

Brand Architekts Group plc
(“Brand Architekts” or the “Group”)
Interim results

Brand Architekts Group plc, a market leader in the development and supply of beauty and personal care brands, announces its interim results for the 6-month period ended 31 December 2023.

Business highlights:

- H1 delivered growth in contribution across our Invest and Nurture portfolio, although trading was significantly impacted by challenges faced by the self-tan category.
- Super Facialist H1 net sales were up 42%, driven by the launch of 14 SKUs into all 580 Holland & Barrett stores. Super Facialist H2 looks positive with the launch of the new Vegan Collagen line, the roll-in of the New Sleep Smart Night Moisturisers; Q3’s Vitamin C Digital campaign and the roll out of the new design upgrade in Q4.
- In response to market trends and consumers’ switch to more affordable gradual tanners, the new Skinny Tan Body Glow will launch in Boots, Superdrug, Asda and Tesco in Q3. Boots International has also confirmed launch of Skinny Tan as a Boots exclusive in all 144 stores across six Gulf countries in Q3.
- Dirty Works contribution increased by 33%, driven by the Q2 roll out to over 500 Watsons stores in 9 countries, with very encouraging sell out results in Thailand, Turkey, Malaysia, the Gulf, Singapore and Hong Kong. Encouraging discussions with Watsons to launch into Taiwan and Indonesia in Q3.
- The Solution’s net sales for H1 were up 95% driven by the Bodycare launch into Waitrose and an increase in demand on Amazon.
- Net sales of Root Perfect, a key Harvest brand, were up 26%, driven by a pan European expansion across Normal stores and an improved EDLP (everyday low price) strategy in Morrisons.
- MR acquisition was completed in July and a new brand development plan put in place for FY25.
- The focus on rationalisation of the Group’s portfolio and exiting underperforming & unprofitable brands continued during the period, releasing working capital and providing greater focus on its problem-solving margin accretive brand portfolio.
- Improved operational efficiencies - more effective use of advertising and promotions and improved overhead and manpower cost management.

Financial highlights:

- Revenue for the period of £8.7m, a £1.9m decrease on the prior year half year results, driven by a softening in the self-tan category and a reduction in discontinued brand sales.
- Gross Profit margins increased by +1ppts to 40%. Notable improvements on Dirty Works +9ppts and Super Facialist +3ppts
- Brand contribution has increased by +5ppts YTD.
- Underlying operating loss of £0.2m (H1 2023: £0.8m), a reduction in the underlying operating loss of +£0.6m, due to successful implementation of planned Innovaderma Opex synergy savings
- Loss before tax reduced by £1m from £1.8m in the prior year to £0.8m.
- Net cash of £7.2m (H1 2023: £8.1m) reflecting the cash outflow for the acquisition of MR and associated costs. Excluding MR costs cash has remained stable since June 23.
- £1.2m reduction in stock holding versus the H1 FY23 position, given depletion in inventory on Divest and Discontinued brands.
- April 2023’s triennial valuation of the closed defined benefit pension plan resulted in a significant reduction in the deficit recovery plan, under which BA has a commitment to make payments of £318,000 per annum until 30th June 2033.

	H1 2024	H1 2023
Revenue (Note 2)	£8.7m	£10.6m
Underlying operating (loss)/profit ¹	£(0.2)m	£(0.8)m
(Loss)/profit before taxation	£(0.8)m	£(1.8)m
Basic (loss)/earnings per share (Note 4 of financial statements)	(2.6)p	(6.1)p
Net cash	£7.2m	£8.1m

¹ Underlying operating (loss)/profit is calculated before exceptional items, share-based payments and organization of acquisition-related intangibles.

Quentin Higham, Chief Executive, commented:

“During this period, we have completed the simplification of the UK organization and have made progress in minimizing our losses, in particular reducing H1’s underlying operating loss from £0.8m to £0.2m. We have secured good distribution gains on our key Invest and Nurture brands domestically and Internationally. In particular we are excited by the new trading relationship with Dirty Works in Watsons across Asia and the rollout of Super Facialist into Holland & Barrett.

Trading conditions remain challenging, in particular for Skinny Tan. The self-tan category was adversely affected by the cost-of-living crisis and consumers switching away from traditional premium priced tanning products to less expensive gradual tanners. We have responded to this change in consumption by relaunching our Body Glow Gradual Tanner and secured extensive new offline distribution and look forward to these upcoming launches.

The reduction in revenue also reflects the business’s planned strategy to exit underperforming and less profitable brands and focus on fewer, bigger, solution-led margin accretive brands. This is demonstrated by the improvement in gross profit percentage and brand contribution. In H2 we will be supporting Skinny Tan and Super Facialist with planned targeted digital awareness and acquisition campaigns, with an increased focus on Tik Tok. We remain confident that the foundations we are building will enable us to return to profitability and achieve our medium and long-term goals”.

For further information please contact:

Brand Architekts Group PLC
Quentin Higham / Geoffrey Ellis

020 3166 2840

Singer Capital Markets
(Nominated adviser and broker)
Shaun Dobson / Jen Boorer

0207496 3000

CEO’s Review

The well documented cost-of-living crisis has resulted in an ongoing challenging trading environment, with consumers’ confidence adversely affected by the wider geopolitical and economic issues. This has resulted in a greater focus on price, with consumers either trading down to less expensive products or buying more on promotion. We have reviewed our product portfolio, notably by relaunching our Skinny Tan Gradual Tanner, as well as our promotional strategy and have put in place a strengthened offline offering for H2.

The ongoing strong performance of the UK Beauty High Street and the general softening of the direct-to-consumer market reinforces the need for a strong omnichannel approach. We continue to work closely with our offline partners and I am pleased to see some notable distribution gains on our key Invest and Nurture brands. The focus for our DTC channels (primarily Skinny Tan) has been on

improving profitability and ROAS (return on advertising spend). We have significantly reduced the running costs of the site, by bringing external agency costs (such as performance management) in house and renegotiated all agreements and continue to monitor Advertising & promotional investment.

Over the next 12 months we have a strong brand development program in place, with a number of exciting product launches (Super Facialist and Skinny Tan), brand redesigns (Super Facialist; Dirty Works; Fish; MR Expert solutions); brand extensions (The Solution Menopause), and relaunching Skinny Tan as Skin & Tan in 2025 in response to consumer and customer feedback. Relaunching in FY25 will enable the brand to increase its relevance and saliency.

Key achievements include:

- Super Facialist launched 14 SKUs in 580 Holland & Barrett stores. New Vegan Collagen and Sleepsmart Night Moisturisers ranges will launch in H2, alongside a packaging design upgrade across the brand.
- Skinny Tan's New Body Glow Gradual Tanner launched in Asda in December and will launch in Superdrug and Tesco in February and Boots in March.
- Boots International is launching Skinny Tan as an exclusive in all 144 stores across six Gulf countries in Q3.
- Dirty Works has launched in over 500 Watsons stores in 9 countries.
- The Solution's Bodycare range launched into Waitrose and The Solution Menopause will launch online by the end of H2.

Performance review

Revenues for the period were £8.7m, a decline of 18% on the prior year (£10.6m). This was driven by a decline in Skinny Tan Sales, due to a change in consumer shopping behaviour; the ongoing softness of the DTC market and a focus on profitability. In addition, there was a sales decline as a result of discontinuing and exiting a number of non-core brands. With the exception of Skinny Tan, all Invest and Nurture brands showed positive net sales growth. The focus on profitability improved Gross Profit Margin to 40%, which is +1ppts on H1 last year and up +7ppts on H1 2022. This reflects our drive to improve margins and long term profitability.

The underlying operating loss improved by £0.6m to show a loss for the half of £0.2m. This was driven by savings in Skinny Tan A&P spend as we focus on ROAS and profitability; acquisition manpower savings; warehouse savings given the reduction in stock holding and a release of CEO LTIP accruals.

The Net cash position as at the period end was £7.2m, which was £0.9m less than prior year end, but includes all MR Haircare Ltd legal settlement and acquisition costs. Excluding all MR costs, the net cash position improved by £100k.

Progress made against the Group's three strategic pillars is outlined below:

1. Brand Development

The brand portfolio is split into 3 classifications: Invest, Nurture and Harvest.

Skinny Tan and Super Facialist are classified as Invest Brands. They have an omnichannel route to market including their own DTC site; masstige positioning; a degree of existing scale as demonstrated through net sales and market share and both have significant growth potential through A&P investment focusing on digital brand awareness and conversion campaigns. In response to market research we will be relaunching Skinny Tan as Skin & Tan in FY25. This will be a major and exciting initiative that we are confident will help deliver sustainable and long term growth.

Dirty Works, The Solution and MR Expert Solutions are classified as Nurture brands. Dirty Works has the potential to broaden its presence through new category extensions, such as All Year Round Gifting in the UK, to new distribution through International partners such as Watsons. The Solution and MR are both high-performance propositions, with a clear point of difference that answer the specific needs of

the consumer. Our initial focus is on developing The Solution franchise by launching a highly efficacious and targeted sub brand called The Solution Menopause in June 24.

Although we have discontinued three brands, we will continue to have a portfolio of low investment Harvest Brands. These brands, such as Argan and Root Perfect require minimal investment, they compete on price and provide us with a stronger category share of voice and credibility with key customers. Fish, which is being upgraded with new packaging in 2024, has the potential to become a Nurture brand, once its brand reach has been increased.

The following strategic Brand Development tenets have been applied to our Invest and Nurture brands

- **Profitability**

With a laser focus on brand contribution, our A&P spend is focused on our Invest and Nurture brands. In line with our sustainability pledge, we continually evaluate our packaging footprint and where possible remove all secondary packaging to reduce costs. In addition we implement VRE (value reengineering) initiatives to reduce COG (cost of goods) so as to improve a brand's Gross Profit. One such initiative is the VRE of the Root Perfect cans, which will result in a double digit Gross Profit improvement from Q4.

The business continues to review its range offering and where possible we will rationalise ranges to remove duplication and improve sku productivity and profitability.

The recent developments in the Middle East and in particular the Red Sea has placed additional cost pressure on sourcing product from the Far East, in particular our Gift Business. As a precaution we have incorporated additional container freight costs into 2024 gift cost prices, so as to maintain our Gross Profit.

- **NPD/Consumer Insights**

A strong pipeline of new products will be launching in H2 in line with retailer range cycles. Super Facialist will be launching a new Vegan Collagen range and a range of new Night Moisturisers.

Vegan Collagen is an innovative, easy-to-navigate line up of ingredient-led, solution-driven formulas including a cleanser, serum, day cream and night cream. Blending a potent Marine Bio-Polymer made from sustainably sourced Red Algae and Hyaluronic Acid, with plant-derived Vegan Collagen sourced from the sap of the acacia tree. Collagen is a trending ingredient which responds to the growing demand for age-preventative skincare, presenting an opportunity to provide customers with an affordable trade-down collagen solution that's vegan-friendly. It delivers both immediate and sustained hydration to the skin, targeting signs of ageing to reveal a plumper and smoother complexion.

After three years of research and development Super Facialist is launching a new range of Sleep Smart Night Creams across our bestselling ranges, Rosehip, Retinol and Vitamin C. This "World first" Resync SleepSmart™ Complex technology is powered by two potent & proven actives. It is a revolutionary concept that helps reset & rejuvenate skin overnight when skin is its most receptive to repair. The formulation works in synchronisation with the skin's circadian rhythm for a refreshed & healthier looking complexion.

The new Skinny Tan Body Glow Gradual Tanner will launch across all UK channels, along with Ultimate Dark Clear Tanning Mousse. In addition, Superdrug will be launching two exclusive products. On the back of extensive consumer research, we will be relaunching Skinny Tan in FY25. We expect the relaunch will facilitate new customer acquisition, expand our press reach and increase the scope for new brand listings domestically and internationally. Relaunching as Skin & Tan is a simple name and logo change, but one that encapsulates our vision, where everybody can radiate confidence and have a healthy glow. Skin & Tan is an inclusive name that clearly demonstrates our expertise and enables easier category, retailer and market expansion.

To maintain momentum and consumer interest relaunched designs for Super Facialist, Fish, MR Expert Solutions and Dirty Works will filter through in 2024.

- **Digital 1st**

Over the last 6 months we have restructured the team to better leverage resources and have significantly increased digital activity across commercial and media channels. Performance marketing has been brought inhouse, thereby enabling us to execute more paid activity across Google, YouTube, TikTok, Meta and Affiliation, which is helping drive consumers to D2C, Amazon and offline retailers. TikTok is not only an entertainment channel but has taken over the top search spot from Google in some demographics, so we have shifted a higher portion of the media spend and organic activity to this channel and are gradually launching branded TikTok shops. Given the growing importance of first party data/direct consumer touch, we have increased the focus on building social following (particularly TikTok) and growing the number of engaged customers in our email/sms databases, whilst also removing unengaged customers. Loyalty programmes are in the making and we have started involving brand fans more in content creation and product development. We continue to launch products first on D2C and Amazon, in order to quickly build 5-star reviews before launching in other channels, but also to make sure that our loyal database consumers are rewarded first.

- **Advertising & promotions (A&P)**

A&P spend is focused on Skinny Tan and Super Facialist, as they are the only brands with D2C sites and broad omnichannel distribution. Both brands benefit from a retained PR agency; appointed skincare & tanning experts; substantial campaign activity across Google, YouTube, TikTok, Meta and retail specific activation. H1 saw strong traction for Super Facialist Vitamin C + Me campaign, which is continuing in the second half. Skinny Tan's Wonder Serum awareness and conversion campaign was disappointing. The campaign was adversely affected by overall category dynamics, in particular consumer confidence, level of discretionary spend and a change in consumption behaviour. In H2 significant investment will be put behind digital ads (Meta, Tik Tok, YouTube & Google), website asset upgrades; organic social activity and a PR campaign to support the relaunch and extended distribution of Skinny Tan Body Glow, our on trend affordable gradual tanner.

2. Brand Reach

We believe in an omnichannel distribution approach, so as to ensure that our customers can buy our brands and products whenever, wherever and on whatever they want. It is therefore imperative that we build our brand distribution online and offline, whilst supporting our key Invest brands with their own DTC sites.

- **UK & International**

In the UK towards the end of H1 we launched Super Facialist into Holland & Barrett and The Solution into Waitrose. Dirty Works rolled out to over 500 Watsons stores in 9 countries in the Middle East and Asia, with a further 2 expected in H2. Significant Super Facialist and Skinny Tan range extensions will roll out in H2, as well as the launch of The Solution Menopause range in June. Skinny Tan launches in Peru and 6 Gulf countries in H2.

- **D2C**

H1 focus for Skinny Tan's D2C site has been on profitability and to align pricing and promotions across all channels. Historically the main selling point of the brand had been to offer the lowest price points in the market. In H1 Skinny Tan performance marketing was brought in-house, which is more cost effective and allows for the resource to be used across other brands. All tech stack contracts have been renegotiated with savings achieved across the brands. D2C activity for H2 is in line with our omnichannel strategy but is focused on growing revenue with a close eye on profitability. By June 2024 we will also have launched The Solution D2C site which will be a very important brand hub for the new Menopause range.

3. ESG

Halfway through the year, we are pleased to report that 99% of our single products are fully recyclable or reusable. 60% of our plastic packaging includes post recycled materials, with this figure reaching 90% for all tubes. 100% of our UK-sourced cartons have Forest Stewardship Council (FSC) certification, reflecting our commitment to work in an environmentally responsible manner whenever possible.

Our latest sustainable initiative is with the Super Facialist night collection. All our night creams have been reengineered with less plastic (14% less plastic in the lid), smaller cartons to reduce unnecessary paper use, and single glass material for all lines, contributing to an improved carbon footprint.

We have also started using Prevented Ocean Plastic™ (recycled plastic collected from coastal areas at risk of plastic pollution) in some of our key brands such as Super Facialist, Dirty Works and Fish to actively prevent ocean plastic and further support sustainable initiatives.

Outlook

Against the backdrop of a challenging market, our strategy of deliberate brand rationalisation, portfolio focus and rigorous cost control is beginning to realise the medium term financial aims of the Group and will ultimately lead to a return to profitability. Progress has been made in reducing losses, but whilst current trading conditions remain, organic sales growth will continue to be difficult. The immediate priorities are, driving brand awareness of our Invest brands, delivering revenue synergies through domestic and international expansion, and releasing working capital. We expect to see a full year revenue decline, but are making progress in reducing operating losses. We expect to retain our cash balance and remain confident that the foundations we are building will enable us to achieve our medium and long-term goals.

Group Statement of Comprehensive Income

	Notes	Period ended 31 Dec 2023 (unaudited) £'000	Period ended 31 Dec 2022 (unaudited) £'000	Year ended 30 June 2023 (audited) £'000
Revenue	2	8,676	10,629	20,085
Cost of sales		(5,211)	(6,493)	(12,101)
Gross profit		3,465	4,136	7,984
Commercial and administrative costs		(3,709)	(5,013)	(9,175)
Underlying operating loss		(244)	(877)	(1,191)
Amortisation of acquisition-related intangibles		(499)	(513)	(1,027)
Operating loss before exceptional items		(743)	(1,390)	(2,218)
Exceptional items – Impairment of intangible assets		-	-	(3,500)
Other exceptional items		(70)	(366)	(1,078)
Operating loss		(813)	(1,756)	(6,796)
Finance income		100	21	111
Finance costs	3	(46)	(42)	(88)
Loss before taxation		(759)	(1,777)	(6,773)
Taxation		89	91	188
Loss after taxation		(670)	(1,686)	(6,585)
Other comprehensive income/(loss) for the period:				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit liability		149	655	444
Other comprehensive income for the period		149	655	444
Total comprehensive (loss) for the period		(521)	(1,031)	(6,141)
(Loss)/profit attributable to:				
Equity shareholders		(736)	(1,718)	(6,588)
Non-controlling interests		66	32	3
Total comprehensive (loss)/income attributable to:				
Equity shareholders		(587)	(1,063)	(6,141)
Non-controlling interests		66	32	3
(Loss) per share				
	4			
- basic		(2.6)p	(6.1)p	(23.5)p
- diluted		(2.6)p	(6.1)p	(23.5)p

Group Statement of Financial Position

	Notes	As at 31 Dec 2023 (unaudited) £'000	As at 31 Dec 2022 (unaudited) £'000	As at 30 June 2023 (audited) £'000
ASSETS				
Non-current assets				
Property, plant and equipment including right-of-use assets		36	61	43
Intangible assets		13,940	18,327	14,462
Deferred tax assets		440	483	520
Total non-current assets		14,416	18,871	15,025
Current assets				
Inventories		5,672	6,921	6,123
Trade and other receivables		4,496	5,833	4,774
Cash and cash equivalents		7,190	8,062	8,177
Total current assets		17,358	20,816	19,074
Total assets		31,774	39,687	34,099
LIABILITIES				
Current liabilities				
Trade and other payables		3,851	5,164	4,687
Current tax payable		2	9	2
Total current liabilities		3,853	5,173	4,689
Non-current liabilities				
Post-retirement benefit obligations	6	1,299	1,452	1,619
Deferred tax liabilities		2,071	2,309	2,190
Total non-current liabilities		3,370	3,761	3,809
Total liabilities		7,223	8,934	8,498
Net assets		24,551	30,753	25,601
EQUITY				
Share capital		1,397	1,397	1,397
Share premium		11,987	11,987	11,987
Merger reserve		6,588	6,588	6,588
Pension remeasurement reserve		(2,066)	(2,004)	(2,215)
Retained earnings		6,645	12,525	7,613
Total equity		24,551	30,493	25,370
Non-controlling interest		-	260	231
Total equity		24,551	30,753	25,601

Group Statement of Changes in Equity

Group	Share capital £'000	Share premium £'000	Merger reserve £'000	Pension remeasurement reserve £'000	Retained earnings £'000	Non- controlling interest £'000	Total equity £'000
Balance as at 30 June 2023	1,397	11,987	6,588	(2,215)	7,612	232	25,601
Non-controlling interest	-	-	-	-	-	66	66
Share-based payments	-	-	-	-	6	-	6
Purchase of remaining NCI shares	-	-	-	-	(239)	(298)	(537)
Transactions with owners	-	-	-	-	(233)	(232)	(465)
Loss for the period	-	-	-	-	(734)	-	(734)
<i>Other comprehensive income:</i>							
Remeasurement of defined benefit liability	-	-	-	149	-	-	149
Total comprehensive income / (Loss) for the period	-	-	-	149	(734)	-	(585)
Balance as at 31 December 2023	1,397	11,987	6,588	(2,066)	6,645	-	24,551

Group	Share capital £'000	Share premium £'000	Merger reserve £'000	Pension remeasurement reserve £'000	Retained earnings £'000	Non- controlling interest £'000	Total equity £'000
Balance as at 30 June 2022	1,397	11,987	6,588	(2,659)	14,213	228	31,754
Non-controlling interest	-	-	-	-	-	32	32
Share-based payments	-	-	-	-	30	-	30
Transactions with owners	-	-	-	-	30	32	62
Profit for the period	-	-	-	-	(1,718)	-	(1,718)
<i>Other comprehensive income:</i>							
Remeasurement of defined benefit liability	-	-	-	655	-	-	655
Total comprehensive income for the period	-	-	-	655	(1,718)	-	(1,063)
Balance as at 31 December 2022	1,397	11,987	6,588	(2,004)	12,525	260	30,753

Group	Share capital £'000	Share premium £'000	Merger reserve £'000	Pension remeasurement reserve £'000	Retained earnings £'000	Non- controlling interest £'000	Total equity £'000
Balance as at 30 June 2022	1,397	11,987	6,588	(2,659)	14,213	228	31,754
Non-controlling interest	-	-	-	-	-	3	3
Share-based payments	-	-	-	-	(12)	-	(12)
Transactions with owners	-	-	-	-	(12)	3	(9)
Loss for the year	-	-	-	-	(6,588)	-	(6,588)
<i>Other comprehensive income:</i>							
Remeasurement of defined benefit liability	-	-	-	444	-	-	444
Total comprehensive income for the year	-	-	-	444	(6,588)	-	(6,144)
Balance as at 30 June 2023	1,397	11,987	6,588	(2,215)	7,613	231	25,601

Group Cash Flow Statement

	Period ended 31 Dec 2023 (unaudited) £'000	Period ended 31 Dec 2022 (unaudited) £'000	Year ended 30 June 2023 (audited) £'000
Cash flow from operating activities			
(Loss) after taxation	(670)	(1,686)	(6,585)
Depreciation	20	7	32
Amortisation	545	574	1,118
Impairment of intangible assets and PPE	-	-	(166)
Impairment of intangible assets	-	-	3,500
Tax charge	(89)	(91)	(188)
Finance income	(100)	(21)	(111)
Finance cost	46	42	88
Decrease in inventories	451	454	1,252
Decrease in trade and other receivables	279	(734)	325
(Decrease)in trade and other payables	(855)	(1,681)	(2,082)
Share-based payment expense	6	30	(14)
Contributions to defined benefit plan	(159)	(159)	(318)
Cash (utilised in) operations	(526)	(3,265)	(3,149)
Finance expense paid	2	3	-
Taxation received	-	-	(66)
Net cash flow from operating activities	(524)	(3,262)	(3,215)
Cash flow from investing activities			
Purchase of property, plant and equipment	(8)	(13)	(22)
Purchase of intangibles	(18)	(31)	(44)
Cash consideration paid for acquisitions	(537)	-	-
Net cash flow from investing activities	(563)	(44)	(66)
Cash flow from financing activities			
Finance income received	100	21	111
Net cash flow from financing activities	100	21	111
Net decrease in cash and cash equivalents	(987)	(3,285)	(3,170)
Cash and cash equivalents at beginning of period	8,177	11,347	11,347
Cash and cash equivalents at end of period	7,190	8,062	8,177

Notes to the Interim financial statements

Note 1 Basis of preparation

The Group has prepared its interim results for the six-month period ended 31 December 2023 in accordance with the recognition and measurement principles of UK Adopted International Accounting Standards (UK adopted IAS) and also in accordance with the recognition and measurement principles of IFRS issued by the International Accounting Standards Board.

The Directors have considered trading and cash flow forecasts prepared for the Group, and based on these, and the confirmed banking facilities, are satisfied that the Group will continue to be able to meet its liabilities as they fall due for at least one year from the date of approval of the Interim Report. On this basis, they consider it appropriate to adopt the going concern basis in the preparation of these Interim financial statements.

These interim financial statements do not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006 and are unaudited. The unaudited interim financial statements were approved by the Board of Directors on 25 March 2024.

The consolidated financial statements are prepared under the historical cost convention. The accounting policies used in the interim financial statements are consistent with IFRS and those which will be adopted in the preparation of the Group's Annual Report and Financial Statements for the year ended 30 June 2024.

The statutory accounts for the year ended 30 June 2023, which were prepared under IFRS, have been filed with the Registrar of Companies. These statutory accounts carried an unqualified Auditors Report and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

The Group has not changed any of its accounting policies in the six months to 31 December 2023.

Note 2 Segmental analysis

The reportable segments of the Group were aggregated as follows:

- Brands – we leverage our skilled resources to develop and market a growing portfolio of Brand Architekts Group owned and managed brands. These include those organically developed plus the acquisitions of the portfolio of brands included in the Brand Architekts acquisition (in 2016) and the Fish brand acquired during 2018.
- InnovaDerma Brands – This segment includes those brands acquired as part of the InnovaDerma business combination. The results of InnovaDerma brands are currently reported separately from other brands to the directors.
- Eliminations and central costs - other group-wide activities and expenses, including defined benefit pension costs, share-based payment expenses/(credits), amortisation of acquisition-related intangibles, interest, taxation and eliminations of inter-segment items, are presented within "Eliminations and central costs".

IFRS 15 requires the disaggregation of revenue into categories that depict how the nature, timing, amount and uncertainty of revenue and cash flows are affected by economic factors. The directors have considered how the Group's revenue might be disaggregated in order to meet the requirements of IFRS 15 and have concluded that the activity and geographical segmentation disclosures set out below represent the most appropriate categories of disaggregation.

(a) Principal measures of profit and loss – Income Statement segmental information:

	Period ended 31 December 2023				Period ended 31 December 2022			
	BA Brands	Innova Derma Brands	Eliminations and central costs	Total	BA Brands	Innova Derma Brands	Eliminations and central costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
UK revenue	5,280	988	-	6,268	6,087	2,316	-	8,403
International revenue	2,100	308	-	2,408	1,595	631	-	2,226
Revenue – external	7,380	1,296	-	8,676	7,682	2,947	-	10,629
Revenue – internal	-	-	-	-	-	126	(126)	-
Total revenue	7,380	1,296	-	8,676	7,682	3,051	(126)	10,629
Underlying operating profit/(loss)	341	(249)	(330)	(238)	117	(361)	(603)	(847)
Charge for share-based payments	(2)	-	(4)	(6)	(9)	-	(21)	(30)
Amortisation of acquisition-related intangibles	-	-	(499)	(499)	-	-	(514)	(514)
Exceptional items	(50)	(6)	(14)	(70)	(139)	(138)	(88)	(365)
Net borrowing costs	-	-	54	54	-	-	(21)	(21)
(Loss)/profit before taxation	290	(255)	(793)	(759)	(31)	(499)	(21)	(1,777)
Tax credit/(charge)	-	-	89	89	-	8	83	91
(Loss)/profit for the period	290	(255)	(704)	(670)	(31)	(491)	(1,164)	(1,686)

(b) Other Income Statement segmental information:

The following additional items are included in the measures of underlying profit and loss reported to the Chief Operating Decision Maker and are included within (a) above:

Period ended 31 December 2023

	Brands £'000	Central costs £'000	Total £'000
Depreciation	20	-	20
Amortisation	-	545	545

Period ended 31 December 2022

	Brands £'000	Central costs £'000	Total £'000
Depreciation	7	-	7
Amortisation	-	574	574

(c) Principal measures of assets and liabilities:

The Groups assets and liabilities are managed centrally by the Chief Operating Decision Maker and consequently there is no reconciliation between the Group's assets per the Statement of Financial Position and the segment assets.

(d) Additional entity-wide disclosures:

The distribution of the Group's external revenue by destination is shown below:

Geographical segments	Period ended 31 Dec 2023 (unaudited) £'000	Period ended 31 Dec 2022 (unaudited) £'000	Year ended 30 June 2023 (audited) £'000
UK	6,268	8,131	15,781
European Union countries	441	564	642
Rest of the World	1,967	1,934	3,662
	8,676	10,629	20,085

In the period ended 31 December 2023, the Group had two customers that exceeded 10% of total revenues, being 12.0% and 10.5% respectively. In the period ended 31 December 2022, the Group had three customers that exceeded 10% of total revenues, being 13.5%, 11.3% and 11.2% respectively.

Note 3 Finance costs

	Period ended 31 Dec 2023 (unaudited) £'000	Period ended 31 Dec 2022 (unaudited) £'000	Year ended 30 June 2023 (audited) £'000
Bank loans and overdrafts	(2)	(3)	-
Pension plan notional finance charge	48	45	88
	46	42	88

Note 4 Loss per share

	Period ended 31 Dec 2023 (unaudited)	Period ended 31 Dec 2022 (unaudited)	Year ended 30 June 2023 (audited)
Basic and diluted			
(Loss) attributable to equity shareholders (£'000)	(736)	(1,718)	(6,579)
Basic weighted average number of ordinary shares in issue during the period	27,943,180	27,943,180	27,943,180
Diluted number of shares	28,748,949	28,032,180	28,032,180
Basic (loss) per share	(2.6)p	(6.1)p	(23.5)p
Diluted (loss) per share	(2.6)p	(6.1)p	(23.5)p

Basic (loss) per share has been calculated by dividing the profit/(loss) for each financial period by the weighted average number of ordinary shares in issue in the period.

Note 5 Notes to Cash Flow Statement

(a) Reconciliation of cash and cash equivalents to movement in net cash:

	Period ended 31 Dec 2023 (unaudited) £'000	Period ended 31 Dec 2022 (unaudited) £'000	Year ended 30 June 2023 (audited) £'000
Decrease in cash and cash equivalents in the period	(987)	(3,285)	(3,170)
Change in net cash resulting from cash flows	(987)	(3,285)	(3,170)
Net cash at the beginning of the period	8,177	11,347	11,347
Net cash at the end of the period	7,190	8,062	8,177

(b) Analysis of net cash:

	Closing 30 June 2023 £'000	Cash flow £'000	Closing 31 Dec 2023 £'000
Cash at bank and in hand	8,177	(987)	7,190

Note 6 IAS 19 'Employee Benefits'

Expected future cash flows to and from the Group's defined benefit pension scheme:

The Scheme is closed to new members and to further accruals of benefits. It is subject to the scheme funding requirements outlined in UK legislation. The last scheme funding valuation of the Scheme was as at 5 April 2023 and revealed a deficit of £4,612,000.

The deficit reduction payment will remain at £318,000 per annum until 30 June 2033.

In addition, the Company has agreed to meet the cost of administrative expenses and Pension Protection Fund insurance premiums for the Scheme. Anticipated payments by the Company in respect of plan administrative expenses and the Pension Protection Fund premium in the year ending 30 June 2024 are expected to be of a similar order of magnitude to payments in 2023.

Payments made by the Company to the Scheme and in respect of Scheme liabilities were:

	Period ended 31 Dec 2023 £'000	Period ended 31 Dec 2022 £'000	Year ended 30 June 2023 £'000
Deficit recovery payments	159	159	318
Scheme administrative expenses	50	67	67
Pension Protection Fund premium	81	113	113
Total	290	339	498

The amounts expensed in the Group Statement of Comprehensive Income were:

	Period ended 31 Dec 2023 £'000	Period ended 31 Dec 2022 £'000	Year ended 30 June 2023 £'000
In operating profit:			
Plan administrative expenses	50	67	101
Pension Protection Fund premium	30	54	113
	80	121	214
In finance costs:			
Unwinding of notional discount factor	48	45	88
Total	128	166	302

IAS 19 Employee benefits:

IAS 19 requires a separate valuation of the Scheme on a different basis to the funding valuation referred to above. The key assumptions used were:

	At 31 December 2023	At 31 December 2022	At 30 June 2023
Discount rate	4.55%	4.65%	5.00%
Inflation assumption (RPI)	3.10%	3.30%	3.50%
Inflation assumption (CPI)	2.65%	2.90%	3.15%

The amounts recognised in the Group Statement of Financial Position were:

	At 31 December 2023 £'000	At 31 December 2022 £'000	At 30 June 2023 £'000
Present value of funded obligations	(23,739)	(23,321)	(23,273)
Fair value of scheme assets	22,440	21,869	21,654
Deficit	(1,299)	(1,452)	(1,619)

Note 7 Acquisition of MR Haircare Ltd

On 24 November 2023, the Group acquired the remaining 49% issued share capital of MR Haircare Ltd from Jamie Stevens Media Limited (JSML) our joint venture counterparty/co-shareholder. Cash consideration of £537k was paid, following a valuation determined by an independent valuer. JSML was entitled to 55% of the sale valuation. The brand will be relaunched as MR Expert Solutions.

Note 8 Announcement of results

The Interim Report is available to members of the public at the Company's Registered Office at 8 Waldegrave Road, Teddington, TW11 8GT and on the Company's website.