THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF REGULATION 2014/596/EU (WHICH FORMS PART OF DOMESTIC UK LAW PURSUANT TO THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE "EUWA")) ("UK MAR"). UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION (AS DEFINED IN UK MAR) IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

Brand Architekts Group plc
("Brand Architekts" or the "Group")

Final Results

Brand Architekts Group plc, a market leader in the development and supply of beauty and personal care brands, announces its Full Year results to 30 June 2023.

Business highlights:

- Successfully integrated Innovaderma into the Group and delivered £1.4m of ongoing Opex savings.
- Continued implementation of the strategy to invest and support problem-solving solution led Invest & Nurture brands, which command higher retail prices, engender strong consumer loyalty and deliver stronger margins.

Brand Reach:

- 49% growth vs the prior year in international channel sales driven by post COVID-19 rebound in volumes from General Merchandise stores across North America and Europe, benefitting Dirty Works.
- Confirmed Dirty Works distribution roll out to AS Watson stores in 2023 & 2024 across the Middle East and Asia (Thailand – 200 stores, Vietnam – 7, The Gulf – 16, Philippines - 100, Malaysia – 66, Taiwan – 200, Singapore - 40, Turkey -100).

Brand Development:

- New Super Facialist Clear Skin, targeting problematic teenage skin care needs, launched on Amazon in September and in Boots in June 23. New Super Facialist D2C site launched in March 23. Branded Super Facialist instore merchandising trays rolled out to Boots and Morrisons.
- New Skinny Tan Wonder Serum brand awareness and customer acquisition campaigns launched in July 2023 to capitalise on the second half of the tanning season.
- The Solution Menopause range to launch in 2024.
- Good sales growth from key historical Brand Architekts' Nurture and Harvest brands including Fish, MR, The Solution, Argan, SenSpa and Root Perfect.

Financial Highlights:

- Group sales of £20.1m (2022: £14.3m) up 41% primarily due to the full year effect of the acquisition of InnovaDerma Plc, which completed at the end of May 2022.
- Excluding InnovaDerma (IDP), revenue increased by 7% due to strong international sales offset by challenging trading conditions in UK channels.
- Underlying gross profit margins increased by 6.2% to 39.7% (2022: 33.5%) driven by a full year of sales from the InnovaDerma portfolio, chiefly Skinny Tan. Margins in the Brand Architekts business are similar year on year.
- Despite the challenging trading environment, the Group generated a reduced underlying operating loss of £1.2m, £0.6m lower than the prior year (2022: £1.8m), primarily as a result of better targeted advertising & promotions.
- The Group retains a strong net cash position of £8.2m at the year-end (31 December 2022: £8.1m).
- The increased loss before taxation of £6.8m (2022: £4.1m) is driven by a £3.5m impairment in the goodwill associated with the Innovaderma business.

	2023	2022	
Reported results from continuing operations			
Revenue (Note 2)	£20.1m	£14.3m	
Underlying operating (loss) [1]	£(1.2)m	£(1.8)m	
Loss before taxation	£(6.8)m	£(4.1)m	
Basic (loss)per share	(23.5)p	(23.9)p	
Net cash	£8.2m	£11.3m	

[1]Underlying operating loss is calculated before exceptional items, share-based payments and amortisation of acquisition-related intangibles.

Quentin Higham, Chief Executive, commented:

"Despite the challenging global and domestic macro-economic factors, we have made good progress, successfully integrating InnovaDerma and delivering £1.4m of ongoing Opex savings. The immediate priorities remain driving brand awareness of key invest and nurture brands, delivering revenue synergies through international and domestic expansion, a laser focus on brand contribution and releasing working capital tied up in harvest brands. We remain confident that our brand development and brand reach strategic pillars 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 / Geoff Ellis

Singer Capital Markets **(Nominated adviser and broker)** **020 7496 3000**

Shaun Dobson / Jen Boorer

Chairman's Statement

Whilst we are disappointed with our overall financial performance, we have made good progress in the year under review and on successfully integrating Innovaderma into the Group and consolidating the business. We have delivered £1.4m of ongoing Opex savings, which are in line with our annualised synergy target of £1.5m and have advanced the opportunities to generate revenue synergies. We expect to be in a position to announce global omnichannel distribution gains for Skinny Tan in time for the 2024 tanning season.

Group sales for FY23 were £20.1m (FY22: £14.2m) an increase of 41% on the prior year due primarily to the full year effect of the acquisition of InnovaDerma Plc, which completed at the end of May 2022. Excluding InnovaDerma, revenue increased by 7% due to strong international sales, which was offset by challenging trading conditions in UK channels. We discontinued several non-strategic brands, namely Roots, Kind Natured, Happy Naturals and Beautopia as we continued our focus on profitability.

Skinny Tan's sales in the UK were adversely affected by the softening of the direct-to-consumer (DTC) market and our decision to focus on margin, at the expense of gross sales. We have maintained Skinny Tan's UK Customer (CRM) database (350,000 email addresses), but by dialling down our investment on Meta and reducing promotional discounting, we saw a drop in net sales, but an improvement in gross margin and contribution percentage. The Group expects these initiatives to continue when we approach the 2024 tanning season, in particular the need to promote & support more affordable self-tan products.

The Group retained a healthy net cash position of £8.2m at the year-end which was £0.1m better than the position at the half year.

Despite the challenging trading environment, the Group generated a reduced underlying operating loss of £0.4m in H2, a £0.4m improvement on the performance in H1, due to a focus on better targeted advertising & promotions resulting in improved contribution. Full year underlying operating losses were £1.2m, a £0.6m improvement on last year. Our focus for the current year is to achieve breakeven and thereafter return to profitable growth.

The Group continues to make progress on transitioning the business to focus on fewer, bigger brands that are highly efficacious, margin accretive and provide consumers with problem-solving solutions. Historically Brand Architekts brands' were retail exclusives, with little or no marketing investment, so in order to compete in today's landscape, it is vital that we transform the brands by investing in profitable brand awareness digital campaigns and customer acquisition initiatives.

I was pleased that we were able to resolve our legal dispute with Jamie Stevens Media Limited (JSML), our joint venture counterparty/co-shareholder in Mr Haircare Ltd, which alleged a breach of shareholders' agreement between the parties dating back to the company's acquisition of Fish in 2018. We agreed a full and final settlement of all claims in the sum of £200,000 together with legal costs of £225,000. We also agreed to purchase JSML's 49% shareholding in Mr Haircare Ltd in cash at a fair value price to be determined by an external valuer later in the year. JSML is entitled to 55% of the sale valuation. MR sales for FY23 were £0.54m (FY22 £0.5m). The transaction is expected to conclude before the end of the 2023 calendar year and a further announcement will be made in due course.

The proposed acquisition of the remaining JV shares is in line with the company's strategic vision to invest and build its portfolio of high-performance, problem-solving and margin accretive brands. The brand will be relaunched as MR Expert Solutions and the company's vision is to expand the brand into adjacent male grooming problem solving categories and invest in the master brand to accelerate brand awareness and stimulate consumer trial.

Although the trading environment remains extremely challenging, good progress has been made during the period and post period-end, which gives a degree of confidence for the future. Key highlights include:

- Continued implementation of the strategy to invest and support our Invest & Nurture brands, which command higher retail prices, engender strong consumer loyalty and deliver stronger margins.
- Branded Super Facialist instore merchandising trays rolled out to Boots and Morrisons. New Super Facialist Clear Skin, targeting problematic teenage skin care needs, launched on Amazon in September and in Boots in June 23. New Super Facialist D2C site launched in March 23.
- New Skinny Tan Wonder Serum brand awareness and customer acquisition campaigns launched in July 2023 to capitalise on the second half of the tanning season.
- The Solution Menopause range to launch in 2024.
- 49% growth vs the prior year in international channel sales driven by post COVID-19 rebound in volumes from General Merchandise stores across North America and Europe, benefitting Dirty Works.
- Confirmed distribution roll out to AS Watson stores in 2023 & 2024 across the Middle East and Asia (Thailand – 200 stores, Vietnam – 7, The Gulf – 16, Philippines - 100, Malaysia – 66, Taiwan – 200, Singapore - 40, Turkey -100).

- Good sales growth from key historical Brand Architekts' Nurture and Harvest brands including Fish, MR, The Solution, Argan, SenSpa and Root Perfect.

In line with our focus on contribution, as previously announced we streamlined the board composition, reducing the number of Non-Executive Directors by one. Geoff Ellis joined as part-time CFO in June 2023. I would like to recognise and thank the board for their support when I took a four-month sabbatical over the summer.

Notwithstanding difficult market conditions, including inflationary pressures, we are committed to returning the business to profitability and cash generation at the earliest opportunity.

On behalf of the board, I would like to thank our employees for their hard work and commitment and shareholders for their continued support.

CEO's Statement 2023

In response to the well documented changes in consumer behaviour and the wider global and domestic macro-economic factors, we pivoted our business strategy to 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. This resulted in a reclassification of our brand portfolio and a strategic focus on brand contribution, rather than aggressive sales growth.

Rampant inflation and high interest rates exacerbated the cost-of-living crisis and in particular consumers' disposable income. This affected their appetite for masstige products and highlighted the importance of focusing on brand contribution and the need to build awareness and acquire new customers. Cash strapped consumers' initial response is to trade down, as demonstrated in the Self Tan category, where consumers have favoured gradual tanners retailing at less than £10, which resulted in our decision to reduce Skinny Tan Mousse and Whip retail prices. However, if brands are to succeed in a period of recession, it is important to invest in brand awareness and new product development, which are key tenets of our brand development strategy.

The team worked very hard to integrate the Innovaderma team and brands into the business. This is now complete, and we have delivered £1.4 operating synergies, against the £1.5m target set out at the time of acquisition. On acquisition, the team expanded to nearly 80 people which we have consolidated down to 51. To reflect the mix of business, we moved all Australian roles to the UK. There are now 42 people in the UK and 9 people who provide customer service and financial and operations support in the Philippines. To further simplify the business, we will look to close all USA & Australia entities within the next few years.

The business is now focussed on a 3-year transition strategy whereby our brand portfolio will ultimately be reduced to 9 (from 15) and we will evolve our brands and products to focus on margin accretive high performance topically applied products. It is our belief that if we successfully meet the needs of our consumers problems, this will engender loyalty and reduce the need for brand building advertising & promotion (A&P). Our mission is to become a challenger beauty business that provides "problem solving solutions for everyday beauty".

Portfolio & Brand Development strategy –

Invest brands (Skinny Tan and Super Facialist):

Both have a degree of scale and are masstige positioned brands, which address key problem-solving needs. They have a clear point of difference and recognisable brand personalities. They benefit from extensive annual NPD pipelines and ideally incorporate either proprietary technology or trademarked ingredients, which leads to consumers paying a premium.

They will benefit from 360-degree marketing activation plans, which will result in "fewer-bigger-better" holistic omnichannel communications; an investment in the creation of best-in-class assets, which will then be used across their organic social, paid social, PR and retail channels. Both brands will be supported with new customer acquisition initiatives (Meta; Tik Tok; Google; Affiliation etc) and we will invest in consumer mechanics such as user generated content; VIP product testing & feedback loops that will enable us to get closer to the consumer, which in turn will provide strong reasons for consumers to follow the brand and to join the email database.

We will continue to drive and support an omnichannel distribution approach and will apply a digital first lens to product launches and marketing activity.

Nurture brands (The Solution, MR Expert Solutions and Dirty Works):

The fundamental difference between our Invest and Nurture brands is the level of A&P we allocate to each category. The Solution and MR Expert Solutions are both currently sub scale but have significant growth potential by creating problem solving master brand propositions. Both brands are masstige and margin accretive. Their brand names have a clear point of difference and a distinct personality that lends itself to address beauty/personal care pain points across multiple categories. Initially we launched The Solution as "skinification" for the body, and we will be launching a Menopause range in 2024, which meets the specific needs of consumers going through the menopause and beyond. Once we have fully acquired the MR brand, we believe that its high-performance efficacious proposition will lend itself to enter into other male problem categories, such as problem skincare and perspiration. Once the master brands have been created by investment in a strong NPD pipeline, both brands will be supported with their own DTC site and 360 marketing activation campaigns.

Dirty Works has the greatest international reach of all our brands with sales in over 40 countries. The brand is being exclusively rolled out to over 700 Watsons stores across Middle East and Asia in FY24. We are also developing over 12 exclusive skincare lines for our North American retail partner. Dirty Works is a master brand, given that it participates in the Washing & Bathing, Skincare, Accessories and Gifting categories. Given its affordable, fun, fragrant & indulgent proposition, brand investment will be focussed on supporting key retail partners around the World. We will not launch a Dirty Works DTC but will support its rollout offline and online.

Harvest Brands:

Although our objective is to focus and invest in fewer brands, we have a small portfolio of Harvest brands that play several key roles – they meet the needs of a specific category (Men's Styling); provide retail or channel exclusivity (Root Perfect); strengthen Brand Architekts trading relationship with key offline partners (Argan+ and Dr Salts) and absorb a disproportionate share of corporate overheads, given we support these brands with trade marketing spend only. For our remaining Harvest brands, we will look to discontinue over the next couple of years either as a divestment (Charles + Lee), a termination of license agreements or discontinuation, so that we can provide more focus and resource on investing in our key focus brands.

Brand Reach:

Offline & Online:
The number one objective of our brand reach strategy is to secure new distribution across our Invest and Nurture brands, both domestically and internationally. We will be aggressively pushing Dirty Works (Middle East, Asia and USA); Skinny Tan (USA, Middle East, Europe); The Solution (Europe) into new international retailers and territories. Domestically we will look to land all new product development in FY24 and to consolidate and drive productivity on Skinny Tan and Super Facialist within existing distribution. We will be looking to capitalise on the recent success of Super Facialist Clear Skin; the relaunch of MR Expert Solutions; the launch of The Solution Menopause and the relaunch of Fish and Dirty Works in 2024.

DTC:

Despite the global softening of the DTC channel, we believe that DTC sites play an integral role in our omnichannel distribution strategy. Brand Architekts believes in a digital first approach, initially to launch new products but also to generate traffic and consumer interest, prior to roll out online and offline. DTC helps with digital engagement and brand education. To drive customer acquisition, we will be increasing pay-per-click advertising and Meta spend behind our social footprint and database activity, given the upcoming reduction of third party-cookies. Our focus last year was on improving the profitability of the Skinny Tan site, potentially to the detriment of gross sales. By applying an ongoing test and learn approach, we will be focusing more on delivering actual cash contribution, rather than % contribution.

By the end of 2024 all Invest and Nurture brands will have their own DTC offering (excluding Dirty Works), we will have exited The Unexpekted Store and Skinny Tan Australia. Our strategic focus and investment will be behind four DTC sites, whereby we can generate an appropriate AOV (average order value) and margin.

Environmental & sustainability

We continue to review and improve our beauty sustainability and are making good progress against our 2025 sustainability pledge. 78% of brands use either reusable or bio sourced plastic and packaging. Our target is 100% for 2025. Please see separate sustainability section of the annual report.

Outlook:

Against a backdrop of continued challenging market conditions and inflationary pressures the management team is focused upon realising both the strategic and financial aims of the Group. The immediate priorities are driving brand awareness of key Invest and Nurture brands, delivering revenue synergies through international expansion, a laser focus on brand contribution and releasing working capital tied up in harvest brands. We remain confident that the foundations we are building will enable us to return to profitability and achieve our medium and long-term goals.

Financial Review

Key performance indicators

To measure and monitor our progress against our growth strategy, we track our performance against a set of ambitious targets and milestones. The goals we set are closely assessed to ensure we focus our efforts to deliver both in the short term and long term. A summary of the financial measures used are:

	2023	2022
Reported results from continuing operations		
Revenue (Note 2)	£20.1m	£14.3m
Underlying operating (loss)/profit[1]	£(1.2)m	£(1.8)m
Loss before taxation	£(6.8)m	£(4.1)m
Basic (loss)/earnings per share	(23.5)p	(23.9)p
Net cash	£8.2m	£11.3m

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

A reconciliation of underlying operating profit to operating is shown below:

	2023 Total	2022 Total
Underlying (loss) from operations	(1,206)	(1,811)
Amortisation of acquisition-related intangibles	(1,027)	(240)
Charge for share-based payments	12	(39)
Exceptional items – Impairment of intangible assets	(3,500)	(500)
Other exceptional items	(1,078)	(1,350)
Operating (loss)/profit	(6,799)	(3,940)

The Group implements a number of non-statutory measures which are summarised in the tables above and in more detail within the segmental income statement (Note 2). Exceptional items are also explained further in Note 3. These measures are used to illustrate the impact of non-recurring and non-trading items on the Group's financial results.

In addition to the financial key performance measures, a range of operational non-financial key performance indicators are also monitored at a management level covering, amongst others, new product development and innovation. The Board receives an overview of these as part of its Board management report.

Statement of comprehensive income

Group statutory revenue for the year was £20.1 m (FY 2022: £14.3m), an increase of 41% on the prior year due primarily to the full year effect of the acquisition of InnovaDerma Plc, which completed on 31 May 2022. Excluding InnovaDerma, revenue increased by 7% due to strong international sales offset by challenging trading conditions in the UK.

The underlying gross profit margin was significantly better than the prior year increasing by 6.2% to 39.7% (2022: 33.5%). This is due to the full year effect of the Innovaderma portfolio, chiefly Skinny Tan where margins are higher. Margins from the sale of Brand Architekts' brand products have held up well year on year despite continued and significant cost increases throughout the supply chain, notably in raw materials, componentry and energy. Every attempt was made to pass cost increases on to retailers but that is often difficult due to previously agreed pricing commitments.

Despite the challenging trading environment, the Group generated a reduced operating loss in H2, a significant improvement on the performance in H1, due to a focus on better targeted advertising & promotions resulting in improved contribution.

The Group made a loss before tax of £6.8m after amortisation of intangibles £1m, impairment of £3.5m and other exceptional items of £1.1m which included restructuring costs (£0.4m), and costs associated with the resolution of the legal claim with MR haircare (£0.7m).

Financing costs were £0.1m (2022: £0.2m) relating to the defined benefit pension plan notional finance charge.

The effective tax rate for the period was 3% (2022: negative 3%) of pre-tax profits. The effective rate is below the statutory rate of 20.5% due to the losses in the period.

Financial position and cash flow

The Group retains a net cash position of £8.2m, a reduction of £3.1m versus the prior year (2022: £11.3m). The cash outflow was due to a mix of the underlying operating loss of £1.2m, exceptional costs relating to the InnovaDerma acquisition of £1.0m which includes restructuring costs and a £0.6m net increase in working capital following a planned investment in key product line inventory holdings to offset cost inflation. The company also made a payment of £0.3m, its annual payment commitment to its defined benefit pension scheme as outlined below.

Defined benefit pension plan

The defined benefit pension plan underwent its last triennial valuation on 5 April 2020. The scheme funding valuation at this date revealed a deficit of £21.1m. The Group entered a revised deficit recovery plan and schedule of contributions in July 2021. Under this there was a commitment to make a one-off deficit reduction payment of £1m by 31 July 2021, £318k payment per annum for four years followed by £791k for a further thirteen years, and to pay certain administration costs and the PPF levy for the life of the plan. The outcome of the next triennial valuation at 5 April 2023 is expected in late autumn 2023 and will form the basis of a potential re-assessment.

Accounting standards require the discount rate used for valuations under IAS 19 'Employee Benefits' to be based on yields on high quality (usually AA-rated) corporate bonds of appropriate currency, taking into account the term of the relevant pension plan's liabilities. Corporate bond indices are used as a proxy to determine the discount rate. At the reporting date, the yields on bonds of all types were higher than they were at 30 June 2022. This has resulted in a slightly higher discount rate being adopted for accounting purposes compared to last year. This has decreased the fair value of the plan liabilities as measured under IAS 19, and while it is also true that the fair value of the scheme's assets also decreased, the decrease in assets was lower than the decrease in liability hence the net result is a decreased liability under the IAS 19 methodology. For accounting purposes at 30 June 2023, the Group recognised under IAS 19, a net liability of £1.6m (2022: £2.4m).

Going concern

As part of its normal business practice, the Group prepares annual and longer-term plans and, in reviewing this information the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. The Group has significant cash reserves of £8.2m. Accordingly, we continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Group Statement of Comprehensive Income
For the year ended 30 June 2023 and 30 June 2022

	Notes	2023 £'000	2022 £'000
Revenue	2	**20,085**	14,296
Cost of sales		**(12,101)**	(9,506)
Gross profit		**7,984**	4,790
Commercial and administrative costs		**(10,202)**	(6,880)
Operating loss before exceptional items		**(2,218)**	(2,090)
Exceptional items – Impairment of intangible assets	3	**(3,500)**	(500)
Other exceptional items	3	**(1,078)**	(1,350)
Operating loss		**(6,796)**	(3,940)
Finance income		**111**	20
Finance expense		**(88)**	(196)
Loss before taxation	4	**(6,773)**	(4,116)
Taxation	5	**188**	(130)
Loss for the year		**(6,585)**	(4,246)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit liability		**444**	5,143
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**-**	-
Other comprehensive income for the year		**444**	5,143
Total comprehensive income for the year		**(6,141)**	897
Loss attributable to:			
Equity shareholders		**(6,588)**	(4,322)
Non-controlling interests		**3**	76
Total comprehensive income attributable to:			
Equity shareholders		**(6,141)**	821
Non-controlling interests		**3**	76
Earnings per share	6		
- basic		(23.5)p	(23.9)p
- diluted		(23.5)p	(23.9)p
Dividends			
Paid in year (£'000)		**Nil**	Nil
Paid in year (pence per share)		**Nil**	Nil
Proposed (£'000)		**Nil**	Nil
Proposed (pence per share)		**Nil**	Nil

Group Statement of Financial Position
As at 30 June 2023

	Notes	2023 £'000	2022 £'000
ASSETS			
Non-current assets			
Property, plant and equipment including right of use assets		**43**	53
Intangible assets	7	**14,462**	18,870
Deferred tax assets		**520**	730
Total non-current assets		**15,025**	19,653
Current assets			
Inventories		**6,123**	7,375
Trade and other receivables		**4,774**	5,099
Cash and cash equivalents		**8,177**	11,347
Total current assets		**19,074**	23,821
Total assets		**34,099**	43,474
LIABILITIES			
Current liabilities			
Trade and other payables		**4,687**	6,844
Current Tax Payable		**2**	9
Total current liabilities		**4,689**	6,853
Non-current liabilities			
Post-retirement benefit obligations		**1,619**	2,439
Deferred tax liabilities		**2,190**	2,428
Total non-current liabilities		**3,809**	4,867
Total liabilities		**8,498**	11,720
Net assets		**25,601**	31,754
EQUITY			
Share capital		**1,397**	1,397
Share premium		**11,987**	11,987
Merger reserve		**6,588**	6,588
Pension re-measurement reserve		**(2,215)**	(2,659)
Retained earnings		**7,613**	14,213
Equity attributable to holders of the parent		**25,370**	31,526
Non-controlling interest		**231**	228
Total equity		**25,601**	31,754

Group Statement of Changes in Equity
For the year ended 30 June 2023 and the year ended 30 June 2022

Group	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Pension re-measurement reserve £'000	Retained Earnings £'000	Non-controlling interest £'000	Total Equity £'000
Balance as at 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 attributable to equity shareholders	-	-	-	-	(6,588)	-	(6,588)
Other comprehensive income:							
Re-measurement of defined benefit liability	-	-	-	444	-	-	444
Total comprehensive income for the year	-	-	-	444	(6,588)	-	(6,144)
Balance as at June 2023	**1,397**	**11,987**	**6,588**	**(2,215)**	**7,613**	**231**	**25,601**

Group	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Pension re-measurement reserve £'000	Retained Earnings £'000	Non-controlling interest £'000	Total Equity £'000
Balance as at June 2021	**862**	**11,987**	**-**	**(7,802)**	**18,496**	**152**	**23,695**
Issue of new shares	535	-	6,588	-	-	-	7,123
Non-controlling interest	-	-	-	-	-	76	76
Share based payments	-	-	-	-	39	-	39
Transactions with owners	535	-	6,588	-	39	76	7,238
Loss for the year attributable to equity shareholders	-	-	-	-	(4,322)	-	(4,322)
Other comprehensive income:							
Re-measurement of defined benefit liability	-	-	-	5,143	-	-	5,143
Total comprehensive income for the year	-	-	-	5,143	(4,322)	-	821
Balance as at June 2022	**1,397**	**11,987**	**6,588**	**(2,659)**	**14,213**	**228**	**31,754**

Cash Flow Statement
For the year ended 30 June 2023 and the year ended 30 June 2022

	Group		Company	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Cash flow from operating activities				
Loss before taxation	**(6,773)**	(4,116)	**(5,493)**	(2,581)
Depreciation	**32**	29	**-**	-
Amortisation	**1,118**	388	**74**	78
Impairment of property, plant & equipment	**(166)**	166	**-**	-
Impairment of intangible assets	**3,500**	770	**-**	500
Impairment of investments	**-**	-	**3,500**	-
Finance income	**(111)**	(20)	**(111)**	(10)
Finance cost	**88**	196	**88**	190
(Increase)/ Decrease in inventories	**1,252**	(3,084)	**-**	-
Decrease /(Increase) in trade and other receivables	**325**	101	**(904)**	(1,266)
Increase / (Decrease) in trade and other payables	**(2,082)**	641	**(996)**	(559)
Share based payment expense	**(14)**	39	**(23)**	42
Contributions to defined benefit plans	**(318)**	(1,318)	**(318)**	(1,318)
Cash (outflow) / generated from operations	**(3,149)**	(6,208)	**(4,183)**	(4,924)
Finance costs paid	**-**	-	**-**	-
Taxation received	**(66)**	432	**-**	-
Net cash (outflow) from operating activities	**(3,215)**	(5,776)	**(4,183)**	(4,924)
Cash flow from investing activities				
Purchase of property, plant and equipment	**(22)**	(15)	**-**	-
Purchase of intangible assets	**(44)**	(237)	**-**	-
Cash consideration paid for acquisitions	**-**	(1,965)	**-**	(1,965)
Cash acquired on acquisition	**-**	1,510	**-**	-
Net cash flow from investing activities	**(66)**	(707)	**-**	(1,965)
Cash flow from financing activities				
Repayment of / Movements in invoice discounting facility	**-**	-	**-**	-
Finance income received	**111**	20	**111**	10
Repayment of loans	**-**	(1,208)	**-**	-
Net cash flow from financing activities	**111**	(1,188)	**111**	10
Net decrease in cash and cash equivalents	**(3,170)**	(7,671)	**(4,072)**	(6,879)
Cash and cash equivalents at beginning of year	**11,347**	19,018	**9,802**	16,681
Cash and cash equivalents at end of year	**8,177**	11,347	**5,730**	9,802

Notes to the Accounts

The financial information does not constitute statutory accounts as defined in section 435 of the Companies Act 2006, but has been extracted from the statutory accounts for the period ended June 2023 on which an unqualified audit report has been issued and which will be delivered to the Registrar following their adoption at the Annual General Meeting. The statutory accounts for the period ended June 2022 have been delivered to the Registrar of Companies with an unqualified audit report and did not contain a statement under section 498 of the Companies Act 2006. Copies of the 2023 Annual Report and Accounts with the notice of Annual General Meeting will be sent to shareholders via their elected channel. Further copies may be obtained by contacting the Company Secretary at Brand Architekts Group plc, 8 Waldegrave Rd, Teddington, TW11 8GT. An electronic copy will be available on the Group's web site (www.brandarchitektsplc.com).

Note 1 Significant accounting policies

General Information
Brand Architekts Group plc is a public limited company which is listed on AIM and is incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given at the end of the financial report. The nature of the Group's operations and its principal activities are set out in the Strategic Report. The results for the current period have been drawn up for a traditional 12 month calendar year.

Basis of preparation
The Group has prepared its consolidated financial statements in accordance with UK adopted International Accounting Standards (UK adopted IAS) in conformity with the requirements of the Companies Act 2006. These financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain non-current assets and financial instruments.
The Directors have considered trading and cash flow forecasts prepared for the Group, and based on these, and the level of cash held, 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 signing of these accounts. In making this assessment directors have considered the possible impact of a reduction of trading on budgets and have stress tested the figures by comparing costs committed to with the cash available which showed sufficient headroom to continue trading. On this basis, they consider it appropriate to adopt the going concern basis in the preparation of these accounts.
The consolidated financial statements are presented in sterling and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. The results and net assets of undertakings acquired or disposed of during a financial year are included in the Group Statement of Comprehensive Income and Group Statement of Financial Position from the effective date of acquisition or to the effective date of disposal. Subsidiary undertakings have been consolidated using the acquisition method of accounting. In accordance with the exemptions given by section 408 of the Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The Company's loss after tax for the year to June 2023 was £5.529m (2022: loss after tax £2.742m).

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2023. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Note 2 Segmental Analysis

During the year, there were three reportable segments of the Group, the reportable segments of the Group were aggregated as follows:

- Brand Architekts Brands – These include those brands 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 intersegment items, are presented within 'Eliminations and central costs'.

This is the basis on which the Group presents its operating results to the Directors, which is considered to be the Chief Operating Decision Maker (CODM) for the purposes of IFRS 8. Comparative full year numbers have been presented on the same basis.
IFRS15 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 IFRS15 and has 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 for year ended 30 June 2023 and year ended 30 June 2022:

Year ended 30 June 2023	Brand Architekt Brands	Innovaderma Brands	Eliminations and Central Costs	Total
	£'000	£'000	£'000	**£'000**
UK revenue	11,243	4,538	-	**15,781**
International revenue	3,225	1,079	-	**4,304**
Revenue – External	14,468	5,617	-	**20,085**
Revenue – Internal	-	-	-	**-**
Total Revenue	**14,468**	**5,617**	**-**	**20,085**
Underlying profit / (loss) from operations	**193**	**(233)**	**(1,166)**	**(1,206)**
Credit / (charge) for share-based payments	(12)	-	24	**12**
Amortisation of acquisition-related intangibles	-	-	(1,027)	**(1,027)**
Exceptional items – Impairment of intangible assets (Note 3)	-	(3,500)	-	**(3,500)**
Other Exceptional items (Note 3)	(147)	(297)	(634)	**(1,078)**
Net borrowing income / (expense)	-	-	26	**26**
Profit / (Loss) before taxation	**34**	**(4,030)**	**(2,777)**	**(6,773)**
Tax charge	77	(91)	202	**188**
Loss for the year	**111**	**(4,121)**	**(2,575)**	**(6,585)**

Year ended 30 June 2022	Brand Architekt Brands	Innovaderma Brands	Eliminations and Central Costs	Total
	£'000	£'000	£'000	**£'000**
UK revenue	10,910	741	-	**11,651**
International revenue	2,558	87	-	**2,645**
Revenue – External	13,468	828	-	**14,296**
Revenue – Internal	-	26	(26)	**-**
Total Revenue	**13,468**	**854**	**(26)**	**14,296**
Underlying loss from operations	**(667)**	**(87)**	**(1,057)**	**(1,811)**
Credit / (charge) for share-based payments	3	-	(42)	**(39)**
Amortisation of acquisition-related intangibles	-	-	(240)	**(240)**
Other Exceptional items (Note 3)	(281)	(341)	(1,228)	**(1,850)**
Net borrowing income / (expense)	4	-	(180)	**(176)**
Loss before taxation	**(941)**	**(428)**	**(2,747)**	**(4,116)**
Tax charge	-	-	(130)	**(130)**
Loss for the period	**(941)**	**(428)**	**(2,877)**	**(4,246)**

The segmental Income Statement disclosures are measured in accordance with the Group's accounting policies as set out in note 1.
All defined benefit pension costs and an element of the share-based payment expenses are recognised for internal reporting to the CODM as part of Group-wide activities and are included within 'Eliminations and central costs' above. Other costs, such as Group insurance and auditors' remuneration which are incurred on a Group-wide basis are recharged by the head office to segments on a reasonable and consistent basis for all periods presented, and are included within segment results above.

b) Other Income Statement segmental information

Year ended 30 June 2023	**Brand Architekt Brands**	**Innovaderma Brands**	**Eliminations and Central Costs**	**Total**
	£'000	£'000	£'000	£'000
Depreciation / impairment of PPE	32	-	-	32
Amortisation / impairment of intangibles *	91	3,500	1,027	4,618

Period ended 30 June 2022	**Brand Architekt Brands**	**Innovaderma Brands**	**Eliminations and Central Costs**	**Total**
	£'000	£'000	£'000	£'000
Depreciation	29	166	-	195
Amortisation/ impairment*	418	-	740	1,158

* Impairment losses of £Nil (2022: £0.5m) in Central Costs is included in Exceptional Items – Impairment of intangible assets

c) Principal measures of assets and liabilities
The Groups assets and liabilities are managed centrally by the CODM 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	**Year ended 30 June 2023 £'000**	Period ended 30 June 2022 £'000
UK	15,781	11,651
Other European Union countries	642	982
Rest of the World	3,662	1,663
	20,085	14,296

In the year ended 30 June 2023, the Group had one customer that exceeded 10% of total revenues, being 13.7%. In the year ended 30 June 2022, the Group had three customers from that exceeded 10% of total revenues, being 15.5%, 11.8% and 10.3% respectively. All of these customers are reported within the Brand Architekts Brands segment. Revenue is recognised when goods are despatched to the customer and the significant risks and rewards of ownership to the customer have been transferred. Our policy requires customers to pay us in accordance with agreed payment terms. Depending on the geographical location, our settlement terms are generally due within 30 or 60 days from the end of the month of sale.

Note 3 Exceptional Items

Exceptional charges / (credits) from Continuing Operations:	**Year ended** 30 June 2023 £'000	Year ended 30 June 2022 £'000
Exceptional items – Impairment of intangible assets	3,500	500
Other exceptional items:		
Impairment of software	-	270
Acquisition costs	-	728
Restructuring costs	390	186
Legal costs	705	
Other exceptional costs	(17)	166
Total exceptional items	4,578	1,850

Exceptional impairments of intangible assets relates to the partial impairment of the InnovaDerma brand of £3.5m (2022: impairment of Fish brand £0.5m).

Restructuring costs of £0.4m have been incurred following the acquisition of InnovaDerma in the prior year.

Legal costs of £0.7m associated with the resolution of the claim with MR Haircare were incurred in the year, including the settlement agreement reached totalling £425k as disclosed in the Chairman's statement on page 6. Final settlement of these costs were made after the year end.

Note 4 Loss before taxation

	2023 £'000	2022 £'000
(a) This is stated after charging/ (crediting)		
Depreciation of property, plant and equipment of purchased assets	32	29
Amortisation of intangible assets	1,118	388
Impairment of intangible assets and property, plant and equipment (classified as exceptional – Note 3)	-	770
Foreign exchange (gains) / losses	66	(5)
Amounts expensed for short term and low value leases	56	56
(b) Auditors' remuneration		
Audit services:		
Audit of the Company financial statements	57	53
Audit of subsidiary undertakings	32	14
Audit related services:		
Interim review	3	3
Non audit services:		
Corporate finance – acquisition related services	-	45

Note 5 Taxation

(a) Analysis of tax charge in the year	2023 £'000	2022 £'000
UK corporation tax:		
- on profit for the year	-	-
- adjustment in respect of previous years	-	-
Total current tax credit	-	-
Deferred tax:	-	-
-current year (credit)/ charge	(188)	130
-effect of tax rate change on opening balance	-	-
Total deferred tax charge	(188)	130
Tax charge	(188)	130

(b) Factors affecting total tax charge for the year

The tax assessed on the profit before taxation for the year is at the standard rate of UK corporation tax of 20.50% (2022: 19.00%). The applicable rate of tax in the year ended June 2024 will be 25%, the tax rate in the year is 20.50% due to the tax rate changing from 1 April 2023. The differences are reconciled below:

	2023 £'000	2022 £'000
Loss before taxation	(6,773)	(4,116)
Tax at the applicable rate of 20.5.% (2022: 19.00%)	(1,388)	(782)
Effect of:		
Adjustment in respect of previous years	-	-
Expenses not deductible for tax purposes	792	138
Adjustment to losses	15	-
Income not taxable for tax purposes	-	-
Deferred tax asset not recognised on taxable losses	494	774
Remeasurement of deferred tax for changes in tax rates	(44)	-
Other timing differences	(57)	-
Actual tax (credit)/charge	(188)	130

The group has tax losses of £12.9m (2022: £11.3m) which have not been recognised as there is no certainty that they can be utilised.

Note 6 Earnings per share

	2023	2022
Basic and Diluted		
Loss for the year attributable to equity holders (£'000)	(6,579)	(4,322)
Basic weighted average number of ordinary shares in issue during the year	27,943,180	18,111,180
Diluted number of shares	28,032,180	18,200,180
Basic loss per share	(23.5)p	(23.9)p
Diluted loss per share	(23.5)p	(23.9)p

Basic earnings per share has been calculated by dividing the profit for each financial year by the weighted average number of ordinary shares in issue at 30 June 2023 and 30 June 2022 respectively.

Note 7 Intangible assets

GROUP	**Software and Trademarks £'000**	**Brand Names £'000**	**Customer Relationships £'000**	**Goodwill £'000**	**Trade marks £'000**	**Total £'000**
Cost:						
At June 2021	385	8,715	2,126	2,618	-	13,844
Additions	218	-	-	-	19	237
Acquired through business combinations- Additions	-	1,608	2,329	5,736	-	9,673
At June 2022	**603**	**10,323**	**4,455**	**8,354**	**19**	**23,754**
Additions	44	-	-	-	-	44
At June 2023	**647**	**10,323**	**4,455**	**8,354**	**19**	**23,798**
Amortisation:						
At June 2021	56	2,524	1,146	-	-	3,726
Provided during the year	145	-	240	-	3	388
Impairment charge during the year	270	500	-	-	-	770
At June 2022	471	3,024	1,386	-	3	4,884
Provided during the year	85	466	561	-	6	1,118
Impairment charge during the year	-	-	-	3,500	-	3,500
Acquired through business combinations	-	-	-	(166)	-	(166)
Disposals	-	-	-	-	-	-
At June 2023	556	3,490	1,947	3,334	9	9,336
Net book value:						
At June 2023	**91**	**6,833**	**2,508**	**5,020**	**10**	**14,462**
At June 2022	**132**	**7,299**	**3,069**	**8,354**	**16**	**18,870**

COMPANY	Brand Names £'000	Customer Relationships £'000	Total £'000
Cost:			
At June 2021	3,624	480	4,104
At June 2022	3,624	480	4,104
At June 2023	**3,624**	**480**	**4,104**
Amortisation:			
At June 2021	2,524	309	2,833
Provided during the year	-	74	74
Impairment charge during the year	500	-	500
At June 2022	3,024	383	3,407
Provided during the year	-	74	74
Impairment charge during the year	-	-	-
At June 2023	**3,024**	**457**	**3,481**
Net book value:			
At June 2023	**600**	**23**	**623**
At June 2022	**600**	**97**	**697**

Impairment testing

Three Brands (Brand Architekts, Fish and InnovaDerma) and associated goodwill have been tested for impairment as they have indefinite useful lives. The Brand Architekts and Fish brands gave a valuation in excess of their carrying values, and therefore no impairment is required. The InnovaDerma brand was partially impaired by £3.5m.

The recoverable amount of each brand was determined based on the higher of value-in-use calculations or fair value less costs to sell. The value-in-use calculations covered underlying 1-2 year forecasts, followed by an extrapolation of expected cash flows for the remaining useful life using growth assumptions of 2%. Fair value less costs to sell was determined by a review of historic acquisitions in the consumer goods market of similar size and current market data to identify multiples that have been paid.

The present value of the expected cash flows is determined by applying a suitable discount rate for current market assessments of the time value of money and risks specific to the brand. The discount rate applied is 8.1% (2022: 8%), reflecting expected returns for AIM listed businesses as well as the debt free capital structure of the Group.

Growth assumptions

Management have assumed a base case growth rate of 2%, in line with wider industry forecasts, in the calculations including into perpetuity.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors.

Cash flow assumptions

Management's key assumptions include profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting this mature sector. The expectations included in the workings are for increases in performance and profits being made due to cost synergies from integration into the BAG group and a focus on higher margin products.

Apart from the considerations in determining the value-in-use of the brand described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. The values of the intangibles with indefinite useful lives for Brand Architekts remains at £7,709,000 (comprising Goodwill of £2,618,000 and Brands of £5,091,000), while the Fish brand net carry value is £600,000. Goodwill held in relation to InnovaDerma was £2,236,000, following the partial impairment of £3,500,000. The value of the customer relationship intangibles for Brand Architekts are £478,000. The values of the customer relationship and brand intangibles for InnovaDerma are £1,863,000 and £1,286,000 respectively.

Sensitivity analysis

Fair value less costs to sell are the higher of the value in use and fair value less costs to sell and as a result the fair value has been used to assess the impairment. A 10% decrease in the fair value for the Brand Architekts goodwill and brand names would not result in an additional impairment. A 10% decrease in the fair value of Innovaderma would results in an additional impairment of the goodwill of £0.6m and an increase of 10% would result in a reduction in the impairment of the goodwill of £0.6m.

Note 8 Notes to Cash Flow Statement

GROUP

	2023	2022
	£'000	£'000
Decrease in cash and cash equivalents	(3,170)	(9,181)
Net cash outflow from decrease in borrowings	-	1,208
Change in net cash	(3,170)	(7,973)
Opening net cash	11,347	19,018
Net cash acquired on business combinations	-	302
Closing net cash	8,177	11,347

(b) Analysis of net cash:	Closing 2022	Cash Flow	**Closing 2023**
	£'000	£'000	**£'000**
Cash at bank and in hand	11,347	(3,170)	8,177
Borrowings due within one year	-	-	-
	11,347	(3,170)	8,177

Note 9 Post Balance Sheet Events

Since the year end a settlement has been reached in respect of the dispute in relation to Mr Haircare. As part of the settlement agreement, Brand Architekts Group plc will purchase the remaining shares in Mr Haircare at fair value as determined by an independent third party valuer. The basis of valuation adopted is currently subject to challenge and the purchase price has not yet been agreed. The potential value of the shares is not disclosed as it could be prejudicial to the outcome. The transaction is expected to conclude before the end of the 2023 calendar year and a further announcement will be made in due course.