



Full Year Results

For the 52 weeks 30th June 2022

brandarchitekts

Presenting today



Quentin Higham
Chief Executive Officer

Quentin joined as CEO in May 2020.

He was previously Managing Director of Yardley of London Ltd/Wipro Consumer Care between 2010-2020.

Prior to that, he was Marketing Director at Coty, with responsibility for the Rimmel cosmetics brand; UK Brand Director at Swatch between 1999-2001 and Head of UK Marketing at global cosmetics company, Revlon between 1992-1999.

In addition, he has first-hand knowledge of our brands having been Commercial Director between 2002 and 2006 at KMI brands with responsibility for the Fish brand and King of Shaves.



Tom Carter
Chief Financial Officer

Tom joined as CFO in June 2020.

Tom was previously Group Finance and Operations Director at Technofix Group Limited, a market leading technology company.

Prior to that, he was Regional Business Controller at Alliance Boots, Financial Controller at Sky Media and Finance Manager at Procter and Gamble.

Tom qualified as a Chartered Accountant at Price Waterhouse Coopers and is also an Oxford Graduate with a Masters in Modern Languages.

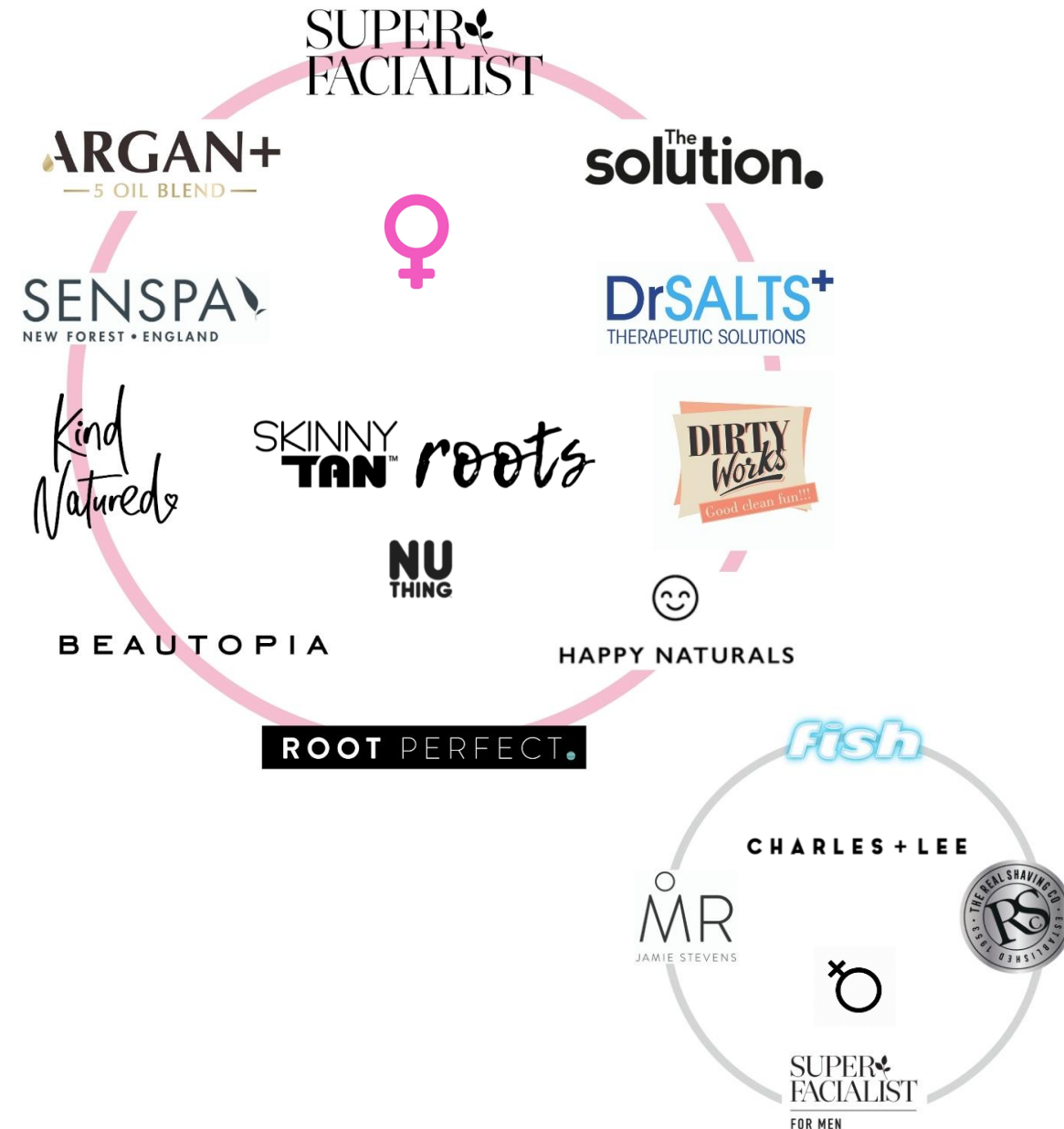


BAR Proposition

Brand Architekts is a British beauty challenger brand business that is focused on:

- Insight-led, problem-solving brands
- Omni-channel routes to market
- Ethical and efficient outsourcing
- Digital 1st Brand invigoration

“Exceeding the expectations of everyday beauty”





Overview

brandarchitekts

Stronger Foundation for Profitable Growth

- The Innovaderma Plc acquisition has strengthened BA's foundations for growth, whilst being margin accretive.
- The group now has greater scale with complementary capabilities.
- The Skinny Tan team has added significant D2C/Digital expertise and a state-of-the-art partner/tool ecosystem which will benefit the key Invest brands in the portfolio.
- The size and following of Skinny Tan enables powerful cross-pollination activation with other brands.
- Both teams share the values of passion, collaboration, agility and innovation.
- First stages of the integration complete, new UK centric cross functional teams in place (Australian operation closed).
- Promising new Skinny Tan distribution discussions underway with key UK retailers
- Covid and unprecedented market conditions have slowed our progress. Decision taken to refocus the strategy with an emphasis on a return to profitability.



Financial Overview of the year

- Extremely turbulent & testing market conditions (supply chain, freight, labour inflation, energy crisis)
- The Group delivered turnover of £14.3 million a decrease of 10% on prior year. Underlying gross profit fell 2.9% to 33.5%.
- The Group retains a net cash position of £11.3m at the year end.
- Given the exacting trading environment the Group generated an underlying operating loss of (£1.8m), £1.5m higher than the prior year (2021: £0.3m).



Operational overview of the year.

- **Transition of the business strategy to focus on profitability** and fewer Invest & Nurture brands.
- Successful relaunch of seven brands in September & October 2021. Relaunch of Root Perfect resulted in strong distribution gains in 300+ Normal stores across Europe and 300+ Morrisons stores.
- An increase in International sales driven by Dirty Works distribution gains (Peru, Chile, USA).
- Continued UK distribution gains for Super Facialist in 500 Tesco stores; 130+ Morrisons stores and launch on Look Fantastic.
- Successful **acquisition** and **integration** of **Innovaderma** and its brands and team.

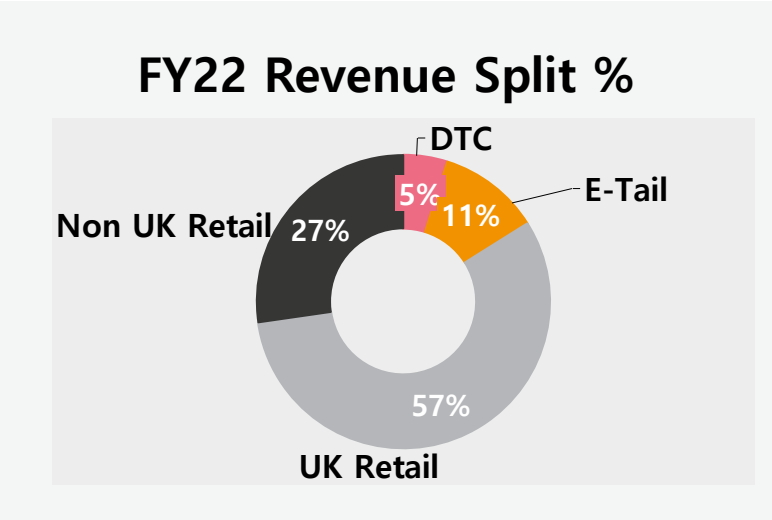
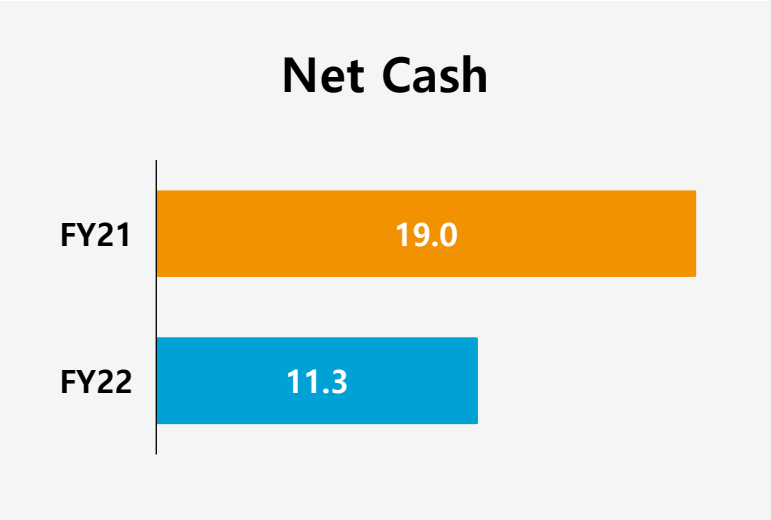
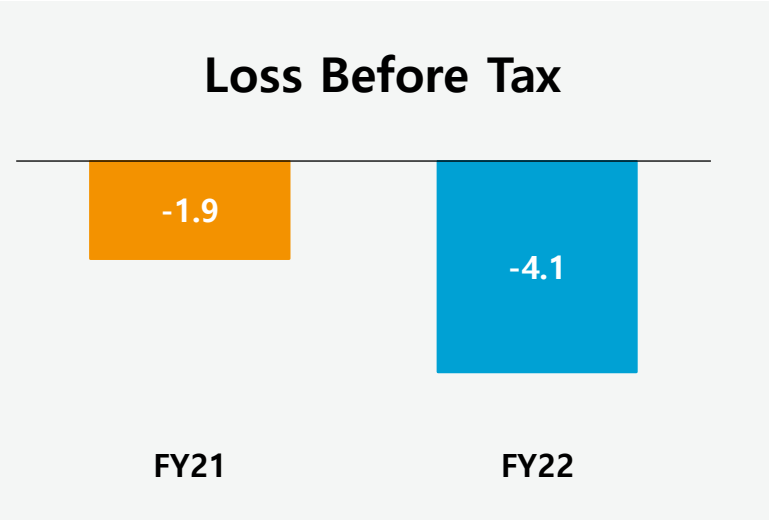
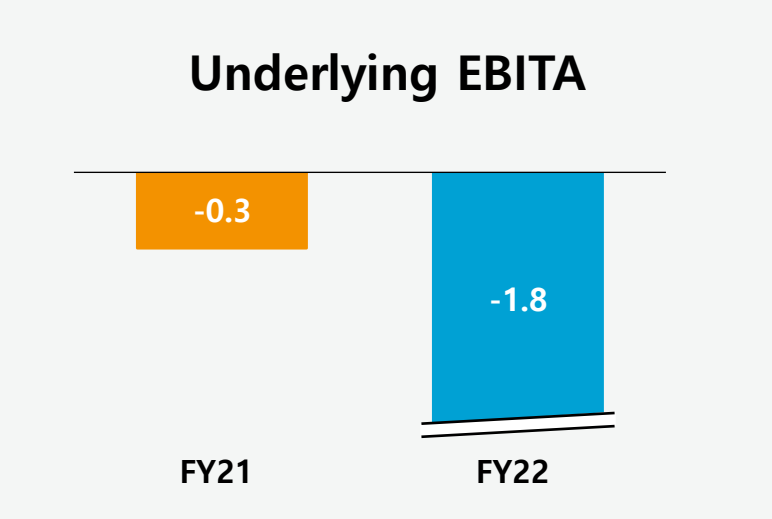
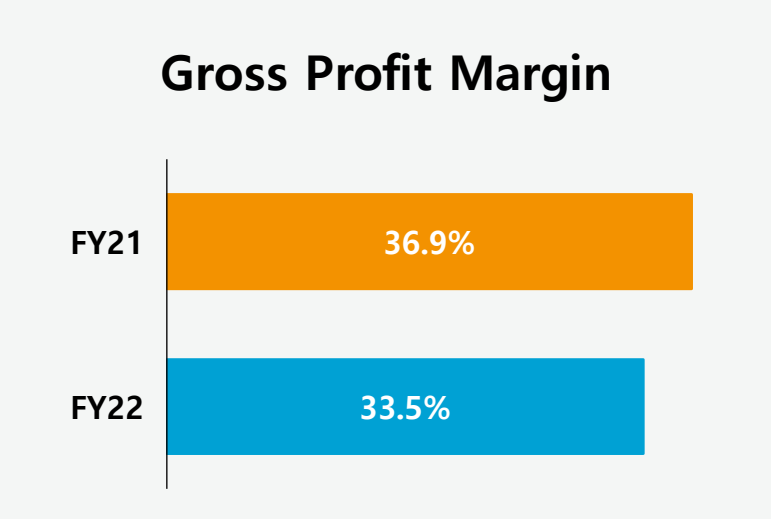
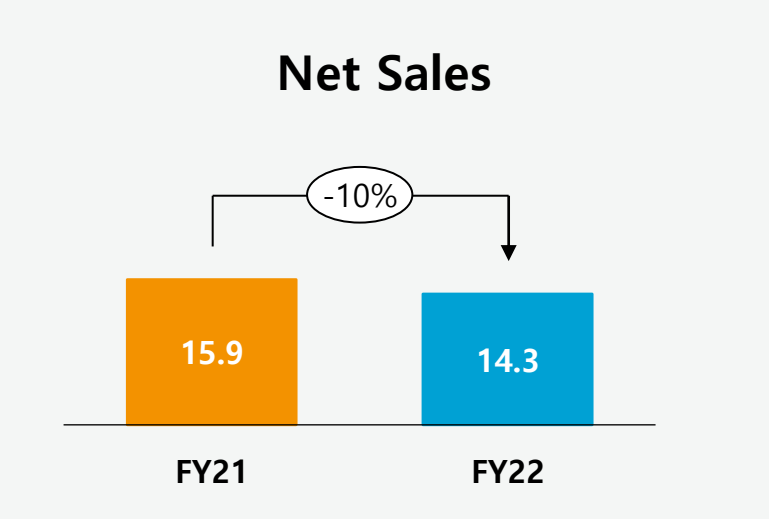




Financial Headlines

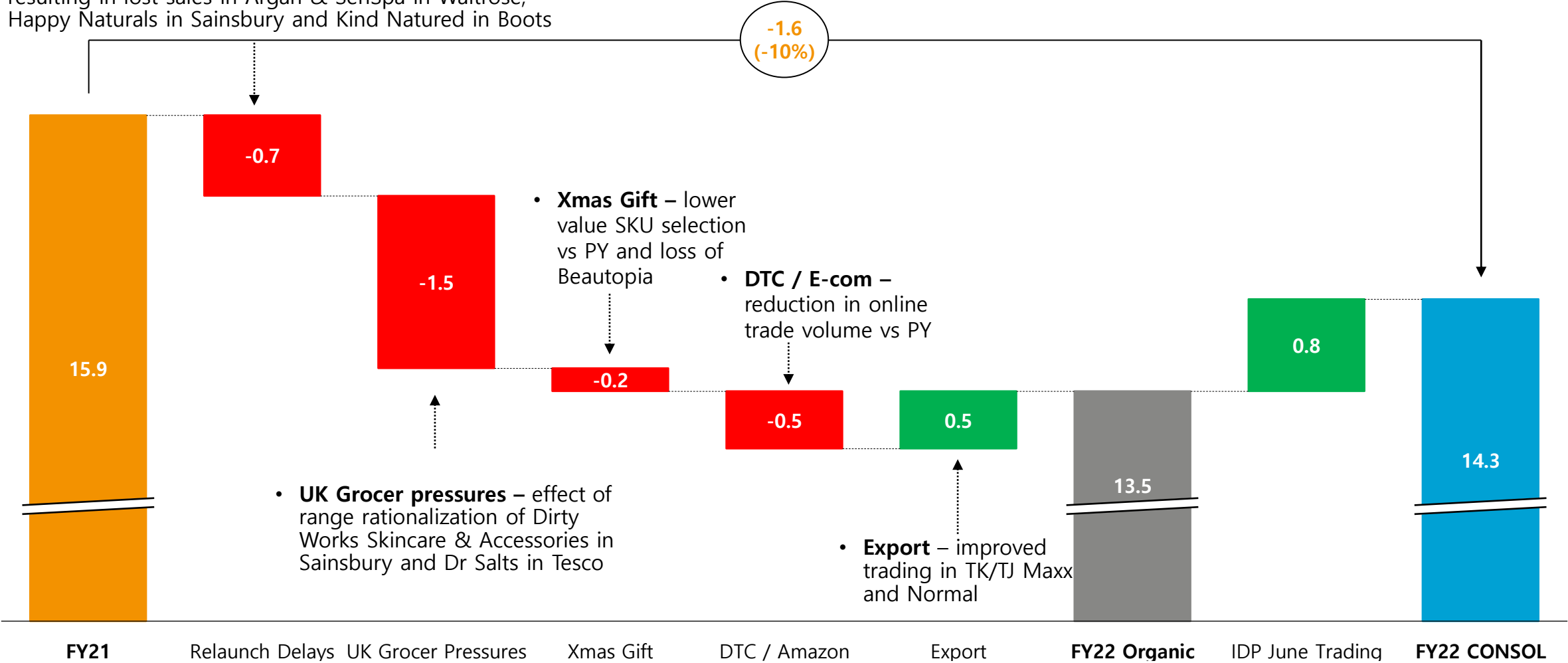
brandarchitekts

Financial Summary

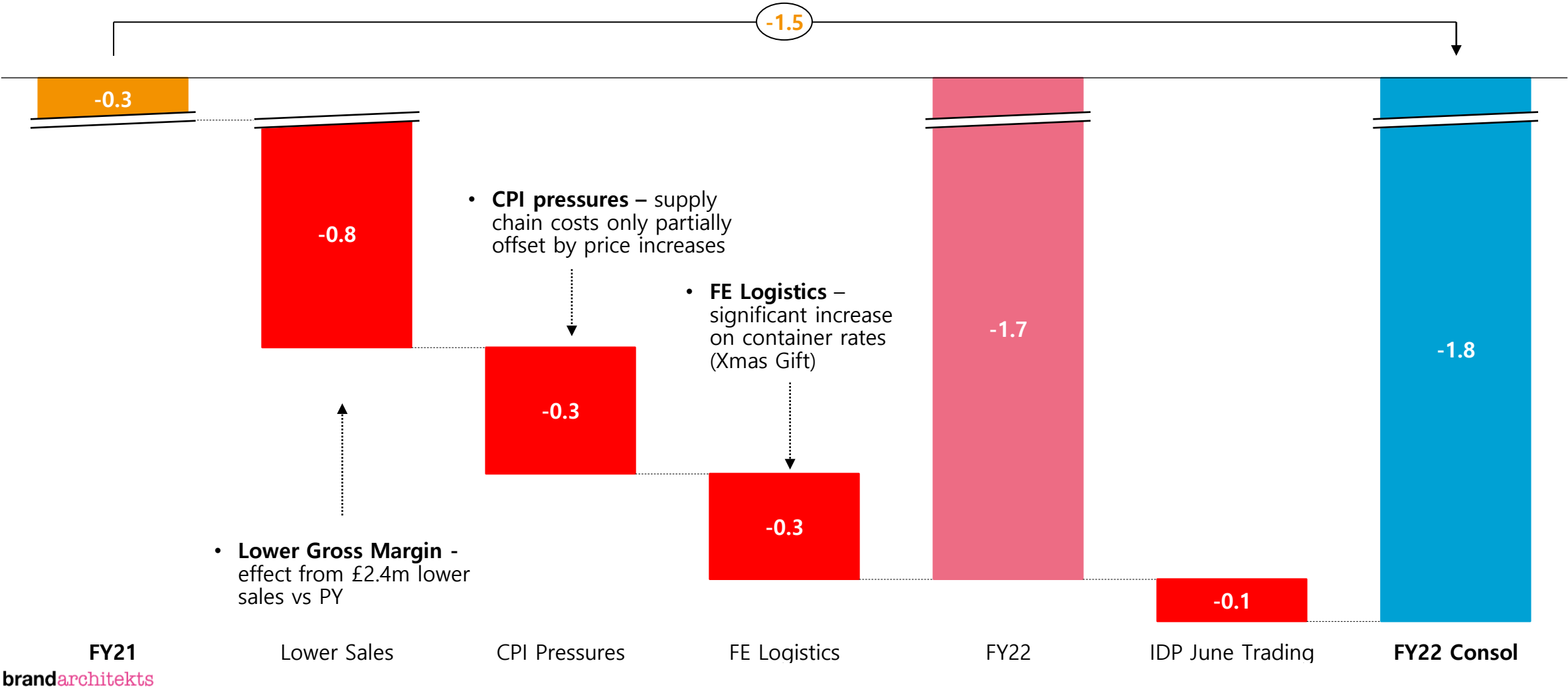


Net Sales FY22 vs FY21

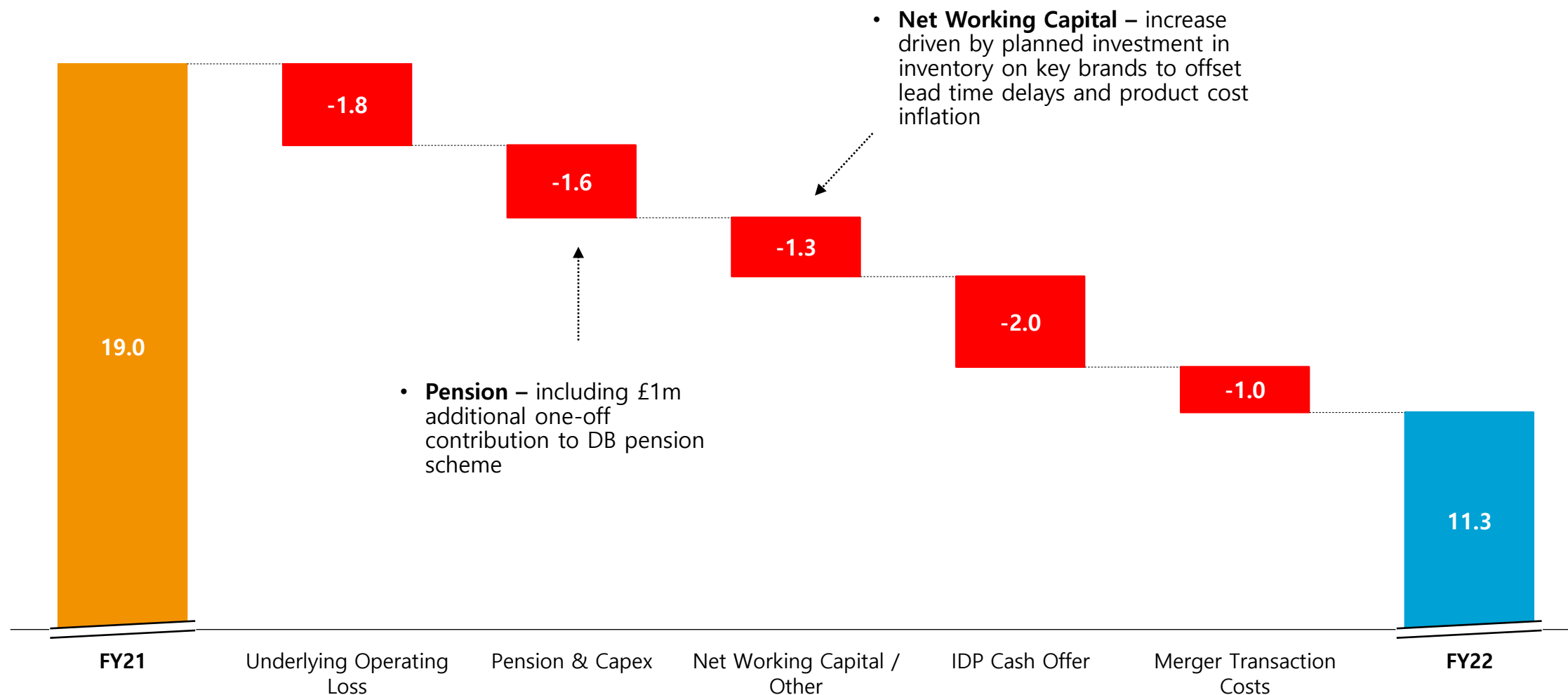
- **Relaunch delays** – effect of delayed category rebuilds resulting in lost sales in Argan & SenSpa in Waitrose, Happy Naturals in Sainsbury and Kind Natured in Boots



BAR Underlying Op Profit FY22 vs FY21



FY22 Cash summary vs FY21



Transitioned 5 Year Growth Plan

1 Brand Development

Focus on brands and products that engender high levels of consumer loyalty and reflect the redefined company purpose of focusing on high-performance problem-solving solution led brands.

- Portfolio strategy & positioning – Invest, Nurture, Harvest
- Profitability & productivity
- Advertising & promotion
- NPD & customer insights
- M&A

2 Brand Reach

In today's society we need to ensure that our customers can buy our products wherever and whenever they want. To do this we need an omnichannel distribution approach.

- Omnichannel - Offline & Online
- International
- D2C

3 ESG

We aspire to be a leader in beauty sustainability and are committed to the journey to make a real difference. We take our role as an employer, and in society in general, seriously.

- Sustainability Pledge
- Employee Development





1 Brand Development

brandarchitekts

New Product Development and M&A

NPD and Consumer Insights

- September 2022: Launched Clear Skin, a new sub-brand of Super Facialist, specifically targeted at spot prone women, as well as several Salicylic brand extensions.
- January 2023: Launch several exciting Skinny Tan extensions (Tanning Whips, Coconut Water and tanning accessories)
- Spring 2023: Relaunch Super Facialist for Men and MR Haircare.
- The Solution NPD (skincare and haircare) pipeline for 2024



M&A

- Immediate priority is the full integration of Innovaderma
- Open to new acquisition opportunities with solid foundations to add additional brands.





2 Brand Reach

Offline & Online: Omnichannel Strategy

- **Super Facialist** with the recent Tesco listing, now has strong distribution across the trade. Focus on improvements in shelf position and sterling weighted distribution. **Skinny Tan** has shown growth in Boots and we will be launching 6 incremental SKUs in Dec 2022. We launched into Sainsbury in Sept 2022 (6 SKUs – 268 stores), Waitrose (3 SKUs) is planned for Feb 2023 and Morrisons (7 SKUs) in May 2023 .
- Increased investment in **Amazon** to maximize the revenue & profitability (A+ content and profitable paid advertising).
- Our brands and products are sold in 34 countries and our export infrastructure and network will enable us to accelerate our **International** growth post COVID and launch Skinny Tan into new countries. Given the success of **The Solution** on Amazon and in Eastern Europe (principally through DM), our immediate focus is driving UK brand reach.
- Whilst ensuring that A&P spend is aligned with our target gross margins, our D2C platforms will work in unison with other channels to deliver an omnichannel experience.
- Super Facialist will get its own D2C site in 2023.
- The role of www.theunexpectedstore.com is to be “the extended shelf” for all BA brands across territories (cross-border shipments), whilst establishing RRP. Change in THG model to focus on profitability and utilise Skinny Tan skill sets.



3 ESG

Environmental Responsibility

Good progress has been made against our **Sustainability Code of Conduct**:

Moving away from petroleum-based virgin plastic and reducing the use of secondary packaging, has been a critical focus for all our relaunches and any value re-engineering projects. "Reduce, reuse, recycle, re-think".

- **Packaging reduction:** our objective is to either reduce or re-engineer boxed products with smaller footprints.
- **Plastic reduction:** by 2025, our goal is for all plastic we use to be recyclable (currently 100%) and 80% (currently 71%*) to be PCR.
- **FSC Carton:** by 2025, our goal is that all carton used is FSC certified (currently 49%**)
- **Supplier collaboration:** we actively work with our supply chain partners to make products and logistics more sustainable.
- **Cruelty Free Products:** 13 of the 18 brands are now Animal Test Free certified by PETA.

PCR inclusion	FY 21	FY 22
The Solution	100%	100%
Fish	0%	100%
Kind Natured	0%	100%
SenSpa	0%	100%
Happy Naturals	0%	93%
Argan	0%	82%
Skinny Tan	0%	63%
Super Facialist	0%	60%
Dr Salts	50%	45%
Dirty Works	0%	43%
MR	0%	9%

Note: % indicates the PCR penetration for plastic components – implemented or ready to roll in



Outlook

brandarchitekts

Outlook

- We continue to face a very challenging marketplace with exceptional macroeconomic headwinds.
- We are focusing on fully integrating Innovaderma and realising Skinny Tan revenue opportunities in UK & International.
- We are focusing our resources on developing Invest & Nurture brands only.
- We have a new brand strategy to focus on highly efficacious problem-solving solution led brands that can command higher retail prices, engender strong consumer loyalty and deliver stronger margins.
- We will invest and accelerate our NPD program.
- We will continue to review our Opex base and remain confident in our new long-term strategy to return to profitability and in delivering value for shareholders.





Appendices

brandarchitekts

Appendix - Group P&L

£m	FY22 Full Year			FY21 Full Year		
	<i>Brands</i>	<i>Central Costs</i>	TOTAL	<i>Brands</i>	<i>Central Costs</i>	TOTAL
Revenue	14.3	-	14.3	15.9	-	15.9
Cost of sales	(9.5)	-	(9.5)	(10.0)	-	(10.0)
Underlying Gross Profit	4.8	-	4.8	5.9	-	5.9
	34%		34%	37%		37%
Commercial & administrative costs	(5.5)	(1.1)	(6.6)	(4.9)	(1.2)	(6.1)
Underlying Operating Profit	(0.8)	(1.1)	(1.8)	0.9	(1.2)	(0.3)
Exceptional items in Cost of Sales	-	-	-	0.5	-	0.5
Amortisation	-	(0.2)	(0.2)	-	(0.2)	(0.2)
Exceptional income/(costs)	(0.6)	(1.2)	(1.8)	-	(1.6)	(1.6)
OPERATING PROFIT	(1.4)	(2.6)	(3.9)	1.4	(3.1)	(1.7)
Finance Income	-	0.0	0.0	-	0.0	0.0
Finance Costs	0.0	(0.2)	(0.2)	(0.0)	(0.2)	(0.2)
PROFIT BEFORE TAXATION	(1.4)	(2.7)	(4.1)	1.4	(3.3)	(1.9)

Appendix – Group Balance Sheet

£m	FY22 Year End	FY21 Year End
Tangible fixed assets	0.1	0.1
Intangible fixed assets	18.9	10.1
Deferred tax assets	0.7	2.6
Total non-current assets	19.7	12.8
Inventories	7.4	2.3
Trade & other receivables	5.1	3.7
Cash and cash equivalents	11.3	19.0
Current tax receivable	-	0.4
Total current assets	23.8	25.4
Trade & other payables	6.8	2.6
Total current liabilities	6.8	2.6
Pension obligations	2.4	10.4
Deferred tax liabilities	2.4	1.5
Total non-current liabilities	4.9	11.9
NET ASSETS	31.8	23.7
Share capital	1.4	0.9
Share premium	18.6	12.0
Re-measurement of pension liability	(2.7)	(7.8)
Retained earnings	14.2	18.5
Subtotal equity	31.5	23.5
Non-controlling interest	0.2	0.2
TOTAL EQUITY	31.8	23.7

Appendix – Group Cash Flow

£m	FY22 Full Year	FY21 Full Year
Cash and cash equivalents at beginning of period	19.0	21.2
Profit excluding depreciation, amortisation and net finance cost	(2.6)	0.2
Decrease / (Increase) in inventories	(3.1)	1.4
Net increase / (decrease) in trade & other payables	0.6	(1.8)
Net (increase) / decrease in trade & other receivables	0.1	0.3
Purchase of fixed assets	(0.3)	(0.4)
Purchase of subsidiary	(2.0)	
Loans repayments / net cash acquired	0.3	(2.1)
Net finance expenses paid	0.0	(0.0)
Taxation refunded / (paid)	0.4	0.4
Contributions to defined benefit pension plan	(1.3)	(0.3)
Increase / (decrease) in cash and cash equivalents	(7.7)	(2.2)
Cash and cash equivalents at end of period	11.3	19.0