



Interim Results

For the 26 weeks to 31 December 2022

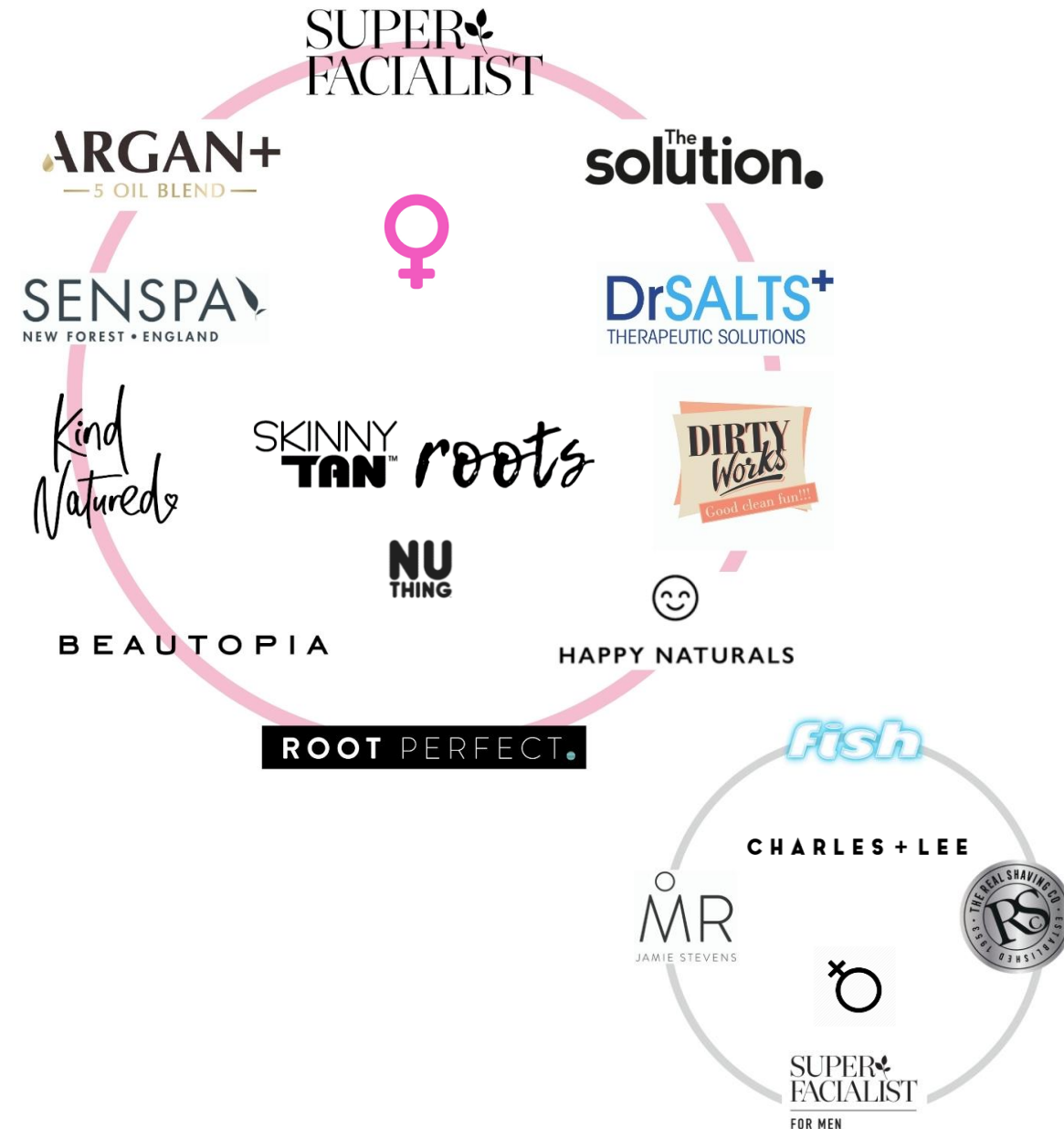
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BAR Proposition

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

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Overview of the period

- Revenues for the period of £10.6m, an increase of 45% on the prior year (£7.4m) as a result of acquisition of Innovaderma Plc at the end of May 2022
- Business now focussed on driving our solution-led Invest & Nurture brands that can command higher retail prices, engender strong consumer loyalty and deliver stronger margins.
- Initial stages of the InnovaDerma integration complete, core functions now based in the UK.
- Skinny Tan launched into Sainsbury in September; new listings confirmed in Boots January 23, Superdrug and Waitrose in March 23.
- Launched New Super Facialist Clear Skin, targeting problematic teenage skin care needs, on Amazon in September. Launch confirmed in Boots for June 23.



Overview of the period cont.

- Planned launch of new Super Facialist D2C site in Spring 23, benefitting from InnovaDerma D2C and digital communications expertise.
- 35% growth vs the prior year in International channel sales driven by post covid rebound in volumes from General Merchandise stores across North America and Europe, benefitting in particular Dirty Works.
- New distribution gains for Dirty Works in Ecuador and Guatemala and new launches confirmed in 200 Watsons stores in Thailand and Vietnam in June 23.
- Strong sell through of Dirty Works Christmas gift sets in Sainsbury and in International customers .

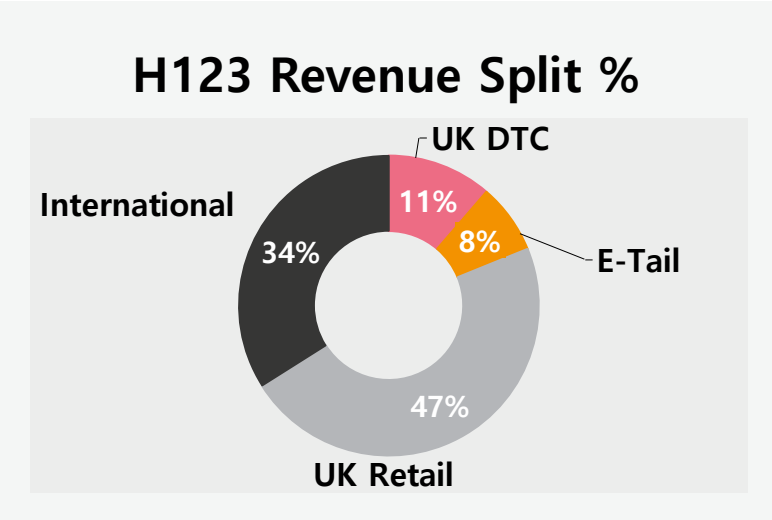
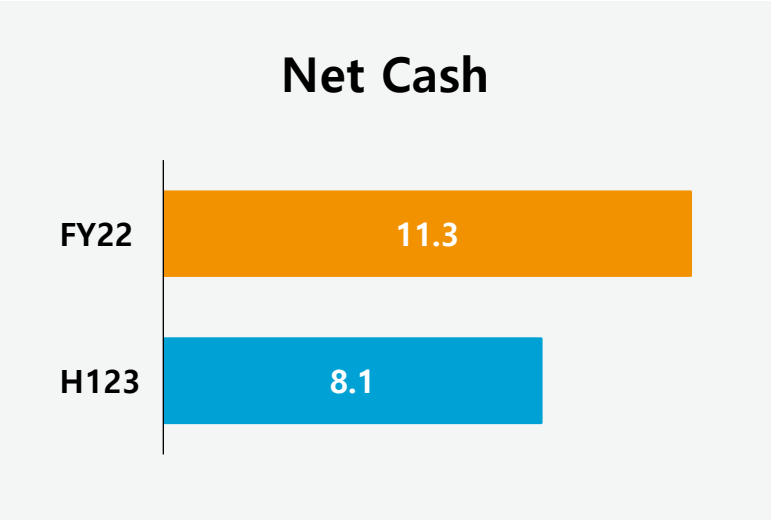
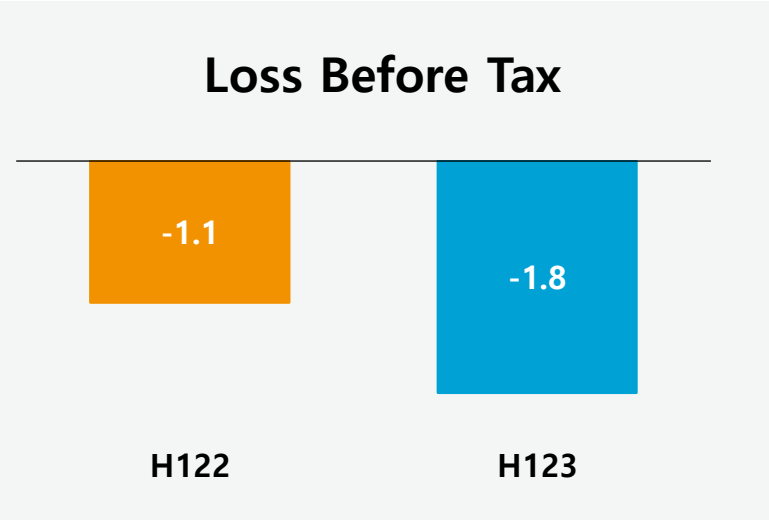
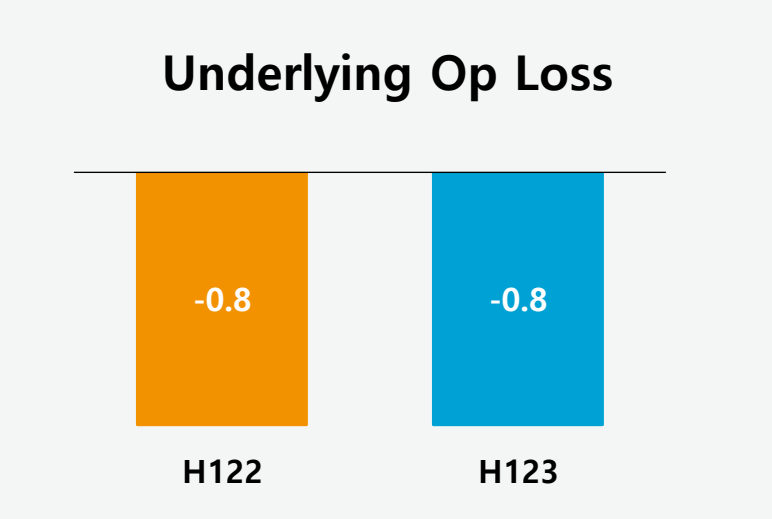
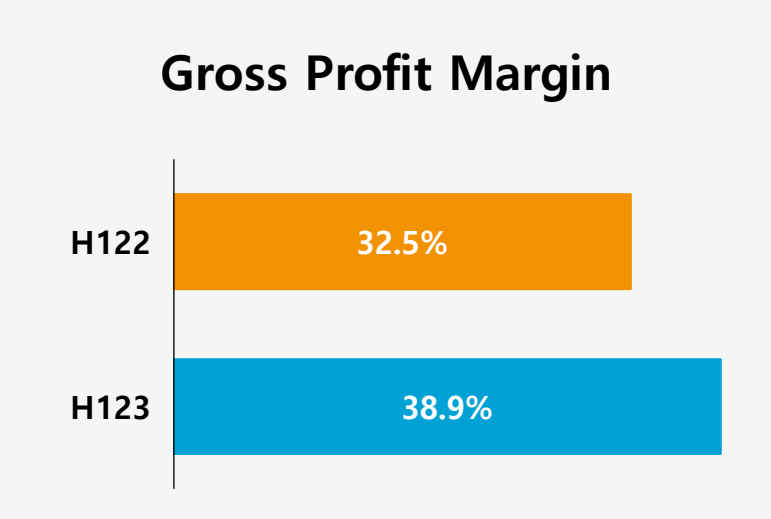
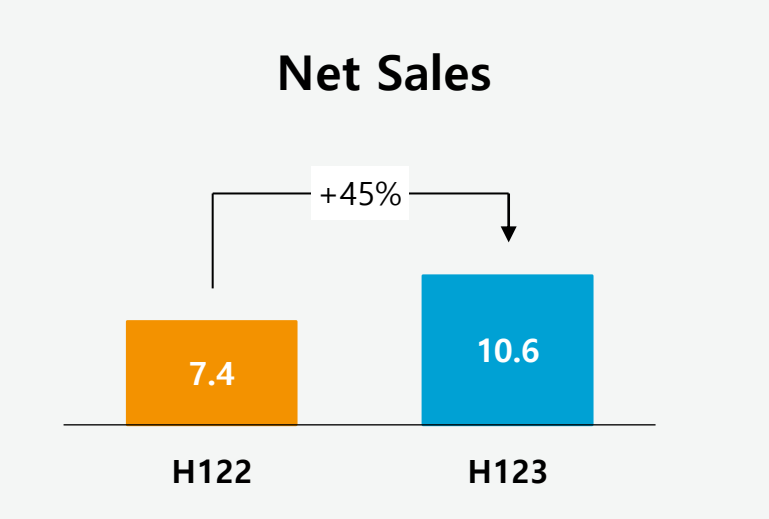




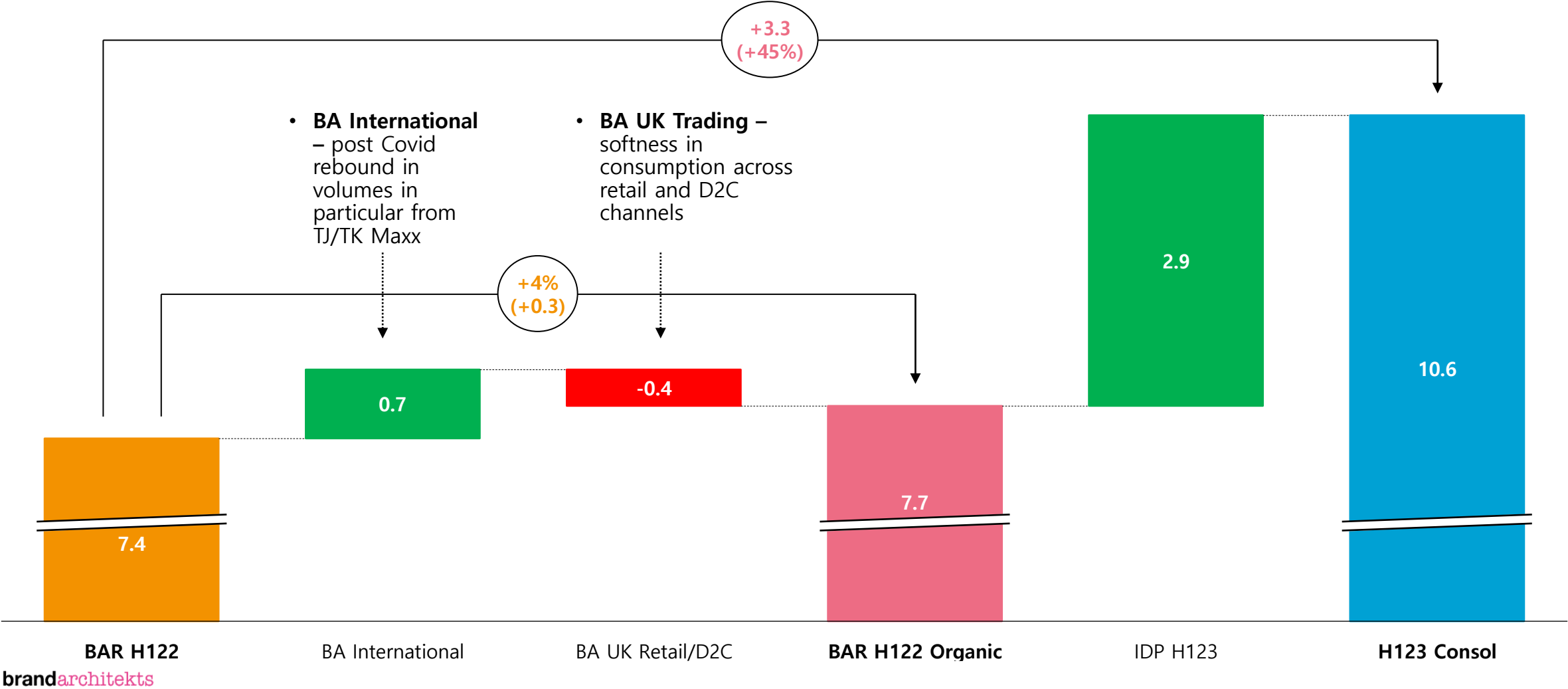
Financial Headlines

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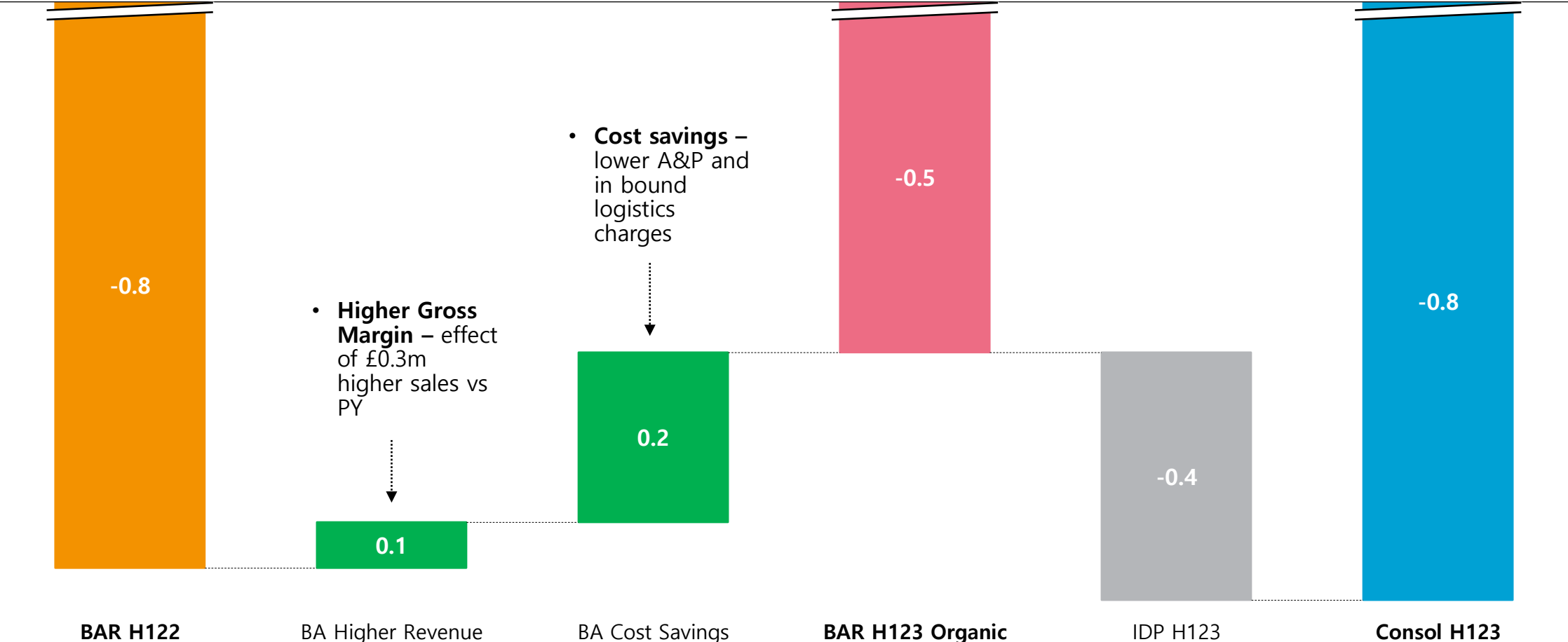
Financial Summary



Net Sales H123 vs H122

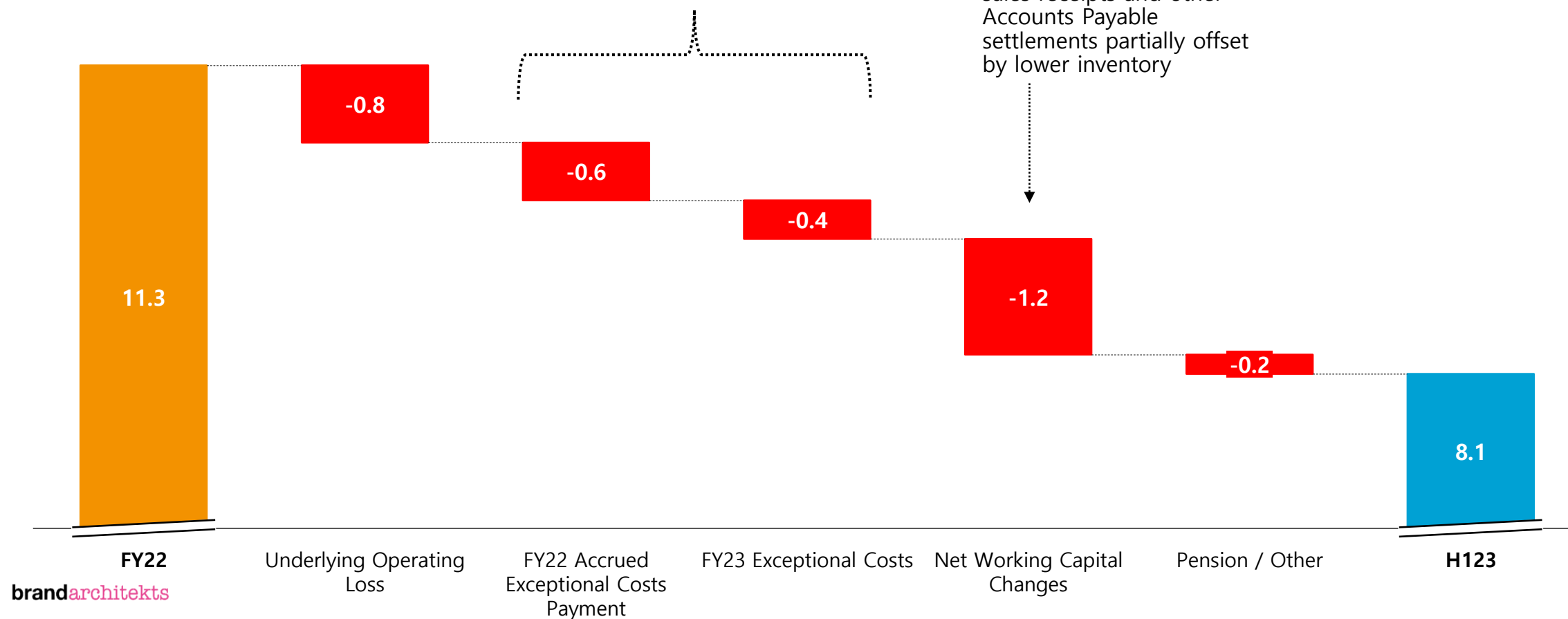


Underlying Op Profit H123 vs H122



H123 Cash summary vs H122

- **FY22 Accrued Exceptional Costs Payment** – costs relating to the IDP acquisition
- **FY23 Exceptional Costs** – including restructuring costs from IDP integration
- **Net Working Capital** – timing from Xmas Gift sales receipts and other Accounts Payable settlements partially offset by lower inventory



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

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 - 76% brands are recyclable and use either reusable or bio-sourced plastic and packaging. Target 100% by 2025
- Employee Development



Portfolio recategorisation

Invest Brands (Skinny Tan & Super Facialist)

- Omnichannel distribution; masstige positioning that provide existing scale, but also have significant potential.
- Widely recognised within their respective categories and reflect key consumer trends.

Nurture brands

- Brands within the portfolio that have exciting potential to broaden, from both a brand development and brand reach perspective, such as Dirty Works.
- High-performance propositions, with a clear point of difference that answer the specific needs of the consumer, such as The Solution and MR.

Harvest Brands

- Brands, such as Argan and Root Perfect require minimal investment, competing on price and provide us with a stronger category share of voice and credibility with key customers.
- These brands can be either niche or channel exclusive and play a role in offsetting overheads



1 Brand Development

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New Product Development and consumer Insights

- In H1 we launched a Limited Edition Skinny Tan mousse in collaboration with the breast cancer awareness charity CoppaFeel!.
- We launched the Super Facialist Clear Skin sub brand (targeting problematic teen skin) onto Amazon, as well as two new Salicylic Acid products.
- We launched a Dr Salts+ 2kg Muscle Ease bath salts, specifically for Amazon and Costco.
- In January 2023 we launched several exciting Skinny Tan extensions - two Tanning Whips; an Instant 1 Day Tanner; a Miracle Tan Eraser and two tanning brush accessories. In the spring Skinny Tan will launch an online exclusive 10-year celebration tanning mouse and a Cherry Tanning Drop.
- In the Spring we will relaunch the Super Facialist for Men range; the MR Haircare brand, alongside some channel exclusive brand extensions, such as Dirty Works Skincare in TJ Maxx and three All Year-Round Dirty Works gifts.



Profitability & Digital 1st

Profitability

- A&P investment is focused on the Invest and Nurture brands
- Reduced the size and use of secondary packaging

Digital 1st

- The Skinny Tan community has over 1 Million followers across all channels.
- Skinny Tan has re-launched its Social squad and added influencer curated pages onto the website from which they earn commission.
- More resources and investments are geared to Skinny Tan's TikTok activity, including TikTok Live Shopping and Creator (influencer) Affiliation activity.
- The Skinny Tan team is implementing improvements in Super Facialist's digital metrics.
- The UGC (user generated content) programs have been extended across our key brands.



2 Brand Reach

Offline & Online: Omnichannel Strategy

We have made good progress in securing new distribution:

UK

- We launched the new Super Facialist Clear Skin range onto Amazon in H1 and Boots have confirmed that they will be launching the range and The Solution Salicylic Body Gel into 271 stores in June 23.
- Skinny Tan launched in Sainsbury in September and Waitrose in February. In January all Skinny Tan NPD was listed in Boots; the Tan & Tone Wonder Serum collection rolled out into Superdrug and we extended our distribution in Boots, Tesco and Asda.

International

- The Solution launched into 100 new stores in Lily Drogerie in Serbia and into 160 dm stores in Croatia. It rolls out into Bosnia in March 23.
- Dirty Works launched in Guatemala in December, Ecuador in February and Watsons have confirmed the brand will be launching in over 200 stores in Thailand and Vietnam in June 23.



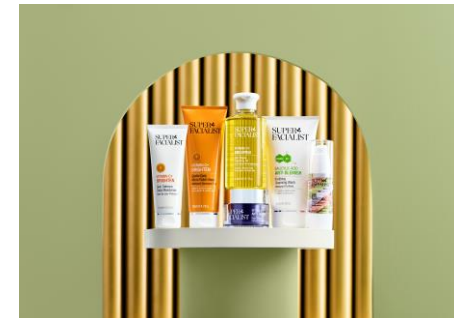
D2C: Omnichannel Strategy

Skinny Tan -

- Skinny Tan's D2C sales reflect a softening in demand for self-tanning products. Reduced the depth of promotional activity and overall D2C A&P spend, including fixed costs.
- Focus for spring 2023 is to further improve customer acquisition and customer retention (through better loyalty mechanics and more targeted emails using automation).
- Brand awareness campaign will start pre-peak season across all primarily social channels (skewed towards younger audiences), as well as influencer & PR initiatives.
- Skinny Tan's website will feature upgraded technology and incorporate new brand assets.

Others -

- By the spring Super Facialist will launch its own D2C site, which will not only deliver additional sales, but strengthen its omnichannel brand experience.
- In 2024 we will launch The Solution D2C site to coincide with the Menopause range launch.
- The role of The Unexpected store has changed to act as an extended shelf for our brands and to help establish price positioning. We have renegotiated all costs with THG so that there is no adverse effect at a contribution level.





Outlook

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Outlook

- Despite the challenging headwinds, we are beginning to see the benefits of the team's hard work over the past eighteen months, in particular with regards to new distribution gains.
- We remain focused on delivering our strategy and returning the Group to profitability.





Appendices

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Appendix - Group P&L

£m	FY23 H1				FY22 H1		
	<i>Brands</i>	<i>Central</i>	<i>IDP</i>	TOTAL	<i>Brands</i>	<i>Central</i>	TOTAL
Revenue	7.7	-	2.9	10.6	7.4		7.4
Underlying Operating Loss	0.1	(0.6)	(0.4)	(0.8)	(0.2)	(0.6)	(0.8)
Amortisation / Other	-	(0.6)	-	(0.6)		(0.2)	(0.2)
Exceptional costs	(0.1)	(0.1)	(0.1)	(0.4)	-	-	-
Operating Loss	(0.0)	(1.2)	(0.5)	(1.8)	(0.2)	(0.8)	(1.0)
Net Finance Costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)
Loss Before Taxation	(0.0)	(1.3)	(0.5)	(1.8)	(0.2)	(0.9)	(1.1)

Appendix – Group Balance Sheet

£m	FY23 H1	FY22 H1
Tangible fixed assets	0.1	0.1
Intangible fixed assets	18.3	10.2
Deferred tax assets	0.5	2.3
Total non-current assets	18.9	12.5
Inventories	6.9	2.7
Trade & other receivables	5.8	5.1
Cash and cash equivalents	8.1	17.3
Current tax receivable		0.4
Total current assets	20.8	25.5
Trade & other payables	5.2	4.9
Total current liabilities	5.2	4.9
Pension obligations	1.5	9.2
Deferred tax liabilities	2.3	1.5
Total non-current liabilities	3.8	10.7
NET ASSETS	30.8	22.4

Appendix – Group Cash Flow

£m

	FY23 H1	FY22 H1
Cash and cash equivalents at beginning of period	11.3	19.0
Profit excluding depreciation, amortisation and net finance cost	(1.2)	(0.8)
Net (increase) / decrease in inventories	0.5	(0.4)
Net increase / (decrease) in trade & other payables	(1.7)	2.2
Net (increase) / decrease in trade & other receivables	(0.7)	(1.4)
Purchase of fixed assets	(0.0)	(0.2)
Contributions to defined benefit pension plan	(0.2)	(1.2)
Increase / (decrease) in cash and cash equivalents	(3.3)	(1.7)
Cash and cash equivalents at end of period	8.1	17.3

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