

Registered No. 05183743

Ella's Kitchen (Brands) Limited

Annual Report and Financial Statements

For the year ended 30 June 2023



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Company information

for the year ended 30 June 2023

Directors

MNJ Cuddigan (resigned 25 September 2023)
ML Schiller (resigned 31 December 2022)
C Bellairs (resigned 19 November 2023)
WP Davidson (appointed 1 January 2023)
W Goldenitsch (appointed 25 September 2023)
L Boyce (appointed 17 November 2023)

Secretary

N Keen (until 14 September 2022)
FH Aslam (from 14 September 2022 until 8 June 2023)
J Turner (from 8 June 2023 until 8 February 2024)

Auditors

Ernst & Young LLP
R+ Building,
2 Blagrove Street,
RG1 1AZ,
United Kingdom

Registered Office

Ella's Barn
22 Greys Green Farm
Rotherfield Greys
Henley-on-Thames
Oxfordshire
RG9 4QG
United Kingdom

Strategic report

for the year ended 30 June 2023

The directors present their strategic report for the year ended 30 June 2023.

Review of the Business

The company's principal activities during the period continued to be the manufacture and sale of organic baby food in the UK and internationally. Sales are made direct to retailer or via distributors, depending on the market.

In our 17th year we continued to deliver profitable sales growth in our core UK and International markets, gaining increased distribution in many of our larger customers.

The key performance indicators for the year were as follows:

	2023	2022	Change %
Revenue	£87,323,961	£85,780,447	1.8
Gross Profit	£32,031,792	£32,706,395	-2.1
Operating profit	£14,757,042	£14,336,293	2.9
Customer complaints per million ACUs*	11.08	9.26	19.7
Net Promoter Score**	81	76	6.6

*ACU refers to the number of actual consumer units sold during the period.

**Net Promoter Score (NPS) is a management tool we use to measure employee engagement.

Revenue increased by 1.8% over the previous year with UK sales increasing by 2.4% and international sales decreasing by 0.5% (all international markets excluding the US and Canada). Sales of Ella's Kitchen products in the US and Canada are made through The Hain Celestial Group, Inc.

Operating profit increased by 2.9% over the previous year; rapid cost of goods inflation driven by global inflationary pressures were offset by focussing on efficiencies in marketing and fixed costs.

Strategic report

for the year ended 30 June 2023

Corporate Governance Statement – s172(1) Companies Act 2006

At Ella's Kitchen we are super proud to be a certified B Corp. B Corps are businesses which meet the highest standards of social and environmental responsibility, and the rigorous assessment is proof that we are walking the walk, not just talking the talk.

Becoming a B Corp makes a business legally required to consider the impact of their decisions on their people, customers, suppliers, community, and the environment – rather than simply maximising profit for shareholders. There are lots of amazing benefits to being a B Corp such as being part of a network of inspiring companies that can share ideas and best practice as well as teaming up on campaigns to create more impact. All B Corps are independently certified every 3 years to prove that they are meeting the highest ethical and sustainable standards. We were proud to recertify in 2021, making steady progress since our original certification. In 2016 when we first certified we scored 81 points, in 2021 our score increased to 94 points and our goal is to reach 100 points by our next recertification in 2024.

We are also proud to be supporting the Better Business Act. This calls for a change in law to Section 172 of the Companies Act to make sure that company directors are responsible for aligning their interests with those of wider society and the environment, not to just maximise profits. As a business we also sit on the Public Affairs Working Group, encouraging business and government to work more closely in order to bring about change.

Our People

People are at the heart of our business' success. We want to nurture and develop a happy and healthy team; motivated to do their jobs really well, have lots of fun doing it and to help them achieve a great work life blend too. We try to make sure we are one brand inside and out so that all of our people have the same happy, positive experience of Ella's as our consumers. Everyone at Ella's also has the opportunity to volunteer at local charities that are related to Our Mission and strategy.

Our values are at the heart of Ella's Kitchen, it's how we recruit newbies, it's how we judge and reward success, it's how we make our decisions and it's how we make sure Ella's Kitchen is always a super fun and rewarding place to work! Our values are: We Want to Win, We're Business Minded, We Think Differently, We're Good to Each Other and We're Childlike.

We invest in people to do their jobs well, achieve their potential, and make a difference. Everyone has a development money pot which is spent in line with their personal development plan. We love to promote from within where we can. We look after our people with a full wellbeing calendar and a team of mental health first aiders who are on hand to help. We aim to nurture a diverse and inclusive environment where diversity of thought is encouraged. We have a clear diversity and inclusion framework focussing on attraction, education, making a difference, a culture of togetherness and open communication.

We strongly believe in enabling a culture of leadership at Ella's Kitchen. We don't believe that leadership is something which is defined by your job title. Leaders at Ella's role model our values and support their teams. We believe that encouraging autonomy enables people to grow, develop and to feel fulfilled. It helps us create a sustainable business where contribution and responsibility are spread across the whole team rather than control being held by the few. We continually train and develop our leaders and managers to help them do their jobs well.

We have been named as one of the Sunday Times' Best Small Companies for five years running and our most recent employee Net Promoter score is 81%.

Strategic report

for the year ended 30 June 2023

Our Consumers

At the heart of Ella's Kitchen is Our Purpose to help every little one grow up happy, healthy + never hungry. When we develop our yummy recipes, we always make sure they're just right for tiny tummies. That means we only use the best quality, ethically and sustainably sourced ingredients, and you'll only find just good stuff in our products.

Beyond that, we'll always strive to be the voice for the under-fives, as this is the age when relationships with food – either good or bad - are formed. We promise to campaign and lobby on issues related to Our Purpose and we'll always go the extra mile to make sure parents and carers have all the help they need for their little ones to grow up with happy, healthy relationships with food and with the planet.

This year, we launched our '5 for the under 5s' Campaign which is an ask to any future government to put little futures first by prioritising the early years. This ask sees us continue to champion Sensory Food Play through our 'Eat. Play. Love.' Campaign. Sensory Food Play is an educational tool that allows children to explore fruit + vegetables in a fun + engaging way that stimulates the senses, can help to build confidence + curiosity about them. This can lead to a willingness to try, and ultimately grow up liking them, creating healthy habits which can track throughout childhood and beyond. Additionally, this year we have formed pioneering partnerships with both Action for Children and the RSPB and we include them within the campaign manifesto highlighting opportunities to end child poverty and protect children's right to time in nature.

We continue to engage consumers with the Eat Play Love campaign - delivered via our eCRM, social media channels & website hub. These resources are designed to help our consumers understand the benefits of sensory food play and also to show them how they can engage their little ones in games + activities.

In addition to our campaigns, we also aim to deliver against some of the most important priorities for our consumers. These include:

- Quality, great tasting products
- A huge variety of products suitable for all ages and stages
- Innovative new products which stretch little taste buds and help with fine motor skills
- Supportive customer care team who takes pride in understanding and supporting them
- Our commitment to the planet and being a business that operates with a purpose beyond profit alone

The directors receive regular updates in relation to our consumers, including feedback from consumer surveys and insight projects, with this information being used to inform key business decisions. Consumer happiness is a key non-financial performance indicator and is regularly monitored within the business.

Our Partners (Customers and Suppliers)

We strongly believe in the value of partnerships and work closely with a wide range of suppliers, distributors and retailers who play a vital role in our continued success. We work together to deliver quality, tasty food for babies + kids at an affordable recommended retail price for families. In volatile and uncertain times, with cost pressures across the supply chain, these long-term relationships have been vital. We also believe it is important to make a positive impact on the wider world and so we aim to lead and inspire our partners to become certified B Corps like us; we are really proud that a number of partners have done so, and that they are now inspiring the partners they work with to certify too.

We always live our values when working with our partners and aim to build strong commercial relationships which are mutually beneficial through the following practices:

- Ongoing collaboration with our manufacturing partners in relation to product development, sourcing of materials and ingredients and new manufacturing technologies
- Ongoing collaboration with our distributors and retailers in order to build strategically aligned joint business plans that deliver sustainable growth as well as positive impact
- We always strive to develop products that deliver against Our Purpose, meet consumer needs, and therefore help the category to grow sustainably for the long term.

Strategic report

for the year ended 30 June 2023

Our Partners (Customers and Suppliers) (cont.)

Some of the most important priorities for our partners are:

- Open, honest, and timely discussions on all areas of our joint business plans
- Sustainable sales growth, driving benefits for manufacturers or share for our distributors and retailers
- Our category expertise which helps grow the whole category, not just our sales
- Easy access to relevant decision makers across the whole of Ella's Kitchen
- Our commitment to improving the health of little ones and to the environment and operating with a purpose beyond profit alone

The directors receive regular updates in relation to our partners and have invested time and energy to understand the impact to our partners of key decisions and principal uncertainties.

Our Community

Supporting our community is very important to us and remains central to Our Mission as a business to help every child grow up happy, healthy and never hungry.

We believe that businesses can and should be a force for good and that more can be done to help make the UK the best place for little ones to grow up. As the UK's leading kid's food brand, we're using our voice as the little ones' lobbyists to help improve the lives of children and protect our planet for future generations.

A key component of this is our work with our brilliant charity partners. This year we were thrilled to announce our long-term partnership with Action for Children, one of the largest providers of nurseries, children's centres and family hubs.

In this partnership we are supporting services that help change the lives of vulnerable children and their families, with unrestricted funding and donations, alongside campaigning for policies to address child poverty and the cost-of-living crisis.

We are proud to be continuing to donate stock to our longstanding food bank partners, The Company Shop Group, Food Aware and FareShare, all of which work to distribute meals and food parcels across the UK to those who need it most. In FY23 we donated over 862,000 pouches and 420,000 snacks to help little ones.

We also partner with Home Start Reading, a local community network of trained volunteers who help and support families with young children through challenging times. This year we donated £30,000 to our local Home Start centre – Home Start Reading which went towards things like group support, family day trips, access to local services and weekly food shops, all of which provided support for nearly 100 families in Reading.

We also continue to help as many little ones to access and learn about nature through our Ella's Explorers on the Farm trips. For these visits we invite children from local schools to Rushall Farm and The Five a Day Market Garden where they get the chance to spend a day exploring, tasting seasonal fruit and veg and learning about where their food comes from. This year we welcomed 1000 little ones from 19 schools, meaning since the programme launched in 2010, we have now taken over 11,000 children.

This year we also launched our colourful 'Eat Play Love' truck, which is taking sensory food play on the road to early years settings across the UK, as part of our campaign to help encourage more children to engage with and eat more fruit and veg. To support the launch of the truck we visited 2 early years settings in Reading and Luton, delivering sensory food play sessions to 77 children and providing free lesson plans and resources to early years practitioners to help support them carry out sensory food play lessons. We have trips planned every month for FY24 and look forward to welcoming lots more little ones (and early years practitioners) onto the truck to teach them all about fruit and veggies using all their senses.

Strategic report

for the year ended 30 June 2023

Our Community (cont.)

Our community impact is tied into the three key pillars of our business: healthy kids, healthy business and healthy planet, and we work to ensure that our 'Good stuff we do' is embedded across the entire organisation, to educate and encourage our teams, from workshops to volunteering days, to help deliver our mission.

The directors receive regular updates in relation to our work in the community and consider the impact on communities when making key decisions.

Environment

At Ella's Kitchen, we are continuing to work to deliver our BIG pledge to Little People which is our promise to drive real action and do everything we can as a business to help protect the planet for future generations.

We are committed to working towards reaching Net-Zero and we have set ambitious science based targets, to reduce our Scope 1 and 2 GHG emissions by 100% and our Scope 3 GHG emissions by 28% by 2030. As part of this strategy, this year we launched our first fully recyclable pouch into UK stores, with a commitment to make almost three quarters (73%) of our pouches recyclable at kerbside by the end of 2024.

We're also proud to continue our work alongside Nestlé, Mars, Taylors of Harrogate and recycling experts SUEZ in the Flexible Packaging Consortium, where we have been able to publish a report which is being used to shape recommendations of the Government waste reforms.

We are also part of the Flexible Packaging Fund, a collaborative group of brands, manufactures, retailers and recyclers with the aim of improving flexible plastic recycling. This has triggered lots of UK supermarkets to make it easier and more accessible for consumers to recycle their flexibles in store.

We are also working with WRAP to reduce our food waste by 100% by 2024. Based on their 'Target, Measure, Act' waste hierarchy we are aiming for 100% of the surplus food made to go either to food banks or animal feed.

In the past twelve months we have launched our long-term partnership with leading nature charity the RSPB to restore, rewild and protect vital ecosystems. This work includes an ambitious '30 by 30' wildflower target, supporting 9 projects across RSPB's UK reserve network, from Sussex to the Hebrides, delivering new areas of wildflower meadows and species rich grassland, and long-term monitoring and management of existing areas. With the help and guidance from experts at the RSPB and our partners, we are committed to helping to champion nature across our business and are working closely with our suppliers, retailers and employees to embed nature in our work.

We have also continued to work with our other long-term conservation partner Trees for Life to help protect, restore and re wild our eco-systems. Through our work with Trees for Life, which protect important habitats for wildlife including red squirrels, pine martens, otters, and golden eagles we have now planted over 8038 trees in our own Ella's Kitchen Grove.

The directors receive regular updates in relation to how we are performing in relation to our BIG pledge for Little People and our sustainability commitments and always consider the impact on the community and environment when making all decisions across the business.

Key decisions made in the year

The directors define 'key decisions' as decisions and discussions which are material or strategic to Ella's Kitchen, and those that are significant to any of our stakeholder groups. The directors consider the following to be key decisions made during the year ended 30 June 2023:

Mono-material packaging roll-out

In 2019 we set a target for all our packaging to be widely recycled by 2024. When we set this target, we always knew it was going to be a challenge, as we were dependent on both technical developments in the laminate material we use for our pouches, as well as changes to be made to the UK's recycling infrastructure.

Strategic report

for the year ended 30 June 2023

Key decisions made in the year (cont.)

The big news this year is that a fully recyclable mono-material PP pouch has now been developed and we have made the commitment to move our entire pasteurised range over to this new pouch by the end of 2024. This will be a big leap forward to achieving our recycling target as it will mean nearly 75% of all our pouches will be fully recyclable at kerbside in the UK.

Launch of Eat Play Love

This year we launched Eat Play Love, which is all about the power sensory food play can have on little ones' long-term health. We commissioned a systematic review into educational sensory food play which has demonstrated that sensory food play can improve children's willingness to try new foods; increase the amount of fruit and vegetables children eat; and is remedial, meaning that it is likely to provide most benefit for those children who have either not had access to, or are less accepting of fruit and vegetables.

We are now supporting a number of projects that will bring sensory food play to children across the UK as well as lobbying Parliament to amend the Early Years Foundation Framework; provide DfE approved guidance on sensory food play; and provide ring-fenced funding for early years settings.

Principal risks & uncertainties

Ella's Kitchen operates in many highly competitive grocery markets around the world. Competitive threats come from other branded baby food companies as well as own label products. Own label brands remain strong in several international markets and we have seen the expansion of several UK retailer own label ranges which has impacted the UK baby food market. We mitigate the risk of increased own label participation in all markets by investing in our innovation pipeline, bringing new products to market and maintaining strong relationships with our customers.

Ella's Kitchen market share in the UK declined slightly during the year driven by total distribution point losses. Share of total ambient baby food in the 52 weeks ended 8th July 2023 declined by 0.9%pts to 31.2%.

This share number includes both wet baby and snacking products. In wet baby food the share loss was 1.1%pts due to lost distribution and shoppers switching spend to private label as inflation rose in the UK.

In finger food there was a share loss of 0.6%pts due to exiting the bars subcategory. Ella's Kitchen continue to be the number one brand in ambient baby food within all major UK grocers.

Operating in the organic baby food market, we are subject to very stringent regulations covering raw material supply, packaging, finished product, labelling and marketing claims amongst other areas. To maintain our brand reputation and customer confidence it is important that we meet these regulations, delivering high quality products consistently. Failure to do so may result in litigation or legal proceedings which would expose the company financially and have a negative impact on our brand.

We have created a highly skilled internal technical team and established relationships with external bodies, to ensure that all aspects of our finished products are compliant with relevant laws and regulations and meet our consumers' expectations.

With customers and suppliers in countries outside of the UK, exposure to foreign exchange movements is a key risk for the company. A significant proportion of the company's cost of sales is denominated in Euros, while the majority of sales are made in British pound sterling. When considered appropriate by management, Ella's Kitchen uses foreign exchange forward contracts to reduce exposure to the variability of future exchange rate movements and has a strategic focus on increasing exports into Europe to enhance the Euro revenue stream.

Directors' report

for the year ended 30 June 2023

The directors present their report and financial statements for the year ended 30 June 2023.

Principal activities and review of the business

The principal activity of the company was that of manufacture and distribution of food for babies and children.

Results and dividends

The results for the company are set out in the primary financial statements (pages 18-20). A dividend of £28,000,000 was paid during the year (2022: £nil).

Directors

The directors who served the company throughout the year were as follows:

MNJ Cuddigan (resigned 25 September 2023)
ML Schiller (resigned 31 December 2022)
C Bellairs (resigned 19 November 2023)
WP Davidson (appointed 1 January 2023)
W Goldenitsch (appointed 25 September 2023)
L Boyce (appointed 17 November 2023)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

2023 Streamlined Energy and Carbon Reporting (SECR)

At Ella's Kitchen we recognise our responsibility to minimise our impact on the natural environment to protect the planet for future generations. We are working to measure, reduce and mitigate our carbon footprint across our value chain. To help achieve this, Ella's Kitchen have set a 1.5-degree aligned near-term Science-Based Target approved by the SBTi, as well the commitment to become Net Zero by 2030 alongside over 500 other B Corps.

This statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting.

Methodology

We quantify and report our organisational GHG emissions in alignment with the World Resource Institute Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance and GHG Protocol Technical Guidance for Calculating Scope 3 Emissions. We consolidate our organisational boundary according to the operational control approach, which includes all our sites. We have adopted a materiality threshold of 5% for GHG reporting purposes. The GHG sources that constituted our operational boundary for SECR included:

Directors' report

for the year ended 30 June 2023

Methodology (cont.)

- Scope 1: Fuel oil
- Scope 2: Mobile Combustion
- Scope 3: Electricity
- Scope 4: Business travel
- Scope 5: Employee commuting & Homeworking

The Scope 2 Guidance requires that we quantify and report Scope 2 emissions according to two different methodologies ('dual reporting'): (i) location-based method, using average emissions factors for the country in which the reported operations take place; and (ii) market-based method, which uses the actual emissions factors of the energy procured. Detailed methodologies for each category are provided below.

Scope 1 – Fuel Oil

We provided the monthly fuel usage and fuel type for all sites. Emissions were calculated by multiplying the annual consumption of each site by the appropriate DEFRA 2023 fuel emission factor.

Scope 2 – Mobile Combustion

We provided the model and make of our company owned vehicle along with its monthly mileage. Emissions were calculated by multiplying the van's mileage by its corresponding DEFRA 2023 factor.

Scope 3 – Electricity

We provided the electricity consumption for all sites. Location based emissions were calculated by multiplying the electricity consumption by corresponding DEFRA 2023 factor. Market based emissions were calculated by multiply the electricity consumption by the corresponding market-based factor from a green tariff, which accounts for our renewable energy purchases.

Scope 4 - Business Travel

We provided all purchases associated with business travel, which includes air, train, car and hotel related expenses. Emissions were calculated by multiplying the activity data (distance and hotel nights) or financial data with its corresponding emission factor from DEFRA or CEDA 6, respectively. Hotel stay emission factors for Sweden, Finland, and Norway were given that of the Netherlands given that emission factors for Nordic countries were not available.

Scope 5 - Employee Commuting & Homeworking

We provided commuting figures such as the total weekly mileage, the average number of days in office, the number of full-time employees, and the number of workdays per year. Emissions were calculated by summing the annual distance travelled and allocating the total to typical commuter preference categories. These categories were then multiplied by their corresponding TTW and WTT DEFRA 2023 emission factor. Commuter preference breakdowns were pulled from various sources including 1) Dalia Research's work on public and private commuter breakdowns in the UK, 2) the European Commission's 2019 breakdown of public transport usage, and 3) EcoAct's employee commuting tool's assumptions on private commuting habits. We estimated homeworking emissions using the average number of home-working days, the number of full-time employees, and the number of workdays per year, and the methodology detailed in EcoAct's Homeworking emissions whitepaper.

Greenhouse gas emissions

During the reporting period 01 July 2022 – 30 June 2023, Ella's Kitchen's Scope 1 and 2 emissions (location-based) totalled 48.7 tCO₂e. Whilst our Scope 1 and 2 market-based emissions totalled 32.9 tCO₂e due to the use of 100% renewable electricity at The Barns. Ella's Kitchen's total market-based GHG emissions equalled 214 tCO₂e, the remainder of which (182 tCO₂e) was due to Scope 3 C6 (business travel) and C7 (employee commuting and homeworking).

Directors' report

for the year ended 30 June 2023

Greenhouse gas emissions (continued)

GHG Source		Ella's Kitchen Data		
		FY23	FY22	% difference FY23-FY22
Scope 1 (tCO2e)	Emissions from activities for which the company own or control including combustion of fuel & operation of facilities (Scope 1) / tCO2e	32.9	32.9	0%
	Combustion of fuels for stationary equipment / tCO2e	32.7	32.9	-1%
	Emissions from combustion of fuel for transport / tCO2e	0.3		
Scope 2, location-based (tCO2e)	Emissions from purchases of electricity, heat, steam, and cooling purchased for own use (Scope 2, location based) / tCO2e	15.7	11.1	42%
Scope 2, market-based (tCO2e)	Emissions from purchases of electricity, heat, steam, and cooling purchased for own use (Scope 2, location based) / tCO2e			0%
Total Scope 1&2 (location-based)	Total gross Scope 1 & Scope 2 emissions / tCO2e	48.7	44	11%
Total Scope 1&2 (market-based)	Total gross Scope 1 & Scope 2 emissions / tCO2e	32.9	32.9	0%
Energy Consumption	Energy consumption used to calculate above emissions: MWh	193.2	180.5	7%
	Combustion of fuels for stationary equipment	113.9	123.3	-8%
	Combustion of fuel for transport	3.3	n/a	n/a
	Electricity	76.0	57.2	33%
Intensity metrics (location-based)	tCO2e (gross Scope 1 + 2) / million \$ revenue	0.8	0.5	8%
	tCO2e (gross Scope 1 + 2) / square footage	0.0	0.0	11%
	tCO2e (gross Scope 1 + 2) / FTE employee	0.5	0.5	1%
	tCO2e (gross Scope 1 + 2) / million \$ revenue	0.4	0.4	-2%
Intensity metrics (market-based)	tCO2e (gross Scope 1 + 2) / square footage	0.0	0.0	0%
	tCO2e (gross Scope 1 + 2) / FTE employee	0.3	0.4	-9%
Scope 3, Business Travel	Emissions from employee business travel for which the company does not own or control (Scope 3) / tCO2e	56	40	38%
Scope 3, Commuter Travel & Homeworking	Emissions from employees commuting to and from work, as well as work from home / tCO2e	126	370	-66%
Total Emissions (location-based)	Total gross emissions / tCO2e	230.2	454.2	-49%
Total Emissions (market-based)	Total gross emissions / tCO2e	214.4	443.1	-52%

There has been a minimal increase of 11% in Ella's Kitchen's Scope 1 and 2 location-based GHG emissions between FY23 and FY22, which is due to an increase in electricity consumption as a result of new buildings becoming operational. Scope 1 and 2 market-based emissions showed no percent change given the use of renewable energy both years and equal Scope 1 emissions.

The most significant changes were in Scope 3 accounting. Scope 3 C6, business travel emissions increased by 38% between the two years which can be attributed to an increase in travel with resumed business operations following COVID-19. Scope 3 C7, employee commuting and homeworking emissions decreased 66%. This large decrease can be attributed to an updated methodology, which assumes employees travel using both private and public transport, rather than solely private car transport.

During the year, the total fuel and electricity consumption totalled 193.2 MWh, of which 100% was consumed in the UK. The split between fuel and electricity consumption is displayed below:

GHG Source		Ella's Kitchen Data		
		FY23	FY22	% difference FY23-FY22
Energy Consumption	Energy consumption used to calculate above emissions: MWh	193.2	180.5	7%
	Combustion of fuels for stationary equipment	113.9	123.3	-8%
	Combustion of fuel for transport	3.3	n/a	n/a
	Electricity	76.0	57.2	33%

Directors' report

for the year ended 30 June 2023

Going Concern

The company's business activities, together with the factors likely to affect its future development, its financial position and its financial risk management objectives are described in the business review, starting on page 3.

The company has considerable financial resources and, as a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the continued uncertain economic outlook. EK Brands also provides financial support to EK IP Ltd and EK Group Ltd, assisting in meeting their liabilities as and when they fall due.

The directors are satisfied, based on current projections, that EK Brands has and will continue to have, sufficient cash resources to meet its liabilities as they fall due for the period to 30 June 2025, being the going concern assessment period. As part of the review, the directors produced a cash flow forecast based on the current internal forecast for FY24 and long-term planning targets for FY25 which cover the going concern period up to 30 June 2025.

A severe, but plausible, downside scenario was prepared which considered a revenue percentage decline due to general economic slowdown and other macroeconomic uncertainties such as the continued pressure on global raw material pricing which would, in turn, negatively impact EK Brands Cost of Goods. This demonstrated that should such scenarios occur; the company would continue to have sufficient cash throughout the going concern period. Stress testing was conducted on the cash flows that demonstrated that changes in the assumptions would have to be so severe, including double digit decline in revenues, before the company did not have sufficient cash that they are considered remote. The reverse stress test does not consider further cost mitigation, including capital expenditure deferral, a review of promotional and marketing activities or a review of pricing strategy.

Post Balance Sheet Events

No material events have occurred since the Statement of Financial Position date which would affect the financial statements of the Company.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

ON BEHALF OF THE BOARD



Wolfgang Goldenitsch
Wolfgang Goldenitsch

.....
W Goldenitsch – Director

Date: 19th March 2024

Statement of Directors' responsibilities

for the year ended 30 June 2023

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102: The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). Under company law the 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

To the members of Ella's Kitchen (Brands) Limited

Opinion

We have audited the financial statements of Ella's Kitchen (Brands) Limited for the year ended 30 June 2023 which comprise the Statement of total comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditor's report

To the members of Ella's Kitchen (Brands) Limited

Other information (cont.)

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

Independent auditor's report

To the members of Ella's Kitchen (Brands) Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those related to the reporting framework (FRS 102 and the Company's Act 2006), the Companies (Miscellaneous Reporting) Regulations 2018 and compliance with the relevant direct and indirect tax regulations in the United Kingdom.
- We understood how the Company is complying with those frameworks by making inquiries of management, those charged with governance, and those responsible for legal and compliance. We corroborated our enquiries through our review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We considered performance targets and their influence on efforts made by management. Through these procedures, we determined there is a risk of management override and a fraud risk around revenue recognition and in particular there is fraud risk in manual postings on sales rebates/promotions. In relation to management override to the posting of non-standard manual journals, including non-standard journals to revenue, we used data analytics to sample from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria which we investigated further to gain an understanding of the transaction and agree to source documentation ensuring such transactions are valid and appropriate.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of the management and those charged with governance, and those responsible for legal and compliance. We also reviewed the board minutes to identify any non-compliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

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Evangelos Gkirtsos (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
Date: 19th March 2024

Statement of Total Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 £	2022 £
Revenue	2	87,323,961	85,780,447
Cost of sales		(55,292,169)	(53,074,052)
Gross Profit		32,031,792	32,706,395
Administrative expenses		(17,276,170)	(18,371,371)
Other operating income		1,419	1,269
Operating profit	5	14,757,042	14,336,293
Interest receivable and similar income	6	2,174,633	1,087,066
Interest payable and similar charges	7	(912,474)	(462,692)
Profit on ordinary activities before taxation		16,019,201	14,960,667
Tax on profit on ordinary activities	8	(3,373,547)	(2,894,659)
Profit for the financial year		12,645,654	12,066,008
Other comprehensive income			
Movement in Deferred Tax balance		-	(7,843)
Total comprehensive income for the financial year		12,645,654	12,058,165

Continuing Operations

The Statement of Total Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 21 to 35 form part of these financial statements.

Statement of Financial Position

as at 30 June 2023

Registered No. 05183743

		2023 £	2022 £
Non-current assets			
Tangible assets	9	330,424	280,942
Intangible assets	10	103,321	173,973
		<u>433,745</u>	<u>454,915</u>
Current assets			
Inventories	11	6,976,561	7,458,680
Trade and other receivables:			
Amounts falling due within one year	12	36,689,381	39,179,615
Amounts falling due after one year	12	54,668	54,668
Cash at bank and in hand		12,923,958	26,409,468
Deferred tax asset	15	79,994	60,218
		<u>56,724,562</u>	<u>73,162,649</u>
Trade and other payables: amounts falling due within one year	13	<u>(28,899,481)</u>	<u>(30,697,031)</u>
Net current assets		<u>27,825,081</u>	<u>42,465,618</u>
Net assets		<u>28,258,826</u>	<u>42,920,533</u>
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account	18	28,258,726	42,920,433
Total equity	22	<u>28,258,826</u>	<u>42,920,533</u>

The notes on pages 21 to 35 form part of these financial statements.

The financial statements were approved by the Board of Directors on 19th March 2024 and were signed on its behalf by:

Wolfgang Goldenitsch
Wolfgang Goldenitsch
UK Company registered in England, no. 05183743

W Goldenitsch – Director

Statement of Changes in Equity

for the year ended 30 June 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2021	100	30,155,820	30,155,820
Profit for the financial year	-	12,066,008	12,066,008
Other comprehensive income for the financial year, net of tax	-	(7,843)	(7,843)
Total comprehensive income for the financial year	-	12,058,165	12,058,165
Share-based payment charge	-	706,448	706,448
Balance at 30 June 2022	100	42,920,433	42,920,433
Profit for the financial year	-	12,645,654	12,645,654
Other comprehensive expense for the financial year, net of tax	-	-	-
Total comprehensive income for the financial year	-	12,645,654	12,645,654
Share-based payment charge (note 17)	-	692,639	692,639
Dividend paid	-	(28,000,000)	(28,000,000)
Balance at 30 June 2023	100	28,258,726	28,258,826

The notes on pages 21 to 35 form part of these financial statements.

Notes to the financial statements

for the year ended 30 June 2023

1. Accounting policies

1.1 Statement of compliance

Ella's Kitchen (Brands) Limited is a limited liability company incorporated in England. The Registered Office is Ella's Barn, 22 Greys Green Farm, Rotherfield Greys, Henley-on-Thames, Oxfordshire, RG9 4QG.

The company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS102)' and the Companies Act 2006 for the year ended 30 June 2022.

The financial statements are prepared in sterling, which is the functional currency of the company.

1.2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

The key judgements that have had the most significant effect on amounts recognised in the financial statements are in relation to the level of provisions held for rebates.

The nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1.3 Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and its financial risk management objectives are described in the business review, starting on page 3.

The company has considerable financial resources and, as a consequence, the directors believe that the company is well placed to manage its business risks successfully, despite the continued uncertain economic outlook. EK Brands also provides financial support to EK IP Ltd and EK Group Ltd, assisting in meeting their liabilities as and when they fall due.

The directors are satisfied, based on current projections, that EK Brands has and will continue to have, sufficient cash resources to meet its liabilities as they fall due for the period to 30 June 2025, being the going concern assessment period. As part of the review, the directors produced a cash flow forecast based on the current internal forecast for FY24 and long-term planning targets for FY25 which cover the going concern period up to 30 June 2025.

A severe, but plausible, downside scenario was prepared which considered a revenue percentage decline due to general economic slowdown and other macroeconomic uncertainties such as the continued pressure on global raw material pricing which would, in turn, negatively impact EK Brands Cost of Goods. This demonstrated that should such scenarios occur, the company would continue to have sufficient cash throughout the going concern period. Stress testing was conducted on the cash flows that demonstrated that changes in the assumptions would have to be so severe, including double digit decline in revenues, before the company did not have sufficient cash that they are considered remote. The reverse stress test does not consider further cost mitigation, including capital expenditure deferral, a review of promotional and marketing activities or a review of pricing strategy.

Notes to the financial statements

for the year ended 30 June 2023

1.4 Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following exemptions under the provisions of FRS 102:

- (i) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d) to prepare a statement of cash flows;
- (ii) The requirements of Section 11 paragraphs 11.39 to 11.48(a) and Section 12 paragraphs 12.26 to 12.29A, regarding disclosures for financial liabilities and assets, as the equivalent disclosures required by FRS 102 are included in the consolidated financial statements of the group in which the entity is consolidated; and
- (iii) From disclosing the company key management personnel compensation, as required by Section 28; and the requirement of Section 33 Related Party Disclosures paragraph 33.9 to disclose related party transactions with other members of the Ella's Kitchen group.

1.5 Revenue recognition

Revenue, which is stated net of value added tax, is defined as the amount invoiced to external customers during the year. This includes gross sales net of trade discounts, customer allowances, returns and promotions. Revenue is recognised at the time that the risks and rewards of ownership of the products are transferred to the customer.

1.6 Cost of sales

Cost of sales recognised as an expense represent variable expenses (excluding VAT and similar taxes) incurred from revenue generating activity. Products sold by the Company is the principle expense included under this category.

1.7 Tangible fixed assets

Tangible assets are stated at cost or valuation less accumulated depreciation and impairments. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	-	33% on cost
Fixtures and fittings	-	25% on cost
Computer equipment	-	33% on cost
Motor vehicles	-	25% on cost
Buildings	-	33% on cost

1.8 Intangible fixed assets

Intangible assets are stated at cost or valuation less accumulated amortisation and impairments. Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer software	-	33% on cost
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1.9 Inventories

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Cost is determined on a first in first out (FIFO) basis.

1.10 Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are recognised in the profit and loss account in the line which most appropriately reflects the nature of the item or transaction.

Notes to the financial statements

for the year ended 30 June 2023

1.11 Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.12 Pension costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

1.13 Equity-settled share-based payments

Prior to the acquisition by The Hain Celestial Group, Inc., the company issued equity-settled share-based payments to certain employees. These options were cancelled and settled by Hain as part of the acquisition.

Since acquisition, awards of restricted stock in The Hain Celestial Group, Inc. have been granted to certain employees.

Awards of restricted stock are in the form of restricted share units that are issued at no cost to the recipient. For restricted share units, legal ownership of the shares is not transferred to the employee until the unit vests.

The fair value of stock-based compensation awards is recognised as an expense over the vesting period using the straight-line method. For awards that contain a market condition, expense is recognized over the defined or derived service period using a Monte Carlo simulation model. Compensation expense is recognised for these awards on a straight-line basis over the service period, regardless of the eventual number of shares that are earned based upon the market condition, provided that each grantee remains an employee at the end of the performance period. Compensation expense on awards that contain a market condition is reversed if at any time during the service period a grantee is no longer an employee.

1.14 Derivative Instruments

The company has exposure to foreign exchange risk to the extent that its purchases are mostly denominated in foreign currency. The company enters into cash flow hedges in order to manage exposure to exchange rate fluctuations in the future.

The effective portion of the hedge is presented in the other comprehensive income (OCI) and any ineffective portion of the hedge is recognised in the income statement immediately. Once the hedging relationship ends, the amount within OCI is recognised in the income statement.

1.15 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Short term debtors are measured at transaction price, less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently remeasured at amortised cost, less any impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks, and other short-term highly liquid investments that are readily converted to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other creditors

Trade and other payables are recognised at transaction price. Loans and other financial liabilities are initially recognised at transaction price, net of any transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

Notes to the financial statements

for the year ended 30 June 2023

1.16 Taxation

The tax expense for the period comprises current and deferred tax recognised in the period. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences at the reporting date that are differences between taxable profit and total comprehensive income as stated in the financial statements. These timing differences relate to transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future, which have occurred at the reporting date.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

for the year ended 30 June 2023

2. Revenue

Revenue is attributable to the one principal activity of the company.

An analysis of Revenue by geographical market is given below:

	2023 £	2022 £
United Kingdom	70,221,474	68,598,836
Overseas	17,102,487	17,181,611
	<u>87,323,961</u>	<u>85,780,447</u>

3. Staff Costs

	2023 £	2022 £
Wages and salaries	6,258,351	6,099,975
Social security costs	782,297	927,949
Other pension costs	268,061	227,894
Share-based payment charge (Note 17)	692,639	706,448
	<u>8,001,348</u>	<u>7,962,266</u>

The average monthly number of employees during the year was as follows:

	2023 £	2022 £
Administration	19	16
Operations	76	67
Management	2	2
	<u>97</u>	<u>85</u>

Notes to the financial statements

for the year ended 30 June 2023

4. Directors' Emoluments

	2023 £	2022 £
Directors' remuneration	446,398	564,989
Directors' pension contributions to money purchase schemes	15,450	15,450
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits were accruing was as follows:

Members of money purchase pension schemes	1	1
	<u> </u>	<u> </u>

The number of directors to whom restricted stock was granted, was as follows:

Numbers of directors granted restricted stock	1	1
	<u> </u>	<u> </u>

Information regarding the highest paid director is as follows:

	2023 £	2022 £
Remuneration	446,398	564,989
Pension contributions to money purchase schemes	15,450	15,450
	<u> </u>	<u> </u>

Only one Director has received remuneration for services to the company during the year (and prior year). No remuneration has been paid to any of the other Directors as they spend the majority of their time on other companies within the Hain Celestial Group.

Notes to the financial statements

for the year ended 30 June 2023

5. Operating profit

The operating profit is stated after charging/(crediting):

	2023	2022
	£	£
Hire of equipment	2,648	2,379
Operating leases – land & buildings	173,047	164,360
Operating leases – other	900	3,338
Depreciation - owned assets	156,069	98,336
Amortisation – intangibles	91,460	82,961
Loss on disposal of fixed assets	3,190	602
Foreign exchange differences	61,051	66,308
Audit fees	81,600	74,309

6. Interest receivable and similar income

	2023	2022
	£	£
Other interest received	1,269,252	392,490
Interest on intercompany loans	905,381	694,576
	<u>2,174,633</u>	<u>1,087,066</u>

7. Interest payable and similar charges

	2023	2022
	£	£
Other interest	155	5,900
Interest on intercompany loans	912,319	456,792
	<u>912,474</u>	<u>462,692</u>

Notes to the financial statements

for the year ended 30 June 2023

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2023	2022
	£	£
<i>Current tax:</i>		
UK Corporation tax at 20.5% (2022: 19%)	3,412,697	2,890,438
Adjustment in respect of prior periods	(19,374)	2,596
<i>Total Current Tax</i>	<u>3,393,323</u>	<u>2,893,034</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences at 20.5% (2022: 19%)	(6,432)	1,587
Adjustment in respect of prior periods at 20.5% (2022: 19%)	(13,344)	38
<i>Tax expense in the income statement</i>	<u><u>3,373,547</u></u>	<u><u>2,894,659</u></u>

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20.5% (2022: 19%). The differences are explained below:

	2023	2022
	£	£
Profit on ordinary activities before tax	16,019,201	14,960,667
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2022: 19%)	<u>3,283,936</u>	<u>2,842,527</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	128,761	47,912
Adjustment in respect of prior year	(32,718)	2,633
Change in tax rate	(6,432)	1,587
<i>Total tax charge</i>	<u><u>3,373,547</u></u>	<u><u>2,894,659</u></u>

Factors that may impact future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). As a result, the average corporation tax rate during the year was 20.5% (2022: 19%).

Notes to the financial statements

for the year ended 30 June 2023

9. Tangible asset

	Plant & Machinery £	Fixtures & Fittings £	Computer Hardware £	Land & Buildings £	Motor Vehicles £	Totals £
Costs						
At 1 July 2022	623,965	287,069	70,835	154,643	-	1,136,512
Additions	64,150	4,803	12,412	-	127,375	208,740
Disposals	(24,432)	-	-	-	-	(24,432)
At 30 June 2023	663,683	291,872	83,247	154,643	127,375	1,320,820
Depreciation						
At 1 July 2022	(431,495)	(211,246)	(58,186)	(154,643)	-	(855,570)
Charge for the year	(103,798)	(27,812)	(11,190)	-	(13,268)	(156,068)
Eliminated on disposal	21,242	-	-	-	-	21,242
At 30 June 2023	(514,051)	(239,058)	(69,376)	(154,643)	(13,268)	(990,396)
Net Book Value						
At 30 June 2023	149,632	52,814	13,871	-	114,107	330,424
At 30 June 2022	192,470	75,823	12,649	-	-	280,942

Included within 'land & buildings' is one wholly owned temporary building.

Notes to the financial statements

for the year ended 30 June 2023

10. Intangible assets

	Computer Software
	£
Costs	
At 1 July 2022	618,537
Additions	20,808
At 30 June 2023	<u>639,445</u>
Depreciation	
At 1 July 2022	(444,664)
Charge for the year	(91,460)
At 30 June 2023	<u>(536,124)</u>
Net Book Value	
At 30 June 2023	<u>103,321</u>
At 30 June 2022	<u>173,973</u>

11. Inventories

	2023 £	2022 £
Finished goods	6,976,561	7,458,680
	<u>6,976,561</u>	<u>7,458,680</u>

The amount of impairment loss recognised in the year amounted to £1,038,240 (2022: £649,239).

The cost of inventory recognised as an expense in the year amounted to £49,207,137 (2022: £47,541,884).

Notes to the financial statements

for the year ended 30 June 2023

12. Trade and other receivables

	2023 £	2022 £
Amounts falling due within one year:		
Trade receivables	14,067,751	15,448,142
Amounts owed by group undertakings	20,943,407	22,122,249
Other debtors	926,994	575,207
Prepayments & accrued income	403,870	357,238
VAT	305,493	552,992
Corporation tax receivable	41,866	123,787
	<u>36,689,381</u>	<u>39,179,615</u>
Amounts falling due after more than one year:		
Other receivables	54,668	54,668
	<u>36,744,049</u>	<u>39,234,283</u>

Included within 'amounts owed by group undertakings' are intercompany loans that are repayable on demand with interest bearing at rates 2.04% and LIBOR + 2.15%. None of the balances are impaired (2022: None).

Included within 'other receivables' is a rent deposit which will not be recovered within one year.

13. Trade and other payables: amounts falling due within one year

	2023 £	2022 £
Trade creditors	3,468,420	6,557,709
Amounts owed to group undertakings	17,513,512	14,504,690
Social security and other taxes	178,802	374,510
Other creditors	80,943	25,268
Accrued expenses	7,657,804	9,234,854
	<u>28,899,481</u>	<u>30,697,031</u>

Included within 'amounts owed to group undertakings' are intercompany loans that are repayable on demand with interest bearing at 0% and Bank of England Base Rate + 2.50%.

Notes to the financial statements

for the year ended 30 June 2023

14. Operating lease commitments

The following operating lease payments are committed to be paid:

	<i>Land and buildings</i>		<i>Other operating leases</i>	
	2023	2022	2023	2022
	£	£	£	£
Expiring:				
Within one year	173,047	173,047	900	3,338
Between one and five years	173,047	346,094	900	1,800
	<u>346,094</u>	<u>519,141</u>	<u>1,800</u>	<u>5,138</u>

15. Deferred tax

	2023	2022
	£	£
Deferred tax asset / (liability)		
Accelerated capital allowances	79,994	60,218
Other short term timing differences	-	-
	<u>79,994</u>	<u>60,218</u>
		Deferred Tax (liability)/ asset £
Balance at 1 July 2022		60,218
Credit to Income Statement during the year		19,776
Transfer to Other Comprehensive Income		-
Deferred tax asset at 30 June 2023		<u>79,994</u>

16. Called up share capital

	No.	2023 £	No.	2022 £
Allotted, issued and fully paid				
Ordinary 'A' shares of £1 each	100	100	100	100
		<u>100</u>		<u>100</u>

Notes to the financial statements

for the year ended 30 June 2023

17. Share-based payments

Awards of restricted stock are in the form of restricted share units ("RSUs") that are issued at no cost to the recipient. Shares underlying RSUs are not issued until vesting and they are subject to continued employment and vesting conditions in accordance with provisions set forth in the applicable award agreements.

The fair market value of The Hain Celestial Group Inc. common stock on the grant date is used to measure fair value for service-based and performance-based awards, and a Monte Carlo simulation model is used to determine the fair value of market-based awards. The fair value of stock-based compensation awards is recognised as an expense over the vesting period using the straight-line method. For awards that contain a market condition, expense is recognized over the defined or derived service period using a Monte Carlo simulation model. Compensation expense is recognised for these awards on a straight-line basis over the service period, regardless of the eventual number of shares that are earned based upon the market condition, provided that each grantee remains an employee at the end of the performance period. Compensation expense on awards that contain a market condition is reversed if at any time during the service period a grantee is no longer an employee.

The expense recognised for share-based payments in respect of employee services received during the year to 30 June 2023 is £692,639 (2022: £706,448). All expenses relate to equity-settled transactions.

The following table illustrates the number of, and movements in, share options during the year. As well as weighted average grant date fair value.

	2023 No.	2023 GD FV
Outstanding as at 1 July 2022	28,285	\$38.80
Granted during the year	20,850	\$21.02
Forfeited during the year	-	\$-
Vested during the year	(10,007)	\$36.25
Outstanding at 30 June 2023	39,128	\$29.98

- (1) Outstanding at 1 July and 30 June includes 2,872 and 2,872 of market-based PSUs representing 100% of the targeted award, respectively. The awards outstanding at 1 July vested at 100% of target. Of the awards outstanding at 30 June, 10,189, will vest pursuant to the achievement of pre-established performance goals over the period June 1, 2022 to June 30, 2023. The remaining awards outstanding at 30 June represent the target number of shares that may be earned based on pre-defined market conditions that are eligible to vest ranging from 0% to 200% of target. The weighted average grant date fair value was estimated to be £37.81 and £17.47 per share at 1 July and 30 June, respectively.

Notes to the financial statements

for the year ended 30 June 2023

18. Reserves

	Profit and loss account £
At 1 July 2022	42,920,433
Total comprehensive income for the year	12,645,654
Share-based payment charge	692,639
Dividend paid	(28,000,000)
	<hr/>
At 30 June 2023	28,258,726
	<hr/>

19. Related party transactions

The company has taken advantage of the exemption available under FRS 102 paragraph 33.11 not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent.

20. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Ella's Kitchen Group Limited, a company incorporated in the United Kingdom.

The directors consider the ultimate parent undertaking and controlling party to be The Hain Celestial Group, Inc.

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is The Hain Celestial Group, Inc. Copies of the financial statements can be obtained from Waterfront Corporate Center, 221 River Street, Hoboken, NJ 07030.

21. Contingent liabilities

Co-packer and packaging suppliers for Ella's Kitchen group companies hold inventories of branded packaging for use in the manufacturing process. Ella's Kitchen group companies have a possible liability to purchase this stock if it is not used in the production of finished products. It is considered that this would only arise if the company unexpectedly discontinued product lines at short notice, or if sales volumes fall significantly below current forecasts. The directors consider the likelihood of each of these outcomes as remote.

At 30 June 2023 the maximum obligation was of £3,097,079 (2022: £2,355,883).

Notes to the financial statements

for the year ended 30 June 2023

22. Reconciliation of movements in shareholders' funds

	2023 £	2022 £
Profit for the financial year	12,645,654	12,066,008
Unrealised gain/(loss) on derivatives – deferred tax movement	-	(7,843)
Total comprehensive income	12,645,654	12,058,165
Share-based payment charge	692,639	706,448
Dividend paid	(28,000,000)	-
Net change to shareholders' funds	(14,661,707)	12,764,613
Opening shareholder's funds	42,920,533	30,155,920
Closing shareholders' funds	28,258,826	42,920,533

The unrealised gain/(loss) on derivatives in the year ended 30 June 2022 related to the deferred tax movement on forward foreign exchange contracts.

23. Post Balance Sheet Events

No material events have occurred since the Statement of Financial Position date which would affect the financial statements of the Company.