

Brand Architekts Group PLC

("Brand Architekts" or the "Group")

Trading Update

Brand Architekts Group plc, a challenger British Beauty brand business, announces an update on trading for the 52 weeks to 30 June 2021.

Net sales for FY21 were £15.9m, a decline of 2.5% on the prior year, as the pandemic impacted footfall in our high-street customers. Sales in the first half were £9.0m, a decline of 10% on the prior year (H1 FY20: £10.0m on an adjusted basis). Sales in the second half of FY21 increased by 10%, with net sales of £6.9m (H2 2020: £6.3m on an adjusted basis). Underlying Operating Profit is expected to be in line with the prior year. The Group has a strong net cash position of £19.0m, a £1m improvement versus FY20, which positions the Group well as it looks to further invest in all aspects of the business to drive growth. An update on the Group's defined benefit pension scheme including an agreement on its future deficit repayment plan will be provided in its full year results.

This financial year has been one of consolidation, transition and putting in place the strategic building blocks to achieve our Project 50 goal. We have focussed on four strategic tenets: optimising the portfolio, channel development, operational efficiency and being a responsible business.

Good progress has been made on improving productivity, as the number of live brands has been decreased from 22 to 13. The business has also broadened its online & offline distribution across its lead brands in the UK and Internationally.

During the period we were pleased to launch our largest ever marketing campaign for our skincare brand, Super Facialist, including a TV campaign across Channel 4's media, with the focus on building on Super Facialist's 34% growth in the year.

Whilst our nascent direct-to-consumer ("DTC") business has grown by 70% to £0.6m, work has been continuing with our selected DTC partner, one of the world's leading e-Commerce and fulfilment providers. We are building a community led marketplace that addresses the needs of our customers, enables cross-sell between brands and reflects the quality of our assets and we remain confident that we can significantly increase DTC sales through this important channel. The marketplace is expected to soft launch by the end of H1 and fully roll out in early 2022.

Following the communication of our Sustainability Blueprint in September, we are making good progress in embedding the principles across the business and our supplier partners. We have actively increased the number of products using a minimum of 30% post-consumer recycled (PCR) while the vast majority of our products that use card are now FSC certified. We are fully committed to acting responsibly across the Group, not only to be in line with our retail customers, but also to the demands of our end-consumers.

Whilst the current operating environment remains uncertain, with delays to the easing of restrictions impacting consumer confidence, we remain confident that the foundations we are building will enable us to achieve our medium and long-term goals.

The Group expects to announce its full year results for the 52 weeks to 30 June 2021 in late September.

Quentin Higham, Chief Executive, commented:

“This has been a year of transition and the team has worked extremely hard in very difficult conditions in putting in place transformational strategies to deliver Project 50. I am very positive about the future and optimistic to see the growth potential as seven brand relaunches go to market over the next six months and we are confident that our four strategic pillars will help achieve our medium and long-term goals.”

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