • Significant debt reduction, combined with positive net debt/EBITDA and net interest cover ratios, has led to a significant reduction in the margins over base rates. Reflecting the progress made towards the completion of the refinancing and cost savings achieved, this objective has been met in full.

Remuneration for 2024 continued

2. Annual bonus outcomes for 2024 (audited) continued

Personal element outcomes continued

Chris Smith and Mark Strickland performed very strongly against their personal objectives throughout the year. Based on their performance, the Committee determined that the first objective (applicable to both Executive Directors) was met at 80% and that the individual objectives were each 100% met. This resulted in an overall pay-out for both Executive Directors of 90% of the 20% allocated to the personal objectives and, therefore, a pay-out of 18% of salary for both Executive Directors.

The overall bonus pay-out is 98.0% of maximum and no discretion has been used in determining the outcome. The Committee believes this is a fair outcome which appropriately reflects the strong recovery of the Group during the year.

30% of the bonus for each of the Executive Directors will be deferred in shares for three years.

3. LTIP outcome for the year ended 30 June 2024 (audited)

On 9 September 2021, Chris Smith was granted LTIP awards over 716,955 shares and Mark Strickland was granted awards over 379,112 shares which were, in each case, capable of vesting on 9 September 2024. The awards were based on adjusted earnings per share and return on capital employed performance conditions, each with an equal weighting. The performance period for both measures ended on 30 June 2024 and 50% of the awards vested. These vested awards will ordinarily become exercisable on 9 September 2024, subject to continued service. Vested awards are subject to a two-year holding period.

	Threshold (10% vesting)	Target (50% vesting)	Maximum (100% vesting)	Actual	Vesting (% of maximum)
Compound annual EPS growth (50%)	12.6%	22.0%	31.3%	38.3% (22.2 pence)	100%
Average annual ROCE (50%)	11.6%	14.0%	15.4%	9.5%	0%

The EPS targets were achieved in full and the ROCE threshold was not achieved, resulting in 50% of the award vesting. The value for the single figure table is based on the information below:

	Number of awards granted on 9 September 2021	Vesting outcome	Number of awards vesting	Additional dividend accrual	Share price on vesting (9 September 2024)	Value of vested awards for single figure table
Chris Smith	716,955	50%	358,477	—	127.0 pence	£455,266
Mark Strickland	379,112	50%	189,556	—	127.0 pence	£240,736

The Committee has not applied any discretion to amend the formulaic outcomes. The vested awards will be subject to a two-year holding period.

4. Payments for loss of office

There were no payments for loss of office made during the year ended 30 June 2024.

5. Payments to former Directors

There were no payments made to former Directors during the year ended 30 June 2024 in respect of relevant services.

Directors' share ownership and share interests

6. LTIP, RSU and deferred bonus awards granted in 2024

In the year under review, LTIP awards were granted to both Executive Directors on 20 September 2023 under the McBride plc 2014 LTIP. These awards were granted in the form of conditional share awards.

LTIP awards

LTIP awards were granted on 20 September 2023 to the Executive Directors.

	Market price on grant date[1]	Basis of award	Number of awards	Face value of awards	Percentage vesting at threshold	Performance period end
Chris Smith	40.45 pence	100% of salary	1,129,601	£456,924	10%	30 Jun 2026
Mark Strickland	40.45 pence	90% of salary	667,490	£270,000	10%	30 Jun 2026

(1) The awards were granted at a price of 40.45 pence, being the middle market quotation on the day before the date of grant.

Vested awards will be subject to a two-year holding period.

RSU awards

RSU awards were granted to both Chris Smith and Mark Strickland in June and September 2023 respectively, at 15% of salary under the Company's previous Remuneration Policy. After the new Policy was approved at the 2023 AGM, a further award was made to each Executive Director on 20 November 2023 to reflect the increase in the RSU limit from 15% to 30% of salary.

Chris Smith's grant for the financial year 2024/25 was made shortly before the start of the year (11 June 2024) in line with past practice.

	Date of grant	Market price on grant date[1]	Basis of award	Number of awards	Face value of awards	Vesting date
Chris Smith	20 Nov 2023	26.95 pence	15% of salary	254,317	£68,538	20 Nov 2026
	11 Jun 2024	118.00 pence	30% of salary	119,652	£141,189	11 Jun 2027
Mark Strickland	20 Sep 2023	40.45 pence	15% of salary	111,248	£45,000	20 Sep 2026
	20 Nov 2023	40.45 pence	15% of salary	111,248	£45,000	20 Nov 2026

(1) The November 2023 award for Chris Smith was granted at 26.95 pence. As this award was an additional award to reflect the higher RSU policy limit, this award was made on the same basis as the award made on 12 June 2023 that was reported in last year's Remuneration Report. The price used was therefore the middle market quotation on 9 June 2023, being the last trading day before 12 June 2023. The September 2023 award for Mark Strickland was granted at 40.45 pence, being the middle market quotation on the day before the date of grant. The November 2023 award for Mark Strickland was made on the same basis and price as the September 2023 award i.e. using a share price of 40.45 pence.

Vested awards will be subject to a two-year holding period.

Deferred bonus awards

In respect of performance for the year ended 30 June 2023, 30% of the bonus was deferred into share awards under the McBride 2020 Deferred Annual Bonus Plan (DBP) on 20 September 2023.

	Market price on grant date[1]	Basis of award	Number of awards	Face value of awards	Vesting date
Chris Smith	40.45 pence	30% of 2023 bonus	315,114	£127,464	30 Jun 2026
Mark Strickland	40.45 pence	30% of 2023 bonus	198,222	£80,181	30 Jun 2026

(1) The awards were granted at a price of 40.45 pence, being the middle market quotation on the day before the date of grant.

Directors' share ownership and share interests continued

7. Outstanding LTIP, RSU and deferred bonus awards

Interests of Directors under the McBride plc 2014 LTIP as at 1 July 2023 and 30 June 2024 are set out below:

Director	Type of award	Date of award	Number of awards at 1 July 2023	Allocated in year	Awards vested in year	Allocations lapsed in year	Number of awards at 30 June 2024	Market price the day before the date of award (£)	Vesting date	Performance period
Chris Smith	LTIP(1)	10 Sep 2020	877,016	—	—	877,016	—	0.62	10 Sep 2023	1 Jul 2020 to 30 Jun 2023
	LTIP(2)	9 Sep 2021	716,955	—	—	—	716,955	0.766	9 Sep 2024	1 Jul 2021 to 30 Jun 2024
	LTIP(3)	3 Oct 2022	1,569,107	—	—	—	1,569,107	0.35	3 Oct 2025	1 Jul 2022 to 30 Jun 2025
	LTIP(4)	20 Sep 2023	1,129,601	—	—	—	1,129,601	0.4045	20 Sep 2026	1 Jul 2023 to 30 Jun 2026
	RSU	11 Jun 2021	74,382	—	74,382	—	—	0.886	11 Jun 2024	n/a
	RSU	13 Jun 2022	216,073	—	—	—	216,073	0.305	13 Jun 2025	n/a
	RSU	12 Jun 2023	—	254,317	—	—	254,317	0.2695	12 Jun 2026	n/a
	RSU(5)	20 Nov 2023	—	254,317	—	—	254,317	0.2695	12 Jun 2026	n/a
	RSU	11 Jun 2024	—	119,652	—	—	119,652	1.18	11 Jun 2027	n/a
	DBP	20 Sep 2023	—	315,114	—	—	315,114	0.4045	20 Sep 2026	n/a
Mark Strickland	LTIP(1)	25 Feb 2021	178,378	—	—	178,378	—	0.814	25 Feb 2024	1 Jul 2020 to 30 Jun 2023
	LTIP(2)	9 Sep 2021	379,112	—	—	—	379,112	0.766	9 Sep 2024	1 Jul 2021 to 30 Jun 2024
	LTIP(3)	3 Oct 2022	829,714	—	—	—	829,714	0.35	3 Oct 2025	1 Jul 2022 to 30 Jun 2025
	LTIP(4)	20 Sep 2023	—	667,490	—	—	667,490	0.4045	20 Sep 2026	1 Jul 2023 to 30 Jun 2026
	RSU	25 Feb 2021	32,432	—	32,432	—	—	0.814	25 Feb 2024	n/a
	RSU	9 Sep 2021	51,697	—	—	—	51,697	0.766	9 Sep 2024	n/a
	RSU	3 Oct 2022	169,957	—	—	—	169,957	0.233	3 Oct 2025	n/a
	RSU	20 Sep 2023	—	111,248	—	—	111,248	0.4045	20 Sep 2026	n/a
	RSU(5)	20 Nov 2023	—	111,248	—	—	111,248	0.4045	20 Sep 2026	n/a
	DBP	20 Sep 2023	—	198,222	—	—	198,222	0.4045	20 Sep 2026	n/a

(1) The September 2020 LTIP award granted to Chris Smith and the February 2021 LTIP award granted to Mark Strickland lapsed as performance criteria were not achieved.

(2) The September 2021 LTIP award will vest at 50% as the EPS condition was achieved but the ROCE condition was not met (see page 94 for further details).

(3) The October 2022 LTIP award is based 50% on net debt/adjusted EBITDA targets (3.5x to 2.8x) and 50% on EPS targets relating to the year ending 30 June 2025 (8.0 pence to 11.0 pence). This award was granted at 35 pence while the share price prior to grant was 23.55 pence.

(4) The September 2023 LTIP is based 50% on cumulative EPS for the three-year period ending 30 June 2026 (21.7 pence to 43.1 pence) and 50% on annual average ROCE for the same three-year period (15.0% to 23.8%).

(5) The RSU awards made on 20 November 2023 relate to the increased Policy award level from 15% to 30% of salary and, as such, have a deemed grant date consistent with the original 2023 awards (made on 12 June 2023 for Chris Smith and 20 September 2023 for Mark Strickland). The share price consistent with these earlier dates has therefore been used when granting these awards.

Directors' share ownership and share interests continued

8. Statement of Directors' shareholdings and share interests

The table below shows the beneficially owned shares and share interests held by Board members and their shareholdings as a percentage of salary/fee. Both Executive Directors have holdings which are in excess of their respective shareholding guidelines, being 300% of salary for the CEO and 200% of salary for the CFO.

	Beneficially owned shares 30 June 2024[1]	Unvested deferred bonus awards	Unvested RSU awards	Vested but unexercised LTIP awards	Total interests held	Value of interests counting towards shareholding guideline (000)s	Shareholding as a % of salary/fee[2]	Beneficially owned shares 30 June 2023
Jeff Nodland	664,600	—	—	—	664,600	£920	438.3%	664,600
Elizabeth McMeikan	29,000	—	—	—	29,000	£40	58.0%	29,000
Alastair Murray	37,500	—	—	—	37,500	£52	83.8%	—
Regi Aalstad	130,500	—	—	—	130,500	£181	344.3%	80,000
Chris Smith	576,863	315,114	844,359	—	1,775,759	£1,650	350.6%	537,440
Mark Strickland	173,355	198,222	444,150	—	815,727	£712	230.3%	95,923

(1) Includes shares held by connected persons.

(2) Executive Directors have a shareholding requirement equal to a multiple of base salary, 300% in the case of the CEO and 200% in the case of the CFO, which they are expected to reach within five years of their appointment. As well as beneficially owned shares, vested but unexercised LTIP awards, unvested RSU awards and deferred shares will count towards shareholding requirements, on a net of tax basis. NEDs have a shareholding guideline equivalent to 100% of their annual base fee. Jeff Nodland, Regi Aalstad, Chris Smith and Mark Strickland have share interests in excess of their respective guidelines and Liz McMeikan and Alastair Murray are below their guidelines.

No changes to the Directors' ordinary share interests shown in the above table have taken place between 30 June 2024 and 16 September 2024.

Remuneration Committee Report continued

Annual Report on Remuneration continued

Directors' share ownership and share interests continued

9. Percentage change in Directors' remuneration versus employee pay

The table below shows the annual percentage change in remuneration of Directors and UK employees over the last five financial years. Although the Company has an international workforce, this group has been chosen as it continues to represent the most meaningful comparator group to compare to the UK-based Executive Directors. Where there are no prior years to compare to, the value is marked as not applicable.

	Salary/fees change[1]					Benefits change[1]					Bonus change[1, 2]				
	2020	2021	2022	2023	**2024**	2020	2021	2022	2023	**2024**	2020	2021	2022	2023	**2024**
Executive Directors															
Chris Smith	17.0%	27.0%	0.5%	2.0%	**3.5%**	22.8%	(6.6)%	(2.0)%	2.6%	**7.1%**	n/a	(100.0)%	n/a	n/a	**6.8%**
Mark Strickland	n/a	n/a	96.5%	6.8%	**8.0%**	n/a	n/a	102.6%	2.4%	**8.5%**	n/a	n/a	n/a	n/a	**11.6%**
Non-Executive Directors															
Steve Hannam	—	8.7%	2.7%	(61.7)%	**n/a**	89.9%	(100.0)%	—	—	**n/a**	n/a	n/a	n/a	n/a	**n/a**
Igor Kuzniar	n/a	—	2.6%	(8.3)%	**n/a**	n/a	(100.0)%	100.0%	(16.5)%	**n/a**	n/a	n/a	n/a	n/a	**n/a**
Elizabeth McMeikan	n/a	91.6%	2.7%	8.6%	**10.1%**	n/a	—	—	100.0%	**(97.9)%**	n/a	n/a	n/a	n/a	**n/a**
Alastair Murray	n/a	n/a	n/a	13.8%	**5.0%**	n/a	n/a	n/a	87.8%	**(100.0)%**	n/a	n/a	n/a	n/a	**n/a**
Regi Aalstad	n/a	n/a	n/a	229.1%	**5.0%**	n/a	n/a	n/a	100.0%	**(25.5)%**	n/a	n/a	n/a	n/a	**n/a**
Jeff Nodland	n/a	62.9%	—	—	**5.0%**	n/a	(95.9)%	3,602.8%	22.2%	**(11.6)%**	n/a	n/a	n/a	n/a	**n/a**
Comparator group															
Average for UK employees[2]	1.3%	7.6%	2.1%	3.6%	**6.9%**	n/a	(65.7)%	(21.5)%	(6.3)%	**21.8%**	9.5%	417.4%	(17.5)%	266.1%	**12.0%**

(1) Footnotes in relation to 2020, 2021, 2022 and 2023 percentage changes can be found in the Annual Report and Accounts for the relevant year.

(2) The calculations for the comparator group are based upon the average values for UK-based employees (other than Directors) that were employed by Robert McBride Ltd versus the same criteria for the previous financial year. At the end of the last financial year there were 458 employees in the comparator group versus 459 employees at the end of this financial year. Pension benefits and long-term incentive awards are excluded from the calculation. The comparator group data is being reported in this way as all of the employees of McBride plc are the Executive Directors and therefore the comparison required by the Regulations cannot be shown.

10. CEO pay ratio

Under Option B of The Companies (Miscellaneous Reporting) Regulations 2018, the latest available gender pay gap data was used to identify the best equivalent comparison for the three UK-based employees whose pay is at the 25th, 50th (median) and 75th percentiles of the comparator group. There were 459 UK-based employees in the comparator group. This calculation methodology was selected as it provides the most consistent company approach for identifying meaningful equivalents which are reasonably representative of the percentiles and are aligned to our approach to UK gender pay gap reporting. The employees identified as the best equivalents are deemed reasonably representative as their incentive outcomes and pay structures are representative of the wider population.

The ratios shown in the table compare the total remuneration for the relevant UK-based employees to the current CEO single total remuneration figure. The ratios have increased in 2024, primarily as a result of the granting of additional RSUs and a slight increase in the annual bonus payment to the Executive Directors, plus we have seen a reduction in median earners for the wider UK employee population. This pay ratio is consistent with the pay, reward and progression policies applicable to the Company's employees as a whole. All employees are eligible for incentives, which can vary from year to year, salaries are based on role size and market benchmarks, and there are similar pension contributions (in terms of percentage of salary) for the Executive Directors compared to the median employee. It is also worth noting that the CEO's single figure for 2020 was calculated using a cumulative pro-rata single figure to represent the pay of the three different CEOs that had been appointed throughout that year.

Directors' share ownership and share interests continued

10. CEO pay ratio continued

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024	**Option B**	**30.9:1**	**28.4:1**	**20.0:1**
2023	Option B	28.2:1	22.8:1	18.3:1
2022[1]	Option B	17.8:1	14.8:1	9.6:1
2021[1]	Option B	20.5:1	16.6:1	11.1:1
2020	Option B	23.1:1	19.7:1	14.2:1

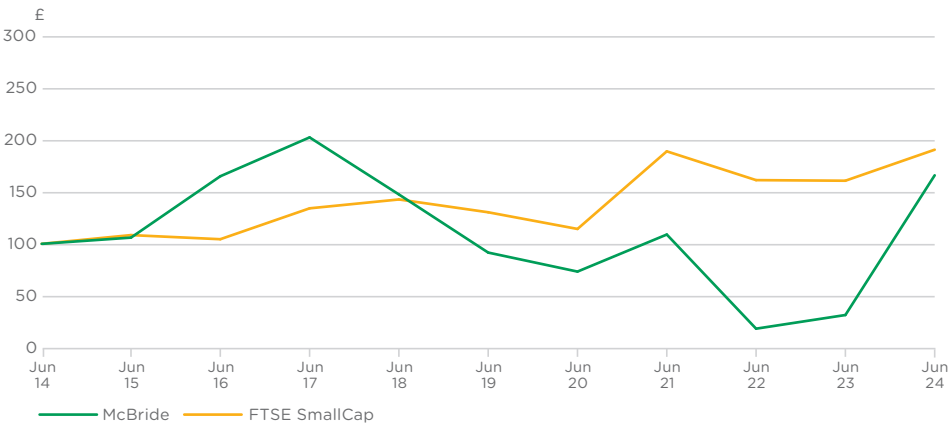
(1) The ratios shown in the table compare total remuneration for the three relevant UK-based employees to a CEO's single total remuneration figure that includes base salary, RSUs, benefits and pension only as there were no incentive payments in respect of 2021 and 2022. Typically, a significant proportion of the CEO's pay is delivered through incentives where performance conditions are met.

The table below shows the total remuneration and salary for each quartile of UK employees over the financial year from 1 July 2023 to 30 June 2024.

	25th percentile	Median	75th percentile
Salary	£33,104	£35,026	£48,807
Total remuneration	£36,361	£39,495	£55,992

11. CEO single figure history and TSR performance

The graph below charts the TSR (share value movement plus reinvested dividends), over the ten years to 30 June 2024, of shares in McBride plc compared with that of a hypothetical holding in the FTSE SmallCap excluding Investment Trusts. The Directors consider this index to be an appropriate comparator group for assessing the Company's TSR as it provides a well-defined, understood and accessible benchmark.



The graph shows the value, by 30 June 2024, of £100 invested in McBride plc on 30 June 2014, compared with the value of £100 invested in the FTSE SmallCap excluding Investment Trusts on the same date.

The following table shows the historical Chief Executive Officers' levels of total remuneration (single figure of total remuneration), together with annual bonus and LTIP awards as a percentage of the maximum available.

CEO/financial year	Total remuneration £'000	Annual bonus % of maximum	LTIP % of maximum vested[6]
Chris Smith[1]			
2024	1,577	98.0	50.0
2023	999	95.0	—
2022	552	—	—
2021	551	—	—
2020[2]	497	24.8	—
Ludwig de Mot[3]			
2020[2]	368	—	—
Rik De Vos[4]			
2019	592	—	—
2018	890	—	62.5
2017	1,169	70.8	100.0
2016	893	98.5	—
2015	357	89.0	—
Chris Bull[5]			
2015	253	—	—

(1) Chris Smith was appointed CEO with effect from 11 June 2020 having previously been CFO since 15 July 2014.
(2) For 2020, the total remuneration has been adjusted to reflect the period served as CEO.
(3) Ludwig de Mot was appointed CEO with effect from 1 November 2019 and left the business on 10 June 2020.
(4) Rik De Vos was appointed CEO with effect from 2 February 2015 and left the business on 31 August 2019.
(5) Chris Bull was appointed CEO with effect from 4 May 2010 and left the business on 18 December 2014.
(6) The LTIP % of maximum is the percentage of shares vesting compared to the maximum that could have vested.

Directors' share ownership and share interests continued

12. Relative importance of spend on pay

The table below shows the total amount of distributions to shareholders compared to the total payroll costs for the Group for the financial years ended 30 June 2023 and 30 June 2024.

	Year ended 30 June 2023 £m	Year ended 30 June 2024 £m	% change
Shareholder distribution	—	—	n/a
Total payroll costs[1] (of all Group employees including Directors)	142.0	156.5	10.2%

(1) Total payroll costs exclude termination benefits.

13. Remuneration Committee and advisers

As reported on page 70, the Committee met five times during the year, with all Committee members attending all five meetings.

Jeff Nodland satisfied the independence condition on his appointment as a Non-Executive Director. The Board is satisfied that the remaining members during the year were independent Non-Executive Directors. Meetings may be attended by the Chief Executive Officer on all matters except those relating to his own remuneration. The Chief Financial Officer, the Chief HR Officer and the Company's independent remuneration consultants also attend meetings by invitation. The Company Secretary attended each meeting as Secretary to the Committee. No Director or attendee participates in any discussion relating to his or her own remuneration.

A summary of the key matters considered by the Committee in respect of Directors' remuneration during the year and since the year end in respect of 2024 is as follows:

- the Committee reviewed the base salaries for the Executive Directors;
- in relation to the annual bonus, the Committee reviewed and approved performance against the financial and non-financial objectives and determined after the year end that a bonus of 98.0% of maximum would be payable to each of the Executive Directors covering this period. No discretion was applied in reaching this decision;
- in relation to the LTIP awards granted in 2021, the Committee reviewed the performance conditions after the year end and determined that the overall vesting will be 50%, reflecting strong EPS growth. No discretion was applied in determining the level of vesting; and
- the Committee approved the grant of the LTIP and RSU awards in the period under review in line with the new Policy that was approved at the 2023 AGM.

The Committee's main duties are:

- to review the ongoing appropriateness and relevance of the Directors' Remuneration Policy;
- to apply formal and transparent procedures regarding executive remuneration packages;
- to consider and make recommendations to the Board on remuneration issues for the Chairman, the Executive Directors and other senior executives, taking into account the interests of relevant stakeholders;
- to ensure that failure is not rewarded and that steps are taken to mitigate loss on termination to contractual obligations where appropriate; and
- to review the implementation and operation of any Company share option schemes, bonus schemes and long-term incentive plans (LTIPs) and to review the formal policy for shareholding requirements, both in employment and post-cessation.

The Terms of Reference of the Committee were reviewed during the year and a copy of the Committee's Terms of Reference is available on the Group's website **www.mcbride.co.uk**.

In determining the remuneration structure, the Committee appoints and receives advice from independent remuneration consultants on the latest developments in corporate governance and the pay and incentive arrangements prevailing in comparably sized manufacturing companies. During the year, the Committee undertook a review of advisers and appointed FIT Remuneration Consultants LLP ('FIT') as its independent adviser. Prior to FIT's appointment, Alvarez & Marsal Tax LLP ('A&M') provided advice to the Committee. FIT received £22,154 in respect of the services provided for the 2024 financial year and A&M received £52,346. Both FIT and A&M are members of the Remuneration Consultants Group and both are signatories to its Code of Conduct which sets out guidelines to ensure that any advice is independent and free of undue influence. FIT provided no other services to the Company, whilst Alvarez & Marsal Europe Holdings Limited also provided advisory services related to working capital management in the year.

The Committee is satisfied that the advice provided by both FIT and A&M was independent and objective. As part of the tender review, the Committee reviewed the relationship with FIT and is satisfied that the team who provided advice do not have any connection to McBride that may impair their independence or objectivity.

Directors' share ownership and share interests continued

14. Statement of shareholder voting

The table below shows the voting outcome at the AGM in October 2023 for the approval of the Company's 2023 Remuneration Report, and the voting outcome at the AGM in October 2023 for the approval of the Directors' Remuneration Policy:

Resolution	Votes for	%	Votes against	%	Votes withheld
Approval of Remuneration Report (advisory vote at the 2023 AGM)	113,133,848	99.78	246,442	0.22	21,629
Approval of the Directors' Remuneration Policy (binding vote at the 2023 AGM)	106,247,728	93.71	7,132,562	6.29	21,629

The latest Directors' Remuneration Policy is available on McBride's website (**www.mcbride.co.uk**) under the 'Our Board and Corporate Governance' section.

15. Application of the Remuneration Policy for the 2025 financial year

The table below sets out how the Remuneration Policy is intended to be applied for the 2025 financial year for Board Directors.

Element	Application of Policy for 2025
Executive Director base salary	The Executive Directors' salaries as at the start of the 2025 financial year are £470,632 for the CEO and £309,000 for the CFO. A salary review will be undertaken in the normal way during the year and any increase will take effect from 1 January 2025.
RSUs	An award of 30% of salary will be made to each of the Executive Directors.
Benefits	Pension contribution (or cash allowance in lieu of pension) of 8% of salary for each of the Executive Directors in line with the contribution rate for the majority of the UK workforce. Car allowance of £13,200 per annum and private medical coverage, estimated to be around £2,000 for 2025, for each of the Executive Directors.
Annual bonus	The structure and operation of the annual bonus scheme for the Executive Directors will continue in line with the previous financial year. The maximum bonus opportunity continues to be 100% of salary. 60% of the award will be subject to a sliding scale of challenging operating profit targets, 20% of the award will be subject to a sliding scale of net debt targets and 20% will be subject to specific measurable personal targets. The Committee considers that the forward-looking targets are commercially sensitive and has, therefore, chosen not to disclose them in advance. Details of the targets will be set out retrospectively in next year's Remuneration Report; however, the targets are considered to be demanding in the context of the Company's circumstances.

Directors' share ownership and share interests continued

15. Application of the Remuneration Policy for the 2025 financial year continued

Element	Application of Policy for 2025
LTIP	The CEO's award will have a face value of 100% of salary and the CFO's award will have a face value of 90% of salary in 2025. The awards will be subject to EPS and ROCE performance conditions with equal weighting. EPS will be assessed by reference to the cumulative EPS achieved for the 2025, 2026 and 2027 financial years and ROCE will be assessed by reference to the average ROCE achieved over the same three-year period. It is intended that awards will be made under the existing 2023 LTIP in September. The targets for the 2025 awards are as follows:

Target	Threshold (10% of part subject to target)	Threshold (50% of part subject to target)	Threshold (100% of part subject to target)
Cumulative EPS for three years	60.0p	75.0p	90.0p
Average ROCE over three years	30.0%	33.1%	36.2%

The EPS targets have been set in the context of an exceptional performance in 2024 with the stretch target requiring an implied growth rate of 14.6% per annum. The Committee believes the EPS and ROCE targets are sufficiently challenging against internal and external expectations.

Non-Executive Director fees	There will be no change to the annual fees of the Chairman and Non-Executive Directors for 2025 as these were increased by 5% in July 2023. Fees will be as follows: • Chairman base fee: £210,000; • Non-Executive Director base fee: £52,500; • Chair of the Audit and Risk Committee additional fee: £9,450; • Chair of the Remuneration Committee additional fee: £8,400; • Senior Independent Director additional fee: £8,400; • international travel allowance for the Chairman: up to £50,000; and • international travel allowance for Non-Executive Directors based overseas: up to £15,000.

The Remuneration Report was approved by the Board on 16 September 2024 and signed on its behalf by:

Elizabeth McMeikan
Chair of the Remuneration Committee

Reporting requirements

The Group is required to produce a Strategic Report complying with the requirements of section 414A of the Companies Act 2006. The Strategic Report is set out on pages 1 to 60.

As permitted by section 414C(11) of the Companies Act 2006, the below matters have been disclosed in the Strategic Report:

An indication of the likely future development in the business of the Company	pages 7 to 9
Particulars of important events affecting the Company since the financial year end	page 171
Greenhouse gas emissions	pages 25 to 27
Employee engagement and involvement	page 22
Engagement with suppliers, customers and others in a business relationship with the Company	pages 23 to 24
A summary of the principal risks facing the Company	pages 53 to 59

The Corporate governance statement, as required by the Disclosure and Transparency Rules (DTR) 7.2.1, is set out on pages 65 to 70 of the Governance Report.

For the purposes of DTR 4.1.8R, the Strategic Report and the Governance Report together form the Management Report.

For the purposes of Listing Rule 9.8.4R, the information required to be disclosed can be found on the following pages:

Listing Rule	Topic	Location
4	Details of long-term incentive schemes	Remuneration Report, pages 95 to 96
13	Dividend waiver	Statutory information, page 103

Contracts with controlling shareholders

During the year, there were no contracts of significance (as defined in the FCA's Listing Rules) between any Group undertaking and a controlling shareholder and no contracts for the provision of services to any Group undertaking by a controlling shareholder.

Group results

The results for the year are set out in the Consolidated Income Statement on page 115 and a discussion of the Group's financial performance and progress is set out in the Strategic Report on pages 18 to 20.

Directors

The Directors who held office at any time during the year were Jeff Nodland, Chris Smith, Mark Strickland, Elizabeth McMeikan, Alastair Murray and Regi Aalstad.

The biographical details of all Directors serving at 30 June 2024 appear on pages 62 and 63.

Dividends

The Group's results and performance highlights for the year are set out on pages 1 to 60. Under the amended terms of the Group's RCF announced on 29 September 2022, the Company may not, except with the consent of its lender group, declare, make or pay any dividend or distribution to its shareholders prior to an 'exit event', being a change of control, refinancing of the RCF in full, prepayment and cancellation of the RCF in full, or upon the termination date of the RCF, being May 2026. Therefore, the Board is not recommending a final dividend for the year ended 30 June 2024. As stated in the 2023 Annual Report, future dividends will be final dividends paid annually in cash, not by the allotment and issue of B Shares.

As outlined in the RNS dated 29 September 2022, under the Company's €175 million RCF as amended, the Company is not permitted to redeem or repay any of its share capital. This restriction remains in place until either the current RCF matures in May 2026 or it is superseded by a new financing agreement. As a result, no redemption of existing B Shares is permitted at the present time. Once this restriction is lifted, B Shares will continue to be redeemable but limited to one redemption date per annum, in November of each year.

Further details on B Shares can be found in the booklet entitled 'Your Guide to B Shares' on the Company's website at **www.mcbride.co.uk**.

Apex Group Fiduciary Services Limited, in its capacity as Trustee of the McBride Employee Benefit Trust, has waived its entitlement to dividends on ordinary shares in the Company comprised in the trust fund where no beneficial interest in the shares has vested in a beneficiary. This waiver will continue unless and until the Company directs the Trustee otherwise.

Directors' interests in the Company's shares

The interests of persons who were Directors of the Company (and of their Connected Persons) at 30 June 2024 in the issued shares of the Company (or in related derivatives or financial instruments) which have been notified to the Company in accordance with the Market Abuse Regulation are set out in the Remuneration Report on page 97. The Remuneration Report also sets out details of any changes in those interests between 30 June 2024 and 16 September 2024.

Indemnification of Directors

The Directors have the benefit of an indemnity provision contained in the Articles of Association of the Company. In addition, under deeds of indemnity, the Company has granted indemnities in favour of each Director of the Company in respect of any liability that he or she may incur to a third party in relation to the affairs of the Company or any Group company. Consequently, qualifying third-party indemnity provisions for the purposes of section 234 of the Companies Act 2006 were accordingly in force during the course of the financial year and remain in force at the date of the approval of this report.

During the financial year ended 30 June 2024 and up to the date of this Directors' Report, the Company had appropriate Directors' and officers' liability insurance cover in place in respect of legal action against its Directors.

Directors' interests in contracts

Other than service contracts, no Director had any interest in any material contract with any Group company at any time during the year. There were no contracts of significance (as defined in the FCA's Listing Rules) during the year to which any Group undertaking was a party and in which a Director of the Company is, or was, materially interested.

Share capital

As at 12 September 2024, the issued share capital of the Company was 174,015,287 ordinary shares of 10 pence each (96.292% of total year-end capital) (excluding treasury shares), 42,041 ordinary shares of 10 pence each held in treasury ('treasury shares') (0.023% of total year-end capital) and 665,888,258 B Shares of 0.1 pence each (3.685% of total year-end capital). There were no purchases, sales or transfers of treasury shares during the year. There were no allotments of ordinary shares during the year. Details of the issued share capital, together with details of movement in the issued share capital of the Company during the year, are shown in note 25 to the financial statements. This is incorporated by reference and deemed to be part of this report. The Company has one class of ordinary shares, which carries no right to fixed income. The ordinary shares are listed on the Official List and traded on the London Stock Exchange. All issued shares are fully paid.

The Company was authorised at the 2023 AGM to allot shares, or grant rights over shares, up to an aggregate nominal amount equal to £870,076 (8,700,760 ordinary shares of 10 pence each), representing approximately 5% of its issued ordinary share capital (excluding treasury shares). This authority, however, is due to expire at the 2024 AGM and the Board will be seeking a renewal of this authority at the 2024 AGM.

The Investment Association's guidelines on directors' share allotment authorities state that the Association's members will regard as routine any proposal at a General Meeting to seek a general authority to allot an amount up to two-thirds of the existing share capital, provided that any amount in excess of one-third of the existing share capital is applied to fully pre-emptive rights issues only. Following engagement with certain of the Company's non-UK shareholders in 2023, the Board concluded it to be in the best interests of the Company to limit the allotment authority sought at the 2023 AGM to 5% of the Company's issued ordinary share capital (excluding treasury shares).

The Company was authorised at the 2023 AGM to allot up to an aggregate nominal amount of £870,076 (representing 8,700,760 ordinary shares of 10 pence each), representing approximately 5% of the issued ordinary share capital (excluding treasury shares) for cash without first offering them to existing shareholders in proportion to their holding. The Board continues to believe it to be in the best interests of the Company to so limit the allotment authority and, accordingly, a renewal of this authority will be proposed at the 2024 AGM.

There are no restrictions on the transfer of ordinary shares or B Shares in the Company, other than certain restrictions that may from time to time be imposed by law. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

Substantial shareholdings

The Company had been notified in accordance with Chapter 5 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules of the following interests amounting to 3% or more of its issued share capital as at the end of the financial year and at 12 September 2024 (being the last practicable date prior to the date of this report).

	As at 12 September 2024		As at 30 June 2024	
	Number of shares	%	Number of shares	%
Teleios Capital Partners	41,351,657	23.76	41,351,657	23.76
DUMAC, Inc.	25,722,449	14.78	25,722,449	14.78
Zama Capital	21,007,962	12.07	21,007,962	12.07
Aberforth Partners LLP	8,682,453	4.99	9,072,968	5.21
Premier Miton Investors	8,347,899	4.76	8,347,899	4.76

Accounting policies

Information on the Group's financial risk management objectives, policies and activities and on the exposure of the Group to relevant risks in respect of financial instruments is set out in note 20 to the consolidated financial statements on pages 152 to 160.

Political donations

It is the Group's policy not to make political donations or to incur political expenditure. During the year, no political donations were made by the Group to any EU or non-EU political party, political organisation or independent election candidate. During the year, no EU or non-EU political expenditure was incurred. In keeping with the Group's approach in prior years, shareholder approval is being sought at the forthcoming AGM, as a precautionary measure, for the Company and its subsidiaries to make donations and/or incur expenditure, which may be construed as political by the wide definition of that term included in the relevant legislation. Further details are provided in the Notice of AGM.

Research and development

The Group is involved in a range of activities in the field of R&D. A number of these activities are referred to in the Strategic Report on pages 25 to 29.

Employment of disabled people

Our people policies are designed to provide equal opportunities and create an inclusive culture in line with our values and in support of our long-term success. They also reflect relevant local employment law in our countries of operation.

We expect our colleagues to treat each other with dignity and respect, and do not tolerate discrimination, bullying, harassment or victimisation on any grounds. We are committed to recruiting, training and paying our people fairly and equitably relative to their role, skills, experience and performance – in a way that balances the needs of all our business.

It is our policy to give full and fair consideration to applications for employment received from people with disabilities, having regard to their particular aptitudes and abilities. Wherever possible we will continue the employment of, and arrange appropriate training for, colleagues who have become disabled during the period of their employment. We provide the same opportunities for training, career development and promotion for colleagues with disabilities as for other colleagues.

Creating an inclusive and supportive culture is not only the right thing to do, but also best for our business. It creates a sense of belonging and value and enables colleagues to perform at their best.

Colleague engagement

We recognise the importance of keeping all colleagues at all levels across the business up to date on the strategy, performance and progress of the divisions and Group through multiple communication channels. This combines leader-led communication at a site, divisional and Group level supported by emails, intranet, the Group's employee self-service portal, announcements and bulletins.

Colleague engagement at all levels is a crucial element of embedding our core and aspirational values, allowing us to help colleagues see how their efforts contribute to their site, division or function's strategic objectives.

We also engage with our colleagues collectively through a strong and effective partnership with our EWC, which represents all colleagues within the European Union and which meets biannually, in addition to other local works council forums.

Eligible employees participate in performance-related bonus schemes and some senior managers participate in an LTIP or RSU scheme.

Numerical diversity data as at 30 June 2024

The following tables set out the information required by Listing Rule 9.8.6R(10) in the prescribed format. At year end, the Board and members of the Executive Committee are asked to complete a diversity disclosure to confirm which of the categories set out in the below tables they identify with.

1.(a) Table for reporting on gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	4	66.7%	3	4	66.7%
Women	2	33.3%	1	2	33.3%
Not specified/prefer not to say	0	0.0%	0	0	0.0%

Numerical diversity data as at 30 June 2024 continued

2.(b) Table for reporting on ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	6	100%	4	6	100%
Mixed/Multiple ethnic groups	0	0%	0	0	0%
Asian/Asian British	0	0%	0	0	0%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group (including Arab)	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

Change of control

As at 30 June 2024 and at 12 September 2024, the last practicable date prior to approval of this report, the Company and its subsidiaries were party to a number of commercial contracts, contract manufacturing and brand licensing agreements that may allow the counterparties to alter or terminate the agreements on a change of control of the Company following a takeover bid. The Group has a syndicated multi-currency RCF for €175 million which may require prepayment if there is a change of control of the Company. The rules of the discretionary share schemes set out the consequences of a change of control of the Company on participants' rights under the schemes. Generally, the rights will vest and become exercisable on a change of control subject to the satisfaction of relevant performance conditions. There are no arrangements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs specifically because of a takeover, merger or amalgamation. For further information on the change of control provisions in the Company's share plans and service agreements, please refer to the Directors' Remuneration Policy. The full Directors' Remuneration Policy is available in the 2023 Annual Report and Accounts, which can be accessed at **www.mcbride.co.uk**.

Branches

The Company has no overseas branches. The Company's subsidiaries are detailed in note 15 to the Company Financial Statements.

2024 Annual General Meeting

The Company's 2024 AGM will be held at the head office of McBride plc, Arbeta, 11 Northampton Road, Manchester M40 5BP on Tuesday 12 November 2024 at 2.00pm. Details of the resolutions to be proposed, how to vote and ask questions are set out in a separate Notice of AGM which accompanies this report for shareholders receiving hard copy documents, and which is available on our website at **www.mcbride.co.uk** for those who have elected to receive documents electronically. The results will be announced as soon as possible and posted on our website.

Disclosure of information to the auditors

Each of the Directors who held office at the date of approval of this Directors' Report confirms that, so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that ought to have been taken in his or her duty as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors' Report was approved by the Board on 16 September 2024 and signed on its behalf by the order of the Board by:

Robert Henry
General Counsel and Company Secretary

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and Accounts 2024 and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Board of Directors, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Independent Auditors' Report to the Members of McBride plc

Report on the audit of the financial statements

Opinion

In our opinion:

- McBride plc's Group financial statements and Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the company's affairs as at 30 June 2024 and of the group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101, 'Reduced Disclosure Framework', and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2024 (the 'Annual Report'), which comprise: the Consolidated and Company Balance Sheets as at 30 June 2024; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 6, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- Our work incorporated full scope audits of the Group's components in the UK, France, Belgium and Germany plus limited scope procedures in relation to Italy, Luxembourg, PLC and Vitherm.
- The entities where we conducted audit work, together with audit work performed at the Group's shared service centre and at the consolidated level, accounted for approximately 74% of the Group's revenue.

Key audit matters

- Valuation of Goodwill – specifically in the Liquids cash-generating unit (group)
- Valuation of investments in subsidiaries and recoverability by amounts owed by subsidiaries (parent)

Materiality

- Overall group materiality: £7.0 million (2023: £4.4m) based on 0.75% of revenue in 2024 and 0.5% of revenue in 2023.
- Overall company materiality: £2.9 million (2023: £3.0m) based on 1% of total assets.
- Performance materiality: £5.3 million (2023: £3.3m) (group) and £2.2 million (2023: £2.3m) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Independent Auditors' Report to the Members of McBride plc continued

Report on the audit of the financial statements

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Valuation of Goodwill – specifically in the Liquids cash-generating unit (group)	
Refer to the Consolidated financial statements note 12 – Goodwill Goodwill of £19.7 million (2023: £19.7m) is split across four cash-generating units (CGUs) that are considered annually for impairment. Of the £19.7 million, £16.0 million (2022: £16.0m) relates to one CGU, Liquids CGU, which the significant risk of impairment is in relation to, the key assumptions in the model being the discount rate, long-term growth rate, revenue growth, raw materials prices, capex and working capital balances. The Directors have performed their annual impairment assessment using a value-in-use model in which no impairment has been identified. The Directors have sensitised the value-in-use model to assess the financial impact of key assumptions that the Directors believe have a reasonable likelihood of occurrence and have concluded that a reasonably possible change would not lead to an impairment. We have identified the valuation of the Liquids CGU as a significant risk due to its historic trading performance compared to budget and the lower level of headroom in the value-in-use calculation. This is deemed to be a Key Audit Matter as the balance is significant and the valuation requires estimation.	In assessing the appropriateness of valuation of goodwill for the liquids CGU we have performed the following procedures: We evaluated and assessed the Group's future cash flow forecasts, the process by which they were drawn up and tested the underlying value in use calculations. We compared the Group's forecasts to the latest Board approved budget and found them to be consistent. We discussed the cash flow forecasts with management and compared the growth assumptions to external market research for the Liquids CGU in order to identify any inconsistencies. We have assessed management's assumptions for margins by comparing to historical data and supporting evidence. We compared actual results with previous forecasts to assess the historical accuracy of the forecasts and incorporated the variances identified into the sensitivity analysis performed. We have utilised specialists to assess management's key assumptions for long-term growth rates by comparing with external forecasts and discount rates used by assessing the cost of capital calculations for the Group and comparing against comparable organisations. We challenged management to the extent of which climate change has been reflected within management's impairment assessment process. We considered management bias throughout the assumptions used and considered any contradictory evidence. We have reviewed the disclosures made regarding the assumptions and sensitivities applied by management and we are satisfied that these are appropriate. As a result of these procedures, we were satisfied with the Directors' conclusion that no impairment was required for the current year.

Independent Auditors' Report to the Members of McBride plc continued

Report on the audit of the financial statements

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Valuation of investments in subsidiaries and recoverability by amounts owed by subsidiaries (parent)	
Refer to the Company financial statements note 5 – Investments and the Company financial statements note 6 – Trade and other debtors. Investments in related undertakings of £158.4 million (2023: £158.4m) is material to the Company financial statements. Given the magnitude of this balance, and the management judgement involved in determining whether any impairment triggers exist, we have considered the risk of impairment of these assets as a Key Audit Matter. Impairment indicators have been assessed and no triggers have been identified.	**Investments in subsidiaries:** We have performed the following audit procedures in relation to the carrying value of investments: We obtained a schedule of investments in subsidiary undertakings and ensured this is reconciled to the financial statements. We challenged management's assertion that no impairment triggers were identified that would necessitate a full impairment review to be performed. We performed a review of net assets of the subsidiary entity against the carrying value, compared the carrying value to the group's market capitalisation and also our review of the discounted cash flow models prepared for the purpose of testing overall group goodwill for impairment. We reviewed the disclosures and are satisfied that these are appropriate. As a result of these procedures, we were satisfied with the Directors' conclusion that no impairment triggers have been identified therefore no impairment was required against the carrying value of the investments in subsidiaries.
The amounts owed by subsidiary undertakings of £127.7 million (2023: £130.4m). Given the magnitude of this balance, and the management judgement involved in determining whether any impairment exists, we have considered the risk of impairment of these assets as a Key Audit Matter.	**Amounts owed by subsidiary undertakings** We have performed the following audit procedures in relation to the recoverability of intercompany balances: We performed a reconciliation of the amounts owed by group undertakings and ensured this agreed with the counterparty. We have obtained management's intercompany recoverability model and assessed whether the expected credit loss 'general approach' methods applied were consistent with IFRS 9. We checked the calculations within the model and agreed the figures included to the relevant financial information included in the Group consolidation schedules. We have obtained evidence that supports the extent to which the counterparty could repay amounts in full, if demanded. We assessed the adequacy of the disclosure provided in the Company financial statements in relation to the relevant accounting standards. As a result of these procedures, we were satisfied with the Directors' conclusion that the amounts owed by subsidiary undertakings are recoverable.

Independent Auditors' Report to the Members of McBride plc continued

Report on the audit of the financial statements

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is a manufacturer of private label household and personal care products. It operates across 15 manufacturing facilities in Europe and Asia. The Group is structured in five operating segments: Liquids, Powders, Unit dosing, Aerosols and Asia as well as Corporate. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the entities by us, as the Group auditors, or component auditors operating under our instruction. Where work was performed by component auditors, we determined the level of involvement we needed to have in this work to be able to conclude that sufficient appropriate audit evidence had been obtained. Our work incorporated full scope audits of the Group's legal entities in the UK, France, Belgium and Germany plus limited scope procedures in relation to Italy, Luxembourg, the PLC parent company and Vitherm SAS in France. The entities where we conducted audit work, together with audit work performed at the Group's shared service centre and at a consolidated level, accounted for approximately 74% of the Group's revenue.

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group's financial statements and support the disclosures made within the financial statements.

We challenged the completeness of management's climate risk assessment by:

- reading external reporting made by management;
- considered management's commitment to the Science Based Targets initiative during the financial year;
- challenging the consistency of management's climate impact assessment with internal climate plans and board minutes; and
- reading the entity's website/communications for details of climate related impacts.

In the financial year, management has developed Science-Based Targets covering scope 1 and 2 greenhouse gas emissions. This does not directly impact financial reporting, as management has not yet developed a detailed pathway or timeline on how exactly they will deliver this commitment and will only be able to model the impact further into its journey to net zero.

Management considers the impact of climate risk as at the balance sheet date does not give rise to a potential material financial statement impact.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality.

These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£7.0 million (2023: £4.4m).	£2.9 million (2023: £3.0m).
How we determined it	0.75% of revenue in 2024 and 0.5% of revenue in 2023	1% of total assets
Rationale for benchmark applied	We considered materiality in a number of different ways, and used our professional judgement having applied 'rule of thumb' percentages to a number of potential benchmarks. On the basis of this, we concluded that 0.75% of revenue is an appropriate level of materiality considering the overall scale of the business.	We believe that calculating statutory materiality based on 1% of total assets is a typical primary measure for users of the financial statements of holding companies, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1.8 million and £4.7 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £5.3 million (2023: £3.3m) for the group financial statements and £2.2 million (2023: £2.3m) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £0.4 million (group audit) (2023: £0.2m) and £0.1 million (company audit) (2023: £0.2m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report to the Members of McBride plc continued

Report on the audit of the financial statements

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- we obtained management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern;
- we obtained management's base case scenario, checked its mathematical accuracy and discussed the assumptions that were applied in order to understand the rationale and the appropriateness of those assumptions;
- we obtained management's severe but plausible downside scenario, checked its mathematical accuracy and discussed the assumptions that were applied in order to understand the rationale and the appropriateness of those assumptions;
- we corroborated the key assumptions in the base case and severe but plausible downside scenario to third party evidence and/or our knowledge of the business and considered and contradictory evidence;
- we assessed the available liquidity under the different scenarios modelled by management, and the associated covenant tests applied; and
- we checked the banking agreement for the terms of the financing facilities which were put in place during the year and agreed these facilities to management's cashflow forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

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

Independent Auditors' Report to the Members of McBride plc continued

Report on the audit of the financial statements

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for 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.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations, environmental laws and employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the listing rules, local and international tax laws and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to improve financial performance, and management bias in accounting estimates and judgements. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

Independent Auditors' Report to the Members of McBride plc continued

Report on the audit of the financial statements

Responsibilities for the financial statements and the audit continued

Auditors' responsibilities for the audit of the financial statements continued

Audit procedures performed by the group engagement team and/or component auditors included:

- challenging assumptions and judgements made by management in their significant accounting estimates (because of the risk of management bias), in particular around the carrying value of goodwill (see related key audit matter above) and recoverability of deferred tax assets;
- discussions with the Audit Committee, management, internal audit and the in-house legal team including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- enquired with external legal counsel around actual and potential litigation and claims;
- reviewing minutes of meetings of those charged with governance;
- auditing the tax workings and reviewing the disclosures included in the financial statements in respect of tax;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- reviewing financial statements disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities.** This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Remuneration Committee Report to be audited are not in agreement with the accounting records and returns; or
- a corporate governance statement has not been prepared by the company.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the directors on 14 November 2011 to audit the financial statements for the year ended 30 June 2012 and subsequent financial periods. The period of total uninterrupted engagement is 13 years, covering the years ended 30 June 2012 to 30 June 2024.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

16 September 2024

Consolidated Income Statement

Year ended 30 June 2024

	Note	2024 Adjusted (note 2) £m	2024 Adjusting items (note 2) £m	2024 Total £m	2023 Adjusted (note 2) £m	2023 Adjusting items (note 2) £m	2023 Total £m
Revenue	3	**934.8**	**—**	**934.8**	889.0	—	889.0
Cost of sales		**(586.9)**	**—**	**(586.9)**	(625.4)	—	(625.4)
Gross profit		**347.9**	**—**	**347.9**	263.6	—	263.6
Distribution costs		**(81.3)**	**—**	**(81.3)**	(77.9)	—	(77.9)
Administrative costs		**(196.3)**	**(2.8)**	**(199.1)**	(168.4)	(3.2)	(171.6)
Impairment of trade receivables		**(1.6)**	**—**	**(1.6)**	(3.5)	—	(3.5)
Loss on disposal of property, plant and equipment		**(1.4)**	**—**	**(1.4)**	(0.3)	—	(0.3)
Impairment of property, plant and equipment		**(0.2)**	**—**	**(0.2)**	—	—	—
Operating profit/(loss)	7	**67.1**	**(2.8)**	**64.3**	13.5	(3.2)	10.3
Finance costs	8	**(14.0)**	**(3.8)**	**(17.8)**	(13.2)	(12.2)	(25.4)
Profit/(loss) before taxation		**53.1**	**(6.6)**	**46.5**	0.3	(15.4)	(15.1)
Taxation	9	**(14.8)**	**1.6**	**(13.2)**	(0.3)	3.9	3.6
Profit/(loss) for the year		**38.3**	**(5.0)**	**33.3**	—	(11.5)	(11.5)

	2024	2023
Earnings/(loss) per ordinary share attributable to the owners of the parent during the year (note 10)		
Basic earnings/(loss) per share	**19.3p**	(6.6)p
Diluted earnings/(loss) per share	**18.8p**	(6.6)p

Consolidated Statement of Comprehensive Income

Year ended 30 June 2024

	Note	2024 £m	2023 £m
Profit/(loss) for the year		**33.3**	(11.5)
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:			
Currency translation differences of foreign subsidiaries		**0.1**	(0.6)
Gain on net investment hedges		**0.8**	0.4
(Loss)/gain on cash flow hedges in the year		**(1.3)**	3.7
Cash flow hedges transferred to profit or loss		**(1.6)**	(1.4)
Taxation relating to the items above	9	**(0.6)**	(0.4)
		(2.6)	1.7
Items that will not be reclassified to profit or loss:			
Net actuarial loss on post-employment benefits	22	**(5.6)**	(14.1)
Taxation relating to the items above	9	**1.3**	3.5
		(4.3)	(10.6)
Total other comprehensive expense		**(6.9)**	(8.9)
Total comprehensive income/(expense)		**26.4**	(20.4)

Consolidated Balance Sheet

At 30 June 2024

	Note	2024 £m	2023 £m
Non-current assets			
Goodwill	12	**19.7**	19.7
Other intangible assets	13	**9.8**	6.5
Property, plant and equipment	14	**114.4**	117.8
Derivative financial instruments	20	**1.7**	4.5
Right-of-use assets	15	**8.1**	8.5
Deferred tax assets	9	**42.8**	41.6
		196.5	198.6
Current assets			
Inventories	16	**119.6**	121.5
Trade and other receivables	17	**148.8**	145.7
Current tax assets		**2.1**	2.3
Derivative financial instruments	20	**0.3**	0.6
Cash and cash equivalents		**9.3**	1.6
		280.1	271.7
Total assets		**476.6**	470.3

	Note	2024 £m	2023 £m
Current liabilities			
Trade and other payables	18	**220.1**	219.6
Borrowings	19	**67.4**	49.3
Lease liabilities	15, 19	**3.1**	3.5
Derivative financial instruments	20	**0.4**	1.8
Current tax liabilities		**12.9**	6.7
Provisions	24	**2.2**	2.7
		306.1	283.6
Non-current liabilities			
Borrowings	19	**65.0**	109.8
Lease liabilities	15, 19	**5.3**	5.5
Pensions and other post-employment benefits	22	**29.4**	26.6
Provisions	24	**1.4**	2.6
Deferred tax liabilities	9	**6.0**	5.1
		107.1	149.6
Total liabilities		**413.2**	433.2
Net assets		**63.4**	37.1
Equity			
Issued share capital	25	**17.4**	17.4
Share premium account	25	**68.6**	68.6
Other reserves	25	**76.3**	78.9
Accumulated losses		**(98.9)**	(127.8)
Total equity		**63.4**	37.1

The financial statements on pages 115 to 171 were approved by the Board of Directors on 16 September 2024 and were signed on its behalf by:

Chris Smith
Director

Consolidated Cash Flow Statement

Year ended 30 June 2024

	Note	2024 £m	2023 £m
Operating activities			
Profit/(loss) before tax		**46.5**	(15.1)
Finance costs	8	**17.8**	25.4
Exceptional items excluding finance costs	4	**0.8**	0.8
Share-based payments charge	5	**1.6**	0.5
Depreciation of property, plant and equipment	14	**16.3**	16.8
Depreciation of right-of-use assets	15	**3.7**	3.8
Loss on disposal of property, plant and equipment		**1.4**	0.3
Amortisation of intangible assets	13	**2.0**	2.4
Impairment of property, plant and equipment	14	**0.2**	—
Operating cash flow before changes in working capital and exceptional items		**90.3**	34.9
Increase in receivables		**(5.2)**	(1.3)
Decrease/(increase) in inventories		**0.6**	(2.7)
Increase in payables		**—**	11.1
Operating cash flow after changes in working capital before exceptional items		**85.7**	42.0
Additional cash funding of pension scheme	22	**(4.0)**	(4.0)
Cash generated from operations before exceptional items		**81.7**	38.0
Cash outflow in respect of exceptional items		**(1.0)**	(1.4)
Cash generated from operations		**80.7**	36.6
Interest paid		**(10.9)**	(11.4)
Refinancing costs paid		**(5.5)**	(12.3)
Taxation paid		**(5.1)**	(1.8)
Net cash generated from operating activities		**59.2**	11.1

	Note	2024 £m	2023 £m
Investing activities			
Purchase of property, plant and equipment	14	**(14.3)**	(10.3)
Purchase of intangible assets	13	**(5.3)**	(1.7)
Settlement of derivatives used in net investment hedges		**1.1**	0.4
Net cash used in investing activities		**(18.5)**	(11.6)
Financing activities			
Drawdown/(repayment) of overdrafts		**11.2**	(6.2)
Drawdown/(repayment) of other loans		**7.4**	(4.9)
(Repayment)/drawdown of bank loans		**(44.5)**	13.7
Repayment of IFRS 16 lease obligations	15	**(4.5)**	(4.3)
Purchase of own shares		**(2.8)**	—
Net cash used in financing activities		**(33.2)**	(1.7)
Increase/(decrease) in net cash and cash equivalents		**7.5**	(2.2)
Net cash and cash equivalents at the start of the year		**1.6**	4.5
Currency translation differences		**0.2**	(0.7)
Net cash and cash equivalents at the end of the year		**9.3**	1.6

Consolidated Statement of Changes in Equity

Year ended 30 June 2024

	Note	Issued share capital £m	Share premium account £m	Other reserves: Cash flow hedge reserve £m	Other reserves: Currency translation reserve £m	Other reserves: Capital redemption reserve £m	Accumulated losses £m	Total equity £m
At 1 July 2023		17.4	68.6	3.7	(2.0)	77.2	(127.8)	37.1
Profit for the year		—	—	—	—	—	33.3	33.3
Other comprehensive income/(expense)								
Items that may be reclassified to profit or loss:								
Currency translation differences of foreign subsidiaries		—	—	—	0.1	—	—	0.1
Gain on net investment hedges	20	—	—	—	0.8	—	—	0.8
Loss on cash flow hedges in the year	20	—	—	(1.3)	—	—	—	(1.3)
Cash flow hedges transferred to profit or loss		—	—	(1.6)	—	—	—	(1.6)
Taxation relating to the items above	9	—	—	(0.6)	—	—	—	(0.6)
		—	—	(3.5)	0.9	—	—	(2.6)
Items that will not be reclassified to profit or loss:								
Net actuarial loss on post-employment benefits	22	—	—	—	—	—	(5.6)	(5.6)
Taxation relating to the items above	9	—	—	—	—	—	1.3	1.3
		—	—	—	—	—	(4.3)	(4.3)
Total other comprehensive (expense)/income		—	—	(3.5)	0.9	—	(4.3)	(6.9)
Total comprehensive (expense)/income		—	—	(3.5)	0.9	—	29.0	26.4
Transactions with owners of the parent								
Purchase of own shares		—	—	—	—	—	(2.8)	(2.8)
Share-based payments		—	—	—	—	—	1.6	1.6
Taxation relating to the items above		—	—	—	—	—	1.1	1.1
At 30 June 2024		17.4	68.6	0.2	(1.1)	77.2	(98.9)	63.4

At 30 June 2024, the accumulated losses include a deduction of £3.2 million (2023: £0.4m) for the cost of own shares held in relation to employee share schemes. Further information on own shares is presented in note 25.

Consolidated Statement of Changes in Equity continued

Year ended 30 June 2024

	Note	Issued share capital £m	Share premium account £m	Other reserves: Cash flow hedge reserve £m	Other reserves: Currency translation reserve £m	Other reserves: Capital redemption reserve £m	Accumulated losses £m	Total equity £m
At 1 July 2022		17.4	68.6	1.8	(1.8)	77.2	(106.2)	57.0
Loss for the year		—	—	—	—	—	(11.5)	(11.5)
Other comprehensive income/(expense)								
Items that may be reclassified to profit or loss:								
Currency translation differences of foreign subsidiaries		—	—	—	(0.6)	—	—	(0.6)
Gain on net investment hedges	20	—	—	—	0.4	—	—	0.4
Gain on cash flow hedges in the year	20	—	—	3.7	—	—	—	3.7
Cash flow hedges transferred to profit or loss		—	—	(1.4)	—	—	—	(1.4)
Taxation relating to the items above	9	—	—	(0.4)	—	—	—	(0.4)
		—	—	1.9	(0.2)	—	—	1.7
Items that will not be reclassified to profit or loss:								
Net actuarial loss on post-employment benefits	22	—	—	—	—	—	(14.1)	(14.1)
Taxation relating to the items above	9	—	—	—	—	—	3.5	3.5
		—	—	—	—	—	(10.6)	(10.6)
Total other comprehensive income/(expense)		—	—	1.9	(0.2)	—	(10.6)	(8.9)
Total comprehensive income/(expense)		—	—	1.9	(0.2)	—	(22.1)	(20.4)
Transactions with owners of the parent								
Share-based payments		—	—	—	—	—	0.5	0.5
At 30 June 2023		17.4	68.6	3.7	(2.0)	77.2	(127.8)	37.1

Notes to the Consolidated Financial Statements

Year ended 30 June 2024

1. Corporate information

McBride plc ('the Company') is a public company limited by shares incorporated and domiciled in the United Kingdom and registered in England and Wales. The Company's ordinary shares are listed on the London Stock Exchange. The registered office of the Company is Middleton Way, Middleton, Manchester M24 4DP. For the purposes of DTR 6.4.2R, the Home State of McBride plc is the United Kingdom.

The Company and its subsidiaries (together, 'the Group') is Europe's leading manufacturer and supplier of private label and contract manufactured products for the domestic household and professional cleaning/hygiene markets. The Company develops and manufactures products for retailers and brand owners in Europe and the Asia-Pacific region.

2. Accounting policies

Accounting period

The Group's annual financial statements are drawn up to 30 June. These financial statements cover the year ended 30 June 2024 ('2024') with comparative amounts for the year ended 30 June 2023 ('2023').

Basis of preparation

The consolidated financial statements on pages 115 to 171 have been prepared on the going concern basis in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared under the historical cost convention, modified in respect of the revaluation to fair value of financial assets and liabilities (derivative financial instruments) at fair value through profit or loss, assets held for sale and defined benefit pension plan assets.

A summary of the material accounting policies is set out below. The accounting policies that follow set out those policies that apply in preparing the financial statements for the year ended 30 June 2024 and the Group and Company have applied the same policies throughout the year.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the CFO's Report on pages 19 to 20. In addition, notes 20 and 21 includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit and liquidity risks. The Group meets its funding requirements through internal cash generation and bank credit facilities. At 30 June 2024, liquidity, as defined in note 2, amounted to £98.3 million.

The Group's base case forecasts are based on the Board-approved budget and three-year plan. They indicate sufficient liquidity, debt cover and interest cover throughout the going concern review period to ensure compliance with current banking covenants. The Group's base case scenario assumes:

- revenue growth of c.4% per annum, driven predominantly by volume increases;
- raw material prices stabilising after the exceptional levels of input cost inflation seen in the previous two years;
- interest rates reducing in line with current market expectations; and
- a Sterling to Euro exchange rate of £1:€1.15.

The Directors have considered the Group's principal risks with the highest likelihood of occurrence or the severest impact, and the adverse effect this would have on the Group's financial forecasts. Changing market, customer and consumer dynamics could adversely impact revenue growth. Lack of supply chain resilience influences raw material and packaging input costs. Economic, political and macro environment instability potentially affects both revenue growth and input costs, in addition to market interest rates and foreign exchange rates. Considering these risks, together with the risk that the Group's revolving credit facility is reduced as part of the upcoming refinancing project, a severe but plausible downside scenario to stress test the Group's financial forecasts has been modelled, with the following assumptions:

- no revenue growth in 2025;
- revenue growth reducing to 1% in 2026 and 2027, being half of the Group's long-term target of 2%;
- an increase in raw material and packaging input costs compared to latest forecasts;
- interest rates increasing by 100 basis points;
- Sterling appreciating significantly against the Euro to £1:€1.25; and
- revolving credit facility reducing from €175 million to €150 million.

In the event that such a severe but plausible downside risk scenario occurs, the Group would remain compliant with current banking covenants.

After reviewing the current liquidity position and financial forecasts, stress testing for potential risks and considering the uncertainties described above, and based on the currently committed funding facilities, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence and without significant curtailment of operations for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the Group financial statements.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of McBride plc assesses the financial performance and position of the Group and makes strategic decisions. Therefore, the Board of McBride plc has been identified as the chief operating decision maker.

2. Accounting policies continued

Segmental reporting continued

Financial information is presented to the Board by product technology for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. There are five separately managed and accountable business divisions:

- Liquids;
- Unit Dosing;
- Powders;
- Aerosols; and
- Asia Pacific.

Intra-group revenue from the sale of products is agreed between the relevant customer-facing units and eliminated in the segmental presentation that is presented to the Board. Most overhead costs are directly attributed within the respective divisions' income statements. Central overheads are allocated to a reportable segment proportionally using an appropriate cost driver. Corporate costs, which include the costs associated with the Board and the Executive Leadership Team, governance and listed company costs. The costs of certain Group functions (mostly associated with financial disciplines such as treasury) are reported separately. Exceptional items are detailed in note 4 and are not allocated to the reportable segments as this reflects how they are reported to the Board. Finance expense and income are not allocated to the reportable segments, as the Group Treasury function manages this activity, together with the overall net debt position of the Group.

The Board uses adjusted operating profit to measure the profitability of the Group's businesses. Adjusted operating profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Adjusted operating profit represents operating profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses either year on year or with other businesses. During the years under review, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of intangible assets and exceptional items. Adjusted operating profit is not defined under IFRS and is therefore termed a non-GAAP measure. The rationale for using this measure, along with a reconciliation from the nearest measures prepared in accordance with IFRS, is discussed in alternative performance measures on page 132.

Segment information is presented in note 3.

Principal accounting policies

The Group and Company financial statements are presented in Pounds Sterling and all values are rounded to the nearest million Pounds (£m) except where otherwise indicated.

Basis of consolidation

The consolidated financial statements include the results, cash flows and assets and liabilities of the Group and its subsidiaries. Details of the Group's subsidiaries at 30 June 2024 are set out on pages 179 and 180.

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The Group's results, cash flows and assets and liabilities include those of each of its subsidiaries from the date on which the Group obtains control until such time as the Group loses control.

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated on consolidation. Consistent accounting policies are adopted across the Group.

Business combinations

A business combination is a transaction or other event in which the Group obtains control of one or more businesses. Business combinations are accounted for using the acquisition method.

Goodwill arising in a business combination represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquired business and, in a business combination achieved in stages, the fair value at the acquisition date of the Group's previously held equity interest, over the net total of the identifiable assets and liabilities of the acquired business at the acquisition date. If the identifiable assets and liabilities of the acquired business exceed the aggregate of the consideration transferred, the amount of any non-controlling interest in the business and the fair value at the acquisition date of any previously held equity interest, the excess is recognised as a gain in profit or loss. The fair value of assets and liabilities can be revised up to twelve months following the date of acquisition.

Consideration transferred in a business combination represents the sum of the fair values at the acquisition date of the assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control over the acquired business.

Acquisition-related costs are charged to profit or loss in the year in which they are incurred.

Changes in the amount of contingent consideration payable that result from events after the acquisition date, such as meeting a revenue or profit target, are not measurement period adjustments and are, therefore, recognised in profit or loss.

Any non-controlling interest in the acquired business is measured either at fair value or at the non-controlling interest's proportionate share of the identifiable assets and liabilities of the business.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity.

If the Group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the subsidiary and measures any investment retained in the former subsidiary at its fair value at the date when control is lost. Any gain or loss on a loss of control is recognised in profit or loss.

2. Accounting policies continued

Principal accounting policies continued

Foreign currency translation

The Group's presentational currency is Pound Sterling. At an entity level, transactions in foreign currencies are translated into the entity's functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Currency translation differences arising at entity level are recognised in profit or loss.

On consolidation, the results of foreign operations are translated into Pound Sterling at the average exchange rate for the year and their assets and liabilities are translated into Pound Sterling at the exchange rate ruling at the balance sheet date. Currency translation differences arising on consolidation are recognised in other comprehensive income and taken to the currency translation reserve.

In the event that a foreign operation is sold, the gain or loss on disposal recognised in profit or loss is determined after taking into account the cumulative currency translation differences arising on consolidation of the operation subsequent to the adoption of IFRS.

In the cash flow statement, the cash flows of foreign operations are translated into Sterling at the average exchange rate for the year.

Revenue

Revenue from contracts with customers from the sale of goods is measured at the invoiced amount, net of sales rebates, discounts, value added tax and other sales taxes.

Revenue is recognised on the transfer of the control of goods upon delivery of the goods to the customer when the significant risks and rewards of ownership are passed to the customer and when all contractual performance obligations have been met.

Accruals for sales rebates and discounts are established at the time of sale based on management's judgement of the amounts payable under the contractual arrangements with the customer.

The estimated rebates or discounts payable do not contain significant estimates as they are mostly contractually driven and are based on, amongst other things, expected sales to the customer during the period to which the rebate or discount relates, historical experience and market information.

The type of rebates and discounts given by the Group include:

- volume-related rebates for achieving sales targets within a set period; and
- promotional, marketing and other allowances to support specific promotional pricing discounts, in-store displays and cost reimbursement.

At 30 June 2024, the carrying amount of accruals relating to rebates and discounts amounted to £3.7 million (2023: £2.8m). Rebates equate to less than 1.0% (2023: less than 1.0%) of revenue and are not considered to be a critical judgement. There is an element of judgement applied to the level of future achieved sales within volume-related rebates.

Payment is typically due 60 days after despatch. The Group has an obligation for returns due to damages and recognises a credit note provision and corresponding adjustment to revenue.

The Group acts as an agent in some jurisdictions in relation to environmental taxes collected from customers and paid to third parties. There is no impact to the consolidated income statement for the collection and payment of these taxes.

Exceptional items

Exceptional items are material either individually or, if of a similar type, in aggregate and which, due to their nature or the infrequency of the events giving rise to them, are presented separately to assist users of the financial statements in assessing the underlying trading performance and trends of the Group's businesses either year-on-year or with other businesses.

Examples of exceptional items include, but are not limited to, the following:

- costs arising from significant restructuring projects deemed to be of sufficient scale and impact to fundamental business reshaping;
- restructuring and other expenses relating to the integration of an acquired business and related expenses for reconfiguration of the Group's activities;
- impairment of current and non-current assets;
- gains/losses on disposals of businesses;
- acquisition-related costs, including adviser fees incurred for significant transactions, and adjustments to the fair values of assets and liabilities that result in non-recurring charges to the income statement; and
- costs arising because of material and non-recurring regulatory and litigation matters.

Borrowing costs

Borrowing costs directly attributable to the construction of a manufacturing or distribution facility are capitalised as part of the cost of the facility if, at the outset of construction, the facility was expected to take a substantial period of time to get ready for its intended use.

Costs attributable to the arrangement of term borrowing facilities are amortised over the life of those facilities.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Goodwill

Goodwill arising in a business combination is recognised as an intangible asset and is allocated to the cash-generating unit (CGU) or group of CGUs that are expected to benefit from the synergies of the acquisition.

Goodwill is not amortised but is tested for impairment annually and whenever there are events or changes in circumstances that indicate that its carrying amount may not be recoverable.

Goodwill is carried at cost less any recognised impairment losses. Impairment charges are recognised in administrative expenses.

2. Accounting policies continued

Principal accounting policies continued

Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and any recognised impairment loss. Amortisation is recognised in administrative expenses.

(i) Assets acquired in business combinations

An intangible resource acquired in a business combination is recognised as an intangible asset if it is separable from the acquired business or arises from contractual or legal rights. An acquired intangible asset with a definite useful life is amortised on a straight-line basis so as to charge its fair value at the date of acquisition to profit or loss over its expected useful life as follows:

Patents, brands and trademarks	– up to five years
Customer relationships	– up to eight years

(ii) Product development costs

All research expenditure is charged to profit or loss in the year in which it is incurred.

Development expenditure is charged to profit or loss in the year in which it is incurred unless it relates to the development of a new or significantly improved product or process whose technical and commercial feasibility is proven at the time of development and therefore capitalised as an intangible asset. Development expenditure is measured at cost and amortised on a straight-line basis over the expected useful life, which is in the range of three to five years.

(iii) Computer software

Computer software and software licences are recognised as intangible assets measured at cost and are amortised on a straight-line basis over their expected useful lives, which are in the range of three to five years.

Directly attributable costs that are capitalised as part of computer software include the related software development employee costs.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment losses.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use by management.

Freehold land and freehold buildings are presented as land and buildings. Freehold land and payments on account and assets in the course of construction are not depreciated. Otherwise, property, plant and equipment is depreciated on a straight-line basis so as to charge its cost, less any residual value, to profit or loss over the expected useful life of the asset as follows:

Freehold buildings	– 50 years
Plant and equipment	– three to ten years

Property, plant and equipment acquired in a business combination is depreciated on a straight-line basis so as to charge its fair value at the date of acquisition, less any residual value, to profit or loss over the remaining expected useful life of the asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

The Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, less any lease incentives receivable.

In determining the relevant cash flows within a contract for each lease component, the Group has made use of the practical expedient available under IFRS 16 not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the year in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

2. Accounting policies continued

Principal accounting policies continued

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Impairment of non-financial assets

Goodwill, other intangible assets and property, plant and equipment are tested for impairment whenever events or circumstances indicate that their carrying amounts may not be recoverable. Additionally, goodwill is subject to an annual impairment test whether or not there are any indicators of impairment.

An asset is impaired to the extent that its carrying amount exceeds its recoverable amount, which represents the higher of the asset's value-in-use and its fair value less costs of disposal. An asset's value-in-use represents the present value of the future cash flows expected to be derived from the continued use of the asset. Fair value less costs of disposal is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. An asset's CGU is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill does not generate cash flows independently of other assets and is, therefore, tested for impairment at the level of the CGU or group of CGUs to which it is allocated.

Value-in-use is based on estimates of pre-tax cash flows discounted at a pre-tax discount rate that reflects the risks specific to the CGU to which the asset belongs.

Where necessary, impairment of non-financial assets other than goodwill is recognised before goodwill is tested for impairment. When goodwill is tested for impairment and the carrying amount of the CGU or group of CGUs to which it is allocated exceeds its recoverable amount, the impairment is allocated first to reduce the carrying amount of the goodwill and then to the other non-financial assets belonging to the CGU or group of CGUs pro-rata on the basis of their respective carrying amounts.

Impairment losses are recognised in profit or loss. Impairment losses recognised in previous years for assets other than goodwill are reversed if there has been a change in the estimates used to determine the asset's recoverable amount, but only to the extent that the carrying amount of the asset does not exceed its carrying amount had no impairment been recognised in previous years. Impairment losses recognised in respect of goodwill cannot be reversed.

Inventories

Inventories are stated at the lower of cost and net realisable value with due allowance for any excess, obsolete or slow-moving items. Cost represents the expenditure incurred in bringing each product to its present location and condition. The cost of raw materials is measured on a first-in, first-out (FIFO) basis. The cost of finished goods and work in progress comprises the cost of raw materials, direct labour and other direct costs, together with related production overheads based on normal operating capacity. Net realisable value is the estimated selling price less estimated costs of completion and estimated selling and distribution costs.

Financial instruments

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. The Group reclassifies debt instruments when, and only when, its business model for managing those assets changes.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss. The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next twelve months (a twelve-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL);

2. Accounting policies continued

Principal accounting policies continued

Financial instruments continued

- **fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss; and
- **fair value through profit or loss (FVPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the year in which it arises.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Under the Group's business model, trade and other receivables are held for collection of contractual cash flows and represent solely payments of principal and interest. A provision for impairment of trade receivables is established based on the expected credit loss.

For trade receivables and contract assets, the Group applies the IFRS 9 simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on shared credit risk characteristics, its historical credit loss experience and days past due, adjusted for forward-looking factors specific to the debtors and the economic environment. The amount of the provision is recognised in the balance sheet within trade receivables. Movements in the provision are recognised in the profit and loss account in administrative expenses.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits available on demand and other short-term, highly liquid investments with a maturity on acquisition of three months or less and bank overdrafts. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset or intention to offset with cash balances.

(iii) Trade payables

Trade payables are initially recognised at fair value and subsequently held at amortised cost.

(iv) Bank and other loans

Bank and other loans are initially recognised at fair value, net of directly attributable transaction costs, if any, and are subsequently measured at amortised cost using the effective interest rate method.

(v) Net debt

Net debt comprises cash and cash equivalents, overdrafts, bank and other loans and lease liabilities.

(vi) Derivative financial instruments

The Group uses derivative financial instruments, principally forward currency contracts and interest rate caps, to reduce its exposure to exchange rate and interest rate movements. The Group does not hold or issue derivatives for speculative purposes.

Derivative financial instruments are recognised as assets and liabilities measured at their fair values at the balance sheet date. Changes in their fair values are recognised in profit or loss. Derivative financial instruments are, therefore, likely to cause volatility in profit or loss in situations where the hedged item is not recognised in the financial statements or is recognised but its carrying amount is not adjusted to reflect fair value changes arising from the hedged risk, or is so adjusted but that adjustment is not recognised in profit or loss. Provided the conditions specified by IFRS 9, 'Financial instruments' are met, hedge accounting may be used to mitigate this volatility in profit or loss.

Derivative financial instruments are classified as current assets or liabilities unless they are in a designated hedging relationship and the hedge item is classified as a non-current asset or liability. Derivative financial instruments that are not in a designated hedging relationship are classified as FVPL.

(vii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Hedge accounting

For a hedging relationship to qualify for hedge accounting, it must be documented on inception together with the Group's risk management objective and strategy for initiating the hedge, and it must both be expected to be highly effective in offsetting the changes in cash flows or fair value attributed to the hedged risk and actually be highly effective in doing so. When hedge accounting is used, the hedging relationship is classified as a cash flow hedge or a net investment hedge.

When forward contracts are used to hedge forecast transactions, the Group generally designates the change in the fair value of the forward contract related to both the spot component and forward element as the hedging instrument. For option contracts the change in the fair value of the option contract related to the intrinsic value is designated as the hedging instrument. The time value of money is treated as the cost of hedging.

2. Accounting policies continued

Principal accounting policies continued

Hedge accounting continued

(i) Cash flow hedge

Hedging relationships are classified as cash flow hedges where the hedging instrument hedges exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability (such as interest payments on variable rate debt), a highly probable forecast transaction (such as forecast revenue) or a firm commitment that could affect profit or loss.

Where a hedging relationship is classified as a cash flow hedge, to the extent that the hedge is effective, the change in the fair value of the hedging instrument is recognised in other comprehensive income rather than in profit or loss. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss. When the hedged item affects profit or loss (for example, when a forecast sale that is hedged takes place), the cumulative gain or loss recognised in other comprehensive income is transferred to profit or loss. When a forecast transaction that has been hedged results in the recognition of a non-financial asset (for example, inventory), the cumulative gain or loss recognised in other comprehensive income is transferred from equity as an adjustment to the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(ii) Net investment hedge

A net investment hedge is the hedge of the currency exposure on the retranslation of the Group's net investment in a foreign operation. Net investment hedges are accounted for similarly to cash flow hedges. Changes in the fair value of the hedging instrument are, to the extent that the hedge is effective, recognised in other comprehensive income. In the event that the foreign operation is disposed of, the cumulative gain or loss recognised in other comprehensive income is transferred to profit or loss and included in the gain or loss on disposal of the foreign operation.

Pensions and other post-employment benefits

Post-employment benefits principally comprise pension benefits provided to employees in the UK and Continental Europe. The Group operates both defined benefit and defined contribution pension schemes.

(i) Defined contribution schemes

Under a defined contribution pension scheme, the Group makes fixed contributions to a separate pension fund. The amount of pension that the employee will receive on retirement is dependent entirely on the investment performance of the Fund and the Group has no obligation with regard to the future pension values received by employees.

Payments to defined contribution schemes are recognised in profit or loss in the year in which they fall due. To the extent defined contribution scheme contributions are due but unpaid, amounts outstanding are recognised in other payables.

(ii) Defined benefit schemes

Under a defined benefit pension scheme, the amount of pension that an employee will receive on retirement is fixed based on factors such as pensionable salary, years of service and age on retirement. In most cases, the schemes are funded by contributions from the Group and the participating employees. The Group is obliged to make additional contributions if the Fund has insufficient assets to meet its obligation to pay accrued pension benefits.

Actuarial valuations of the defined benefit schemes are carried out annually at the balance sheet date by independent qualified actuaries. Scheme assets are measured at their fair value at the balance sheet date. Benefit obligations are measured on an actuarial basis using the projected unit credit method and are discounted using the market yields on high-quality corporate bonds at the balance sheet date. The defined benefit liability or asset recognised in the balance sheet comprises the difference between the present value of the benefit obligations and the fair value of the scheme assets. Where a scheme is in surplus, the asset recognised is limited to the present value of any amounts that the Group expects to recover by way of refunds or a reduction in future contributions.

Defined benefit schemes are recognised in profit or loss by way of the service cost and the net interest cost on the benefit obligation. The service cost represents the increase in the present value of the benefit obligation relating to additional years of service accrued during the year, less employee contributions.

Gains or losses on curtailments or settlements are recognised in profit or loss in the year in which the curtailment or settlement occurs.

Actuarial gains and losses are recognised in other comprehensive income in the year in which they occur.

Share-based payments

The Group operates share schemes under which it grants equity-settled and cash-settled awards over ordinary shares in the Company to certain of its employees. The Group recognises a compensation expense that is based on the fair value of the awards measured using the Black-Scholes option pricing formula or the Monte Carlo valuation model.

For equity-settled awards, the fair value reflects market performance conditions and all non-vesting conditions. Fair value is determined at the grant date and is not subsequently remeasured unless the relevant conditions are modified. Adjustments are made to the compensation expense to reflect actual and expected forfeitures due to failure to satisfy service conditions or non-market performance conditions. For cash-settled awards at each reporting date, the estimate of the number of options that are expected to vest is revised based on the non-market vesting and service conditions.

2. Accounting policies continued

Principal accounting policies continued

Share-based payments continued

Generally, the compensation expense is recognised on a straight-line basis over the vesting period. For equity-settled awards, a corresponding credit is recognised in equity while for cash-settled awards at each reporting date, a corresponding liability to settle is recognised in the balance sheet.

In the event of the cancellation of an equity-settled award, the compensation expense that would have been recognised over the remainder of the vesting period is recognised immediately in profit or loss.

Provisions

A provision is a liability of uncertain timing or amount and is generally recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that a payment will be required to settle the obligation and the payment can be estimated reliably.

Provision is made for restructuring costs when a detailed formal plan for the restructuring has been determined and the plan has been communicated to the parties that may be affected by it. Gains from the expected disposal of assets are not taken into account in measuring restructuring provisions and provision is not made for future operating losses.

At 30 June 2024, the Group held provisions amounting to £3.6 million (2023: £5.3m), which principally represented reorganisation and restructuring costs and environmental remediation provisions. Adjustment to the amounts recognised would arise if it becomes necessary to revise the assumptions and estimates on which the provisions are based, if circumstances change such that contingent liabilities must be recognised or if management becomes aware of obligations that are currently unknown.

Provisions are discounted where the effect of the time value of money is material.

Contingent liabilities

The Group recognises provisions for liabilities when it is more likely than not that a settlement will be required and the value of such a payment can be reliably estimated. There are a number of contingent liabilities that arise in the normal course of business which, if realised, are not expected to result in a material liability to the Group.

Taxation

Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the year. Taxable profit differs from accounting profit because it excludes income or expenses that are recognised in the year for accounting purposes but are either not taxable or not deductible for tax purposes or are taxable or deductible in earlier or subsequent years. Current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amount of an asset or liability and its tax base used in calculating taxable profit. Deferred tax is accounted for using the liability method, whereby deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in the future against which the deductible temporary differences may be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction other than a business combination that affects neither accounting profit nor taxable profit.

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

Deferred tax is calculated using the enacted or substantively enacted tax rates that are expected to apply when the asset is recovered or the liability is settled.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the amounts and management intends to settle on a net basis. Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Current tax and deferred tax is recognised in profit or loss unless it relates to an item that is recognised in the same or a different year outside profit or loss, in which case it too is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Where there is uncertainty as to whether treatments in the tax return will be accepted by a taxation authority, the judgements and estimates made in recognising and measuring the uncertainty are based on information available at the time. The Group reassesses these judgements and estimates if the facts and circumstances change or new information becomes available. This may include, but is not restricted to, examination by a taxation authority, implicit or explicit acceptance by a taxation authority of a particular tax treatment, the expiry of the taxation authority's right to examine or re-examine a tax treatment and changes in legislation.

Payments to shareholders

Dividends paid and received are included in the Company financial statements in the year in which the related dividends are actually paid or received or, in respect of the Company's final dividend for the year, approved by shareholders.

It is the Board's intention that any future dividends will be final dividends paid annually in cash, not by the allotment and issue of B Shares. Consequently, the Board is not seeking shareholder approval at the 2024 AGM to capitalise reserves for the purposes of issuing B Shares or to grant Directors the authority to allot such shares. Existing B Shares will continue to be redeemable but limited to one redemption date per annum in November of each year. B Shares issued but not redeemed are classified as current liabilities.

2. Accounting policies continued

Principal accounting policies continued

Own shares

Own shares represent the Company's ordinary shares that are held by the Company in treasury or by a sponsored Employee Share Ownership Plan (ESOP) trust in relation to the Group's employee share schemes. When own shares are acquired, the cost of purchase in the market is deducted from equity. Gains or losses on the subsequent transfer or sale of own shares are also recognised in equity.

New accounting standards and interpretations

The following standards and amendments were effective for periods beginning on or after 1 January 2023, and as such, have been applied in these financial statements. The Group has not early adopted any other standard or interpretation that is issued but not yet effective.

- IFRS 17, 'Insurance Contracts', replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changes the accounting by all entities that issue insurance contracts.
- Amendments to IAS 1, requiring companies to disclose their material accounting policy information rather than their significant accounting policies.
- Amendments to IAS 8, clarifying how companies should distinguish changes in accounting policies from changes in accounting estimate.
- Amendments to IAS 12, requiring companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- Amendments to IAS 12. The Group has adopted the amendments to IAS 12, 'Income Taxes' – International tax reform: Pillar Two model rules and has applied the temporary mandatory exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

New accounting standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1, aiming to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current – effective for annual periods beginning on or after 1 January 2024.
- Amendments to IFRS 16, clarifying how a seller-lessee subsequently measures sale and leaseback transactions effective for annual periods beginning on or after 1 January 2024.
- Amendments to IAS 7 and IFRS 7, adding disclosure requirements and 'signposts' within existing disclosure requirements, asking entities to provide qualitative and quantitative information about supplier finance arrangements – effective for annual periods beginning on or after 1 January 2024.
- Amendments to IFRS 10, clarifying the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures.
- Amendments to IAS 21, to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. These new requirements will apply from 1 January 2025, with early application permitted.

None of the amendments are expected to have a significant impact on the Group; however, the Group will continue to consider these and any additional amendments, interpretations and new standards to identify potential future impact.

2. Accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies as described in this note, the Directors are required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported assets, liabilities, income and expenses that are not readily identifiable from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that might have a financial impact on the Company and that are believed to be reasonable under the circumstances. Actual outcomes could differ from those estimates and affect the Company's results in future years.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors have carefully considered the accounting implications of the following developments in their review of critical judgements, estimates and assumptions:

- Impacts of high inflation and interest rates: Companies continue to experience the effect of high inflation and interest rates, which impact all aspects of the business including increasing costs such as raw materials and wages, changes in customer behaviour and credit risk, negotiations of contract terms and investment and financing decisions.
- Climate change: The impact of ESG matters, specifically focused on the effect of climate change, both from a qualitative and quantitative perspective, continue to impact companies.
- Global conflicts and sanctions: Global conflicts and the imposition of international sanctions continue to have a pervasive economic impact worldwide and particularly where businesses engage in economic activities that might be affected by recent developments in these areas.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements

(i) Determination of cash-generating units (CGUs)

A CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment testing requires management to determine the net discounted cash flows expected to arise from a CGU. Management has determined that the Group's CGUs align with the operating reportable segments, or divisions, being Liquids, Unit Dosing, Powders, Aerosols and Asia Pacific. In the case of the first four divisions, segmentation is based on product technologies. For Asia Pacific, segmentation is based on location of both operations and the market served. The judgement applied in determining the Group's CGUs concerns the level at which cash flows arise independently from other areas of the business.

Whilst each division is made up of a number of operational sites based in different locations, sites within a division act as a network to create a product offering for all customers of that division. Therefore, cash flows arising at any particular site within a division have a level of dependence upon other assets within the division as a whole. Furthermore, divisional leadership teams develop strategies for the division as a whole and are accountable to deliver them, including driving best practices and performance across the whole division and developing new products at a divisional level based on specialist product format knowledge. Sales and marketing teams also operate at a divisional level.

Key sources of estimation uncertainty

(i) Impairment of goodwill allocated to the Liquids CGU

Impairment testing requires management to estimate the recoverable amount of an asset or group of assets. The recoverable amount represents the higher of value-in-use and fair value less costs of disposal. Where the recoverable amount is lower than the carrying amount, an impairment charge is recognised in profit and loss in the year in which the impairment is identified.

Value-in-use represents the net present value of the net cash flows expected to arise from an asset or group of assets and its calculation requires management to estimate those cash flows and to apply a suitable discount rate to them.

Cash flows are estimated by applying assumptions to budgeted sales, production costs and overheads over a five-year forecast period and by applying a perpetuity growth rate to the forecast cash flow in the third year.

Forecasts are reviewed and approved by the Board.

Cash flows are discounted using a discount rate that reflects current market assessments of the time value of money. The discount rate used in each CGU is adjusted for risks specific to the asset or group of assets. The weighted average cost of capital is affected by estimates of interest rates, equity returns and market and country-related risks.

Carrying values of goodwill, other intangible assets and property, plant and equipment are subject to a significant risk of material adjustment due to potential changes in assumptions in the next twelve months. Sensitivity analysis has been performed in order to assess the extent to which carrying values of such assets are at risk of impairment.

During the year, impairment charges of £nil were recognised (2023: £nil).
At 30 June 2024, the carrying amount of goodwill, allocated to the Liquids CGU was £16.0 million (2023: £16.0m).

Details of the assumptions applied and the sensitivity of the carrying amount of goodwill in relation to the business are presented in note 12.

2. Accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty continued

Key sources of estimation uncertainty continued

(ii) Pensions and other post-employment benefits

Under IAS 19, 'Employee benefits', the cost of defined benefit schemes is determined based on actuarial valuations that are carried out annually at the balance sheet date. Actuarial valuations are dependent on assumptions about the future that are made by the Directors on the advice of independent qualified actuaries. If actual experience differs from these assumptions, there could be a material change in the amounts recognised by the Group in respect of defined benefit schemes in the next financial year.

At 30 June 2024, the present value of defined benefit obligations in relation to the UK scheme was £101.6 million (2023: £98.1m). It was calculated using a number of assumptions, including future Consumer Price Index rate changes, increases to pension benefits and mortality rates. The present value of the benefit obligation is calculated by discounting the benefit obligation using market yields on high-quality corporate bonds at the balance sheet date.

At 30 June 2024, the fair value of the scheme assets of the UK scheme was £74.1 million (2023: £73.4m). The scheme assets consist largely of securities and managed funds whose values are subject to fluctuation in response to changes in market conditions. A portion of unquoted investments have valuations which precede the reporting date and where the valuations have been adjusted for cash movements between the last valuation date and 30 June 2024, using the valuation approach and inputs as at the last valuation date. Changes in the actuarial assumptions underlying the benefit obligation, changes in the discount rate applicable to the benefit obligation and effects of differences between the expected and actual return on the scheme's assets are classified as actuarial gains and losses and are recognised in other comprehensive income. During 2024, the Group recognised a net actuarial loss of £5.6 million (2023: loss of £14.1m).

An analysis of the assumptions that will be used by the Directors to determine the cost of the defined benefit scheme that will be recognised in profit or loss in the next financial year and the sensitivity of the benefit obligation to key assumptions is presented in note 22.

(iii) Taxation

Judgements and estimates are required in order to determine the appropriate amount of tax provided for issues under dispute with taxation authorities and for tax matters which are considered uncertain and on which it is probable that a future tax liability will arise. The amount provided is management's best estimate of the tax liability taking into consideration external advice, known outcomes on similar tax treatments and experience of tax authority custom and practice.

At 30 June 2024, the Group estimated its maximum possible tax exposure for ongoing tax audits and uncertain tax treatments to be £23.2 million (2023: £15.9m), against which a provision of £1.4 million (2023: £1.6m) has been made, in line with IFRIC 23 requirements.

The Group operates across a number of jurisdictions and tax risk can arise in relation to the pricing of cross-border transactions. Transfer pricing is inherently subjective and in determining the appropriate level of provision, the Group considers the probability of a range of outcomes, using a weighted average methodology to focus risk on the most likely outcomes in the event of an audit. The amount provided also takes account of international dispute resolution mechanisms, where available, to mitigate double taxation. This analysis is reassessed at each year end and the estimates refined as additional information becomes available. The provision has reduced from that held in the prior year mainly due to statute of limitation expiries.

The Group believes it has made adequate provision for the liabilities likely to arise from years which are open and not yet agreed by tax authorities. The ultimate liability for such matters may vary from the amounts provided however and is dependent upon the outcome of agreements with relevant tax authorities, dispute resolution processes in the relevant jurisdictions or litigation where appropriate.

The Group has tax losses and other deductible temporary differences that have the potential to reduce future tax liabilities. Deferred tax assets are recognised to the extent that recovery is probable against the future reversal of taxable temporary differences and projected taxable income. At 30 June 2024, the Group recognised deferred tax assets of £42.8 million (2023: £41.6m), including £25.8 million (2023: £29.3m) in respect of tax losses. Deferred tax assets amounting to £7.5 million (2023: £7.5m) were not recognised in respect of tax losses and tax credits carried forward. The profit projections used to estimate deferred tax asset recoverability are the same as those used to assess the carrying value of goodwill and the estimate is therefore sensitive to the same factors as those set out in note 12. Management estimates that a reduction in the perpetual growth rate to 0.0% would not result in an impairment of the deferred tax asset.

2. Accounting policies continued

Alternative performance measures

Introduction

The performance of the Group is assessed using a variety of adjusted measures that are not defined under IFRS and are therefore termed non-GAAP measures. The non-GAAP measures used are adjusted operating profit, adjusted EBITDA, adjusted finance costs, adjusted profit before tax, adjusted profit for the year, adjusted EPS, free cash flow and cash conversion %, adjusted ROCE, liquidity and net debt. The rationale for using these measures, along with a reconciliation from the nearest measures prepared in accordance with IFRS, are presented below. The alternative performance measures we use may not be directly comparable with similarly titled measures used by other companies.

Adjusted measures

Adjusted measures exclude specific items that are considered to hinder comparison of the trading performance of the Group's businesses either year on year or with other businesses. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and Executive Committee, and is used for internal performance analysis and in relation to employee incentive arrangements. The Directors present these adjusted measures in the financial statements in order to assist investors in their assessment of the trading performance of the Group. Directors do not regard these measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS.

During the years under review, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of intangible assets and exceptional items. Exceptional items and amortisation are excluded from adjusted operating profit because they are not considered to be representative of the trading performance of the Group's businesses during the year. Adjusted EBITDA means adjusted operating profit before depreciation. A reconciliation between adjusted operating profit, adjusted EBITDA and the Group's reported statutory operating profit is shown below.

	2024 £m	2023 £m
Operating profit	**64.3**	10.3
Exceptional items in operating profit (note 4)	**0.8**	0.8
Amortisation of intangibles (note 13)	**2.0**	2.4
Adjusted operating profit	**67.1**	13.5
Depreciation of property, plant and equipment (note 14)	**16.3**	16.8
Depreciation of right-of-use assets (note 15)	**3.7**	3.8
Adjusted EBITDA	**87.1**	34.1

Adjusted profit before tax is based on adjusted operating profit less adjusted finance costs. Adjusted profit for the year is based on adjusted profit before tax less taxation relating to non-adjusting items. The table below reconciles adjusted profit before tax to the Group's reported profit/(loss) before tax.

	2024 £m	2023 £m
Profit/(loss) before tax	**46.5**	(15.1)
Exceptional items (note 4)	**4.6**	13.0
Amortisation of intangibles (note 13)	**2.0**	2.4
Adjusted profit before tax	**53.1**	0.3
Taxation (note 9)	**(14.8)**	(0.3)
Adjusted profit for the year	**38.3**	—

Adjusted EPS is based on the Group's profit/(loss) for the year adjusted for the items excluded from operating profit in arriving at adjusted operating profit, and the tax relating to those items (note 9).

Free cash flow and cash conversion %

Free cash flow is one of the Group's key performance indicators (KPIs) by which our financial performance is measured. It is primarily a liquidity measure; however, free cash flow and cash conversion % are also important indicators of overall operational performance as they reflect the cash generated from operations. Free cash flow is defined as cash generated before exceptional items. Cash conversion % is defined as free cash flow as a percentage of adjusted EBITDA (applicable only when adjusted EBITDA is positive). A reconciliation from net cash generated from operating activities, the most directly comparable IFRS measure to free cash flow, is set out as follows:

	2024 £m	2023 £m
Net cash generated from operating activities	**59.2**	11.1
Add back:		
Taxation paid	**5.1**	1.8
Interest paid	**10.9**	11.4
Refinancing costs paid	**3.8**	12.3
Cash outflow in respect of exceptional items	**2.7**	1.4
Free cash flow	**81.7**	38.0
Adjusted EBITDA	**87.1**	34.1
Cash conversion %	**94%**	111%

2. Accounting policies continued

Alternative performance measures continued

Adjusted return on capital employed (ROCE)

Adjusted ROCE serves as an indicator of how efficiently we generate returns from the capital invested in the business. It is a Group KPI that allows management to evaluate the outcome of investment decisions. Adjusted ROCE is defined as adjusted operating profit divided by the average of opening and closing capital employed. Capital employed is defined as the total of goodwill and other intangible assets, property, plant and equipment, right-of-use assets, inventories, trade and other receivables less trade and other payables. There is no equivalent statutory measure within IFRS. Adjusted ROCE is calculated as follows:

	2024 £m	2023 £m	2022 £m
Goodwill (note 12)	19.7	19.7	19.7
Other intangible assets (note 13)	9.8	6.5	7.3
Property, plant and equipment (note 14)	114.4	117.8	122.9
Right-of-use assets (note 15)	8.1	8.5	11.3
Inventories (note 16)	119.6	121.5	118.9
Trade and other receivables (note 17)	148.8	145.7	145.4
Trade and other payables (note 18)	(220.1)	(219.6)	(206.9)
Capital employed	**200.3**	200.1	218.6
Average of opening and closing capital employed	200.2	209.4	214.0
Adjusted operating profit/(loss)	67.1	13.5	(24.5)
Adjusted ROCE %	**33.5%**	6.4%	(11.4)%

Liquidity

Liquidity means, at any time, without double counting, the aggregate of:

(a) cash;

(b) cash equivalents;

(c) the available facility at that time, which comprises the headroom available in the RCF and other committed facilities; and

(d) the aggregate amount available for drawing under uncommitted facilities.

The Company uses this measure to manage cash flow and ensure that financial covenants are adhered to.

	2024 £m	2023 £m
Cash and cash equivalents	9.3	1.6
RCF headroom	82.9	40.0
Other committed facilities headroom	—	17.5
Uncommitted facilities	6.1	0.2
Liquidity	**98.3**	59.3

Net debt

Net debt consists of cash and cash equivalents, overdrafts, bank and other loans and lease liabilities.

Net debt is a key indicator used by management to assess the Group's indebtedness and overall balance sheet strength.

Net debt is an alternative performance measure as it is not defined in IFRS. A reconciliation from loans and other borrowings, lease liabilities and cash and cash equivalents, the most directly comparable IFRS measures to net debt is set out below:

	2024 £m	2023 £m
Current assets		
Cash and cash equivalents	9.3	1.6
Current liabilities		
Borrowings (note 19)	(67.4)	(49.3)
Lease liabilities (note 15)	(3.1)	(3.5)
	(70.5)	(52.8)
Non-current liabilities		
Borrowings (note 19)	(65.0)	(109.8)
Lease liabilities (note 15)	(5.3)	(5.5)
	(70.3)	(115.3)
Net debt	**(131.5)**	(166.5)

2. Accounting policies continued

Alternative performance measures continued

Net debt cover ratio (banking basis)

The net debt cover ratio (banking basis) is an indicator of the Company's ability to repay its debts. Under the RCF, it is calculated as net debt (as defined in the RCF agreement) divided by EBITDA (as defined in the RCF agreement). The Company uses the ratio to ensure compliance with the RCF financial covenants that will be tested quarterly from 30 September 2024.

	2024 £m	2023 £m
Net debt (as defined above)	(131.5)	(166.5)
Invoice discounting facilities (note 19)	55.6	48.7
B Shares (note 11, 18)	(0.7)	(0.7)
Lease liabilities (note 15)	8.4	9.0
Adjustment for average exchange rates	(0.9)	(0.7)
Net debt banking basis (as defined in the RCF agreement)	**(69.1)**	(110.2)
Adjusted EBITDA	87.1	34.1
Net interest cost on defined benefit obligation (note 8)	(1.2)	(0.5)
Loss on disposal of property, plant and equipment (note 14)	1.4	0.3
Lease payments (note 15)	4.5	4.3
EBITDA banking basis (as defined in the RCF agreement)	**91.8**	38.2
Net debt cover ratio (banking basis)	**0.8x**	2.9x

Interest cover ratio (banking basis)

The interest cover ratio (banking basis) is a measure of the Company's ability to pay the interest on its outstanding debts. Under the RCF, it is calculated as EBITDA (as defined in the RCF agreement) divided by adjusted finance costs (excluding net interest cost on defined benefit obligation). The Company uses the ratio to ensure compliance with the RCF financial covenants that will be tested quarterly from 30 September 2024.

	2024 £m	2023 £m
EBITDA banking basis (as defined in the RCF agreement)	91.8	38.2
Lease payments (note 15)	(4.5)	(4.3)
EBITDA banking basis (as defined in the RCF agreement)	**87.3**	33.9
Adjusted finance costs excluding net interest cost on defined benefit obligation (note 8)	**12.8**	12.7
Interest cover ratio (banking basis)	**6.8x**	2.7x

3. Segment information

Segmental reporting

Financial information is presented to the Board by business division for the purposes of allocating resources within the Group and assessing the performance of the Group. There are five separately managed and accountable business divisions. The European business is managed as four divisions based on product technology and the Asia-Pacific division is based on geography:

- Liquids;
- Unit Dosing;
- Powders;
- Aerosols; and
- Asia Pacific.

Intra-group revenue from the sale of products is agreed between the relevant customer-facing units and eliminated in the segmental presentation that is presented to the Board, and therefore excluded from the figures. Most overhead costs are directly attributed within the respective divisions' income statements. Central overheads are allocated to a reportable segment proportionally using an appropriate cost driver. Corporate costs, which include the costs associated with the Board and the Executive Leadership Team, governance and listed company costs. The costs of certain Group functions (mostly associated with financial disciplines such as treasury) are reported separately. Exceptional items are detailed in note 4 and are not allocated to the reportable segments as this reflects how they are reported to the Board. Finance expense and income are not allocated to the reportable segments, as the Group Treasury function manages this activity, together with the overall net debt position of the Group.

The Board uses adjusted operating profit to measure the profitability of the Group's businesses. Adjusted operating profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Adjusted operating profit represents operating profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses either year on year or with other businesses. During the years under review, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of intangible assets and exceptional items.

Year ended 30 June 2024	Liquids £m	Unit Dosing £m	Powders £m	Aerosols £m	Asia Pacific £m	Corporate £m	Group £m
Revenue	532.8	233.6	92.8	50.9	24.7	—	934.8
Adjusted operating profit/(loss)	45.6	19.4	6.0	2.1	1.4	(7.4)	67.1
Amortisation of intangible assets							(2.0)
Exceptional items (note 4)							(0.8)
Operating profit							64.3
Finance costs (note 8)							(17.8)
Profit before taxation							46.5
Inventories	61.2	31.3	14.1	10.3	2.7	—	119.6
Capital expenditure	10.3	7.7	2.0	0.6	0.3	—	20.9
Amortisation and depreciation	12.8	5.8	1.4	0.6	1.4	—	22.0

3. Segment information continued

Segmental reporting continued

Year ended 30 June 2023	Liquids £m	Unit Dosing £m	Powders £m	Aerosols £m	Asia Pacific £m	Corporate £m	Group £m
Revenue	497.9	234.2	85.9	46.2	24.8	—	889.0
Adjusted operating profit/(loss)	10.5	10.0	(0.7)	0.3	1.1	(7.7)	13.5
Amortisation of intangible assets							(2.4)
Exceptional items (note 4)							(0.8)
Operating profit							10.3
Finance costs (note 8)							(25.4)
Loss before taxation							(15.1)
Inventories	59.4	33.8	15.8	9.6	2.9	—	121.5
Capital expenditure	5.9	4.9	1.7	0.4	0.3	—	13.2
Amortisation and depreciation	13.2	6.3	1.4	0.6	1.5	—	23.0

Geographical information

	Revenue		Non-current assets	
	2024 £m	2023 £m	**2024 £m**	2023 £m
United Kingdom	**194.4**	187.8	**36.8**	34.5
Germany	**212.4**	205.8	**—**	—
France	**201.5**	188.0	**9.8**	9.1
Italy	**78.4**	73.9	**14.4**	14.3
Spain	**41.2**	35.1	**9.5**	9.6
Other Europe	**177.5**	169.5	**77.6**	80.2
Asia Pacific	**25.4**	25.7	**3.9**	4.8
Rest of the World	**4.0**	3.2	**—**	—
Total	**934.8**	889.0	**152.0**	152.5

The geographical revenue information above is based on the location of the customer.

Non-current assets for this purpose consists of goodwill, other intangible assets, property, plant and equipment and right-of-use assets.

Revenue by major customer

In 2024 and 2023, no individual customer provided more than 10% of the Group's revenue. During 2024, the top ten customers accounted for 52% of total Group revenue (2023: 53%).

4. Exceptional items

Analysis of exceptional items

	2024 £m	2023 £m
Environmental remediation	0.8	0.8
Total charged to operating profit	**0.8**	0.8
Group refinancing:		
Independent business review and refinancing costs	3.8	12.2
Total charged to finance costs	**3.8**	12.2
Total exceptional items before tax	**4.6**	13.0

Total exceptional items of £4.6 million were recorded during the year (2023: £13.0m). The charge comprised the following:

- £0.8 million costs relating to the re-evaluation of the environmental remediation provision (2023: £0.8m); and
- £3.8 million charged to finance costs (2023: £12.2m). The charge primarily related to the termination of the upside sharing fee. As announced on 25 October 2023, the Group agreed to make a one-off payment of £5.0 million to its lender group in respect of the upside sharing fee. As £1.5 million had already been recognised at 30 June 2023, a further £3.5 million cost was recognised in the year. Costs of £12.2 million incurred in the prior year related to the independent business review and amended RCF.

5. Employee information

The number of full-time equivalent persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2024 Year end Number	2024 Average Number	2023 Year end Number	2023 Average Number
Manufacturing	2,571	2,439	2,333	2,287
Sales, general and administration	636	623	608	596
Total	**3,207**	**3,062**	2,941	2,883

The number of persons employed during the financial year ended 30 June 2024 excludes third-party contractors, agency workers and consultants used by the Group. Such workers are not employees of the Group, as defined by section 411 of the Companies Act 2006, and have therefore been excluded from the numbers disclosed above.

Aggregate payroll costs were as follows:

	2024 £m	2023 £m
Wages and salaries	131.1	118.9
Social security costs	20.9	19.0
Share awards granted to Directors and employees	1.6	0.5
Other pension costs	3.6	3.6
Total	**157.2**	142.0

Pension costs comprise the payments made by the Group to defined contribution schemes and the service and administration costs on defined benefit schemes (net of employee contributions). See note 22.

Aggregate emoluments of the Directors of the Company were as follows:

	2024 £'000	2023 £'000
Wages and salaries	1,787	1,889
Share awards granted to Directors	778	169
Other pension costs[1]	—	58
Total	**2,565**	2,116

(1) The pension figure represents the value of the Company's contribution to the individual's pension scheme and/or the cash value of payments in lieu of pension contribution.

Further information on Directors' emoluments included above is in the Annual Report on Remuneration on pages 91 to 102.

Aggregate compensation for key management, being the Directors and members of the Executive Committee, is shown in note 27.

6. Auditors' remuneration

Fees payable by the Group to the Company's independent auditors, PricewaterhouseCoopers LLP, and its associates, were as follows:

	2024 £m	2023 £m
Audit fees:		
Audit of the Company's financial statements	0.1	0.1
Other services:		
Audit of the financial statements of the Company's subsidiaries	1.1	1.2
Total fees	1.2	1.3

Fees for the audit of the Company's financial statements represent fees payable to PwC in respect of the audit of the Company's individual financial statements and the Group's consolidated financial statements. Non-audit fees payable to PwC in relation to other non-audit assurance services amounted to £2,000 (2023: £2,000).

7. Operating profit

Operating profit is stated after charging:

	2024 £m	2023 £m
Cost of inventories (included in cost of sales)[1]	519.9	573.2
Employee costs (note 5)	157.2	142.0
Amortisation of intangible assets (note 13)	2.0	2.4
Depreciation of property, plant and equipment (note 14)	16.3	16.8
Depreciation of right-of-use assets (note 15)	3.7	3.8
Impairment:		
Property, plant and equipment (note 14)	0.2	—
Inventories (note 16)	8.9	3.0
Trade receivables (note 17)	1.6	2.6
Expense relating to short-term leases (note 15)	0.2	0.3
Expense relating to low-value leases (note 15)	0.1	0.1
Research and development costs not capitalised	10.0	7.3
Net foreign exchange loss	0.5	0.4

(1) Direct material costs only.

8. Finance costs

	2024 £m	2023 £m
Finance costs		
Interest on bank loans and overdrafts	10.5	11.1
Interest on lease liabilities (note 15)	0.3	0.3
Net foreign exchange loss	0.7	(0.2)
Amortisation of facility fees	0.5	0.5
Non-utilisation and other fees	0.8	1.0
	12.8	12.7
Post-employment benefits:		
Net interest cost on defined benefit obligation (note 22)	1.2	0.5
Adjusted finance costs	14.0	13.2
Costs associated with independent business review and refinancing (note 4)	3.8	12.2
Total finance costs	17.8	25.4

Interest rate caps are used to manage the interest rate profile of the Group's borrowings. Accordingly, interest income from interest rate caps of £1.6 million (2023: £0.5m) is included in interest on bank loans and overdrafts.

No interest costs were capitalised in the current year (2023: £nil).

9. Taxation

Income tax expense/(credit)

Total attributable to ordinary shareholders	2024 UK £m	2024 Overseas £m	2024 Total £m	2023 UK £m	2023 Overseas £m	2023 Total £m
Current tax expense/(credit)						
Current year	0.4	12.0	12.4	—	5.0	5.0
Adjustment for prior years	—	(0.8)	(0.8)	—	(0.2)	(0.2)
	0.4	11.2	11.6	—	4.8	4.8
Deferred tax expense/(credit)						
Origination and reversal of temporary differences	1.0	(0.3)	0.7	(8.8)	0.9	(7.9)
Adjustment for prior years	0.7	0.2	0.9	(0.2)	(0.3)	(0.5)
	1.7	(0.1)	1.6	(9.0)	0.6	(8.4)
Income tax expense/(credit)	2.1	11.1	13.2	(9.0)	5.4	(3.6)

The current tax adjustment for the prior year was £0.5 million charge (2023: £nil) and £0.2 million credit (2023: £0.2m credit) relating to the release of provisions for uncertain tax treatments due to the expiry of statutes of limitation.

Transfer pricing is inherently subjective and in determining the appropriate level of provision, the Group considers the probability of a range of outcomes, using a weighted average methodology to focus risk on the most likely outcomes in the event of an audit. The amount provided also takes account of international dispute resolution mechanisms, where available, to mitigate double taxation. This analysis is re-assessed at each year end and the estimates refined as additional information becomes available.

At 30 June 2024, the Group estimated its maximum possible tax exposure for ongoing tax audits and uncertain tax treatments to be £23.2 million (2023: £15.9m), against which a provision of £1.4 million (2023: £1.6m) has been made, in line with IFRIC 23 requirements.

9. Taxation continued

Reconciliation to UK statutory tax rate

The total tax charge/(credit) on the Group's profit/(loss) before tax for the year is higher (2023: higher) than the amount that would be charged at the UK standard rate of corporation tax for the following reasons:

Total attributable to ordinary shareholders	2024 £m	2023 £m
Profit/(loss) before tax	46.5	(15.1)
Profit/(loss) before tax multiplied by the UK corporation tax rate of 25.0% (2023: 20.5%)	11.6	(3.1)
Effect of tax rates in foreign jurisdictions	0.3	1.1
Non-deductible expenses	0.5	0.4
Change in tax rate	—	(1.6)
Other differences	0.7	0.3
Adjustment for prior years	0.1	(0.7)
Total tax charge/(credit) in profit or loss	13.2	(3.6)
Exclude adjusting items (note 2)	1.6	3.9
Total tax charge in profit or loss before adjusting items	14.8	0.3

The taxation is provided at current rates on the profits earned for the year. There have been no changes in applicable tax rates that have impacted the current year tax charge.

The main rate of UK corporation tax applicable for the financial year is 25.0% (2023: 20.5%, being the weighted average of 19.0% for nine months and 25.0% for three months).

Factors affecting future tax charges

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. On this basis, the first period of account where the Group will be affected will be the accounting period ending 2025 onwards. The Group is reviewing these draft rules to understand any potential impacts.

The Group has applied the exception under the proposed IAS 12 amendment to recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning 1 July 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes based on modelling of adjusted accounting data for the period ended 30 June 2023 and has been performed with the assistance from the Group's tax advisers. A further assessment will be performed on accounting data for the period ended 30 June 2024.

Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15% or one of the other transitional safe harbour reliefs are available. Management is not currently aware of any circumstances under which this might change and therefore the Group does not anticipate a material exposure to Pillar Two top-up taxes.

Tax on items recognised in other comprehensive income

	2024 £m	2023 £m
Items that may be reclassified to profit or loss:		
Cash flow hedges in the year	0.6	0.4
Items that will not be reclassified to profit or loss:		
Net actuarial loss on post-employment benefits:		
Deferred tax	(1.3)	(3.5)
Total tax credited in other comprehensive income	(0.7)	(3.1)

9. Taxation continued

Deferred tax

The movement in the net deferred tax balances during the year was:

	Accelerated capital allowance £m	Intangible assets £m	Share-based payments £m	Tax losses £m	Retirement benefit obligations £m	Other £m	Total £m
At 1 July 2022	(4.6)	(3.2)	0.1	22.0	3.9	6.8	25.0
(Charge)/credit to profit or loss	(0.7)	0.4	0.1	7.2	(0.9)	2.3	8.4
Credit/(charge) to other comprehensive income	—	—	—	—	3.5	(0.4)	3.1
Exchange/other movements	0.1	(0.2)	—	0.1	—	—	—
At 30 June 2023	(5.2)	(3.0)	0.2	29.3	6.5	8.7	36.5
(Charge)/credit to profit or loss	**(1.3)**	**0.1**	**0.3**	**(3.5)**	**(0.5)**	**3.3**	**(1.6)**
Credit/(charge) to other comprehensive income	**—**	**—**	**—**	**—**	**1.3**	**(0.5)**	**0.8**
Credit to equity	**—**	**—**	**1.1**	**—**	**—**	**—**	**1.1**
At 30 June 2024	**(6.5)**	**(2.9)**	**1.6**	**25.8**	**7.3**	**11.5**	**36.8**

Other deferred tax includes short-term timing differences for Group entities of £4.6 million (2023: £5.2m) and amounts related to corporate interest restriction in the UK £8.2 million (2023: £4.2m).

Deferred tax assets and liabilities are presented in the Group's balance sheet as follows:

	2024 £m	2023 £m
Deferred tax assets	**42.8**	41.6
Deferred tax liabilities	**(6.0)**	(5.1)
Total	**36.8**	36.5

Deferred income tax assets are recognised for deductible temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The deferred tax asset represents mainly UK deductible temporary differences which are not subject to time expiry. The Group expects to utilise an element of these temporary differences in its 2024 tax return with all amounts considered to be fully recoverable based on the latest medium-term financial forecasts. Applying a downside sensitivity test in line with the Group's impairment model, it was determined that the EBITDA in the next three financial years would have to reduce by 13.9% to result in an impairment of the deferred tax asset. The reason for the expected improvement in performance is due to the increased sales volumes which have been driven by new business wins and the expansion of private label contracts. There is no significant risk of material adjustment to the carrying amount of the deferred tax asset within the next twelve months.

To the extent that dividends remitted from overseas affiliates are expected to result in additional taxes, these amounts have been provided for. No deferred tax is recognised in respect of timing differences associated with the unremitted earnings of overseas subsidiaries as these are considered permanently employed in the business of these companies. Unremitted earnings may be liable to overseas taxes and/or UK taxation (after allowing for double tax relief) if distributed as dividends. The aggregate amount of temporary differences associated with investments in subsidiaries and associates for which deferred tax liabilities have not been recognised totalled approximately £0.8 million at 30 June 2024 (2023: £0.7m).

9. Taxation continued

Unrecognised deferred tax assets

At 30 June 2024, the Group had unused tax losses of £105.0 million (2023: £118.4m) available to offset against future profits. No deferred tax asset has been recognised in respect of £2.0 million (2023: £2.0m) of these losses due to restrictions over accessing these losses in the future. The majority of these tax losses arise in tax jurisdictions where they do not expire.

As at 30 June 2024, McBride plc had unused tax losses of £26.3 million (2023: £30.5m) available to offset against future profits. No deferred tax asset has been recognised in respect of £2.0 million (2023: £2.0m) of these losses due to restrictions over accessing these losses in the future.

No deferred tax asset has been recognised in relation to the surplus Advanced Corporation Tax (ACT) of £7.0 million (2023: £7.0m) due to uncertainty as to future ACT capacity and taxable profits.

10. Earnings/(loss) per ordinary share

Basic earnings/(loss) per ordinary share is calculated by dividing the profit/(loss) for the year attributable to owners of the Company by the weighted average number of the Company's ordinary shares in issue during the financial year. The weighted average number of the Company's ordinary shares in issue excludes 1,372,779 shares (2023: 623,968 shares), being the weighted average number of own shares held during the year in relation to employee share schemes (note 23).

	Reference	2024	2023
Weighted average number of ordinary shares in issue (million)	a	**172.7**	173.4
Effect of dilutive share options (million)		**4.2**	2.5
Weighted average number of ordinary shares for calculating diluted earnings/(loss) per share (million)	b	**176.9**	175.9

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares in issue assuming the conversion of all potentially dilutive ordinary shares. Where potentially dilutive ordinary shares would cause an increase in earnings per share, or a decrease in loss per share, the diluted loss per share is considered equal to the basic loss per share.

During the year, the Company had equity-settled awards with a nil exercise price that are potentially dilutive ordinary shares.

Adjusted earnings per share measures are calculated based on profit/(loss) for the year attributable to owners of the Company before adjusting items as follows:

	Reference	2024 £m	2023 £m
Profit/(loss) for calculating basic and diluted earnings/(loss) per share	c	**33.3**	(11.5)
Adjusted for:			
Amortisation of intangible assets (note 13)		**2.0**	2.4
Exceptional items (note 4)		**4.6**	13.0
Taxation relating to the items above		**(1.6)**	(3.9)
Profit for calculating adjusted earnings per share	d	**38.3**	—

	Reference	2024 pence	2023 pence
Basic earnings/(loss) per share	c/a	**19.3**	(6.6)
Diluted earnings/(loss) per share	c/b[1]	**18.8**	(6.6)
Adjusted basic earnings per share	d/a	**22.2**	0.0
Adjusted diluted earnings per share	d/b[1]	**21.7**	0.0

(1) Diluted loss per share is considered equal to the basic loss per share as potentially dilutive ordinary shares cause a decrease in the loss per share.

11. Payments to shareholders

Dividends paid and received are included in the Company financial statements in the year in which the related dividends are actually paid or received or, in respect of the Company's final dividend for the year, approved by shareholders.

Under the terms of the amended RCF announced on 29 September 2022, the Company may not, except with the consent of its lender group, declare, make or pay any dividend or distribution to its shareholders prior to an 'exit event', being a change of control, refinancing of the RCF in full, prepayment and cancellation of the RCF in full, or upon the termination date of the RCF, being May 2026. Hence, the Board is not recommending a final dividend for the financial year ended 30 June 2024.

No payments to ordinary shareholders were made or proposed in respect of this year or the prior year.

Furthermore, under the RCF, the Company may not, except with the consent of its lender group, redeem or repay any of its share capital prior to an exit event. Therefore, the redemption of B Shares that would normally take place in November each year will not take place. B Shares issued but not redeemed are classified as current liabilities.

Movements in the number of B Shares outstanding were as follows:

	Number 000	Nominal value £'000
Issued and fully paid		
At 1 July 2022, 30 June 2023 and 30 June 2024	665,888	666

B Shares carry no rights to attend, speak or vote at Company meetings, except on a resolution relating to the winding up of the Company.

12. Goodwill

	£m
Cost	
At 1 July 2022 and 30 June 2023	36.0
Currency translation differences	**(0.3)**
At 30 June 2024	**35.7**
Accumulated impairment	
At 1 July 2022 and 30 June 2023	(16.3)
Currency translation differences	0.3
At 30 June 2024	**(16.0)**
Net book value	
At 30 June 2024	**19.7**
At 30 June 2023	19.7

The Liquids, Unit Dosing, Powders, Aerosols and Asia Pacific businesses have separate management teams and leadership and represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Carrying amount of goodwill allocated to CGUs:

	2024 £m	2023 £m
Liquids	**16.0**	16.0
Unit Dosing	**3.2**	3.2
Powders	**0.3**	0.3
Asia Pacific	**0.2**	0.2
At 30 June	**19.7**	19.7

12. Goodwill continued

Impairment tests carried out during the year

Goodwill is tested for impairment annually at the level of the CGU to which it is allocated. In each of the tests carried out during the current financial year, the recoverable amount of the CGUs concerned was measured on a value-in-use basis.

Value-in-use represents the present value of the future cash flows that are expected to be generated by the CGU to which the goodwill is allocated. Management based its cash flow estimates on the Group's Board-approved budget for 2025. Cash flows in the following two years were forecasted by applying assumptions to budgeted sales, production costs and overheads. Aggregate cash flows beyond the third year were estimated by applying a perpetuity growth rate to the forecast cash flow in the third year that was based on long-term growth rates for the CGU's products in its end markets.

Management estimates sales growth for each CGU based on forecasts of the future volume of the end markets for the CGU's products.

The cost of material inputs and other direct and indirect costs is estimated based on current prices and market expectations of future price changes. Beyond the budget year, unless there are reasons to suggest otherwise, management assumes that future changes in material input prices are reflected in the price of the Group's products. General cost inflation is based on management's expectations of cost increases in the business.

Liquids is the sole CGU to which significant goodwill is allocated.

In order to forecast growth beyond the detailed cash flows into perpetuity for the Liquids CGU, a long-term average growth rate of 1.6% (2023: 1.6%) has been applied. The rate is based on a weighted average of country-specific rates that are not greater than the published International Monetary Fund average growth rates in gross domestic product in the territories in which the Liquids CGU operates.

The discount rate applied to the cash flow projections of the Liquids CGU were determined using a capital asset pricing model and reflected current market interest rates, relevant equity and size risk premiums and the risks specific to the Liquids CGU. The pre-tax discount rate used in calculating the value-in-use of the Liquids CGU in the current year was 12.8% (2023: 14.2%).

Sensitivity analysis

A sensitivity analysis has been performed, focusing on the change required in long-term average growth rates, discount rates and forecast revenue and margin assumptions that would give rise to an impairment.

In the case of the Liquids CGU, sensitivities that result in the recoverable amount equalling the carrying value were:

- a decrease in long-term average growth rates to a negative growth rate of (29.7)%;
- an increase in pre-tax discount rates of 23.6ppts;
- a reduction in forecast revenue of 16.4%; and
- a reduction in forecast margins of 4.5ppts.

None of the above scenarios are considered reasonably possible.

Based on the impairment reviews performed, no impairment has been identified.

13. Other intangible assets

	Patents, brands and trademarks £m	Computer software £m	Customer relationships £m	Other £m	Total £m
Cost					
At 1 July 2022	3.7	12.2	11.9	1.4	29.2
Additions	—	1.7	—	—	1.7
Disposals	—	—	—	(0.1)	(0.1)
Transfers	—	0.4	—	(0.4)	—
At 30 June 2023	3.7	14.3	11.9	0.9	30.8
Additions	—	—	—	5.3	5.3
Disposals	—	—	—	(0.2)	(0.2)
Transfers	—	0.9	—	(0.9)	—
At 30 June 2024	**3.7**	**15.2**	**11.9**	**5.1**	**35.9**
Accumulated amortisation and impairment					
At 1 July 2022	(3.7)	(6.9)	(10.8)	(0.5)	(21.9)
Charge for the year	—	(1.8)	(0.5)	(0.1)	(2.4)
At 30 June 2023	(3.7)	(8.7)	(11.3)	(0.6)	(24.3)
Disposals	—	—	—	0.2	0.2
Charge for the year	—	(1.5)	(0.4)	(0.1)	(2.0)
At 30 June 2024	**(3.7)**	**(10.2)**	**(11.7)**	**(0.5)**	**(26.1)**
Net book value					
At 30 June 2024	**—**	**5.0**	**0.2**	**4.6**	**9.8**
At 30 June 2023	—	5.6	0.6	0.3	6.5

14. Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Assets in the course of construction £m	Total £m
Cost				
At 1 July 2022	67.3	267.3	6.0	340.6
Additions	0.4	6.9	4.2	11.5
Disposals	(0.9)	(10.3)	—	(11.2)
Transfers	0.3	—	(0.3)	—
Currency translation differences	0.4	0.5	0.1	1.0
At 30 June 2023	67.5	264.4	10.0	341.9
Additions	**1.3**	**11.2**	**3.1**	**15.6**
Disposals	**(0.5)**	**(4.6)**	**—**	**(5.1)**
Transfers	**0.2**	**2.3**	**(2.5)**	**—**
Currency translation differences	**(0.9)**	**(3.0)**	**(0.1)**	**(4.0)**
At 30 June 2024	**67.6**	**270.3**	**10.5**	**348.4**
Accumulated depreciation and impairment				
At 1 July 2022	(30.4)	(187.3)	—	(217.7)
Charge for the year	(2.0)	(14.8)	—	(16.8)
Disposals	0.6	10.4	—	11.0
Currency translation differences	—	(0.6)	—	(0.6)
At 30 June 2023	(31.8)	(192.3)	—	(224.1)
Charge for the year	**(1.9)**	**(14.4)**	**—**	**(16.3)**
Disposals	**0.1**	**3.6**	**—**	**3.7**
Impairment	**—**	**(0.2)**	**—**	**(0.2)**
Currency translation differences	**0.6**	**2.3**	**—**	**2.9**
At 30 June 2024	**(33.0)**	**(201.0)**	**—**	**(234.0)**
Net book value				
At 30 June 2024	**34.6**	**69.3**	**10.5**	**114.4**
At 30 June 2023	35.7	72.1	10.0	117.8

15. Leases

Most of the Group's leases are associated with leased properties. The Group also leases a small proportion of its plant and machinery, for example, forklift trucks and vehicles.

The movements in the right-of-use assets were as follows:

	Land and buildings £m	Plant and machinery £m	Vehicles £m	Other £m	Total £m
Right-of-use assets					
Net book value at 1 July 2022	2.9	5.9	1.6	0.9	11.3
New leases recognised	0.2	0.2	0.8	—	1.2
Currency translation differences	(0.2)	—	—	—	(0.2)
Depreciation	(1.1)	(1.4)	(1.0)	(0.3)	(3.8)
Net book value at 30 June 2023	1.8	4.7	1.4	0.6	8.5
New leases recognised	**1.3**	**1.2**	**0.9**	**—**	**3.4**
Currency translation differences	**—**	**—**	**—**	**(0.1)**	**(0.1)**
Depreciation	**(0.9)**	**(2.0)**	**(0.8)**	**—**	**(3.7)**
Net book value at 30 June 2024	**2.2**	**3.9**	**1.5**	**0.5**	**8.1**

The movements in the lease liabilities were as follows:

	Total £m
Lease liabilities	
At 1 July 2022	12.0
New leases recognised	1.2
Lease payments	(4.3)
Currency translation differences	(0.2)
Finance costs (note 8)	0.3
At 30 June 2023	9.0
New leases recognised	**3.4**
Lease payments	**(4.5)**
Currency translation differences	**0.2**
Finance costs (note 8)	**0.3**
At 30 June 2024	**8.4**

15. Leases continued

	2024 £m	2023 £m
Analysed as:		
Amounts falling due within twelve months	3.1	3.5
Amounts falling due after one year	5.3	5.5
	8.4	9.0

Note 20 presents a maturity analysis of the payments due over the remaining lease term for those liabilities currently recognised on the balance sheet. This analysis only includes payments to be made over the reasonably certain lease term. Cash outflows may exceed these amounts as payments may be made in optional periods that are not currently considered to be reasonably certain and, in respect of leases, entered into in future periods.

For the year ended 30 June 2024, expenses for short-term and low-value leases were incurred as follows:

	2024 £m	2023 £m
Expenses relating to short-term leases	0.2	0.3
Expenses relating to leases of low-value assets not shown as short-term leases above	0.1	0.1
Total	0.3	0.4

At 30 June 2024, the Group was committed to future minimum lease payments of £0.3 million (2023: £2.1m) in respect of leases which have not yet commenced and for which no lease liability has been recognised.

16. Inventories

	2024 £m	2023 £m
Raw materials, packaging and consumables	58.0	62.7
Finished goods and goods for resale	61.6	58.8
Total	119.6	121.5

Inventories are stated net of an allowance of £10.3 million (2023: £5.5m) in respect of excess, obsolete or slow-moving items. Movements in the allowance were as follows:

	2024 £m	2023 £m
At 1 July	(5.5)	(5.6)
Utilisation	4.0	3.1
Charged to profit or loss	(8.9)	(3.0)
Currency translation differences	0.1	—
At 30 June	(10.3)	(5.5)

The cost of inventories recognised in cost of sales as an expense amounted to £583.4 million (2023: £623.6m). The cost of inventories including direct material costs only (note 7) is £519.9 million (2023: £573.2m).

17. Trade and other receivables

	2024 £m	2023 £m
Trade receivables	137.7	132.1
Less: provision for impairment of trade receivables	(3.6)	(4.3)
Trade receivables – net	134.1	127.8
Other receivables	9.8	11.9
Prepayments and accrued income	4.9	6.0
Total	148.8	145.7

Trade receivables amounting to £55.6 million (2023: £49.0m) are secured under the invoice discounting facilities described in note 20.

Other receivables primarily consist of supplier rebates and recoverable VAT.

Trade terms are a maximum of 135 days of credit.

Due to their short-term nature, the fair value of trade and other receivables does not differ from the book value.

The impairment of trade receivables charged to the income statement was £1.6 million (2023: £3.5m). There are no impairments of any receivables other than trade receivables.

17. Trade and other receivables continued

Trade receivables are regularly reviewed for bad and doubtful debts. Bad debts are written off and an allowance is established based on the expected credit loss model. The expected loss rates are based on payment profiles of sales over a period of three years before 30 June 2024 or 30 June 2023, respectively, and the corresponding historical credit losses experienced within this period adjusted for forward-looking factors specific to the debtors and the economic environment.

On that basis, the credit loss allowance as at 30 June 2024 and 30 June 2023 was determined as follows:

30 June 2024	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	0.5%	0.0%	0.0%	0.0%	14.2%	
Gross carrying amount (£m)	130.5	2.2	0.6	1.4	3.0	137.7
Credit loss allowance (£m)	0.7	—	—	—	0.4	1.1

30 June 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	0.5%	0.4%	0.2%	0.6%	4.5%	
Gross carrying amount (£m)	123.1	1.4	0.3	1.6	5.7	132.1
Credit loss allowance (£m)	0.7	—	—	—	0.3	1.0

In addition to the credit loss allowance, the provision for impairment of trade receivables includes £2.5 million (2023: £3.3m) of credit note provisions.

Movements in the allowance for doubtful debts were as follows:

	2024 £m	2023 £m
At 1 July	(4.3)	(2.2)
Utilisation	2.3	0.5
Charged	(1.6)	(2.6)
At 30 June	(3.6)	(4.3)

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, or a failure to make contractual payments for a period greater than 365 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

17. Trade and other receivables continued

The carrying amounts of trade receivables are denominated in the following currencies:

	2024 £m	2023 £m
Sterling	17.9	18.6
Euro	99.2	94.9
Polish Zloty	1.8	2.6
Danish Krone	13.6	11.5
Malaysian Ringgit	3.1	2.7
Other	2.1	1.8
	137.7	132.1

Trade receivables are generally not interest bearing.

18. Trade and other payables

	2024 £m	2023 £m
Current liabilities		
Trade payables	160.7	162.7
Taxation and social security	4.6	4.1
Other payables	27.3	24.0
Accrued expenses	24.5	26.5
Deferred income	2.3	1.6
B Shares (note 11)	0.7	0.7
Total	220.1	219.6

Trade payables are generally not interest bearing. The Directors consider the carrying amount of trade and other payables to approximate their fair values.

19. Borrowings

Borrowings may be analysed as follows:

	2024			2023		
	Current liabilities £m	Non-current liabilities £m	Total liabilities £m	Current liabilities £m	Non-current liabilities £m	Total liabilities £m
Bank and other loans:						
Secured loans	—	65.0	65.0	—	109.8	109.8
	—	65.0	65.0	—	109.8	109.8
Total secured borrowings	—	65.0	65.0	—	109.8	109.8
Overdrafts	11.8	—	11.8	0.6	—	0.6
Bank and other loans:						
Invoice discounting facilities (note 20)	55.6	—	55.6	48.7	—	48.7
	55.6	—	55.6	48.7	—	48.7
Lease liabilities	3.1	5.3	8.4	3.5	5.5	9.0
Total unsecured borrowings	70.5	5.3	75.8	52.8	5.5	58.3
Total borrowings	70.5	70.3	140.8	52.8	115.3	168.1

Bank and other loans are repayable as follows:

	2024 £m	2023 £m
Within one year	55.6	48.7
Between one and two years	65.0	—
Between two and five years	—	109.8
Total	120.6	158.5

Details of the Group's bank facilities are presented in note 20. Amounts payable under leases are presented in notes 15 and 20.

19. Borrowings continued

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2024 £m	2023 £m
Current		
Floating charge		
Cash and cash equivalents	0.4	(20.0)
Receivables	228.0	216.1
Total current assets pledged as security	228.4	196.1
Non-current		
First mortgage		
Freehold land and buildings	113.0	116.1
Shares pledged	89.9	90.8
Total non-current assets pledged as security	202.9	206.9
Total assets pledged as security	431.3	403.0

20. Financial risk management

Risk management policies

The Group Treasury function is responsible for procuring the Group's capital resources and maintaining an efficient capital structure, together with managing the Group's liquidity, foreign exchange and interest rate exposures.

All treasury operations are conducted within strict policies and guidelines that are approved by the Board. Compliance with those policies and guidelines is monitored by the regular reporting of treasury activities to the Board following regular Treasury Committee meetings.

Financial assets and financial liabilities

	Amortised cost £m	Fair value through profit or loss[1] £m	Total carrying amount £m	Fair value £m
At 30 June 2024				
Financial assets				
Trade receivables	134.1	—	134.1	134.1
Other receivables	9.8	—	9.8	9.8
Cash and cash equivalents	9.3	—	9.3	9.3
	153.2	—	153.2	153.2
Financial assets held at fair value				
Derivative financial instruments (Level 2)				
Interest rate caps	—	2.0	2.0	2.0
Total financial assets	153.2	2.0	155.2	155.2
Financial liabilities				
Trade and other payables	(201.0)	—	(201.0)	(201.0)
Bank overdrafts	(11.8)	—	(11.8)	(11.8)
Lease liabilities	(8.4)	—	(8.4)	(8.4)
Bank and other loans	(120.6)	—	(120.6)	(120.6)
	(341.8)	—	(341.8)	(341.8)
Financial liabilities held at fair value				
Derivative financial instruments (Level 2)				
Forward currency contracts	—	(0.4)	(0.4)	(0.4)
Total financial liabilities	(341.8)	(0.4)	(342.2)	(342.2)
Total	(188.6)	1.6	(187.0)	(187.0)

(1) Financial assets and financial liabilities classified as fair value through profit or loss are designated in hedge relationships as described within the interest risk and foreign exchange risk sections of this note.

20. Financial risk management continued

Financial assets and financial liabilities continued

	Amortised cost £m	Fair value through profit or loss[1] £m	Total carrying amount £m	Fair value £m
At 30 June 2023				
Financial assets				
Trade receivables	127.8	—	127.8	127.8
Other receivables	11.9	—	11.9	11.9
Cash and cash equivalents	1.6	—	1.6	1.6
	141.3	—	141.3	141.3
Financial assets held at fair value				
Derivative financial instruments (Level 2)				
Forward currency contracts	—	0.2	0.2	0.2
Interest rate caps	—	4.9	4.9	4.9
	—	5.1	5.1	5.1
Total financial assets	141.3	5.1	146.4	146.4
Financial liabilities				
Trade and other payables	(203.6)	—	(203.6)	(203.6)
Bank overdrafts	(0.6)	—	(0.6)	(0.6)
Lease liabilities	(9.0)	—	(9.0)	(9.0)
Bank and other loans	(158.5)	—	(158.5)	(158.5)
	(371.7)	—	(371.7)	(371.7)
Financial liabilities held at fair value				
Derivative financial instruments (Level 2)				
Interest rate caps	—	(0.3)	(0.3)	(0.3)
Upside sharing fee	—	(1.5)	(1.5)	(1.5)
	—	(1.8)	(1.8)	(1.8)
Total financial liabilities	(371.7)	(1.8)	(373.5)	(373.5)
Total	(230.4)	3.3	(227.1)	(227.1)

(1) Financial assets and financial liabilities classified as fair value through profit or loss are designated in hedge relationships as described within the interest risk and foreign exchange risk sections of this note.

In the tables above, the financial assets and financial liabilities held by the Group are categorised according to the basis on which they are measured. Financial assets and liabilities that are held at fair value are further categorised according to the degree to which the principal inputs used in determining their fair value represent observable market data as follows:

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

Derivative financial instruments comprise the foreign currency derivatives and interest rate derivatives that are held by the Group in designated hedging relationships.

Foreign currency forward contracts are measured by reference to prevailing forward exchange rates. Foreign currency options are measured using a variant of the Monte Carlo valuation model. Interest rate caps are measured by discounting the related cash flows using yield curves derived from prevailing market interest rates.

In the prior year, an upside sharing fee was identified as an embedded derivative. The amended RCF that the Group agreed with its lender group on 29 September 2022 included an upside sharing mechanism whereby a fee would become payable by the Group to members of the lender group upon the occurrence of an 'exit event'. Such a fee was to be determined as the percentage of any increase in the market capitalisation of the Group from 29 September 2022 to the date of the exit event. At 30 June 2023, the liability was valued at £1.5 million using a conventional Black-Scholes pricing model. As announced on 25 October 2023, the Group agreed to make a one-off payment of £5.0 million to its lender group in respect of the upside sharing fee, therefore the derivative was not recognised in the current financial year.

Cash and cash equivalents and bank and other loans largely attract floating interest rates. Accordingly, management considers that their carrying amount approximates to fair value.

Lease obligations attract fixed interest rates that are implicit in the lease rentals and their fair value has been assessed relative to prevailing market interest rates.

There were no transfers between levels during the year and no changes in valuation techniques.

20. Financial risk management continued

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables;
- other receivables; and
- cash and cash equivalents.

Information regarding expected credit losses on trade receivables is disclosed in note 17. While other receivables and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was minimal. The Group's cash balances are managed such that there is no significant concentration of credit risk in any one bank or other financial institution. Management regularly monitors the credit quality of the institutions with which it holds deposits. Similar considerations are given to the Group's portfolio of derivative financial instruments.

The Group uses judgement to determine that the credit risk of financial assets has not significantly changed since initial recognition and regularly monitors the value of the instruments. As such, credit risk is not considered to be a significant factor in changes to the values of financial assets. All of the financial derivatives are deemed to have low credit risk on initial recognition as they are predominantly hedges of foreign exchange risk and executed with a diverse and strong portfolio of counterparties.

Before accepting a new customer, management assesses the customer's credit quality and establishes a credit limit. Credit quality is assessed using data maintained by reputable credit rating agencies, by the checking of references included in credit applications and, where they are available, by reviewing the customer's recent financial statements. Credit limits are subject to multiple levels of authorisation and are reviewed on a regular basis. Credit insurance is employed where it is considered to be cost effective. At 30 June 2024, the majority of trade receivables were due from major retailers in the UK and Europe.

At 30 June 2024, the Group's maximum exposure to credit risk was as follows (there was no significant concentration of credit risk):

	2024 £m	2023 £m
Trade and other receivables:		
Trade receivables	134.1	127.8
Other receivables	9.8	11.9
	143.9	139.7
Derivative financial instruments	2.0	5.1
Cash and cash equivalents	9.3	1.6
Total	**155.2**	146.4

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities.

The Group's borrowing facilities are monitored against forecast requirements and timely action is taken to put in place, renew or replace credit lines.

Throughout the year the Group had a €175 million multi-currency, sustainability-linked RCF. The facility was agreed for a five-year tenor to May 2026, and is provided by a syndicate of supportive international bank lenders. Key provisions of the agreement are:

- €175 million sustainability-linked RCF confirmed to May 2026;
- the option to extend to 30 September 2027 and the €75 million accordion feature previously agreed have been removed;
- RCF shall be secured against material asset, share and inter-company balances;
- RCF commitments to reduce, and be cancelled, in the amount of the Euro equivalent of £2.5 million every three months from September 2024 up until the termination date;
- existing bilateral overdraft facilities shall become ancillary facilities committed until 30 September 2024;
- invoice discounting facilities shall be committed to 30 September 2024;
- liquidity shall not be less than £15 million when tested on or prior to 30 September 2024;
- liquidity shall not be less than £25 million when tested post-30 September 2024;
- net debt cover and interest cover covenants to be tested quarterly from 30 September 2024; and
- no dividends will be paid to shareholders until there is an exit event, being a change of control, refinancing of the RCF in full, prepayment and cancellation of the RCF in full or upon the termination date of the RCF, being May 2026.

At 30 June 2024, liquidity[1], as defined by the RCF agreement, was £98.3 million due to repayment of RCF debt, extension of invoice discounting facilities and improved profitability (2023: £59.3m). Liquidity throughout the year was comfortably above the minimum liquidity covenant of £15 million.

At 30 June 2024, the net debt cover[1] ratio under the RCF funding arrangements was 0.8x (2023: 2.9x) and the interest cover[1] was 6.8x (2023: 2.7x). The amount undrawn on the facility was €97.9 million (2023: €46.7m).

At 30 June 2024, the Group had a number of facilities whereby it could borrow against certain of its trade receivables. In the UK, the Group had a £20 million facility, committed until May 2026. In Spain, France and Belgium, the Group had an unlimited facility committed until May 2026. In Germany and Denmark, the Group had a €45 million facility, committed until May 2026. The Group can borrow from the provider of the relevant facility up to the lower of the facility limit and the value of the respective receivables.

(1) Please refer to APM in note 2.

20. Financial risk management continued

Liquidity risk continued

At 30 June 2024, the carrying amount of trade receivables eligible for transfer and the amounts borrowed under the facility were as follows:

	2024 £m	2023 £m
Trade receivables available	55.6	49.0
Amount borrowed	(55.6)	(48.7)
Amount undrawn	—	0.3

The Group also has access to uncommitted working capital facilities amounting to £17.9 million (2023: £17.8m). At 30 June 2024, £11.8 million (2023: £0.6m) was drawn against these facilities in the form of overdrafts and short-term borrowings.

In the following tables, estimated future contractual undiscounted cash flows in respect of the Group's financial liabilities are analysed according to the earliest date on which the Group could be required to settle the liability. Floating rate interest payments are estimated based on market interest rates prevailing at the balance sheet date. Payments and receipts in relation to derivative financial instruments are shown net if they will be settled on a net basis.

	Within 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	After 5 years £m	Total £m
At 30 June 2024							
Bank overdrafts	(11.8)	—	—	—	—	—	(11.8)
Bank and other loans:							
Principal	(55.6)	(65.2)	—	—	—	—	(120.8)
Interest payments	(0.9)	—	—	—	—	—	(0.9)
Lease liabilities[1]	(3.5)	(3.1)	(1.2)	(0.7)	(0.4)	(0.8)	(9.7)
Other liabilities	(201.0)	—	—	—	—	—	(201.0)
Cash flows on non-derivative liabilities	(272.8)	(68.3)	(1.2)	(0.7)	(0.4)	(0.8)	(344.2)
Cash flows on derivative liabilities							
Payments	(72.1)	(0.4)	—	—	—	—	(72.5)
Cash flows on financial liabilities	(344.9)	(68.7)	(1.2)	(0.7)	(0.4)	(0.8)	(416.7)
Cash flows on derivative assets							
Receipts	71.9	0.4	—	—	—	—	72.3
	(273.0)	(68.3)	(1.2)	(0.7)	(0.4)	(0.8)	(344.4)

(1) Lease liabilities are undiscounted.

20. Financial risk management continued

Liquidity risk continued

	Within 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	After 5 years £m	Total £m
At 30 June 2023							
Bank overdrafts	(0.6)	—	—	—	—	—	(0.6)
Bank and other loans:							
Principal	(48.7)	—	(110.2)	—	—	—	(158.9)
Interest payments	(2.4)	—	—	—	—	—	(2.4)
Lease liabilities	(3.5)	(2.7)	(2.2)	(0.4)	(0.2)	—	(9.0)
Other liabilities	(210.3)	—	—	—	—	—	(210.3)
Cash flows on non-derivative liabilities	(265.5)	(2.7)	(112.4)	(0.4)	(0.2)	—	(381.2)
Cash flows on derivative liabilities							
Payments	(59.0)	—	—	—	—	—	(59.0)
Cash flows on financial liabilities	(324.5)	(2.7)	(112.4)	(0.4)	(0.2)	—	(440.2)
Cash flows on derivative assets							
Receipts	60.0	1.8	1.8	—	—	—	63.6
	(264.5)	(0.9)	(110.6)	(0.4)	(0.2)	—	(376.6)

Interest rate risk

Interest rate risk is the risk that the fair value of, or future cash flows associated with, a financial instrument will fluctuate due to changes in market interest rates.

The Group is exposed to interest rate risk on its floating rate borrowings, which it has mitigated using interest rate derivatives in the form of interest rate caps with maturities up to 2026.

Under the Group's policy the critical terms of the derivatives must align with the hedged items. The interest rate instruments executed are matched against the term, currency and entity where the borrowing exists, fixing the value of interest paid in line with the Group policy. They are monitored to ensure that critical terms of the instrument continue to match the transaction.

The hedge ratio is determined by the Group's Treasury Policy, which states that the Group aims to be c.50% hedged against the potential adverse effects of interest exposure on its consolidated net debt. The instruments are matched on a 1:1 ratio with the transaction. Hedge ineffectiveness could be caused through fluctuating forecasts. Forecasts are monitored regularly and the Group intends to repay debt in line with the timeframe of the hedges entered into. If this changes, additional hedges are executed in order to maintain the policy level.

The changes in the time value of the options that relate to hedged items are deferred in the cash flow hedge reserve and are treated as the cost of hedging.

20. Financial risk management continued

Interest rate risk continued

After taking into account the Group's currency and interest rate hedging activities, the currency and interest rate profile of the Group's interest-bearing financial assets and financial liabilities was as follows:

	2024						2023					
	Euro £m	Sterling £m	Danish Krone £m	Polish Zloty £m	Other currencies £m	Total £m	Euro £m	Sterling £m	Danish Krone £m	Polish Zloty £m	Other currencies £m	Total £m
Floating rate												
Bank overdrafts	(9.7)	(2.1)	—	—	—	(11.8)	(0.6)	—	—	—	—	(0.6)
Bank and other loans	(23.0)	1.4	(10.5)	—	—	(32.1)	(0.4)	(32.3)	(9.2)	(3.9)	—	(45.8)
Cash and cash equivalents	3.6	1.5	0.2	0.2	3.8	9.3	(9.4)	4.2	1.2	1.2	4.4	1.6
	(29.1)	0.8	(10.3)	0.2	3.8	(34.6)	(10.4)	(28.1)	(8.0)	(2.7)	4.4	(44.8)
Fixed rate												
Bank and other loans	(63.5)	(25.0)	—	—	—	(88.5)	(77.2)	(25.0)	(5.8)	(4.8)	—	(112.8)
Total	(92.6)	(24.2)	(10.3)	0.2	3.8	(123.1)	(87.6)	(53.1)	(13.8)	(7.5)	4.4	(157.6)

Interest payable on bank overdrafts and floating rate loans is based on base rates and short-term interbank rates (predominantly EURIBOR and SONIA). At 30 June 2024, the weighted average interest rate payable on bank and other loans was 4.3% (2023: 6.4%). At 30 June 2024, the weighted average interest rate receivable on cash and cash equivalents was 0.0% (2023: 0.0%).

At 30 June 2024, the Group held interest rate caps which cap the maximum rate payable but allow the rate to float below this maximum.

2024	Interest rate caps £m
Carrying amount	1.9
Notional amount	88.5
Maturity date	Jun 2024-May 2026
Hedging ratio	1:1
Change in value of outstanding hedge instruments	(0.9)
Change in value of hedged item used to determine hedge effectiveness	0.9
Weighted average hedged rate for the year	0.00%-4.15%

20. Financial risk management continued

Interest rate risk continued

2023	Interest rate caps £m
Carrying amount	4.9
Notional amount	112.8
Maturity date	Jun 2023-May 2026
Hedging ratio	1.1
Change in value of outstanding hedge instruments	—
Change in value of hedged item used to determine hedge effectiveness	—
Weighted average hedged rate for the year	0.00%-4.15%

All interest rate derivatives held by the Group are indexed to three-month EURIBOR, SONIA, WIBOR or CIBOR.

Fixed or capped interest rates shown in the above table do not include the margin over market interest rates payable on the Group's borrowings.

On the assumption that a change in market interest rates would be applied to the interest rate exposures that were in existence at the balance sheet date and that designated cash flow hedges are 100% effective, an increase of 100 basis points in market interest rates would have decreased the Group's profit before tax by £0.4 million (2023: £0.4m). Conversely, a decrease of 100 basis points in market interest rates would have increased the Group's profit before tax by £0.6 million (2023: £0.7m).

Foreign currency risk

Transaction risk

Foreign currency transaction risk arises on sales and purchases denominated in currencies other than the functional currency of the entity that enters into the transaction. While the magnitude of these exposures is relatively low, the Group's policy is to hedge committed transactions in full and to hedge a proportion of highly probable forecast transactions on a twelve-month rolling basis. Foreign currency transaction risk also arises on financial assets and liabilities denominated in foreign currencies and Group policy allows for these exposures to be hedged using forward currency contracts.

The Group determines the economic relationship between the hedged item and the hedging instrument for the purpose of assessing hedge effectiveness. The cost of the transaction increases as the exchange rate weakens, as the hedge instruments in place are foreign currency liabilities. This same movement in exchange rates would result in an increase in the value of the liability. The value of the invoices paid is regularly monitored to ensure the hedges in place continue to meet the monthly exposures and that critical terms of the instrument continue to match the transaction. On maturity of the hedge the gain or loss recorded against the spot rate is recorded in the same income statement line as the invoiced transaction.

The hedge ratio is determined by the Group's Treasury Policy, which provides a maximum and minimum hedge level for a number of time brackets. The compliance with this policy is monitored monthly and new hedges are also added monthly if required. The level of hedges required is reviewed monthly during the Treasury Management Committee meeting. The instruments are matched on a 1:1 ratio with the transaction. Hedge ineffectiveness could be caused through the different timing of the payment runs so that the hedges mature at a different point to the invoices being paid, fluctuating forecasts or changes to the nature of the business. These risks are mitigated through the following measures:

- phasing hedges to cover the change of the timing of payments runs;
- monitoring forecasts monthly and adding hedges to reflect any changes;
- the percentage of hedges permitted allowing for the potential uncertainty towards the end of the forecast period; and
- building significant changes into the forecast, with any changes being allowed for the purchases made.

At 30 June 2024, the notional principal amount of outstanding foreign currency contracts (net purchases) that are held to hedge the Group's transaction exposures was £16.4 million (2023: £14.9m). For accounting purposes, the Group has designated the foreign currency contracts as cash flow hedges. At 30 June 2024, the fair value of the contracts was £(0.2) million (2023: £(0.2)m). During 2024, a loss of £0.3 million (2023: loss of £0.1m) was recognised in other comprehensive income and a loss of £0.3 million (2023: gain of £0.3m) was transferred from the cash flow reserve to the income statement in respect of these contracts.

Translation risk

Foreign currency translation risk arises on consolidation in relation to the translation into Sterling of the results and net assets of the Group's foreign subsidiaries. The Group's policy is to hedge a substantial proportion of overseas net assets using a combination of foreign currency borrowings and foreign currency swaps. The Group hedges part of the currency exposure on translating the results of its foreign subsidiaries into Sterling using average rate options. This exposure is also mitigated by the natural hedge provided by the interest payable on the Group's foreign currency borrowings. At 30 June 2024, the fair value of the average rate options was £nil (2023: £nil).

The Group determines the economic relationship between the hedged item and the hedging instrument for the purpose of assessing hedge effectiveness. The value of Group assets increases as the exchange rate weakens, as the hedge instrument in place is a foreign currency liability. This same movement in exchange rates would result in an increase in the value of the liability. When hedges mature, any settlements offset the gain or loss on translation of the hedged item and are monitored to ensure critical terms of the instrument continue to match the transaction.

The hedge ratio is determined by the Group's Treasury Policy, which states the Group will hedge up to 100% of the budgeted exposure. The instruments are matched on a 1:1 ratio with the transaction. Hedge ineffectiveness could be caused through fluctuations in the forecasted numbers. This is mitigated by hedging a relatively low proportion of the hedged item.

20. Financial risk management continued

Foreign currency risk continued

Translation risk continued

At 30 June 2024, the Group had designated as net investment hedges £45.7 million (2023: £42.9m) of its Euro-denominated borrowings and three-month rolling foreign currency forward contracts with a notional principal amount of £55.6 million (2023: £44.1m). During 2024, a gain of £0.8 million (2023: £0.4m) was recognised in other comprehensive income in relation to the net investment hedges. At 30 June 2024, the fair value of the net investment hedges was a loss of £0.1 million (2023: gain of £0.2m).

The currency profile of the Group's net assets (excluding non-controlling interests) before and after hedging currency translation exposures was as follows:

	2024			2023		
	Net assets/ (liabilities) before hedging £m	Currency forward contracts £m	Net assets after hedging £m	Net assets/ (liabilities) before hedging £m	Currency forward contracts £m	Net assets after hedging £m
Sterling	(5.0)	55.6	50.6	(24.8)	44.1	19.3
Euro	35.7	(33.9)	1.8	32.3	(27.9)	4.4
Polish Zloty	7.9	(6.9)	1.0	7.5	(5.8)	1.7
Danish Krone	15.2	(12.5)	2.7	13.0	(10.4)	2.6
Malaysian Ringgit	3.9	—	3.9	4.1	—	4.1
Other	5.7	(2.3)	3.4	5.0	—	5.0
Total	63.4	—	63.4	37.1	—	37.1

The Group's exposure to a +/- 10% change in EUR/GBP exchange rate is as follows:

	2024		2023	
	EUR +10% £m	EUR -10% £m	EUR +10% £m	EUR -10% £m
Impact on equity	(1.5)	1.6	(1.3)	1.5

The impact on equity shown above predominantly relates to EUR/GBP contracts that qualify for net investment and cash flow hedge accounting.

The Group uses a combination of foreign currency options and foreign currency forwards to hedge its exposure to foreign currency risk. Under the Group's policy the critical terms of the forwards and options must align with the hedged items.

When forward contracts are used to hedge forecast transactions, the Group generally designates the change in the fair value of the forward contract related to both the spot component and forward element as the hedging instrument. For option contracts the change in the fair value of the option contract related to the intrinsic value is designated as the hedging instrument. The time value of money is treated as a cost of hedging.

20. Financial risk management continued

Foreign currency risk continued

Translation risk continued

In relation to the hedging activities as described above, the effects of foreign currency related hedging instruments on the Group's financial position and performance are as follows:

	Foreign currency forwards	
2024	Transactional	Translational
Carrying amount (£m)	(0.2)	(0.1)
Notional amount (£m)	19.0	55.6
Maturity date	July 2023-June 2025	September 2024
Hedging ratio	1:1	1:1
Change in value of outstanding hedge instruments (£m)	(0.2)	(0.1)
Change in value of hedged item used to determine hedge effectiveness (£m)	0.2	0.1
Weighted average hedged rate for the year	€1.1413:£1	Various[1]

(1) The weighted average hedged rate for the year, by currency denomination, was €1.1562:£1, Zloty 5.1543:£1, Krone 8.5810:£1.

	Foreign currency forwards	
2023	Transactional	Translational
Carrying amount (£m)	(0.2)	0.2
Notional amount (£m)	17.1	44.1
Maturity date	July-June 2024	September 2023
Hedging ratio	1:1	1:1
Change in value of outstanding hedge instruments (£m)	—	0.3
Change in value of hedged item used to determine hedge effectiveness (£m)	—	(0.3)
Weighted average hedged rate for the year	€1.1668:£1	Various[1]

(1) The weighted average hedged rate for the year, by currency denomination, was €1.1371:£1, Zloty 5.3427:£1, Krone 8.4337:£1.

Concentration risk

The Company only enters facility agreements and hedge transactions with entities that are also party to the RCF. This concentrates risk to a small number of institutes. These institutes are based across a number of European countries and are well-recognised financial institutes.

21. Capital and net debt

The Group's capital comprises total equity and net debt.

Capital management

The Directors manage the Group's capital to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Directors aim to maintain an efficient capital structure with a relatively conservative level of debt-to-equity gearing. This is to ensure continued access to a broad range of financing sources in order to provide sufficient flexibility to pursue commercial opportunities as they arise.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to borrowings. Breaches in meeting the financial covenants would permit the bank to call in loans and borrowings immediately. There have been no breaches in the financial covenants of any borrowings in the current year.

The capital structure of the Group consists of debt, which includes borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Group may maintain or adjust its capital structure by adjusting the amount of dividends paid to shareholders, returning capital to shareholders, issuing new shares or selling assets to reduce debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the Group, and in order to meet the financial covenants described in note 20. The Board regularly reviews the capital structure.

21. Capital and net debt continued

Capital management continued

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2024 and 30 June 2023.

The Group's capital was as follows:

	2024 £m	2023 £m	2022 £m
Total equity	63.4	37.1	57.0
Net debt	131.5	166.5	164.4
Capital	194.9	203.6	221.4

	2024 %	2023 %
Gearing[1]	66.0	78.4

(1) Gearing represents net debt divided by the average of opening and closing capital.

Movements in net debt were as follows:	At 1 July 2023 £m	IFRS 16 non-cash movements[1] £m	Cash flows £m	Currency translation differences £m	At 30 June 2024 £m
Overdrafts	(0.6)	—	(11.2)	—	(11.8)
Bank loans	(109.8)	—	44.5	0.3	(65.0)
Other loans	(48.7)	—	(7.4)	0.5	(55.6)
Lease liabilities	(9.0)	(3.7)	4.5	(0.2)	(8.4)
Financial liabilities	(168.1)	(3.7)	30.4	0.6	(140.8)
Cash and cash equivalents	1.6	—	7.5	0.2	9.3
Net debt	(166.5)	(3.7)	37.9	0.8	(131.5)

Movements in net debt were as follows:	At 1 July 2022 £m	IFRS 16 non-cash movements[1] £m	Cash flows £m	Currency translation differences £m	At 30 June 2023 £m
Overdrafts	(6.8)	—	6.2	—	(0.6)
Bank loans	(96.4)	—	(13.7)	0.3	(109.8)
Other loans	(53.7)	—	4.9	0.1	(48.7)
Lease liabilities	(12.0)	(1.5)	4.3	0.2	(9.0)
Financial liabilities	(168.9)	(1.5)	1.7	0.6	(168.1)
Cash and cash equivalents	4.5	—	(2.2)	(0.7)	1.6
Net debt	(164.4)	(1.5)	(0.5)	(0.1)	(166.5)

(1) IFRS 16 non-cash movements includes additions of £3.4 million (2023: £1.2m), disposals of £nil (2023: £nil) and interest charged of £0.3 million (2023: £0.3m).

21. Capital and net debt continued

Capital management continued

A reconciliation of the net cash flow to the movement in net debt is shown as follows:	2024 £m	2023 £m
Increase/(decrease) in net cash and cash equivalents	7.5	(2.2)
Net drawdown/(repayment) of bank loans and overdrafts	25.9	(2.6)
Change in net debt resulting from cash flows	**33.4**	(4.8)
Currency translation differences	1.0	(0.3)
Movement in net debt in the year	**34.4**	(5.1)
Net debt at the beginning of the year excluding lease liabilities	(157.5)	(152.4)
Net debt at the end of the year excluding lease liabilities	**(123.1)**	(157.5)
Lease liabilities at 1 July	(9.0)	(12.0)
Lease liabilities non-cash movements	(3.7)	(1.5)
Repayment of IFRS 16 lease liabilities	4.5	4.3
Currency translation differences	(0.2)	0.2
Net debt at the end of the year	**(131.5)**	(166.5)

22. Pensions and other post-employment benefits

Overview

The Group provides a number of post-employment benefit arrangements. In the UK, the Group operates a closed defined benefit pension scheme and a defined contribution pension scheme. Elsewhere in Europe, the Group has a number of smaller post-employment benefit arrangements that are structured to accord with local conditions and practices in the countries concerned. The Group also recognises the assets and liabilities for all members of the defined contribution scheme in Belgium, accounting for the whole defined contribution section as a defined benefit scheme under IAS 19, 'Employee Benefits', as there is a risk the underpin will require the Group to pay further contributions to the scheme.

At 30 June 2024, the Group recognised a deficit on its UK defined benefit pension plan of £27.5 million (2023: £24.7m). The Group's post-employment benefit obligations outside the UK amounted to £1.9 million (2023: £1.9m).

Non-governmental collected post-employment benefits had the following effect on the Group's results and financial position:

	2024 £m	2023 £m
Profit or loss		
Operating profit		
Defined contribution schemes		
Contributions payable	(3.0)	(2.5)
Defined benefit schemes		
Service cost and administrative expenses (net of employee contributions)	(0.6)	(1.0)
Net charge to operating profit	**(3.6)**	(3.5)
Finance costs		
Net interest cost on defined benefit obligation	(1.2)	(0.5)
Net charge to profit/(loss) before taxation	**(4.8)**	(4.0)
Other comprehensive income/(expense)		
Defined benefit schemes		
Net actuarial loss	(5.6)	(14.1)

	2024 £m	2023 £m
Balance sheet		
Defined benefit obligations		
UK – funded	(101.6)	(98.1)
Other – unfunded	(12.0)	(12.4)
	(113.6)	(110.5)
Fair value of scheme assets		
UK – funded	74.1	73.4
Other – unfunded	10.1	10.5
Deficit on the schemes	**(29.4)**	(26.6)
Related deferred tax asset (note 9)	**7.3**	6.5

22. Pensions and other post-employment benefits continued

UK defined benefit pension scheme

(i) Background

In the UK, the Robert McBride Pension Fund ('the Fund') provides pension benefits based on the final pensionable salary and period of qualifying service of the participating employees. The UK defined benefit fund was closed to future service accrual from 29 February 2016. Staff affected by this change were offered a new defined contribution scheme from that date.

The Fund is administered and managed by Robert McBride Pension Fund Trustees Limited ('the Trustee'), in accordance with the terms of a governing Trust Deed and relevant legislation. Regular assessments of the Fund's benefit obligations are carried out by an independent actuary on behalf of the Trustee and long-term contribution rates are agreed between the Trustee and the Company on the basis of the actuary's recommendations. Following the triennial valuation at 31 March 2021, the Company and Trustee agreed a new deficit reduction plan based on the scheme funding deficit of £48.4 million. The current level of deficit contributions of £4.0 million per annum, payable until 31 March 2028, will continue and this is expected to eliminate the deficit by 31 March 2028. The Company agreed separately that, from 1 October 2024, conditional profit-related contributions of £1.7 million per annum will be paid over the period to 31 March 2028. If adjusted operating profit exceeds £35.0 million, additional annual deficit contributions of £1.7 million will be due over the following year. If adjusted operating profit is below £30.0 million then no profit-related contributions will be due the following year. If reported adjusted operating profit is between £30.0 million and £35.0 million, a proportion of the £1.7 million contribution will be due over the following year, with incremental increases of £0.34 million of additional contributions for each whole £1.0 million of adjusted operating profit in excess of £30.0 million. As adjusted operating profit for the twelve months to 31 March 2024 exceeded £35.0 million, additional deficit contributions of £0.14 million will be payable each month from 1 October 2024, with total additional payments for the year ending 30 June 2025 expected to be £1.3 million. The Company has also agreed to make additional contributions such that the total deficit contributions in any year match the value of any dividend paid. These arrangements will provide scope to de-risk and/or accelerate the recovery plan, where affordability of the business allows. The funding arrangements and recovery plan will next be reviewed by the Company and Trustee as part of the 31 March 2024 valuation.

(ii) Assumptions and sensitivities

For accounting purposes, the Fund's benefit obligation has been calculated based on data gathered for the 2021 triennial actuarial valuation and by applying assumptions made by the Company on the advice of an independent actuary in accordance with IAS 19, 'Employee Benefits', which differ in certain respects from the assumptions made by the Trustee for the purpose of the actuarial valuation.

The principal assumptions used in calculating the benefit obligation at the end of the year were as follows:

	2024	2023
Discount rate	5.10%	5.30%
Inflation rate:		
Retail Prices Index	3.25%	3.25%
Consumer Prices Index	2.60%	2.60%
Revaluation of deferred pensions (in excess of GMP)		
Accrued before 6 April 2009	2.60%	2.60%
Accrued on or after 6 April 2009	2.60%	2.60%
Increase in pensions in payment (in excess of GMP)		
Accrued before 1 April 2011	2.97%	2.92%
Accrued on or after 1 April 2011	1.92%	1.84%

The duration of the Fund's liabilities is estimated to be twelve years, i.e. the average time until a payment is made is twelve years. In practice, the Fund's liabilities continue for upwards of 50 years.

The mortality assumptions are based on a medically underwritten mortality study which was carried out in 2017 to identify the current health of a sample group of Fund members, and a postcode analysis for the remainder of the membership. This was translated into mortality assumptions for use in calculating the IAS 19 scheme liabilities. Specifically, a rating of 102% (2023: 102%) of the standard Self-Administered Pension Scheme (SAPS) S2 tables has been used for the IAS 19 disclosures as at 30 June 2024.

22. Pensions and other post-employment benefits continued

UK defined benefit pension scheme continued

(ii) Assumptions and sensitivities continued

As at 30 June 2024, the future mortality improvement model has been updated to reflect the most recent Continuous Mortality Investigation (CMI) 2023 projections with an allowance for long-term rates of improvement of 1.0% p.a. for males and females. Previously, in 2023, this assumption had been CMI 2022 with a long-term rate of improvement of 1.0% p.a. for males and females. In line with the 2022 CMI model, the 2023 CMI model has a smoothing parameter for which the default value of 7.0 (2023: 7.0) has been adopted. There is also an initial addition parameter for which the default value of 0.25% (2023: 0.25%) has been adopted. These assumptions are equivalent to a life expectancy at 65 of 20.9 years (2023: 20.8 years) for males and 23.1 years (2023: 23.0 years) for females.

Life expectancies at age 65 for:	2024 Years	2023 Years
Member retiring in the next year:		
Male	20.9	20.8
Female	23.1	23.0
Member retiring 20 years from now:		
Male	21.8	21.8
Female	24.2	24.2

At 30 June 2024, the sensitivity of the benefit obligation to changes in the principal assumptions was as follows (assuming in each case that the other assumptions are unchanged):

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/- 0.1%	Decrease by £1.3m	Increase by £1.3m
Inflation rate[1]	+/- 0.1%	Increase by £0.9m	Decrease by £0.9m
Life expectancy	+1 year	Increase by £3.1m	n/a

(1) This includes the impact on deferred and in-payment pension increase assumptions.

The assumption sensitivities are reasonable expectations of potential changes in the assumptions.

(iii) Fund's assets

The Fund's assets are held separately from those of the Group and are managed by professional investment managers on behalf of the Trustee.

A cash flow driven investment (CDI) strategy was implemented during the first half of the financial year to 30 June 2020. Using credit/bond investments, the CDI strategy was intended to deliver a stable, more certain expected return and reduced volatility. The strategy previously targeted a c.100% hedge of interest rates and inflation. This strategy worked well until the government bond crisis in 2022. Following that crisis, and the resultant changes in liability-driven investment (LDI) managers' collateral requirements, the Trustee amended the strategy in October 2022 and as an interim step moved to an unlevered government bond-based hedge with c.40% of interest rate and inflation hedging. The investment strategy was then reviewed, and hedging was increased to c.65% of interest rates and inflation during October to December 2023 to broadly hedge the funding level of the Fund and strike a balance between risk and return objectives and liquidity needs of the Fund.

The Fund holds no investment in securities issued by, nor any property used by, McBride plc or any of its subsidiaries. The fair value of the Fund's assets at the end of the year was as follows:

	2024 £m	Asset classification	2023 £m	Asset classification
Private markets	21.1	Unquoted	19.8	Unquoted
Liability-driven investment	28.1	Quoted	16.2	Quoted
Credit	19.4	Unquoted	36.6	Unquoted
Cash and cash equivalents	5.5	Quoted	0.8	Quoted
Total	74.1		73.4	

Except for the LDI assets and the credit default swaps (CDS), all of the Fund's assets are held in pooled funds. The liability-driven investment, cash and credit assets are classified as Level 2 instruments, as they are not quoted on any stock exchange, although their value is directly related to the value of the underlying holdings. The private market credit assets are Level 3 instruments, with no daily quoted price available.

The expected return on the Fund's assets must be set to be in line with the discount rate used to value the Fund's liabilities. This equates to an expected return over the year of £3.9 million (2023: £3.8m).

The actual return on the Fund's assets during the year was a gain of £1.4 million (2023: loss of £26.8m). This includes a loss on assets in excess of interest income of £2.5 million (2023: loss of £30.6m), which has resulted from a reduction in corporate bond yields over the year.

22. Pensions and other post-employment benefits continued

UK defined benefit pension scheme continued

(iv) Movements in the Fund's assets and liabilities

Movements in the fair value of the Fund's assets during the year were as follows:

	2024 £m	2023 £m
At 1 July	73.4	102.2
Expected return on plan assets	3.9	3.8
Loss on assets in excess of interest income on Fund assets	(2.5)	(30.6)
Employer's contributions	4.0	4.0
Benefits paid	(4.7)	(6.0)
At 30 June	**74.1**	73.4

Movements in the benefit obligation during the year were as follows:

	2024 £m	2023 £m
At 1 July	(98.1)	(116.6)
Interest cost	(5.1)	(4.2)
Remeasurement (loss)/gain arising from changes in financial assumptions	(3.1)	24.3
Remeasurement gain arising from changes in demographic assumptions	—	1.9
Experience loss on liabilities	—	(9.5)
Benefits paid	4.7	6.0
At 30 June	**(101.6)**	(98.1)

(v) Experience gains and losses

Actuarial gains and losses recognised in other comprehensive income represent the effect of the differences between the assumptions and actual outcomes.

At 30 June 2024, the cumulative net actuarial loss in relation to the Fund that has been recognised in other comprehensive income amounted to £53.0 million (2023: £46.9m).

(vi) Impact of NTL vs Virgin Media case, 25 July 2024

In June 2023, the High Court judged that amendments made to the Virgin Media scheme were invalid because the scheme's actuary did not provide the associated Section 37 certificate. The High Court's decision has wide-ranging implications, affecting other schemes that were contracted out on a salary-related basis and made amendments between April 1997 and April 2016. The Fund was contracted out until 29 February 2016 and amendments were made during the relevant period. As such, the ruling could have implications for the Company. Following the Court of Appeal upholding the 2023 High Court ruling on 25 July 2024, the Trustees initiated the process of investigating any potential impact for the Fund.

As the detailed investigation is in progress, the Company considers that the amount of any potential impact on the defined benefit obligation cannot be confirmed and/or measured with sufficient reliability at the 2024 year end. We are therefore disclosing this issue as a potential contingent liability at 30 June 2024 and will review again in 2025 based on the findings of the detailed investigation.

Belgium defined contribution pension scheme

(i) Background

From 1 July 2021, the Group recognised the assets and liabilities for all members of the defined contribution scheme in Belgium, accounting for the whole defined contribution section as a defined benefit scheme under IAS 19, 'Employee Benefits', as there is a risk the underpin will require the Group to pay further contributions to the scheme.

(ii) Assumptions and sensitivities

The principal assumptions used in calculating the benefit obligation at the end of the year were as follows:

	2024	2023
Discount rate	3.65%	3.65%
Inflation rate	2.20%	2.20%
Salary increase rate on top of inflation	0.00%	0.00%
Mortality tables	MR-5/FR-5	MR-5/FR-5
Retirement age	65	65
Withdrawal rate	0.00%	0.00%

At 30 June 2024, the sensitivity of the benefit obligation to a 0.5% increase and decrease in the discount rate assumptions resulted in no change to the scheme liabilities.

(iii) Experience gains and losses

Actuarial gains and losses recognised in other comprehensive income represent the effect of the differences between the assumptions and actual outcomes.

At 30 June 2024, the cumulative net actuarial loss in relation to the Fund that has been recognised in other comprehensive income amounted to £nil (2023: £nil).

23. Employee share schemes

Share awards

The Group operates a performance-based Long-Term Incentive Plan (LTIP) for the Executive Directors and certain other senior executives. Awards made under the LTIP vest provided the participant remains in the Group's employment during the three-year vesting period and the Group achieves the related performance conditions. In the current year, 50% of the awards granted vest dependent on the growth in the Group's EPS (a vesting condition) and 50% of the awards granted vest dependent on the growth in the Group's adjusted ROCE (a vesting condition). In previous years, up to 50% of each award vests dependent on the growth in the Group's EPS (a vesting condition) and up to 50% of each award vests dependent on the reduction in the Group's net debt to adjusted EBITDA[1] ratio (a vesting condition).

During the year, Restricted Share Units (RSUs) were granted to Executive Directors and certain other senior executives. Awards made under the RSU vest provided the participant remains in the Group's employment during the three-year vesting period.

Vested awards are settled in the form of the Company's ordinary shares (equity-settled) or by the payment of cash equivalent to the market value of the Company's ordinary shares on the vesting date (cash-settled). From 2017, all awards granted result in equity-settled amounts.

Further information on the LTIP and RSU awards is set out in the Remuneration Committee Report.

Movements in LTIP and RSU awards outstanding were as follows:

	2024			2023		
	LTIP Equity-settled Number	RSU Equity-settled Number	Cash settled Number	LTIP Equity-settled Number	RSU Equity-settled Number	Cash settled Number
Outstanding at 1 July	6,624,716	5,607,207	175,213	5,757,310	1,264,494	175,213
Granted	2,816,579	2,967,711	—	2,398,821	4,461,052	—
Exercised	—	(231,079)	—	—	(98,864)	—
Forfeited	(260,104)	(805,482)	—	—	(19,475)	—
Lapsed	(2,395,481)	—	(175,213)	(1,531,415)	—	—
Outstanding at 30 June	6,785,710	7,538,357	—	6,624,716	5,607,207	175,213
Unvested at 30 June	6,785,710	7,538,357	—	6,624,716	5,607,207	—

Awards made under the LTIP and RSU have a £nil exercise price.

The maximum term of equity-settled awards granted in the year is three years. The weighted average remaining life of equity-settled awards at 30 June 2024 is 1.5 years (2023: 1.6 years). The weighted average remaining life of cash-settled awards at 30 June 2024 is nil years (2023: 0.7 years).

During 2024, no cash LTIP awards vested (2023: none), no equity-settled LTIP awards vested (2023: none) and 231,079 RSU awards vested (2023: 98,864). The weighted average share price on the vesting date of equity-settled awards in 2024 was 72.0 pence (2023: 27.0p).

At 30 June 2024, the liability recognised in relation to cash-settled awards was £nil (2023: £0.3m).

(1) See note 2 on page 132.

23. Employee share schemes continued

Share awards continued

At the grant date, the weighted average fair value of LTIP awards granted during the year was 37.3 pence (2023: 21.9p). Fair value was measured using a variant of the Black-Scholes valuation model based on the following assumptions:

	Sep 2023	Oct 2022	Oct 2021	Sep 2021
Risk-free interest rate	n/a	n/a	n/a	n/a
Share price on grant date	40.5p	24.0p	71.0p	80.0p
Dividend yield on the Company's shares	n/a	n/a	n/a	n/a
Volatility of the Company's shares	n/a	n/a	n/a	n/a
Expected life of LTIP awards	3 years	3 years	3 years	3 years

Risk-free rate, dividend yield and volatility have no impact on nil cost awards which are subject to non-market-based performance conditions.

At the grant date, the weighted average fair value of RSU awards granted during the year was 44.1 pence (2023: 24.1p). Fair value was based on the share price at the date of grant with the following assumptions:

	Jun 2024	Nov 2023	Sep 2023	Jun 2023	Nov 2022	Oct 2022	Jun 2022	Feb 2022	Oct 2021	22 Sep 2021	13 Sep 2021
Risk-free interest rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Share price on grant date	118.0p	61.0p	40.5p	27.0p	25.0p	25.0p	30.8p	46.0p	71.0p	81.0p	80.0p
Dividend yield on the Company's shares	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Volatility of the Company's shares	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Expected life of RSU awards	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years

Risk-free rate, dividend yield and volatility have no impact on nil cost awards which are subject to non-market-based performance conditions.

Compensation expense recognised in profit or loss in relation to employee share schemes was as follows:

	2024 £m	2023 £m
Equity-settled awards	1.6	0.5
Total expense	1.6	0.5

Deferred Annual Bonus Plan

The Group has in force a Deferred Annual Bonus Plan for the main Executive Directors. There is no exercise price for the shares awarded under the plan, which are subject to a vesting period of three years and will normally vest on the expiry of this period and are normally only payable if the Director remains employed by the Group at the end of that period. Awards granted under the Deferred Annual Bonus Plan are eligible for dividend equivalent payments.

In the current year, 513,336 share awards have been granted under the Deferred Annual Bonus Plan (2023: nil). The total amount included in operating profit in relation to the Deferred Annual Bonus Plan was £nil (2023: £nil).

24. Provisions

	Reorganisation and restructuring £m	Leasehold dilapidations £m	Environmental remediation £m	Independent business review £m	Other £m	Total £m
At 1 July 2022	0.8	1.5	2.7	1.7	0.5	7.2
(Released)/charged to profit or loss	(0.1)	0.2	0.7	1.0	—	1.8
Currency translation difference	—	—	0.1	—	—	0.1
Utilisation	(0.4)	—	(0.5)	(2.6)	(0.3)	(3.8)
At 30 June 2023	0.3	1.7	3.0	0.1	0.2	5.3
(Released)/charged to profit or loss	**—**	**(0.1)**	**0.8**	**3.8**	**—**	**4.5**
Currency translation difference	**—**	**—**	**(0.2)**	**—**	**—**	**(0.2)**
Utilisation	**—**	**(1.3)**	**(0.8)**	**(3.9)**	**—**	**(6.0)**
At 30 June 2024	**0.3**	**0.3**	**2.8**	**—**	**0.2**	**3.6**

Analysis of provisions:	2024 £m	2023 £m
Current	**2.2**	2.7
Non-current	**1.4**	2.6
Total	**3.6**	5.3

The closing provision for reorganisation and restructuring relates to the Group's logistics Transformation programme only. The provision is expected to be fully utilised within twelve months of the balance sheet date.

The leasehold dilapidations provision relates to costs expected to be incurred to restore leased properties to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to undertake restoration works. Amounts will be utilised as the respective leases end and restoration works are carried out, within a period of approximately twelve months.

The environmental remediation provision relates to historical environmental contamination at a site in Belgium. The additional costs in the year of £0.8 million relate to a re-evaluation of the cost of environmental remediation. The closing provision is expected to be utilised as the land is restored within a period of approximately ten years, with £1.6 million expected to be utilised within twelve months.

The independent business review provision related to the amendment of the Group's revolving credit facility and banking covenants. The provision for consultancy support for the independent business review programme was utilised in the year.

Other provisions of £0.2 million are expected to be settled within a period of approximately three years.

The amount and timing of all cash flows related to the provisions are reasonably certain.

25. Share capital and reserves

Share capital

	Authorised, allotted and fully paid	
	Number	£m
Ordinary shares of 10 pence each		
At 1 July 2022, 30 June 2023 and 30 June 2024	**174,057,328**	**17.4**

Ordinary shares carry full voting rights and ordinary shareholders are entitled to attend Company meetings and to receive payments to shareholders.

Reserves

(i) Share premium account

The share premium account records the difference between the nominal amount of shares issued and the fair value of the consideration received. The share premium account may be used for certain purposes specified by UK law, including to write off expenses incurred on any issue of shares or debentures and to pay up fully paid bonus shares. The share premium account is not distributable but may be reduced by special resolution of the Company's ordinary shareholders and with court approval.

(ii) Cash flow hedge reserve

The cash flow hedge reserve comprises the cumulative net change in the fair value of hedging instruments in designated cash flow hedging relationships recognised in other comprehensive income.

(iii) Currency translation reserve

The currency translation reserve comprises cumulative currency translation differences on the translation of the Group's net investment in foreign operations into Sterling together with the cumulative net change in the fair value of hedging instruments in designated net investment hedging relationships recognised in other comprehensive income.

(iv) Capital redemption reserve

The capital redemption reserve records the cost of shares purchased by the Company for cancellation or redeemed in excess of the proceeds of any fresh issue of shares made specifically to fund the purchase or redemption. The capital redemption reserve is not distributable but may be reduced by special resolution of the Company's ordinary shareholders and with court approval.

Own shares

	Treasury shares		Employee Benefit Trust		Total	
	Number	£m	Number	£m	Number	£m
At 1 July 2022	42,041	—	587,159	0.5	629,200	0.5
Shares paid out to employees	—	—	(100,512)	(0.1)	(100,512)	(0.1)
At 30 June 2023	42,041	—	486,647	0.4	528,688	0.4
Shares paid out to employees	**—**	**—**	**(233,150)**	**—**	**(233,150)**	**—**
Shares purchased	**—**	**—**	**3,055,537**	**2.8**	**3,055,537**	**2.8**
At 30 June 2024	**42,041**	**—**	**3,309,034**	**3.2**	**3,351,075**	**3.2**

The treasury shares and the shares in trust represent the Company's ordinary shares that are acquired to satisfy the Group's expected obligations under employee share schemes.

The market value of own shares held at 30 June 2024 was £4.7 million (2023: £0.1m).

26. Capital commitments

Capital expenditure contracted but not provided

	2024 £m	2023 £m
Contracted but not provided on property, plant and equipment	5.0	4.8
Contracted but not provided on other intangible assets	0.7	0.7
Total	**5.7**	5.5

27. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and therefore are not required to be disclosed in these financial statements. Details of transactions between the Group and other related parties are disclosed below.

Post-employment benefit plans

As shown in note 22, contributions amounting to £7.0 million (2023: £6.5m) were payable by the Group to pension schemes established for the benefit of its employees. At 30 June 2024, £0.5 million (2023: £0.6m) in respect of contributions due was included in other payables.

Compensation of key management personnel

For the purposes of these disclosures, the Group regards its key management personnel as the Directors and certain members of the senior executive team.

Compensation relating to key management personnel in respect of their services to the Group was as follows:

	2024 £m	2023 £m
Short-term employee benefits	3.8	2.5
Post-employment benefits	0.1	0.1
Share-based payments	1.2	0.3
Total	**5.1**	2.9

Detailed remuneration disclosures are provided in the Annual Report on Remuneration on pages 91 to 102.

28. Events after the reporting date

There are no events after the reporting date that require disclosure in the financial statements.

29. Exchange rates

The principal exchange rates used to translate the results, assets and liabilities and cash flows of the Group's foreign operations into Sterling were as follows:

	Average rate		Closing rate	
	2024	2023	**2024**	2023
Euro	**1.16**	1.15	**1.18**	1.17
US Dollar	**1.26**	1.20	**1.26**	1.27
Danish Krone	**8.68**	8.56	**8.81**	8.68
Polish Zloty	**5.11**	5.38	**5.09**	5.17
Czech Koruna	**28.72**	27.72	**29.57**	27.66
Hungarian Forint	**449.75**	453.41	**466.81**	433.34
Malaysian Ringgit	**5.91**	5.41	**5.97**	5.91
Australian Dollar	**1.92**	1.79	**1.90**	1.91

Company Balance Sheet

At 30 June 2024

	Note	2024 £m	2023 £m
Fixed assets			
Investments	5	**158.4**	158.4
Current assets			
Trade and other debtors	6	**130.4**	135.7
Cash and cash equivalents		**1.4**	3.8
Creditors: amounts falling due within one year	7	**(82.5)**	(76.7)
Net current assets		**49.3**	62.8
Total assets less current liabilities		**207.7**	221.2
Creditors: amounts falling due after more than one year	8	**(47.0)**	(75.9)
Provisions	10	**—**	(0.1)
Net assets		**160.7**	145.2
Capital and reserves			
Issued share capital	12	**17.4**	17.4
Share premium account		**68.6**	68.6
Capital redemption reserve		**77.2**	77.2
Cash flow hedge reserve		**1.6**	3.6
Accumulated losses			
At 1 July		**(21.6)**	0.3
Profit/(loss) for the year		**16.1**	(21.6)
Other movements		**1.4**	(0.3)
		(4.1)	(21.6)
Total shareholders' funds		**160.7**	145.2

The financial statements on pages 172 to 180 were approved by the Board of Directors on 16 September 2024 and were signed on its behalf by:

Chris Smith
Director

McBride plc
Registered number: 02798634

Company Statement of Changes in Equity

Year ended 30 June 2024

	Issued share capital £m	Share premium account £m	Capital redemption reserve £m	Cash flow hedge reserve £m	Accumulated losses £m	Total shareholders' funds £m
At 1 July 2022	17.4	68.6	77.2	1.2	0.3	164.7
Year ended 30 June 2023						
Loss for the year	—	—	—	—	(21.6)	(21.6)
Other comprehensive income						
Items that may be reclassified to profit or loss:						
Net changes in fair value	—	—	—	1.8	—	1.8
Cash flow hedges transferred to profit and loss	—	—	—	0.6	—	0.6
Total other comprehensive income	—	—	—	2.4	—	2.4
Total comprehensive income/(expense)	—	—	—	2.4	(21.6)	(19.2)
Transactions with owners of the parent						
Share-based payments	—	—	—	—	0.2	0.2
Taxation relating to the above	—	—	—	—	(0.5)	(0.5)
At 30 June 2023	17.4	68.6	77.2	3.6	(21.6)	145.2
Year ended 30 June 2024						
Profit for the year	**—**	**—**	**—**	**—**	**16.1**	**16.1**
Other comprehensive income/(expense)						
Items that may be reclassified to profit or loss:						
Net changes in fair value	**—**	**—**	**—**	**(0.7)**	**—**	**(0.7)**
Cash flow hedges transferred to profit and loss	**—**	**—**	**—**	**(1.3)**	**—**	**(1.3)**
Total other comprehensive expense	**—**	**—**	**—**	**(2.0)**	**—**	**(2.0)**
Total comprehensive (expense)/income	**—**	**—**	**—**	**(2.0)**	**16.1**	**14.1**
Transactions with owners of the parent						
Share-based payments	**—**	**—**	**—**	**—**	**0.8**	**0.8**
Taxation relating to the above	**—**	**—**	**—**	**—**	**0.6**	**0.6**
At 30 June 2024	**17.4**	**68.6**	**77.2**	**1.6**	**(4.1)**	**160.7**

Notes to the Company Financial Statements

Year ended 30 June 2024

1. Corporate information

McBride plc ('the Company') is the ultimate Parent Company of a group of companies that together is the leading European manufacturer and supplier of private label and contract manufactured products for the domestic household and professional cleaning and hygiene markets. The Company offers end-to-end development and manufacturing capabilities to a wide range of customers in Europe and Asia Pacific.

The Company is a public company limited by shares, with shares traded on the London Stock Exchange, incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is McBride plc, Middleton Way, Middleton, Manchester M24 4DP.

2. Accounting policies

Accounting period

The Company's annual financial statements are drawn up to 30 June. These financial statements cover the year ended 30 June 2024 ('2024') with comparative amounts for the year ended 30 June 2023 ('2023').

Basis of preparation

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards), but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

FRS 101 sets out amendments to IFRS that are necessary to achieve compliance with the Act and related regulations. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, share-based payments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements of McBride plc.

For further information on going concern, please see note 2 in the consolidated financial statements on page 121.

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented an income statement or a statement of comprehensive income for the Company alone. A summary of the Company's material accounting policies is set out below.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2023.

Principal accounting policies

Investments in subsidiaries

Investments in subsidiaries are held at cost, less provision for impairment. Any potential impairment is determined on a basis of the carrying value of the investment against the higher of net assets or discounted future cash flows.

Subsidiaries in the UK have taken advantage of an exemption from audit under section 479A of the Companies Act 2006. As the ultimate parent, McBride plc has provided a statutory guarantee for any outstanding liabilities of these businesses. These subsidiaries have been included in the consolidated financial statements of McBride plc as at 30 June 2024.

Financial instruments

The Company classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. The Company reclassifies debt instruments when, and only when, its business model for managing those assets changes.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. Accounting policies continued

Principal accounting policies continued

Financial instruments continued

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss. The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk;
- **fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss; and
- **fair value through profit or loss (FVPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the year in which it arises.

(i) Trade and other debtors

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Under the Company's business model, trade debtors are held for collection of contractual cash flows and represent solely payments of principal and interest.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits available on demand and other short-term, highly liquid investments with a maturity on acquisition of three months or less and bank overdrafts. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset or intention to offset with cash balances.

(iii) Trade payables

Trade payables are initially recognised at fair value and subsequently held at amortised cost.

(iv) Bank and other loans

Bank and other loans are initially recognised at fair value, net of directly attributable transaction costs, if any, and are subsequently measured at amortised cost using the effective interest rate method.

(v) Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. The Company does not hold or issue derivative financial instruments for trading purpose; however, if derivatives do not qualify for hedge accounting, they are accounted for as such.

Derivative financial instruments are recognised and stated at fair value. Where derivatives do not qualify for hedge accounting, any gains or losses on remeasurement are immediately recognised in the Company income statement. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the items being hedged. In order to qualify for hedge accounting, the Company is required to document, from inception, the relationship between the item being hedged and the hedging instrument.

The Company is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is performed at each reporting date to ensure that the hedge remains highly effective.

Derivative financial instruments with maturity dates of more than one year from the balance sheet date are disclosed as non-current.

The Company has entered into a number of financial derivative contracts and each is discussed in turn.

The Company enters into forward foreign exchange contracts to mitigate the exchange risk for certain foreign currency debtors. At 30 June 2024, the outstanding contracts all mature within twelve months (2023: twelve months) of the year end. The Company is committed to sell PLN and EUR and receive a fixed Sterling amount.

The Company also enters into interest rate cap contracts to mitigate against the floating interest rates on RCF debt. At 30 June 2024, there are seven outstanding contracts: one matures within twelve months of the year end with the remaining six maturing more than twelve months after the year end.

All contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing derivatives are the exchange rates for GBP:EUR and GBP:PLN as well as EUR and GBP interest rates.

2. Accounting policies continued

Principal accounting policies continued

Foreign currency translation

Transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling on the balance sheet date. Currency translation differences are recognised in the income statement.

Share-based payments

The Company operates incentive share schemes under which it grants equity-settled and cash-settled awards over its own ordinary shares to certain employees of its subsidiaries. The Company recognises a capital contribution to the subsidiaries concerned that is based on the fair value of the awards measured using the Black-Scholes option pricing formula or the Monte Carlo valuation model.

For equity-settled awards, the fair value reflects market performance conditions and all non-vesting conditions. Fair value is determined at the grant date and is not subsequently remeasured unless the relevant conditions are modified. Adjustments are made to the compensation expense to reflect actual and expected forfeitures due to failure to satisfy service conditions or non-market performance conditions. For cash-settled awards, the fair value reflects all the conditions on which the award is made and is remeasured at each reporting date and at the settlement date.

Generally, the capital contribution is recognised on a straight-line basis over the vesting period. For equity-settled awards, a corresponding credit is recognised directly in reserves, while for cash-settled awards a corresponding liability to settle is recognised in the balance sheet.

Taxation

Current tax is the amount of tax payable in respect of the taxable profit or loss for the year. Taxable profit differs from accounting profit because it excludes income or expenses that are recognised in the year for accounting purposes but are either not taxable or not deductible for tax purposes or are taxable or not deductible in earlier or subsequent years.

Deferred tax is recognised on temporary differences between the recognition of items of income or expenses for accounting purposes and their recognition for tax purposes. A deferred tax asset in respect of a deductible temporary difference or a carried-forward tax loss is recognised only to the extent that it is considered more likely than not that sufficient taxable profits will be available against which the reversing temporary difference or the tax loss can be deducted. Deferred tax assets and liabilities are not discounted.

Current and deferred tax is measured using tax rates that have been enacted or substantively enacted at the balance sheet date.

Guarantees

From time to time, the Company enters into financial guarantee contracts to guarantee the indebtedness of its subsidiaries. The Company accounts for these contracts under IAS 32, IFRS 7 and IFRS 9 . Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of fair value and the expected credit loss.

Payments to shareholders

Dividends paid and received are included in the Company financial statements in the year in which the related dividends are actually paid or received or, in respect of the Company's final dividend for the year, approved by shareholders.

It is the Board's intention that any future dividends will be final dividends paid annually in cash, not by the allotment and issue of B Shares. Consequently, the Board is not seeking shareholder approval at the 2024 AGM to capitalise reserves for the purposes of issuing B Shares or to grant Directors the authority to allot such shares. Existing B Shares will continue to be redeemable but limited to one redemption date per annum in November of each year. B Shares issued but not redeemed are classified as current liabilities.

Own shares

Own shares represent the Company's ordinary shares that are held by the Company in treasury or by a sponsored ESOP trust to employee share schemes. When own shares are acquired, the cost of purchase in the market is deducted from the profit and loss account reserve. Gains and losses on the subsequent transfer or sale of own shares are recognised directly in the profit and loss account.

Cash flow statement

A cash flow statement is not presented in these financial statements on the grounds that the Company's cash flows are included in the consolidated financial statements of the Company and its subsidiaries.

Critical judgements and key sources of estimation uncertainty

In applying the Company's accounting policies as described in this note, the Directors are required to make judgements, and estimates and assumptions, that affect the reported amounts of its assets, liabilities, income and expenses that are not readily identifiable from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates and affect the Company's results in future years.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The Directors consider that no critical judgements are made in preparing these financial statements.

The Directors consider the following to be the key sources of estimation uncertainty present in preparing these financial statements.

Notes to the Company Financial Statements continued

Year ended 30 June 2024

2. Accounting policies continued

Critical judgements and key sources of estimation uncertainty continued

Impairment of investments and amounts owed by subsidiary undertakings

The Directors have performed an impairment assessment of investments under IAS 36. In light of the underlying value of the subsidiaries' net assets, their profitability and forecast profitability, the Directors have judged that no impairment is required (2023: £nil). An impairment assessment of amounts owed by subsidiary undertakings as at 30 June 2024 was undertaken. The Directors have judged that no impairment is required (2023: £nil).

3. Profit for the financial year

As permitted by section 408(3) of the Act, the Company's income statement or a statement of comprehensive income are not presented in these financial statements.

The auditors' remuneration for audit and other services is disclosed in note 6 of the Group's consolidated financial statements.

The Company's profit for the financial year was £16.1 million (2023: loss of £21.6m).

4. Employee information

The monthly average of full-time equivalent Directors employed by the Company and Non-Executive Directors during the year was as follows:

	2024 Number	2023 Number
Directors	2	2
Non-Executive Directors	1	1
Total	3	3

Aggregate payroll costs were as follows:

	2024 £m	2023 £m
Wages and salaries	2.8	2.2
Social security costs	0.1	0.1
Other pension costs	0.1	0.1
Total	3.0	2.4

Executive Directors' emoluments, which are included in the above, are detailed further in the Annual Report on Remuneration on pages 91 to 102.

5. Investments

	£m
Carrying amount as at 1 July 2022, 30 June 2023 and 30 June 2024	158.4

The Directors have assessed the Company's investments for indicators of impairment and have concluded that none are present. Therefore, no impairment review has been conducted in the current year.

The following subsidiaries in the UK have taken advantage of an exemption from audit under section 479A of the Companies Act 2006. As the ultimate parent, McBride plc has provided a statutory guarantee for any outstanding liabilities of these businesses. These subsidiaries have been included in the consolidated financial statements of McBride plc as at 30 June 2024.

- Robert McBride Ltd
- McBride Holdings Limited

A full list of the Company's subsidiaries at 30 June 2024 is set out in note 15 on pages 179 and 180.

Details of the share-based payments provided by the Company to employees of its subsidiaries are presented in note 23 to the consolidated financial statements.

6. Trade and other debtors

	2024 £m	2023 £m
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	127.7	130.4
Derivative financial instruments	1.1	3.3
Deferred tax asset	—	—
Prepayments and accrued income	1.6	2.0
	130.4	135.7

Amounts are unsecured and repayable on demand. Amounts owed by subsidiary undertakings include a loan receivable of £99.8 million (2023: £89.3m) which is non-interest bearing with no fixed repayment date and Group relief receivable of £11.5 million (2023: £11.5m). All remaining amounts owed by subsidiary undertakings are interest bearing, based on external borrowing interest rates.

Notes to the Company Financial Statements continued

Year ended 30 June 2024

7. Creditors: amounts falling due within one year

	2024 £m	2023 £m
Amounts owed to subsidiary undertakings	77.0	72.0
B Shares (note 9)	0.7	0.7
Accruals and deferred income	2.3	2.1
Financial derivatives	—	1.5
Bank overdrafts	2.5	0.4
Total	**82.5**	76.7

Amounts owed to subsidiary undertakings include loans payable of £nil (2023: £37.0m) which are non-interest bearing with no fixed repayment date. All remaining amounts owed to subsidiary undertakings are interest bearing, based on external borrowing interest rates.

8. Creditors: amounts falling due after more than one year

	2024 £m	2023 £m
Bank and other loans	47.0	75.4
Deferred tax liability	—	0.5
Total	**47.0**	75.9

Bank and other loans represent amounts drawn down under a €175 million RCF which is committed until May 2026.

9. Payments to shareholders

Dividends paid and received are included in the Company financial statements in the year in which the related dividends are actually paid or received or, in respect of the Company's final dividend for the year, approved by shareholders.

Under the terms of the amended RCF announced on 29 September 2022, the Company may not, except with the consent of its lender group, declare, make or pay any dividend or distribution to its shareholders prior to an 'exit event', being a change of control, refinancing of the RCF in full, prepayment and cancellation of the RCF in full, or upon the termination date of the RCF, being May 2026. Hence, the Board is not recommending a final dividend for the financial year ended 30 June 2024.

No payments to ordinary shareholders were made or proposed in respect of this year or the prior year.

Furthermore, under the RCF the Company may not, except with the consent of its lender group, redeem or repay any of its share capital prior to an exit event. Therefore, the redemption of B Shares that would normally take place in November each year will not take place.

Movements in the number of B Shares outstanding were as follows:

	Number 000	Nominal value £'000
Issued and fully paid		
At 1 July 2022, 30 June 2023 and 30 June 2024	**665,888**	**666**

B Shares carry no rights to attend, speak or vote at Company meetings, except on a resolution relating to the winding up of the Company.

10. Provisions

	2024 £m	2023 £m
At 1 July	0.1	1.7
Utilised in the year	(3.9)	(2.6)
Charge for the year	3.8	1.0
At 30 June	**—**	0.1

The provision for consultancy support for the independent business review programme was utilised in the year.

Notes to the Company Financial Statements continued

Year ended 30 June 2024

11. Deferred tax

The elements and movements of deferred tax are as follows:

	Share-based payments £m	Other short-term differences £m	Total £m
At 1 July 2022	0.1	(0.3)	(0.2)
Credit to income statement	0.2	—	0.2
Charge to other comprehensive income	—	(0.4)	(0.4)
Charge to equity	(0.1)	—	(0.1)
At 30 June 2023	0.2	(0.7)	(0.5)
Prior year adjustments	—	(0.1)	(0.1)
Credit to income statement	0.4	(0.4)	—
Charge to other comprehensive income	—	(0.5)	(0.5)
Charge to equity	1.1	—	1.1
At 30 June 2024	**1.7**	**(1.7)**	**—**

Deferred tax assets are recognised to the extent that recovery is probable against the future reversal of taxable temporary differences and projected taxable income. Based on the latest profit projections, management considers the deferred tax assets to be recoverable.

12. Issued share capital

	Authorised, allotted and fully paid	
	Number	£m
Ordinary shares of 10 pence each		
At 1 July 2022, 30 June 2023 and 30 June 2024	**174,057,328**	**17.4**

Ordinary shares carry full voting rights and ordinary shareholders are entitled to attend Company meetings and to receive payments to shareholders.

At 30 June 2024, outstanding awards in relation to the equity-settled employee share schemes that are operated by the Company comprised 14,324,067 ordinary shares (2023: 12,231,923 ordinary shares). Further information on the employee share schemes is presented in note 23 to the consolidated financial statements.

13. Guarantees

The Company has guaranteed the indebtedness of certain of its subsidiaries up to an aggregate amount of £0.2 million (2023: £0.2m).

14. Related party transactions

Other than payments made to Directors, which are set out in the Remuneration Committee Report on pages 83 to 102 and note 5 of the consolidated financial statements, there are no other related party transactions to disclose (2023: none). The Company has taken the exemption available under FRS 101 not to disclose transactions with wholly owned subsidiary companies.

15. Subsidiaries

Details of the Company's subsidiaries at 30 June 2024 are as follows. In each case, the Company's equity interest is in the form of ordinary shares which, unless stated otherwise, are indirectly owned.

The business activity of each of the Company's trading subsidiaries is the manufacture, distribution and sale of household and personal care products.

Subsidiaries	Equity interest and operation	Country of incorporation
Trading subsidiaries		
McBride Australia Pty Ltd[a]	100%	Australia
McBride S.A.[b]	100%	Belgium
McBride Denmark A/S[c]	100%	Denmark
Robert McBride Ltd[d]	100%	England
McBride S.A.S.[e]	100%	France
Vitherm France S.A.S.[f]	100%	France
Chemolux Germany GmbH[g, h]	100%	Germany
McBride Hong Kong Limited[i]	100%	Hong Kong
McBride S.p.A.[j]	100%	Italy
Chemolux S.a.r.l.[k]	100%	Luxembourg
McBride Malaysia Sdn. Bhd[l]	100%	Malaysia
McBride Nederlands B.V.[m]	100%	Netherlands
Intersilesia McBride Polska Sp. z o.o[n]	100%	Poland
McBride S.A.U.[o]	100%	Spain
Newlane Cosmetics Company Limited[p]	100%	Vietnam
Holding companies		
McBride Holdings Limited[1, d]	100%	England
McBride Asia Holdings Limited[i]	100%	Hong Kong
McBride Hong Kong Holdings Limited[i]	100%	Hong Kong
Fortlab Holdings Sdn. Bhd.[l]	100%	Malaysia
Fortune Organics (F.E.) Sdn. Bhd.[l]	100%	Malaysia
CNL Holdings Sdn. Bhd.[l]	100%	Malaysia

Notes to the Company Financial Statements continued

Year ended 30 June 2024

15. Subsidiaries continued

Subsidiaries	Equity interest and operation	Country of incorporation
Dormant[2]		
Breckland Mouldings Limited[d]	100%	England
Camille Simon Holdings Limited[d]	100%	England
Camille Simon Limited[d]	100%	England
Culmstock Limited[d]	100%	England
Darcy Bolton Limited[d]	100%	England
Darcy Bolton Property Limited[d]	100%	England
Darcy Limited[d]	100%	England
Detergent Information Limited[d]	100%	England
G.Garnett & Sons Limited[d]	100%	England
G.Garnett Estates Limited[d]	100%	England
Globol Properties (UK) Limited[d]	100%	England
H.H. Limited[d]	100%	England
HomePride Limited[d]	100%	England
Hugo Personal Care Limited[d]	100%	England
International Consumer Products Limited[d]	100%	England
Longthorne Laboratories Limited[d]	100%	England
McBride Aircare Limited[d]	100%	England
McBride UK Limited[d]	100%	England
McBrides Limited[d]	100%	England
Milstock Limited[d]	100%	England
RMG (Droylsden) Limited[d]	100%	England
Robert McBride (Aerosols) Limited[d]	100%	England
Robert McBride (Bradford) Limited[d]	100%	England
Robert McBride (Properties) Limited[d]	100%	England
Robert McBride Household Limited[d]	100%	England
Savident Limited[d]	100%	England
Other		
Robert McBride Pension Fund Trustees Limited[d]	100%	England

(1) McBride plc directly owns 100% of McBride Holdings Limited.

(2) Dormant companies listed here are exempt from preparing individual accounts under s394A, exempt from filing individual accounts with the registrar under s448A and exempt from audit under s479A of the Companies Act 2006.

Registered offices:

(a) Level 4, 147 Collins Street, Melbourne, Victoria 3000, Australia.
(b) 6 Rue Moulin Masure, 7730 Estaimpuis, Belgium.
(c) Lægårdvej 90-94, 7500 Holstebro, Denmark.
(d) Middleton Way, Middleton, Manchester M24 4DP, UK.
(e) 20 rue Gustave Flaubert 14590 Moyaux, France.
(f) Rue des Casernes, 55400 Étain, France.
(g) Heinrichstrasse 73, 40239 Düsseldorf, Germany.
(h) On 4 September 2024, the name and registered address of this company changed to McBride GmbH, Bundeskanzlerplatz 2D, D – 53113, Bonn, Germany.
(i) Unit 2001-02, 20th Floor, Prosperity Place, 6 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.
(j) Corso Garibaldi 49, 20121 Milan, Italy.
(k) Rue de l'industrie, Foetz, Luxembourg 3895.
(l) Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
(m) Schiphol Boulevard 359, 1118BJ Schiphol, Netherlands.
(n) Ul. Matejki 2a, 47100 Strzelce Opolskie, Poland.
(o) Polígon Industrial I'lla, C/ Ramon Esteve 20-22, 08650 Sallent, Barcelona, Spain.
(p) 22 VSIP II, Street 1, Vietnam Singapore, Industrial Park II, Hoa Phu Ward, Thu Dau Mot City, Binh Duong Province, Vietnam.

Group Five-Year Summary

	Year ended 30 June				
	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Revenue	934.8	889.0	678.3	682.3	706.2
Adjusted operating profit/(loss)	67.1	13.5	(24.5)	24.1	28.3
Amortisation of intangible assets	(2.0)	(2.4)	(2.6)	(2.4)	(2.1)
Exceptional items	(0.8)	(0.8)	—	(6.9)	(11.1)
Operating profit/(loss)	64.3	10.3	(27.1)	14.8	15.1
Finance costs	(17.8)	(25.4)	(8.6)	(4.2)	(4.2)
Profit/(loss) before taxation	46.5	(15.1)	(35.7)	10.6	10.9
Taxation	(13.2)	3.6	11.4	2.8	(4.4)
Profit/(loss) after taxation	33.3	(11.5)	(24.3)	13.4	6.5
Earnings/(loss) per share					
Diluted	18.8p	(6.6)p	(14.0)p	7.5p	3.6p
Adjusted diluted	21.7p	0.0p	(11.7)p	11.7p	9.5p
Payments to shareholders (per ordinary share)	—	—	—	—	1.1p

	At 30 June				
	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Non-current assets					
Property, plant and equipment	114.4	117.8	122.9	129.8	134.7
Goodwill and other intangible assets	29.5	26.2	27.0	27.9	28.4
Other assets	52.6	54.6	42.9	32.9	21.1
	196.5	198.6	192.8	190.6	184.2
Current assets	280.1	271.7	273.3	241.2	287.6
Current liabilities	(306.1)	(283.6)	(280.0)	(233.5)	(253.9)
Non-current liabilities	(107.1)	(149.6)	(129.1)	(128.5)	(151.0)
Net assets	63.4	37.1	57.0	69.8	66.9
Net debt	131.5	166.5	164.4	118.4	101.5

Financial calendar

Next key dates for shareholders in 2024 and 2025:

Record date for dividend payable on B Shares previously issued and not redeemed	18 October 2024
Annual General Meeting	12 November 2024
Dividend payments on B Shares issued and not previously redeemed	29 November 2024
2025 Half year end	31 December 2024
2025 Half-year trading statement	17 January 2025
2025 Interim results announcement	25 February 2025
2025 Year end	30 June 2025
2025 Year-end trading statement	17 July 2025
2025 Preliminary results announcement	16 September 2025

These dates are provisional and may be subject to change.

Payments to shareholders

At the Company's 2011 General Meeting, shareholders approved the issue of non-cumulative redeemable preference shares with a nominal value of 0.1 pence each ('the B Shares') as a method of making payments to shareholders. At the Company's 2021 AGM, the Company did not put forward a resolution to approve the issue of non-cumulative redeemable preference shares. It is the Board's intention that any future dividends will be final dividends paid annually in cash, not by the allotment and issue of B Shares. Under the terms of the amended RCF announced on 29 September 2022, the Company may not, except with the consent of its lender group, declare, make or pay any dividend or distribution to its shareholders prior to an 'exit event', being a change of control, refinancing of the RCF in full, prepayment and cancellation of the RCF in full, or upon the termination date of the RCF, being May 2026. Hence the Board is not recommending a final dividend for the financial year ended 30 June 2024.

In accordance with the terms of the B Shares scheme, any B Shares may be redeemed immediately for cash and such a redemption would result in a payment to the redeeming shareholder. Shareholders are able to redeem any number of their B Shares for cash. B Shares that are retained by the holder attract a dividend which is currently 75% of Bank of England Base Rate on the 0.1 pence nominal value of each share, paid on a twice-yearly basis. As announced on 29 September 2022, under the Company's €175 million RCF as amended, the Company is not permitted to redeem or repay any of its share capital. This restriction remains in place until either the current RCF matures in May 2026 or it is superseded by a new financing agreement. As a result, no redemption of existing B Shares is permitted at the present time. Once this restriction is lifted, B Shares will continue to be redeemable but limited to one redemption date per annum, in November of each year.

Further details on B Shares can be found in the booklet entitled 'Your Guide to B Shares' on the Company's website at **www.mcbride.co.uk**.

Shareholders who have valid mandate instructions in place may choose to have payments made directly into their bank or building society account. Confirmation of payment is contained in a payment advice which is posted to shareholders' registered addresses at the time of payment. This payment advice should be kept safely for future reference.

Shareholders who wish to benefit from this service should complete the relevant section of the election form accompanying the Notice of Annual General Meeting. Alternatively, the required documentation can be obtained by contacting the Company's registrar using one of the methods outlined below.

Shareholder queries

Our share register is managed by Link Group, who can be contacted:

by telephone	+44 (0)371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 and 17:30, Monday to Friday (excluding public holidays in England and Wales).
by email	shareholderenquiries@linkgroup.co.uk
by post	Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL

When writing, please indicate that you are a McBride plc shareholder.

Shareholders are also able to access and amend details of their shareholding (such as address and distribution payment instructions), via the registrar's website at **www.signalshares.com**. If you have not previously registered to use this facility you will need your investor code, which can be found on your share certificate issued by Link Group.

ShareGift

McBride supports ShareGift, the share donation charity (registered charity no. 1052686). ShareGift was set up so that shareholders who have only a very small number of shares which might be considered uneconomic to sell are able to dispose of them by donating them for the benefit of UK charities. Donating shares to charity gives rise neither to a gain nor a loss for UK capital gains purposes and UK taxpayers may also be able to claim income tax relief on the value of the donation. Even if the share certificate has been lost or destroyed, the gift can be completed.

Further information about donating shares to ShareGift is available either from its website at **www.sharegift.org** or by contacting them on +44 (0)20 7930 3737.

Share price history

The following table sets out, for the five financial years to 30 June 2024, the reported high, low, average and financial year end (30 June 2024 or immediately preceding business day) closing middle market quotations of McBride plc's ordinary shares on the London Stock Exchange.

	Share price (pence)			
	High	Low	Average	Financial year end
2020	89	49	66	62
2021	94	58	74	91
2022	89	16	58	16
2023	33	16	24	26
2024	**143**	**25**	**73**	**139**

Shareholder security

The Company is required by law to make its share register publicly available. As a consequence, shareholders may receive unsolicited mail from organisations that use it as a mailing list. Shareholders wishing to limit the amount of such mail should either write to Mailing Preference Service, DMA House, 70 Margaret Street, London W1W 8SS, register online at **www.mpsonline.org.uk** or call the Mailing Preference Service (MPS) on 020 7291 3310. MPS is an independent organisation which offers a free service to the public.

Each year in the UK shareholders lose money due to investment fraud. Investment scams are becoming ever more sophisticated – designed to look like genuine investments, they are increasingly difficult to spot. REMEMBER, if it sounds too good to be true, it probably is!

If you suspect you have been approached by fraudsters, please tell the Financial Conduct Authority using the share fraud reporting form at **www.fca.org.uk/scams**, where you can find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768. If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at **www.actionfraud.police.uk**. Find out more at **www.fca.org.uk/scamsmart**.

Electronic communications

Shareholders are able to register to receive communications from McBride electronically. McBride encourages shareholders to elect to receive all communications electronically, to enable more secure and prompt communication which reduces cost and environmental impact through saving paper, mailing and transportation.

You can register directly by visiting **www.signalshares.com** and following the online instructions. Alternatively, you can access the service via the investor relations section of McBride's website at **www.mcbride.co.uk**.

Online shareholder services

McBride's provides a number of services online in the investor relations section of its website at **www.mcbride.co.uk**, including:

- view and/or download Annual and Interim Reports;
- check current or historical share prices (there is an historical share price download facility);
- check the amounts and dates of historical payments to shareholders;
- use interactive tools to calculate the value of shareholdings and chart McBride ordinary share price changes against indices; and
- register to receive email alerts regarding press releases, including regulatory news announcements, Annual Reports and Company presentations.

Cautionary statement

This Annual Report has been prepared for the shareholders of McBride, as a body, and no other persons. Its purpose is to assist shareholders of the Company to assess the strategies adopted by the Group, the potential for those strategies to succeed and for no other purpose. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

This Annual Report contains certain forward-looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries, sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated.

No assurances can be given that the forward-looking statements in this Annual Report will be realised. The forward-looking statements reflect the knowledge and information available at the date of preparation of the Annual Report and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report shall constitute a profit forecast.

Both the Strategic Report and the Directors' Report have been prepared and presented in accordance with the laws of England and Wales and the liabilities of the Directors in connection with those reports shall be subject to the limitations and restrictions provided by such law. In particular, the Directors would be liable to the Company (but not to any third party) if the Strategic Report and/or Directors' Report contain errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact but would not otherwise be liable.

Registered Office and Advisers

Company's registered office

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