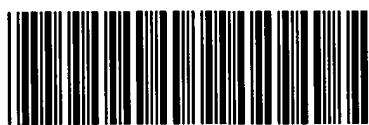


Savers Health and Beauty Limited
Annual Report and Financial Statements
For the 52 Weeks ended 30 December 2023

FRIDAY



AD66XDYw

A13

28/06/2024

#232

COMPANIES HOUSE

Savers Health and Beauty Limited
Annual Report and Financial Statements
For the 52 Weeks ended 30 December 2023

Contents	Page
Strategic Report	2
Directors' Report	16
Independent Auditors' Report	19
Statement of Comprehensive Income	23
Balance Sheet	24
Statement of Changes in Equity	25
Cash Flow Statement	26
Notes to the Financial Statements	27

Savers Health and Beauty Limited

Strategic Report

For the 52 Weeks ended 30 December 2023

The directors present their Strategic Report for the 52 weeks ended 30 December 2023.

General Information

The Company is a private company, limited by shares and is incorporated, registered and domiciled in England, in the United Kingdom. The registered number of the Company is 02202838. The address of its registered office is Hutchison House, 5 Hester Road, Battersea, London, SW11 4AN. The Company is an indirect wholly owned subsidiary of AS Watson Holdings Limited, a company incorporated in the Cayman Islands, with its principal place of business in Hong Kong.

During the financial period some of the AS Watson Group of companies changed the name from A.S. Watson to AS Watson. This change has been reflected in these financial statements.

Principal Activity

The principal activity of the Company is a health, home and beauty retailer in the United Kingdom.

Results and Business Review

The Company had a strong year driven by top line sales growth as its everyday low-price proposition helped attract price conscious shoppers who faced rising costs due to the "cost of living" crisis which was prevalent throughout the year. Sales increased by 12.2% to £754.8 million (2022: £672.6 million).

Profit before tax was £61.3 million, an increase over last period's £47.0 million. Operating margin increased to 8.6% compared to the prior period of 7.6%, driven by the sales performance. Net assets at 30 December 2023 were £142.1 million (2022: £130.4 million), with total assets of £398.5 million (2022: £372.3 million) and total liabilities of £256.4 million (2022: £241.9 million).

The Company also increased its capital expenditure during the period by 42.1% to £10.5 million (2022: £7.4 million) as it opened nine new stores and refitted other stores in the existing estate. At the end of the year the Company opened an additional distribution facility in the North-East to support future growth by bringing back into operation an asset that was previously sub-let. Cash and cash equivalents increased by £8.5 million to stand at £61.1 million at the period end.

Business Environment

2023 was another tough year for the retail environment with sustained higher interest rates, and persistently high inflation, squeezing consumers' disposable income. The "cost of living" crisis was prevalent throughout the year meaning customers shopped around as they became more price sensitive. Total footfall across the UK was down on 2022, as measured by the British Retail Consortium, although the health and beauty sector was one of the few market groups to see retail sales growth year on year. Government driven decisions on areas like National Minimum Wage has compounded wage inflation, and continues to put pressure on operating margins for retailers. General inflation also continues to put pressure on operating costs across businesses.

Strategy

The Company continues to focus on providing competitively priced high quality brand name products across the health, home and beauty categories. Focusing on these product areas provides the Company with significant range authority to accompany its everyday low-price position. During the period the Company's transactional website continued to grow, supported by an expansion of the range of products, plus increased awareness. The Company also continues to open new stores across the UK, increasing the Company's presence into more geographical markets, resulting in a trading estate at the end of the period of 519 stores. The robust trading performance in 2023, and a clear future strategy, with cash flows that can support investment, leaves the Company well positioned to grow successfully in 2024 and beyond.

Savers Health and Beauty Limited
Strategic Report (continued)
For the 52 Weeks ended 30 December 2023

Principal Risks and Uncertainties

The management of the Company and the execution of the Company's strategy are subject to a number of risks. These are reviewed formally by the board of directors of the Company (the "Board") and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects. The key business risks are as follows:

Social and Environmental

Risk and impact

Managing the impact that the Company has on the planet and tackling climate change is critical from both a social and regulatory standpoint. Customers are increasingly recognising the need for the Company to be sustainable in the products it offers. This also needs to be integrated within business decisions and strategy. Non-compliance from a social or regulatory prospective could lead to reputational damage to the Company and potential penalties.

Controls and mitigation in place

The Chief Executive Officer is a member of the AS Watson Group Global Sustainability Committee responsible for the AS Watson Group Sustainability Roadmap. This roadmap is ambitious and aims to reduce the environmental and social impact of the material risks identified.

The Company organises its ESG strategy around the pillars of Planet, People and Product along with a local Sustainability Roadmap. The Sustainability Roadmap includes quantitative and qualitative targets up to 2030 including, but not limited to, energy reductions, emissions reduction and sustainably sourced paper. The Company contributes actively to AS Watson Group's commitments to The Ellen MacArthur Foundation, New Plastic Economy and the Science Based Target Initiative.

The Company is committed to being an ethical business and focussing on human rights. The Company has a Modern Slavery Task Force and publishes a modern slavery statement. The Company has partnered with a UK modern slavery NGO (non-governmental organisation) to support its activities in reducing the risk of modern slavery within the business. The Company also supports a number of NGOs for causes that are important to our customers and colleagues, through fundraising and awareness raising activities

Data security and privacy

Risk and impact

Insufficient controls around information and data security could lead to a breach of consumer, employee and supplier data. This could lead to a significant reputational harm to the Company which could cause risks to the financial performance of the Company in addition to any fines and potential penalties.

Controls and mitigation in place

The Company works closely with experts within the wider AS Watson Group to leverage capability and technology to constantly monitor and improve this area. Compliance with data protection regulations and adhering to industry-specific standards is a core action to ensure the lawful and secure processing of relevant information.

Controls and procedures are in place to identify cybersecurity risks and incidents, with a 24x7 Security Operations Centre ("SOC") providing real-time threat and incident monitoring and detection. The network and systems storing sensitive data are monitored and periodically reviewed. Access is monitored and analysed by the SOC.

To foster a culture of data privacy and security and reduce the risk of internal breaches, employee training and awareness programs are essential. The Company educates staff about the significance of the risk and their responsibility in protecting their own personal data and the organisation's information and assets.

Savers Health and Beauty Limited
Strategic Report (continued)
For the 52 Weeks ended 30 December 2023

Principal Risks and Uncertainties (Continued)

IT and business systems

Risk and impact

The Company relies upon its IT infrastructure to deliver its operations which is crucial for the ability to trade. The security, resilience and control of these key assets are significant to and a key focus of management. Any significant issues with key IT infrastructure could lead to a detrimental impact on trade, profitability, and cash flow.

Controls and mitigation in place

The Company has system recovery plans in place to deal with any problems of key systems with testing taking place periodically to ensure swift action to help minimise business disruption.

Network segmentation is implemented across the Company's network to ensure resilience and reduce the risk of systems failure contagion. Protection measures such as network firewalls, web application firewalls, demilitarised zones, network detection and response tools are also in use. Security incident monitoring is available and provided by the SOC run by an internal team with the assistance of vendor insight.

Penetration tests are periodically performed at least once per year. A Patch management program is also in place to apply latest patches to systems to ensure these are constantly up to date and minimising the risk of inappropriate access or systems compromise. Vulnerability scans are performed at least monthly to identify missing patches, and there is a daily dashboard showing the patching status of different platforms enabling real time management review.

The Company continues to invest in developing its IT infrastructure with a portion of the capital expenditure budget ringfenced for this area.

People and culture

Risk and impact

The Company's performance depends largely on its staff and continued service of key management. The loss of key individuals and the inability to recruit people with the right experience and skills could adversely impact the Company's results and growth.

Controls and mitigation in place

The Company continues to run programmes to improve staff retention, for example its long-established retail management training and Aspire development programme to drive internal career progression.

The Company offers apprenticeship programmes across various functions within the business and regular in person and digital training courses through an internal platform which supports the Company's ability to develop and retain talent. During the year, the Company launched a new campaign, "Rise-Up, Level-Up", to shine a light on the importance of apprenticeships for young people.

Employees have a range of methods to communicate suggestions and proposals including the Employee engagement survey and various forums within an employee portal. The Company also has a competitive rewards and benefits package for all staff and enhanced benefits when service milestones have been surpassed.

Competition

Risk and impact

The Company operates in a highly competitive retail market particularly concerning price, product availability and quality. Failing to respond to changing customer needs and offering competitive prices could result in downward pressures on volumes and margins which may limit growth opportunities.

Savers Health and Beauty Limited
Strategic Report (continued)
For the 52 Weeks ended 30 December 2023

Principal Risks and Uncertainties (Continued)

Competition (continued)

Controls and mitigation in place

To remain a competitive option for consumers, market research is carried out, prices are monitored on a regular basis, pricing is adjusted accordingly, and the Company carries out planned promotional activities. The Company is also focussed on building strong relationships with both suppliers and customers.

The Company constantly reviews the market and customer landscape to identify shifts in behaviour and competitive developments and takes action as appropriate to continue to be an attractive option for potential customers.

Operating costs and efficiency

Risk and Impact

The Company is exposed to market movements across a significant part of its cost base. External challenges such as inflation, and rising living and employment costs, continue to have an unsettling impact on the UK. It is critical to ensure the Company is fit for the challenges that lie ahead by having strategies in place to mitigate these external pressures as this has placed considerable pressure on both the direct commodity costs the Company pays in its operations and on the costs of manufacturing and services provision which drives up the cost of goods for resale.

Controls and mitigation in place

The Company constantly focuses on its cost base and seeks to drive cost reductions through procurement activities and operational efficiencies to control the risk of price rises and for them to be kept to a minimum. The Company has a robust and regular business forecasting process to model the expected impact of any market movements on the business, such as the expected effect on any changes to the national living wage. To mitigate against volatility, during the year, energy is purchased in advance through a rolling programme of market hedging. The Company has invested in new assets and emerging technologies within the distribution network to create the opportunity to drive increased efficiencies and productivity.

Supply chain disruption

Risk and Impact

The Company relies upon third party suppliers to deliver products and provide services on a timely basis to meet the demands of its customers. The risk of disruption and inflationary pressures within the supply chain could have a negative impact on the profitability and growth of the business. Furthermore, the inability to service the requirements of its customers could result in reputational damage to the Company.

Controls and mitigation in place

The Company works closely with key suppliers to form effective partnerships to ensure capacity and service levels are in line with both current activities and future growth plans. The Company also manages the risk of service failure by carrying sufficient buffer stock in its warehouses and stores, plus the constant engagement with alternative market operators should supply routes or service provision need to be switched.

All suppliers are required to adhere to the Company's supplier code of conduct, with new suppliers required to go through due diligence screenings supported by a third party, which mitigates the risk of unethical practices causing reputational damage.

Savers Health and Beauty Limited
Strategic Report (continued)
For the 52 Weeks ended 30 December 2023

Key Performance Indicators ("KPIs")

The directors monitor progress of the Company's performance by reference to the following KPIs:

	52 weeks ended 30 December 2023	52 weeks ended 31 December 2022
Revenue	£754.8m	£672.6m
Operating profit	£65.2m	£50.8m
Operating margin	8.6%	7.6%

The directors are confident that the Company is well-positioned to meet its short-term aspirations and that its longer-term prospects are considerable.

Financial Risk Management

The Company is funded by operationally generated cash flows, group loans and external short term bank overdraft facilities, if required. The Company sets financial risk management policies in accordance with the policies and procedures of the AS Watson Group, of which the Company is a subsidiary. Treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to minimise the Company's financial risk.

a) Credit risk

As the Company's retail sales are usually in cash or by credit or debit card, credit risk is to a great extent short-term and limited to the recovery of supplier income.

b) Liquidity risk

The Company's liquidity risk is mitigated by internal funding primarily from the immediate holding company, AS Watson (Health & Beauty UK) Limited, in order to meet the Company's funding requirements.

c) Foreign exchange risk

The Company's direct foreign exchange exposure is minimal, with most purchases contracted and paid for in sterling. The Company has a greater exposure to indirect foreign exchange currency risk which it manages through ongoing planning and review with key suppliers.

The Company's financial instruments consist of cash, bank overdrafts, intercompany balances and loans with group companies, trade receivables and trade payables. The carrying value of these are all recorded at amortised cost. Their contractual maturities are less than one year, with the exception of the group borrowings in note 16.

Savers Health and Beauty Limited
Strategic Report (continued)
For the 52 Weeks ended 30 December 2023

Companies Act 2006 Section 172 (1) Statement

Under section 172 (a) to (f) of the Companies Act 2006, directors of a company are required to act in a way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, having regard to a range of different matters as stated therein.

The duty emphasises that the board of directors must consider the wider impact of its decisions, rather than just the financial and strategic elements. The board should also create a culture whereby the long-term consequences of its actions and the long-term success of the company are given due consideration.

(i) The likely consequences of any decision in the long term

It is essential that the Board makes decisions which are best for the Company in the long term. These decisions are focussed on long-term success, not short-term gains, which will stand the Company in good stead for the future. This has been a major focus for a number of years, particularly in light of the pressure on the high street as a result of the struggling retail market.

The Company works closely with its shareholder and stakeholders to review, update and agree its five-year strategy each year. Consideration is given to the changing retail landscape and investments that may be needed to support future growth as well as financial projections. The strategy is formally signed off by the Board each year, which then forms the basis for the operating plans to deliver against the agreed targets.

The Investment Committee of the Company, chaired by the Managing Director and supported by the Finance Director, holds regular meetings to ensure all significant spend decisions have a comprehensive review before decisions are taken and contracts are signed. This also ensures to the extent possible, that commitments with sufficient flexibility or otherwise only minimum commitments will be entered into by the Company so as to allow the Company to remain agile in an ever-changing environment at a time where the nature of the high street is changing rapidly across various town centres.

(ii) The interest of the employees of the Company

The relationship with the employees of the Company is paramount. The Company actively engages with its employees to ensure that their opinions and ideas are always considered, and that employees are kept up to date and informed. The Company holds an annual conference for Store Managers to provide an update on the performance and future plans of the Company. Regular conferences are also held for Head Office employees, and equivalent 'all hands' meetings also take place at its Distribution Centres.

All employees have access to a social networking platform, which is used for Company communication, as well as sharing less formal messages with each other on store events, like charity fundraising. Access to this collaborative network helps drive employee engagement. The Company also achieved accreditation from "Great Place to Work" during 2023.

(iii) The need to foster the Company's business relationships with suppliers, customers and others

In all instances the Company aims to create and maintain open and transparent business relationships, which are paramount to ensuring high quality products can be obtained on terms that can meet customer demand. The directors are also mindful of the need to maintain, and enhance, good supplier relationships in the strategy they deliver for the Company. The Commercial Director also holds regular "top to top" meetings with major suppliers to ensure that open communication channels and positive business relationships are maintained.

The Company acknowledges the importance of its customers to the continued and long term success of the business, and places great emphasis on customer experience whilst shopping. Several customer metrics are used on a daily and weekly basis to monitor the Company's performance, in addition to feedback provided through the customer contact centre to gain real-time feedback on performance and provide opportunities to improve customer service.

Savers Health and Beauty Limited
Strategic Report (continued)
For the 52 Weeks ended 30 December 2023

Companies Act 2006 Section 172 (1) Statement (continued)

(iv) The impact of the operations of the Company on the community and the environment

The Company recognises the importance of managing the social impact of the business and minimising any adverse impact of its operations on the environment. The Corporate Social Responsibility ("CSR") agenda of the Company is sponsored by the Managing Director which provides central oversight to all the activities of the company in this aspect. Additionally, the Company benefits from the support of the global AS Watson Group CSR Committee ensuring access to group-wide expertise and resource in this important area.

The Company received a bronze award for most effective long-term partnership at the Marie Curie corporate engagement awards. The award is testament to the strength of the Company's and Marie Curie charity partnership, and highlights the strong employee engagement partnership, centred on fundraising.

(v) The desirability of the Company maintaining a reputation for high standards of business conduct

The Company expects the highest standards of business conduct from its employees. They receive regular regulatory and compliance updates, and the Company also has in place policies, procedures and processes in respect of modern slavery, anti-bribery and corruption, as well as tax strategy.

All employees sign up to the AS Watson Code of Conduct upon joining the Company, which sets out the minimum standards for all employees of the AS Watson Group of companies. The Code aims to promote honest and ethical conduct and encourage trust, fair dealing and integrity in all interactions with customers, suppliers, colleagues and stakeholders.

(vi) The need to act fairly as between members of the Company

The Company works closely with its shareholder; agreeing the strategic direction, reviewing financial performance and major investment decisions, and maintaining an open communication on matters of importance. Such approach drives benefits for both the Company and its shareholder.

Corporate Governance

The Company is part of the AS Watson Group of companies ("ASW Group"), and ultimately part of CK Hutchison Holdings Limited ("CKHH", and together with its subsidiaries, the "CKHH Group"), a company whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited.

The Company adopts and applies high standards of corporate governance best suited to the needs and interests of the CKHH Group as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of the shareholder and other stakeholders and enhancing shareholder value.

For period ended 30 December 2023, under The Companies (Miscellaneous Reporting) Regulations 2018 the Company continues to adopt the Wates Corporate Governance Principles for Large Private Companies (the "Wates Principles") which are available on the Financial Reporting Council website as an appropriate framework when making a disclosure about its corporate governance arrangements. The Company's reporting against the Wates Principles is set out below.

Principle 1: Purpose and Leadership

The Company's principal objective is to be the best high street and online discount retailer of health, home and beauty in the UK. This business purpose is clearly cascaded and communicated throughout the Company as it focusses on delivering this objective consistently for its customers. This in turn ensures financial returns for its shareholder, stability and progression for its employees and continued investment in the business and the communities which it serves.

Whilst the Board is responsible for the overall direction and management of the Company, the effective day-to-day management of the Company is overseen by the Company's executive management team (the "Exec"), supported by delegated authorities to certain senior officers and employees which is generally based on financial thresholds. The Board regularly reviews these authorities to ensure they are appropriate and relevant.

Savers Health and Beauty Limited
Strategic Report (continued)
For the 52 Weeks ended 30 December 2023

Companies Act 2006 Section 172 (1) Statement (continued)

Corporate Governance (continued)

Principle 1: Purpose and Leadership (continued)

The Exec and members of the Board meet regularly to discuss and review strategies, performance, business plans, budgets and risk profiles of the Company. Whilst the Board is charged with the task of promoting the long-term success of the Company and making decisions in the best interests of the Company, the Exec is accountable for the conduct and performance of the Company within the agreed strategies. The Board together with the Exec instil and uphold the Company's objectives and strategies through the day-to-day operations and management of the Company.

Principle 2: Board Composition

The Board is comprised of five directors which provides for representation of both the Exec and also the Company's shareholder. The Exec is represented by the Managing Director of the Company and the Chief Executive and the Finance Director of AS Watson (Health & Beauty UK) Limited, with the Company's shareholder represented by the AS Watson Group Managing Director and AS Watson Group Finance Director. The Board considers its current size and composition constitutes an effective board appropriate to meet the strategic needs and challenges of the Company and ensure effective decision-making.

The Exec comprises of ten senior executives, led by the Managing Director. Collectively the Exec possesses extensive retail leadership experience, gained across several different organisations and countries.

Diversity and inclusion is a key part of the Company's culture. The Company is committed to developing a more diverse workforce, including at the most senior levels. It recognises the benefits of a Board and an Exec that possesses a balance of skill sets, experience, expertise and diversity of perspectives appropriate for the strategies of the Company. The Company believes that board diversity enhances decision-making capability and thus the overall effectiveness of the Board and the Exec in achieving sustainable business operation and enhancing shareholder value.

Principle 3: Directors' Responsibilities

The Board and each director have a clear understanding of their accountability and responsibilities. The Board is committed to achieving and maintaining the high standards of corporate governance structure, policies and practices of the ASW Group, taking into account the business and regulatory frameworks within which the Company operates. Business plans and budgets are prepared annually by management of the Company and are subject to review and approval by the Board and the executive management team of ASW Group as part of the ASW Group's five-year corporate planning cycle. Management of the Company is also responsible for preparing monthly management reports on the financial results and key operating statistics of the Company. Monthly meetings are held with the executive management team of ASW Group to review these reports, business performance against budgets, forecasts, significant business risks sensitivities and strategies of the Company.

The Board as a whole is responsible for promoting the long-term success of the Company and making decisions in the best interests of the Company in line with the agreed business plans and strategies. Throughout the year, the management of the Company provides to the directors updates and other information with respect to the performance, business activities and development of the Company. The Company also has in place a formal structure of the Board approved delegated authorities to ensure that there are appropriate controls surrounding decisions and commitments that may bind the Company.

The Board considers that all of these robust corporate governance and internal control frameworks and company leadership, working together, promote effective stewardship to deliver long-term value for the Company and its shareholder as a whole.

Savers Health and Beauty Limited
Strategic Report (continued)
For the 52 Weeks ended 30 December 2023

Companies Act 2006 Section 172 (1) Statement (continued)

Corporate Governance (continued)

Principle 4: Opportunity and Risk

The Company is committed to the long-term sustainability of its business by regularly reviewing its business model and practices to identify opportunities for improving its performance and creating value for stakeholders. The Exec meets regularly to discuss and consider these opportunities and conducts an annual strategic review and quarterly forecasting exercise to embed decisions and allocate resources accordingly.

The Board seeks to instil risk awareness across the Company's business operation and has put in place policies and procedures which provide a framework for the identification, reporting and management of risks. The Company adopts an Enterprise Risk Management framework to manage its risk exposure and appetite. The framework facilitates a systematic approach in identifying, assessing and managing risks within the Company, be they of strategic, financial, operational or compliance nature. There is ongoing dialogue amongst the Exec about current and emerging risks, their plausible impact and mitigation measures. On a half-yearly basis, the Company is required to formally identify and assess the control framework that supports the management of business risk.

Principle 5: Remuneration

The remuneration of the directors and senior executives of the Company is determined with reference to their expertise and experience in the industry, the performance and profitability of the Company as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Remuneration arrangements are also subject to oversight and approval from the Company's shareholder. Employees also participate in bonus arrangements which are determined in accordance with the performance of the Company and the individual's performance. The Board considers that the remuneration structure of the Company aligns with the Company's objectives, values and strategies to support long-term sustainable success.

The Gender Pay Gap is reviewed by the Exec, and an action plan is formulated for improvements across the whole organisation. The Exec is committed to developing a more diverse senior leadership team across the Company and has introduced balanced shortlists for all senior management and director appointments covering gender and ethnicity to bolster its leadership team and future progression potential.

Principle 6: Stakeholder Relationships and Engagement

The Board actively promotes engagement and communications with stakeholders, including employees, shareholder, customers, suppliers, government, and community groups. The Company actively encourages employees to express their views and has established various channels including a social platform 'Mango' allowing two way communication between colleagues at all levels of the organisation. Mango is used regularly by over 50% of employees to engage with the culture, share views, ask questions and learn about the business. The Company also regularly seeks views from external stakeholders through a variety of channels, including the regular senior level meetings held with its key suppliers.

The Company is committed to achieving and maintaining high standards of openness, probity and accountability. There are established whistle-blowing policy and mechanisms which allow the employees of the Company and those who deal with the Company to report any suspected impropriety, misconduct or malpractice concerning the Company with confidence.

The Company has adopted a proactive approach to its social, economic and environmental responsibilities as outlined in its section 172 disclosures.

Savers Health and Beauty Limited
Strategic Report (continued)
For the 52 Weeks ended 30 December 2023

Non-financial and sustainability information statement

Under Section 414CB of the Companies Act 2006 ("CA s414CB") the Company is in scope of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and therefore required to incorporate Climate-related Financial Disclosures ("CFD") in its Annual Report and Financial Statements. The Company has used both the Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and the CFD requirements, which are structured across four thematic areas of the frameworks, to support the identification, assessment, and management of climate-related impacts to the Company.

Governance

The Board has overall accountability for overseeing the Company's response to climate-related impacts. The responsibility for the management and oversight of these impacts is delegated to the Executive leadership team ("the Exec"). In its role the Exec ensures there is an effective system of internal controls within the Company for the assessment and management of key risks. The Exec retains overall responsibility for climate governance and actions undertaken, which are integrated into the Company's ESG strategy. The Exec ensures action plans are embedded into the business strategy and future financial planning to mitigate climate-related risks and capitalise on climate-related opportunities. The Exec reports on its management of climate related matters to the Board on an annual basis.

The Company also works closely with the AS Watson Group on climate related matters, in particular the Group's Chief Sustainability Officer. The Group provides strategic oversight of climate-related risks and ensures alignment of direction, resources and targeting of climate-related activities. These include the establishment of Science Based Targets and sustainability roadmap targets.

During the year the Company has worked closely with expert external advisers to enhance its understanding of the potential impact of climate change on the business and to inform its future strategy, risk management approach and the metrics and targets to be used to monitor progress. This work included undertaking a gap analysis between its practices and the TCFD recommendations; identification and shortlisting of its key potential climate-related risks and opportunities; as well as qualitative and quantitative scenario analysis modelling for both physical and transition risks and opportunities, over time and across two different temperature scenarios.

Strategy and Risk Management

The Company utilised the TCFD framework to develop its understanding and management of the climate-related risks and opportunities it may face. Climate related risks and opportunities were identified from workshops co-ordinated by external advisors, engaging a wide range of stakeholders across the business, including subject matter experts. Once findings had been discussed and consolidated during workshops a number of physical risks, transitional risks and opportunities were identified. These climate-related risks will be incorporated into the Company's overall enterprise risk management framework.

Physical risks

Flooding and temperature rises were identified as the most common threat across the Company's estate which could disrupt operations across the network. In addition, the changing weather conditions could also influence a change in shopping behaviour.

Transitional risks

Transition risks are the most significant area of risk for the Company. This is driven by increasing costs as the government may impose additional regulation and tariffs to meet climate targets. The effect of regulatory and reporting changes, as well as shifting consumer preferences were assessed using qualitative reviews, analysis of trends and identification of key drivers.

Opportunities

Opportunities were also identified in relation to a transition to a low-carbon economy. These have the potential to increase revenue through driving demand due to consumer perception of the Company's approach to sustainability.

Savers Health and Beauty Limited
Strategic Report (continued)
For the 52 Weeks ended 30 December 2023

Non-financial and sustainability information statement (continued)

Using a standard methodology in accordance with guidance provided by the TCFD recommendations the Company conducted Climate Scenario Analysis ("CSA") with support from external advisors. The approach is broken down into its key components below:

Risk screening

For the first iteration of the CSA, the Company started with a larger population of risks and opportunities that were relevant to its business and industry. Through cross-functional workshops to discuss the impact of each risk and opportunity, the Company narrowed this initial list down further to produce a shortlist, which consisted of two physical risks, five transitional risks and one opportunity.

Scenario selection

The Company used global climate scenarios defined by the Network for Greening the Financial Systems ("NGFS") and selected two climate scenarios from the NGFS for the analysis. Each scenario presents a distinct possible future in which the Company may be operating.

Net zero 2050

An ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO₂ emissions around 2050. This scenario assumes that ambitious climate policies are introduced immediately. Carbon removal is used to accelerate decarbonisation but kept to the minimum possible and broadly in line with sustainable levels of bioenergy production. Net CO₂ emissions reach zero around 2050, giving at least a 50% chance of limiting global warming to below 1.5°C by the end of the century. Physical risks are relatively low, but transition risks are high.

Current policies

This scenario assumes that only currently implemented policies are preserved, leading to high physical risks. This represents a business-as-usual scenario with minimal meaningful action taken on reducing emissions. Emissions grow until 2050 leading to about 3.5°C of warming and severe physical risks. This includes irreversible changes, such as higher sea level rise, and potentially the crossing of devastating climate 'tipping points' such as widespread methane release through the melting of permafrost landscape, or the permanent shutdown of the Atlantic Gulf Stream.

Impact quantification

The Company carried out a range of different workshops internally to gain an understanding of the operational implications of each of the identified risks, and opportunities, and how these may vary across the two different scenarios. These workshops were carried out with input from internal and external experts within different areas of the business. The Company was able to identify a wide variety of potential impacts on its business model resulting from climate change. When analysing each risk qualitative and, wherever possible, quantitative assessments were made. The impact on operating profit was assessed across short (less than 5 years), medium (5-10 years) and long (more than 10 years) timescales. For the purposes of its assessment of climate related risks, opportunities and disclosures, the Company has used a similar materiality as that for its financial statements.

The ultimate outcome of the CSA was the identification of the most relevant climate-related risks for the Company and a stronger understanding of the potential impacts across the different climate scenarios. The CSA and the scenarios used will undergo a full refresh every three years to ensure they remain relevant and appropriate for the business, although the financial modelling and quantification of impact will be updated annually.

Savers Health and Beauty Limited
Strategic Report (continued)
For the 52 Weeks ended 30 December 2023

Non-financial and sustainability information statement (continued)

Physical risks

Risk	Description	Timescale	Financial Impact	Strategic response
Extreme weather events (floods) impacting distribution centres	Impact of extreme weather events causing flooding at the Company's distribution centres	10+ years	Low	Continually monitor flood risk at distribution centres for long-term impact. Review business interruption plans and ensure insurance coverage remains in place.
Changing weather conditions leading to increased energy costs and reduced footfall	<p>Expected increase in temperatures at each store results in an increased cooling demand, utilising more energy.</p> <p>In addition, increased temperatures resulting in reduced footfall on the high street, with customers switching to online purchases.</p>	10+ years	Medium	<p>Continually monitor events at individual stores. The store estate is wholly leased, predominantly on short leases, providing flexibility on location.</p> <p>Continue to develop the online channel to provide customers with the opportunity to shop both online and offline.</p>

Transitional risks

Risk	Description	Timescale	Financial Impact	Strategic response
Volatility of energy costs	Assuming the Company meets its energy reduction targets by 2030, this risk reflects the increase in cost as a result of the volatility of energy prices	< 5 years	Low	<p>Continue to work towards the energy reduction targets by 2030, as well identifying other energy saving opportunities.</p> <p>Energy costs represent a smaller proportion of the overall cost base, and therefore volatility would present a smaller risk.</p>
Shifting consumer preferences due to a failure to act on climate change	This risk is identified as a concern that climate conscious consumers would shift demand away from the Company if it was deemed not to be meeting its decarbonisation targets or seen to be behind competitors' journey on climate change.	5-10 years	Low	<p>Staying up to date on market trends to do with environmental performance and communicating the Company's ESG journey, targets and commitments to its customers.</p> <p>The Company has experienced buying teams across all its categories who monitor changing customer preferences on an ongoing basis.</p>
Increase in costs due to carbon prices and taxes on GHG emissions	Increase costs incurred by the Company as government policies to reduce climate change come into force. This will include costs passed on to the Company as a result of increases in costs of raw materials in the products it sells, as well as any taxes applied to the Company itself.	10+ years	Low	<p>Continue to focus on reducing emissions across the value chain and meeting the Company's science-based target by 2030.</p> <p>Work with suppliers to mitigate ongoing costs related to product design and development.</p>

Savers Health and Beauty Limited
Strategic Report (continued)
For the 52 Weeks ended 30 December 2023

Non-financial and sustainability information statement (continued)

Transitional risks (continued)

Risk	Description	Timescale	Financial Impact	Strategic response
Change in packaging regulations resulting in increased costs	Increase costs incurred by the Company as a result of government policy in changing packaging regulations.	< 5 years	Low	The Company continually reviews its product mix, and supplier base, and therefore has a degree of flexibility if faced with changing regulations on packaging. The Company will continue to work with suppliers to ensure any cost increases are mitigated where possible.
Increased regulations on product composition and procurement standards	Increase costs incurred by the Company as a result of government policy with increased regulation on product composition and procurement standards.	< 5 years	Low	The Company continually reviews its product mix and supplier base and has a degree of flexibility if faced with changing regulations on product composition. The Company will continue to work with suppliers to ensure any cost increases are mitigated where possible.

Opportunities

Risk	Description	Timescale	Financial Impact	Strategic response
Shifting consumer preferences due to successfully meeting climate targets	An opportunity may exist if the Company is deemed to be ahead of its competitors at successfully meeting climate targets and the climate conscious consumer could shift shopping preferences.	5-10 years	Medium	<p>Staying up to date on market trends to do with environmental performance and increasing communication about its ESG journey, targets and commitments to customers.</p> <p>The Company has experienced buying teams across all categories who monitor changing customer preferences on an ongoing basis.</p>

Savers Health and Beauty Limited
Strategic Report (continued)
For the 52 Weeks ended 30 December 2023

Non-financial and sustainability information statement (continued)

Metrics and Targets

The Company measures its climate impact using metrics that include Greenhouse Gas ("GHG") emissions and energy usage. Information on the Company's GHG emissions can be found on page 17.

The AS Watson Group has had its science-based targets validated by the Science Based Targets initiative ("SBTi") as being in line with a 1.5°C trajectory. As part of the AS Watson Group, the Company will be contributing to the achievement of the following targets:

- 50.4% reduction in absolute scope 1 and 2 emissions vs 2018 by 2030
- Reducing scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, and use of sold products by 58% per dollar economic value added
- 33% of supplier emissions from purchased goods and services, upstream transportation and distribution will be subject to science-based targets by 2027

The Company continues to identify ways to support delivery of these targets. For example, 100% renewable electricity has been used across the Company's operations since 2019. There continues to be improvements in understanding emissions associated across the value chain. Reducing emissions is a core focus for managing climate-related risks, as it impacts all aspects of the Company's operations. Performance tracking against the science based targets at the Company level is being established with AS Watson Group and will be updated in forthcoming annual reports.

This is the first year the Company has reported against CA S414CB and will aim to continuously develop the disclosures by including additional details of the impact of climate-related risks and opportunities as it further enhances the interaction with its business strategy and financial planning.

Future Outlook and Prospects

The directors expect that the UK retail environment will remain challenging and strongly competitive in 2024, with a heavy focus on price. Consumer sentiment remains subdued as inflationary pressures and high interest rates continue to impact disposable income, whilst at the same time businesses are seeing significant increases in their cost base driven by large increases in wage costs and business rates.

However, with the right retail proposition and customer service there is potential for solid growth and returns to be achieved. The Company's strategies are designed to ensure its success in the UK market, maintaining its strong price perception on the High Street and attracting footfall with its broad beauty, health and home product offering, both in-store and online. The robust trading performance in 2023, coupled with a clear future strategy, and cash flows that can support investment, leaves the Company well positioned to grow successfully in 2024 and beyond.

On behalf of the Board



R A Fleming
Director

26 June 2024

Savers Health and Beauty Limited
Directors' Report
For the 52 Weeks ended 30 December 2023

The directors present their report and the audited Financial Statements of the Company for the 52 weeks ended 30 December 2023.

Future Developments

The directors' opinion on the outlook and prospects of the Company has been included in the Strategic Report.

Dividends

During the period dividends of £35.0m were paid (2022: £35.0m). No further dividends have been proposed.

Post Balance Sheet Events

There have been no post balance sheet events.

Directors

The directors have access to the advice and services of the company secretary and board members are able to take independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as directors.

The directors possess an appropriate balance of skills and experience for the requirements of the business. The Board and its committees operate within a framework of scheduled meetings, with additional ad hoc meetings being held, as required.

The directors of the Company during the period and up to the date of approving this report were:

D K M Lai
S J Blakemore
P W Macnab
R A Fleming
D A Winchester

Directors' third-party indemnity provision

As permitted by section 234 of the Companies Act 2006, the Company maintains directors' and officers' liability insurance which provides insurance cover against liabilities which directors and other officers of the Company may incur personally as a consequence of claims made against them alleging breach of duty or other unlawful acts or omissions in their capacity as directors and officers. The qualifying third-party indemnity provision was in force during the financial year and also at the date of approval of the financial statements.

Information included in the Strategic Report

Stakeholder and employee engagement details and interests, and the directors' opinion on financial risk management has been included in the Strategic Report.

Employment of Disabled Persons

It is the Company's policy to give full consideration to the possibility of employing disabled persons wherever suitable opportunities exist. Employees who have become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions. It is the policy of the Company that the training, career development and promotion of disabled persons should be identical to that of other employees.

Savers Health and Beauty Limited
Directors' Report (continued)
For the 52 Weeks ended 30 December 2023

Streamlined Energy and Carbon Reporting (SECR) disclosure

The Company's environmental reporting accords with SECR requirements, with the reporting period being the calendar year 2023. The Company's SECR disclosure presents the carbon footprint, together with appropriate intensity metric and total use of electricity, gas and transport fuels.

Methodology

The Company has employed the service of a specialist external advisor to quantify the Greenhouse Gas ("GHG") emissions associated with the Company's operations.

The report follows the GHG Reporting Protocol – Corporate Standard as the accepted methodology to meet the mandatory SECR requirements. The UK government's greenhouse gas conversion factors have been applied to calculate the carbon emissions to the following reporting standards:

- Greenhouse Gas Protocol - Corporate Accounting and Reporting Standard (WBCSD & WRI, 2004)
- Greenhouse Gas Protocol – Scope 2 guidance, amendment to the GHG Protocol Corporate Standard (WNCSD & WRI, 2015). Application of location-based and market-based emission factors for electricity supplies
- Greenhouse Gas Protocol – Corporate Value Chain (scope 3) Accounting and Reporting Standard (WBCSD & WRI, 2011)
- Where data was missing, values were estimated using an extrapolation of available data

An operational control approach has been used in order to define the Company's organisational boundary. This is the basis for determining Scope 1 and Scope 2 emissions for which the Company is responsible.

The Company has chosen to provide additional optional disclosure regarding scope 3 emissions as these areas are fundamental to the operations of the Company.

The Company has set a benchmark of the 2019 year for comparisons against future emissions, as this represents the best baseline year prior to Covid-19 impacting operations and emissions.

Energy efficiency action

In the 2023 reporting period, the Company has continued its LED upgrade programme across a further 134 stores, which is estimated to deliver an annual energy reduction of 1,000,000 KWh. Additionally, energy efficient heating, ventilation and air-conditioning systems were installed or upgraded in a further 10 stores. The Company's third-party logistics provider in the south west conducted a trial to replace diesel with hydrotreated vegetable oil (HVO) to reduce transport emissions by approximately 80% in Q4.

GHG emissions and energy use report

		Baseline Year		
	Units	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2019
Energy consumption used to calculate emissions	kWh	51,792,201	54,794,890	55,053,409
Emissions from gas & transport (Scope 1)	tCO ₂ e	6,427	7,071	6,647
Emissions from purchased electricity (Scope 2)	tCO ₂ e	4,766	4,485	6,139
Emissions from 3 rd party logistics & business travel in cars (Scope 3)	tCO ₂ e	845	1,075	1,313
Total gross emissions	tCO₂e	12,038	12,631	14,100
<i>Total gross emissions per £'m of revenue</i>		<i>15.9</i>	<i>18.8</i>	<i>24.7</i>
Carbon offsets procured via Green Electricity Tariff	tCO ₂ e	(4,680)	(4,444)	(6,030)
Total net emissions	tCO₂e	7,359	8,187	8,070
<i>Total net emissions per £'m of revenue</i>		<i>9.8</i>	<i>12.2</i>	<i>14.2</i>
<i>Total net emissions per '000 square foot</i>		<i>4.5</i>	<i>5.1</i>	<i>5.2</i>

Savers Health and Beauty Limited
Directors' Report (continued)
For the 52 Weeks ended 30 December 2023

Statement of Directors' Responsibilities in respect of the Financial Statements

The directors are responsible for preparing the Annual Report 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 company and of the profit or loss of the company 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 United Kingdom Accounting Standards, comprising FRS 101 have been followed, 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 company will continue in business.

The directors are responsible for safeguarding the assets of the 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 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.

Directors' confirmations

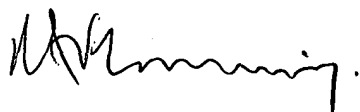
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the 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 company's auditors are aware of that information.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the Board



R A Fleming
Director

26 June 2024

Report on the audit of the financial statements

Opinion

In our opinion, Savers Health and Beauty Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2023 and of its profit and cash flows for the 52 week period then ended;
- 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
- 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 Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 December 2023; the Statement of Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the period then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 Company 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 other entities of public interest, 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 3, Operating Profit, we have provided no non-audit services to the Company in the period under audit.

Conclusions relating to going concern

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 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 company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Savers Health and Beauty Limited

Independent Auditors' Report to the member of Savers Health and Beauty Limited (continued)

For the 52 Weeks ended 30 December 2023

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 period ended 30 December 2023 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 Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

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 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.

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.

Savers Health and Beauty Limited

Independent Auditors' Report to the member of Savers Health and Beauty Limited (continued)

For the 52 Weeks ended 30 December 2023

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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 Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation (including VAT, payroll taxes and income tax) and health and safety regulations, 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 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 increase revenue or reduce expenditure, and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with management and internal legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud and actual and potential litigation and claims
- Review of legal expenditure in the year to identify potential non-compliance with laws and regulations
- Review of key correspondence with tax regulatory authorities in relation to compliance with laws and regulations
- Review of whistleblowing helpline log and the results of management's investigation of such matters
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to impairment of right of use assets and property, plant and equipment, including the disclosure of such matters in the financial statements; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, or posted by members of senior management with a financial reporting oversight role

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.

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.

Savers Health and Beauty Limited
Independent Auditors' Report to the member of Savers Health and Beauty Limited
(continued)
For the 52 Weeks ended 30 December 2023

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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Craig Skelton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 June 2024

Savers Health and Beauty Limited
Statement of Comprehensive Income
For the 52 Weeks ended 30 December 2023

		52 weeks ended 30 December 2023 £'000	52 weeks ended 31 December 2022 £'000
	Note		
Revenue		754,828	672,630
Cost of sales		(664,123)	(600,538)
Gross Profit		90,705	72,092
Administrative expenses		(27,024)	(23,826)
Other operating income	3	1,557	2,549
Operating profit	3	65,238	50,815
Finance costs	6	(3,981)	(3,796)
Profit before taxation		61,257	47,019
Income tax expense	7	(14,487)	(9,370)
Profit for the financial period		46,770	37,649
Other comprehensive income		-	-
Total comprehensive income for the financial period		46,770	37,649

Revenue and operating profit arise from the Company's continuing operations.

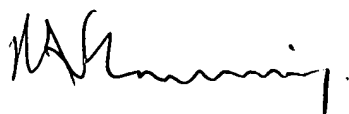
Savers Health and Beauty Limited
Balance Sheet
As at 30 December 2023

Registered Number: 02202838

		At 30 December 2023 £'000	At 31 December 2022 £'000
	Note		
Fixed assets			
Intangible assets	8	75,584	75,293
Property, plant and equipment	9	33,360	30,844
Right-of-use assets	10	57,736	61,655
Investment property	11	-	1,959
		166,680	169,751
Current assets			
Inventories	13	112,791	96,908
Trade and other receivables	14	57,882	53,024
Cash and cash equivalents		61,129	52,615
Total current assets		231,802	202,547
Creditors – amounts falling due within one year			
Trade and other payables	15	(128,698)	(110,882)
Lease liabilities	10	(29,824)	(15,277)
		(158,522)	(126,159)
Net current assets		73,280	76,388
Total assets less current liabilities		239,960	246,139
Creditors – amounts falling due after more than one year			
Borrowings	16	(65,000)	(65,000)
Lease liabilities	10	(30,422)	(49,584)
		(95,422)	(114,584)
Provisions for liabilities	17	(2,417)	(1,204)
Net assets		142,121	130,351
Equity			
Called up share capital	19	1,400	1,400
Share premium account		3	3
Retained earnings		140,718	128,948
Total shareholder's funds		142,121	130,351

The notes on pages 27 to 41 form part of these financial statements.

These financial statements on pages 23 to 41 were authorised for issue by the Board on 26 June 2024 and signed on its behalf by:



R A Fleming
Director

Savers Health and Beauty Limited
Statement of Changes in Equity
For the 52 Weeks ended 30 December 2023

	Called up share capital £'000	Share premium account £'000	Retained Earnings £'000	Total Shareholder's funds £'000
At 2 January 2022	1,400	3	126,299	127,702
Profit for the financial period	-	-	37,649	37,649
Transactions with shareholder				
Dividends paid	-	-	(35,000)	(35,000)
At 31 December 2022	1,400	3	128,948	130,351
Profit for the financial period	-	-	46,770	46,770
Transactions with shareholder				
Dividends paid	-	-	(35,000)	(35,000)
At 30 December 2023	1,400	3	140,718	142,121

Savers Health and Beauty Limited
Cash Flow Statement
For the 52 Weeks ended 30 December 2023

	Notes	52 weeks ended 30 December 2023 £'000	52 weeks ended 31 December 2022 £'000
Cash flow from operating activities			
Company operating profit		65,238	50,815
Adjustments for:			
Depreciation and amortisation	8,9,10,11	26,074	26,362
Loss on disposal of tangible assets	3	155	349
Loss on disposal of investment property	3	91	-
Gain on early termination of leases		(87)	(100)
Operating cash flow before movement in working capital		91,471	77,426
Increase in inventory	13	(15,883)	(18,335)
Increase in trade and other receivables	14	(4,858)	(6,101)
Increase in trade and other payables		13,419	11,552
Operational cash flow after movement in working capital		84,149	64,542
Interest paid		(3,981)	(3,840)
Taxation paid		(7,657)	(7,462)
Net cash inflow from operating activities		72,511	53,240
Cash flow from investing activities			
Purchase of property, plant and equipment		(10,543)	(7,420)
Purchase of intangible fixed assets	8	(442)	(110)
Net cash used in investing activities		(10,985)	(7,530)
Cash flow from financing activities			
Lease payments		(18,012)	(16,871)
Dividends paid	18	(35,000)	(35,000)
Net cash used in financing activities		(53,012)	(51,871)
Net increase/(decrease) in cash and cash equivalents		8,514	(6,161)
Cash and cash equivalents at beginning of period		52,615	58,776
Cash and cash equivalents at end of period		61,129	52,615

Savers Health and Beauty Limited
Notes to the Financial Statements
For the 52 Weeks ended 30 December 2023

1. Material Accounting Policy Information

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of Preparation

The financial statements of Savers Health and Beauty Limited 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 for companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - Paragraph 79(a) (iv) of IAS 1
 - Paragraph 73(e) of IAS 16 Property, plant and equipment
 - Paragraph 130(i) of IAS 38 Intangible assets
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 16 (statement of compliance with all IFRS);
 - 38B-D (additional comparative information); and
 - 134-136 (capital management disclosures);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- Paragraph 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets'; and
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

Going Concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves and group loans for a period of a least 12 months from the date of signing these financial statements.

Forecasts have been produced to reflect severe but plausible scenarios. These scenarios consider the impact reduction in sales driven by cost of living increases. This still results in a sufficient cash position before taking into consideration additional cost saving actions including reducing investment capital spend and other discretionary costs. The Company has sufficient cash reserves to enable it to meet its obligations and to repay group borrowings as they fall due for a period of a least 12 months from the date of signing these financial statements.

Savers Health and Beauty Limited
Notes to the Financial Statements (continued)
For the 52 Weeks ended 30 December 2023

1. Material Accounting Policy Information (continued)

Going Concern (continued)

The Company has no external debt and has access to group borrowings via a credit agreement with AS Watson Group (HK) Limited. Under the agreement, AS Watson Group (HK) Limited has agreed to make available a credit facility of £75,000,000, charging interest at 3.5%, maturing on 15 June 2025. The Company has a pooled bank overdraft facility of £20,000,000, which is provided by National Westminster Bank plc and which is unsecured and repayable on demand. Further information on the Company's borrowings is given in notes 15 and 16.

Having assessed the principal risks, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Consolidation

The Company is a wholly owned subsidiary of AS Watson (Health & Beauty UK) Limited, its immediate parent company. The smallest group into which the results of the Company are consolidated is AS Watson Holdings Limited, a company incorporated in the Cayman Islands with its principal place of business in Hong Kong. The Company's ultimate parent undertaking and controlling party and the largest group to consolidate these financial statements is CK Hutchison Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited and incorporated in the Cayman Islands. The Company is exempt by virtue of compliance of all conditions in section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Revenue

Revenue represents retail sales to customers in the United Kingdom and is measured at the fair value of the consideration received or receivable and is recognised on the day that the sale is made. Revenue through internet sites is recognised once an order has been picked and delivered.

Revenue is shown net of returns and colleague discounts and is stated net of value added tax.

In the opinion of the directors there is only one class of business.

Cost of Sales

Cost of sales consists of expenses incurred in bringing products to a saleable position and condition. Such costs principally include purchasing of products from suppliers, packaging and distribution costs, direct staff costs and store costs, including depreciation of store right-of-use assets and property, plant and equipment.

Supplier Income

Supplier incentives, promotional funding, volume related rebates and discounts, collectively known as 'supplier income', are deducted from cost of sales and are recognised in accordance with supplier agreements on an accruals basis as they are earned for each relevant supplier contract. Amounts due relating to supplier income are recognised within trade receivables, except in cases where the Company currently has a legally enforceable right to set-off and intends to offset amounts due from suppliers, in which case only the new amount receivable or payable is recognised. Accrued supplier income is recognised within accrued income when earned and not invoiced at the balance sheet date.

Other Operating Income

Other operating income relates to government grants, rental income receivable and logistics backhaul income. The income is recognised on an accruals basis.

Savers Health and Beauty Limited
Notes to the Financial Statements (continued)
For the 52 Weeks ended 30 December 2023

1. Material Accounting Policy Information (continued)

Foreign Currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Intangible Assets

a) Computer software

Computer software is carried at cost less accumulated amortisation and any provision for impairment. Externally acquired computer software and software licences are capitalised and amortised on a straight-line basis over their useful economic lives of between five to seven years. Costs relating to development of computer software for internal use are capitalised once the recognition criteria of IAS 38 'Intangible Assets' are met. Other development expenditures that do not meet these criteria are expensed as incurred. When the software is available for its intended use, these costs are amortised on a straight-line basis over their useful economic lives of between five to seven years. All amortisation is included within administrative expenses within the statement of comprehensive income.

b) Brands

Brands and trademarks are recognised at fair value at the acquisition date. They are not amortised as they are deemed to have an indefinite useful life. The assets are tested for impairment annually and are carried at cost less any provision for impairment, and any impairment that is identified is recognised in the statement of comprehensive income.

The non-amortisation of intangible assets diverges from paragraph 22 of Schedule 1 to "The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008" (S1 2008/410), which requires intangible assets to be written off over their useful economic life. As such, the non-amortisation of Brands is a departure, for the purposes of giving a true and fair view, from the requirements of paragraph 22 of Schedule 1 to the Regulations. It is not possible to quantify the effect of the departure because the Brand is deemed to have an indefinite useful life.

Property, Plant and Equipment

Tangible assets are stated at historic cost, net of accumulated depreciation. The cost of fixed assets is their historic purchase price, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of the tangible fixed assets less their estimated residual values, using the straight-line method, over the following expected useful economic lives of the assets concerned:

Fixtures, fittings and equipment	5 to 10 years
Land and buildings	15 years

The useful economic lives of assets are reviewed annually.

Investment Property

Investment property assets are carried at historic cost less accumulated depreciation and any recognised impairment in value.

Depreciation is calculated using the straight line method as to write off the cost of the investment property less their estimated residual values, over 60 years.

Savers Health and Beauty Limited
Notes to the Financial Statements (continued)
For the 52 Weeks ended 30 December 2023

1. Material Accounting Policy Information (continued)

Impairment of Non-Financial Assets

Non-financial assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment. All other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

Inventories

Inventories are valued at the lower of cost and net realisable value, at weighted average cost and consists of finished goods purchased for resale. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Provisions are made as appropriate for shrinkage and slow moving items.

Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for impairment. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced and any impairment loss is recognised in the statement of comprehensive income.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is the amount of income tax payable in respect of taxable profit for the period or prior periods. Tax is calculated at the rate relevant to the financial period.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Savers Health and Beauty Limited
Notes to the Financial Statements (continued)
For the 52 Weeks ended 30 December 2023

1. Material Accounting Policy Information (continued)

Current and Deferred Income Tax (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and where the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a discount rate that reflects the risks specific to the liability.

Leases

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company.

Contracts may contain both lease and non-lease components. However, the Company has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Extension and termination options are included in a number of leases across the Company. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term and measurement of the liability if the lease is reasonably certain to be extended (or not terminated).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- uses recent third party financing received by the Company as a starting point, adjusted to reflect changes in financing conditions since third party financing were received.
- makes adjustments specific to the lease (e.g. lease term, country, currency and security).

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Savers Health and Beauty Limited
Notes to the Financial Statements (continued)
For the 52 Weeks ended 30 December 2023

1. Material Accounting Policy Information (continued)

Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs

Employee Benefits

The Company operates a defined contribution scheme for its employees. A defined contribution scheme is a pension plan under which the Company pays fixed contributions into a separate entity.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. Critical accounting estimates and judgments

The Company makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events.

The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

Significant estimates and assumptions

a) Impairment

Financial assets and non-financial assets, right-of-use assets and property, plant and equipment are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose. Value in use is calculated from expected future cash flows using suitable discount rates and includes management assumptions and estimates of future performance. Trade receivables are impaired on expected credit loss basis.

The Company tests whether assets have suffered any impairment on an annual basis. The level of profitability of the cash generating unit (CGU's) represents the trigger for impairment assessment. For the reporting periods the recoverable amount of the CGUs, being individual stores that have indicated signs of impairment, was determined based on value in use calculations.

The value in use has been calculated using the cash flow performance from the current period adjusted for the next five years based on the Board approved five-year plan. Sales forecasts are based on sales growth of 4.0% per annum. The assumptions include estimated gross margin based on market segment and location. Operating costs are based on the current structure of the business, adjusting for inflationary increases but not reflecting any future cost-saving measures.

The resulting cash flows are discounted using a pre-tax discount rate of 9.1% (2022: 8.8%) and compared to the carrying value of property, plant, and equipment and right-of-use assets.

No impairment charge was booked in the period (2022: nil).

Savers Health and Beauty Limited
Notes to the Financial Statements (continued)
For the 52 Weeks ended 30 December 2023

3. Operating profit

Operating profit is stated after charging/(crediting):

		52 weeks ended 30 December 2023 £'000	52 weeks ended 31 December 2022 £'000
	Note		
Expenses relating to short term leases		546	910
Loss on disposal of property, plant and equipment	9	155	349
Loss on disposal of investment property	11	91	-
Amortisation of intangible assets	8	151	121
Depreciation of property, plant and equipment	9	8,508	7,794
Depreciation of right-of-use assets	10	17,401	18,406
Depreciation of investment property	11	14	41
Amounts payable to the Company's auditors			
- audit fees		195	188
- non-audit related assurance services		10	10
Other operating income:			
- Rental income		(110)	(349)
- Other income		(1,447)	(2,200)

4. Employees

The total aggregate remuneration comprises:

	52 weeks ended 30 December 2023 £'000	52 weeks ended 31 December 2022 £'000
Wages and salaries	100,625	88,344
Social security costs	5,176	4,579
Other pension costs	1,542	1,341
Total staff costs	107,343	94,264

The average monthly number of persons employed by the Company during the period was:

	52 weeks ended 30 December 2023 No.	52 weeks ended 31 December 2022 No.
By activity:		
Selling	4,935	5,207
Administration	99	95
	5,034	5,302

Savers Health and Beauty Limited
Notes to the Financial Statements (continued)
For the 52 Weeks ended 30 December 2023

5. Directors

The directors' emoluments, which comprise solely of those relating to the highest paid director, were as follows:

	52 weeks ended 30 December 2023 £'000	52 weeks ended 31 December 2022 £'000
Remuneration	1,081	893
Long term incentive plan	30	34
	1,111	927

The Company has no share-based schemes and all remuneration is settled in cash.

There are no post-employment benefits accruing under the Company's defined benefit scheme.

The other directors are remunerated by other group entities which do not recharge the Company. These directors do not receive any remuneration for their services to the Company.

6. Finance costs

	52 weeks ended 30 December 2023 £'000	52 weeks ended 31 December 2022 £'000
Interest payable on loans from group undertakings	2,269	2,269
Interest expense on lease liabilities	1,712	1,527
Total finance cost	3,981	3,796

Savers Health and Beauty Limited
Notes to the Financial Statements (continued)
For the 52 Weeks ended 30 December 2023

7. Income tax expense

Tax expense included in the statement of comprehensive income	52 weeks ended 30 December 2023 £'000	52 weeks ended 31 December 2022 £'000
UK corporation tax on profits for the period	15,460	9,476
Adjustment in respect of prior periods	(704)	(102)
Total current tax	14,756	9,374
Origination and reversal of timing differences	(269)	(4)
Total deferred tax	(269)	(4)
Tax charge	14,487	9,370

The effective rate of 23.6% (2022: 19.9%) is higher than (2022: higher than) the standard UK corporation tax rate of 23.5% (2022: 19.0%). The differences are:

	52 weeks ended 30 December 2023 £'000	52 weeks ended 31 December 2022 £'000
Profit before taxation	61,257	47,019
Profit before tax at standard UK corporation tax rate of 23.5% (2022: 19.0%)	14,395	8,934
Effects of:		
Non-deductible expenses	796	538
Adjustment in respect of prior periods	(704)	(102)
Tax charge	14,487	9,370

From 1 April 2023, the corporation tax rate increased from 19% to 25%.

Savers Health and Beauty Limited
Notes to the Financial Statements (continued)
For the 52 Weeks ended 30 December 2023

8. Intangible assets

	Brands £'000	Computer software £'000	Total £'000
Cost			
At 1 January 2023	75,000	603	75,603
Additions	-	442	442
Disposals	-	(134)	(134)
At 30 December 2023	75,000	911	75,911
Accumulated amortisation			
At 1 January 2023	-	310	310
Charge for the period	-	151	151
Disposals	-	(134)	(134)
At 30 December 2023	-	327	327
Net book value			
At 30 December 2023	75,000	584	75,584
At 31 December 2022	75,000	293	75,293

In the period no impairment charge was made (2022: nil).

Intangible assets amortisation of £71,000 (2022: £67,000) is recorded in cost of sales and £80,000 (2022: £54,000) is recorded in administrative expenses in the statement of comprehensive income.

9. Property, plant and equipment

	Land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 January 2023	-	60,361	60,361
Transfer from investment property	1,854	-	1,854
Additions	-	9,325	9,325
Disposals	(26)	(7,975)	(8,001)
At 30 December 2023	1,828	61,711	63,539
Accumulated depreciation			
At 1 January 2023	-	29,517	29,517
Charge for the period	58	8,450	8,508
Eliminated on disposals	(26)	(7,820)	(7,846)
At 30 December 2023	32	30,147	30,179
Net book value			
At 30 December 2023	1,796	31,564	33,360
At 31 December 2022	-	30,844	30,844

Depreciation of £8,381,000 (2022: £7,663,000) is recorded in cost of sales and £127,000 (2022: £131,000) is recorded in administrative expenses in the statement of comprehensive income.

Savers Health and Beauty Limited
Notes to the Financial Statements (continued)
For the 52 Weeks ended 30 December 2023

10. Right-of-use assets

	Retail Stores £'000	Others £'000	Total £'000
At 2 January 2022	67,365	619	67,984
Additions	5,688	157	5,845
Re-measurements	6,232	-	6,232
Depreciation	(18,153)	(253)	(18,406)
At 31 December 2022	61,132	523	61,655
Additions	12,977	569	13,546
Re-measurements	(64)	-	(64)
Depreciation	(17,125)	(276)	(17,401)
At 30 December 2023	56,920	816	57,736

Depreciation of £17,127,000 (2022: £18,325,000) is recorded in cost of sales and £274,000 (2022: £81,000) is recorded in administrative expenses in the statement of comprehensive income.

Re-measurements include a change in scope of the lease, or the consideration of a lease, that was not part of the original terms and conditions of use, including terminating the right-of-use, or extending or shortening the contractual lease term.

Lease liabilities

	At 30 December 2023 £'000	At 31 December 2022 £'000
Current	29,824	15,277
Non-current	30,422	49,584
	60,246	64,861

The current and future undiscounted cashflows for the lease liabilities are:

	At 30 December 2023 £'000	At 31 December 2022 £'000
Within 1 year	32,721	16,687
Between 1 and 2 years	13,093	16,251
Between 2 and 5 years	16,130	29,533
More than 5 years	2,896	6,340
	64,840	68,811

The total cash outflow for the period was £19,724,000, being £18,012,000 of principal and £1,712,000 of interest. (2022: £18,398,000 being £16,871,000 of principal and £1,527,000 of interest).

Savers Health and Beauty Limited
Notes to the Financial Statements (continued)
For the 52 Weeks ended 30 December 2023

11. Investment property

	At 30 December 2023 £'000	At 31 December 2022 £'000
Cost		
At the beginning of the financial period	2,992	2,992
Transfer to owner-occupied property	(2,709)	-
Disposal	(283)	-
At the end of the financial period	-	2,992
Accumulated depreciation		
At the beginning of the financial period	1,033	992
Charge for the period	14	41
Transfer to owner-occupied property	(855)	-
Disposals	(192)	-
At the end of the financial period	-	1,033
Net book Value	-	1,959

The investment property was let to a commercial user on an operating lease which expired in 2023. Property rental income recognised by the Company in period ending 30 December 2023 was £145,000 (2022: £349,000) which is net of all direct costs associated with the leasing of the property except depreciation. On 1 May 2023 the investment property was transferred to land and buildings as an owner-occupied property.

12. Deferred tax

	Accelerated capital allowances £'000	Temporary differences £'000	Lease Accounting IFRS16 £'000	Total £'000
At 2 January 2022	240	(669)	146	(283)
Credit/(charge) to the statement of comprehensive income	148	(58)	(86)	4
At 31 December 2022	388	(727)	60	(279)
Credit/(charge) to the statement of comprehensive income	286	43	(60)	269
At 30 December 2023	674	(684)	-	(10)

13. Inventories

	At 30 December 2023 £'000	At 31 December 2022 £'000
Finished goods and goods for resale	112,791	96,908

The value of inventories recognised as an expense and charged to cost of sales for the 52 weeks ended 30 December 2023 was £515,820,000 (2022: £462,369,000). Inventories are stated after provisions for impairment of £6,512,000 (2022: £5,218,000). There is no material difference between carrying amount and replacement cost of the inventory.

Savers Health and Beauty Limited
Notes to the Financial Statements (continued)
For the 52 Weeks ended 30 December 2023

14. Trade and other receivables

	At 30 December 2023 £'000	At 31 December 2022 £'000
Trade receivables	10,909	9,356
Other debtors	-	172
Prepayments	2,054	2,502
Accrued income	44,919	40,994
	57,882	53,024

Trade receivables are stated after provisions for impairment of £349,000 (2022: £134,000).

15. Trade and other payables

	At 30 December 2023 £'000	At 31 December 2022 £'000
Trade creditors	32,855	25,156
Amounts owed to group undertakings	37,688	40,990
Corporation tax	24,513	17,414
Other taxation and social security	1,363	925
Accruals	22,095	17,657
Other creditors	10,184	8,740
	128,698	110,882

The Company has a pooled bank overdraft facility of £20,000,000, which is provided by National Westminster Bank plc and which is unsecured and repayable on demand. Interest is payable at National Westminster Bank plc base rate plus 1.25%. During the period there were no drawings (2022: nil) on this facility.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

16. Borrowings

	At 30 December 2023 £'000	At 31 December 2022 £'000
Amounts owed to group undertakings	65,000	65,000

Borrowings relate to a credit agreement with AS Watson Group (HK) Limited. Under the agreement, AS Watson Group (HK) Limited has agreed to make available in total a credit facility of £75,000,000, charging interest at 3.5%, maturing on 15 June 2025.

At the period end, the amount borrowed on this credit facility was £65,000,000. No repayments were made during the period ended 30 December 2023 (2022: nil).

Savers Health and Beauty Limited
Notes to the Financial Statements (continued)
For the 52 Weeks ended 30 December 2023

17. Provisions for liabilities

	Deferred tax Liability £'000	Other Provisions £'000	Total Provisions £'000
At 2 January 2022	283	974	1,257
(Credit)/charge to the statement of comprehensive income	(4)	365	361
Utilised in the period	-	(414)	(414)
At 31 December 2022	279	925	1,204
(Credit)/charge to the statement of comprehensive income	(269)	1,714	1,445
Utilised in the period	-	(232)	(232)
At 30 December 2023	10	2,407	2,417

Other provisions comprise estimates for store closure costs, including dilapidations and store exit costs.

18. Dividends paid

	52 weeks ended 30 December 2023 £'000	52 weeks ended 31 December 2022 £'000
£25.00 per ordinary share of £1 each (2022: £25.00 per ordinary share of £1 each)	35,000	35,000

19. Called up share capital

	At 30 December 2023 £'000	At 31 December 2022 £'000
Allotted and fully paid ordinary shares of £1 each (£'000)	1,400	1,400
Number of shares ('000 shares)	1,400	1,400

20. Capital and other commitments

At 30 December 2023 the Company had a duty deferment guarantee in favour of HM Customs & Excise to the value of £100,000 (2022: £100,000).

The Company has no capital commitments (2022: nil).

Savers Health and Beauty Limited
Notes to the Financial Statements (continued)
For the 52 Weeks ended 30 December 2023

21. Controlling parties

The Company's immediate parent undertaking is AS Watson (Health & Beauty UK) Limited, a company registered in England. The smallest group into which the results of the Company are consolidated is AS Watson Holdings Limited, a company incorporated in the Cayman Islands with its principal place of business in Hong Kong. The registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The financial statements of AS Watson Holdings Limited are not publicly available.

The Company's ultimate parent undertaking and controlling party and the largest group to consolidate these financial statements is CK Hutchison Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited and incorporated in the Cayman Islands. The registered office of CK Hutchison Holdings Limited is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The financial statements of CK Hutchison Holdings Limited can be obtained from 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.