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 2020

Business highlights:

- New management team fully onboarded with Project 50, a transformational strategy to grow the Company into a £50m revenue business within the next five years.
- The pandemic impacted footfall and consumer behaviour, resulting in a decline in beauty sales within the UK high-street, International markets and led to retailer caution with regards to 2020 Xmas gift sets volumes. This was partially offset by growth in the UK grocers and an overall improvement of 125% in e-tail and direct–to-consumer sales.
- Detailed review of operations undertaken resulting in an improved net cash position; increase in net profitability and an overhaul of the brand portfolio.
- Project 50 plan has been clearly defined and moved into execution phase. The plan has required new thinking, investment and focus across four key pillars: operational efficiency, optimising the portfolio, channel development and being a responsible business.
- Successfully implemented the following aspects of the Project 50 strategy, all of which will start to deliver return on investment (ROI) from next financial year:
    - Expected 5-year appointment of Global leading e-Commerce providers, as our new direct-to-consumer (DTC) partner, who will work in creating and launching a new marketplace in July 21
    - Capitalising on Super Facialist +50% H1 sales growth, created a transformational and integrated above the line (ATL) campaign to run from May 21- March 22.
    - Developed a communication program to effectively market five brand relaunches and NPD program from May onwards.
    - 98% of all products will be 100% recyclable; all NPD will utilise a minimum 30% post-consumer recycled plastic (PCR); all UK sourced card and outer packaging will be Forest Stewardship Council (FSC) approved.

Financial Highlights:

- Revenues for the period of £9.0m, a decline of 10% on the prior year (£10.0m on an adjusted basis).
- Underlying Gross Profit Margin improved to 39% (H1 2020: 38%).
- Profit before tax increased to £0.4m (H1 2020: £0.3m).
- Net cash position as at the period end was £19.0m, a £1.0m improvement since the year end.
- Repayment of outstanding term loans (£2.1m) and commercial invoice discounting facility (£1.1m) leaving the Group debt free.

Continuing Operations (excluding discontinued operations)

£m unless otherwise stated	**H1 2021**	**H1 2020**	**H1 2020 (Restated) [2]**
Reported results from continuing operations [1]			
Revenue	£9.0m	£10.6m	£10.0m
Underlying operating profit [1]	£0.8m	£1.2m	£1.1m
Adjusted basic earnings per share [1]	3.0p	3.9p	3.6p
Statutory results for the whole group including discontinued operations			
Revenue	£9.0m	£18.0m	
Operating profit before exceptional items	£0.6m	£0.1m	
Profit on disposal of manufacturing business	£Nil	£8.8m	
Basic earnings per share	2.3p	37.7p	
Total dividend per share	Nil	0.9p	
Net cash	£19.0m	£15.1m	

[1] Underlying operating profit is calculated before LTIP, amortisation of acquisition related intangibles, exceptional items and net borrowing costs. Adjusted earnings per share is calculated using operating profit before exceptional items and amortisation of acquisition related intangibles.

[2] H1 2020 was a 28-week period vs 26 weeks in H1 2021. H1 2020 has therefore been restated to 26 weeks for comparative purposes.

Quentin Higham, Chief Executive, commented:

"Since joining in May, we have taken time to get under the skin of the business and have started to build the foundations to deliver sustainable and profitable growth over the coming years.

Despite the ongoing challenges caused by the pandemic, we have made good progress against our strategic priorities, as we work towards our Project 50 goal. As we move into the second half, we will maintain our focus on our four key pillars, in particular the investments we are making into our direct-to-consumer (DTC) channel and Super Facialist marketing campaign.

Whilst the current operating environment remains uncertain, we are confident we are building the right platform to achieve our long-term goals.

I would like to thank our teams, whose dedication and hard work since the onset of the pandemic has been impressive."

For further information please contact:

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CEO Review

Over the last nine months we have been able to fully immerse ourselves into all aspects of the business, which has enabled myself, Tom Carter and Jo Hutton (Commercial Director) to get a thorough understanding of the business' strengths and opportunities.

I am pleased to be reporting our results for the first half of the year, but first and foremost, I would like to take this opportunity to thank our team for their hard work. The pandemic has bought about numerous challenges and changes to both how we work and the environment in which we operate, and yet across the Group we have seen our people continuing to tackle each day with enthusiasm, diligence and a positive outlook.

In September we were optimistic of seeing some green shoots following the easing of restrictions over the summer months. The tightening of restrictions since then has meant we have continued to be impacted by the fluctuating demands of customers and end-consumers, particularly with many domestic and international high street outlets, either closed or experiencing significantly decreased footfall. In addition, several brands & categories have been adversely affected by consumers staying at home, such as male grooming and hairstyling. Brexit placed further stress on our manufacturing lead times, given freight container shortages and paperwork delays at the UK ports for Asian manufactured stock and imported componentry, which in turn led to some stock pressures in December.

Notwithstanding this, we have successfully pushed ahead with key tenets of our strategy over the half year period. Key achievements include:

- Expected 5-year appointment of Global leading e-Commerce providers, as our new direct-to-consumer (DTC) partner, who will work in creating and launching a new market place in July 21
- Capitalising on Super Facialist +50% sales growth, created a transformational and integrated above the line (ATL) campaign to run from May 21- March 22.
- Developed a communication program to effectively market five brand relaunches and NPD program from May onwards.
- 98% of all products will be 100% recyclable; all NPD will utilise a minimum 30% post consumer recycled plastic (PCR); all UK sourced card and outer packaging will be Forest Stewardship Counci (FSC) certified.
- 1m improvement in Net Cash position to £19.0m.

Performance review

Net sales for HY21 were £9.0m, a decline of 10% on the prior year (£10.0m on a like for like basis). Our business on the high street (Boots & Superdrug) has been adversely affected by Covid and its impact on consumer footfall, but we have seen good growth in the multiple grocers, DTC and e-tailers. Overall, Super Facialist continues to show strong growth of 50+% and reflects consumer demand and strong distribution gains. However, the two principal reasons for the decline year on year was a £0.6m shortfall on Christmas Gift (-25% YoY), which was a direct result of retailers placing smaller volumes back in March 2020 at the height of the first lockdown and a further £0.4m net shortfall, which can be attributed to the impact of Covid on certain categories and channels.

Gross profit margin was 39% (H1 2020: 38%) an improvement on last year, reflecting an increase in facial skincare sales (margin accretive) and a change in channel mix from the high street to e-commerce.

Profit before tax increased to £0.4m (H1 2020: £0.3m).

Net cash position as at the period end was £19.0m. The strong cash balance positions the Group well for future growth as we look to further invest our operating cash flows across all aspects of the business.

Strategic Review

Despite all the changes happening in the wider world, the new management team were able to get under the skin of the business. As previously announced, we launched "Project 50" internally, and despite the lockdown extension and continued challenging retail conditions, believe this is eminently achievable. To reach this goal, we set out four strategic priorities centred around operational efficiency; optimising our portfolio; channel development and being a responsible business.

Within our plan, FY21 is a year of consolidation and reinvigoration for Brand Architekts, as we finalise the platform, the products, and the routes to market that will drive this business forward – I am pleased that we have made good progress against these objectives.

Operational efficiency

To become a consumer centric brands-only business, there was a need for data investment that alongside our inherent consumer insights, would allow us to understand our customers and markets better, thereby enabling us to create products that consumers demand.

Significant progress has been made, with the implementation and integration of customer & consumer shopping data dashboards, which enables the business to undertake in-depth analysis of our performance versus the market. These tools will provide much greater insight and prove invaluable as we increase scale and control over how we maximise our portfolio and grow our business.

The business is also in the process of implementing a demand planning system, approvals management portal and business intelligence application. These systems will be key enablers in underpinning good customer service levels and strengthening internal controls, while providing financial insights and robust oversight of working capital.

Further enhancements are being scoped to strengthen both our new product development (NPD) and purchasing processes, unlocking efficiencies through automation and integrating with our key suppliers during the next 12 months.

We believe that the culture of a business is one of the key ingredients to success and over the last six months we have encouraged a nimble and agile mindset; promoted a bias for action and willingness to change, whilst embedding a culture of empowerment; and a challenger mindset. This is a step change in the way in which we think and act.

Whilst we have made good inroads so far there is still some way to go in driving the operational platform to complement the Group's Project 50 ambition.

Optimising our portfolio

Our true passion is evolving and working with brands and there is no doubt that one of Brand Architekts' key strengths is its brand portfolio. As part of Project 50, we set out to rationalise the brand & product line up, with the intention of relaunching all non-performing brands within 2021, whilst supporting all omnichannel brands with relevant marketing programs.

Substantial work has been undertaken by our teams to create redesigns and relaunch strategies for several our brands, including: Kind Natured; Happy Naturals; SenSpa; Argan; Root Perfect, and I am particularly pleased with the work-to-date. These relaunches are set to take place over the course of the next six months, with the timing dictated by customer purchasing cycles. We were also able to launch an ingredient led bodycare range "The Solution", as a Superdrug exclusive in September 2020.

In the second half of the year, we will be launching our largest ever marketing campaign for Super Facialist. The brand has delivered double digit growth and has been able to capture the spirit of consumers wanting facial treatments at home. The integrated media campaign will see a mix of video, social and digital that will deliver a strong level of coverage and frequency. The proposed 11-month campaign has been very well received by both our customers and consumers (through inhouse research) and we are confident that this investment will be drive sales for the brand over the next 18 months.

In addition, we have an integrated communications program of events to support our brand relaunches; new product initiatives and key selling periods.

The relaunches and additional investments described above will be funded through the Group's operational cash flow.

Channel development

Whilst there will naturally be some shift back once the high street is reopened, the trends seen during the times when restrictions were relaxed earlier this year, suggest that a significant proportion of retail will remain online. Having a robust direct-to-consumer (DTC) channel is therefore vitally important to cater to all shopping habits. Although sales from this channel have grown by over 400% YTD, it is important to remember that this growth is against a very low initial base of £52k last year. The strategic objective of creating and building a Brand Architekts marketplace addresses the definitive need for an e-commerce site that sells our full product portfolio. This will allow us to cross-sell between brands and utilise the benefits of shared e-commerce assets. The marketplace will enable each brand to be fully showcased, whilst also giving the business the opportunity to launch and trial new BA brands and products. Over time the marketplace will allow us to establish an asset that will be a new beauty challenger community of consumers and advocates.

Having decided that a more sophisticated approach was necessary and having explored several options and three months of due diligence, we are delighted that we have reached an agreement in principle with one of the world's leading e-Commerce and fulfilment providers as our new DTC partner, who will work with us in developing a bespoke marketplace for all Brand Architekts' portfolio. Their proven ecommerce platform reduces execution risk; its extensive logistical operation makes it very cost efficient and it has the capabilities for fast and easy International expansion. Over the next 6 months we will be working closely with their content production and performance marketing teams to design and launch our new platform in Q1 of the next financial year. This investment will enable us to become a truly omni-channel business and in line with our Project 50 aspirations, enable us to organically grow our DTC sales to £10m+ over 5years.

Being a responsible business

We are fully committed to acting responsibly across the Group. This will not only make our business a better partner for our retail customers, but also means that purchasing our products will be a choice that our end-consumers feel good to make. In September we launched our Sustainability Blueprint and we are making good progress in embedding the principles across the business and our supplier partners.

Looking ahead, 98% of our lines will be 100% recyclable and all UK sourced secondary packaging and outers will be made of Forest Stewardship Council (FSC) certified board and will be 100% recyclable. 90% of NPD lines will contain a minimum of 30% Post Consumer Recycled (PCR) and 99% of our gift sets secondary packaging will be made of recyclable materials (plastic free)

Defined Benefit Pension Plan

The Scheme is now closed to new members and to further accruals of benefits. The Company is finalising the latest triennial funding valuation as of 5 April 2020 and future funding deficit repayments (currently £0.3m per annum). We continue to work closely with the Trustee and believe that our objectives over the long-term are aligned to ensure a robust Company that is able to support and provide a strong covenant to the plan. A further update will be provided at the year end.

Dividends

Given the Group's strategic focus on investing for growth to reach its Project 50 goal and build a business of scale, the Board will not be proposing an interim dividend. The Board recognises the importance of dividends to the Group shareholders and will keep future dividend payments under review and further updates will be made as appropriate.

Outlook

The macroeconomic environment looks set to remain uncertain for the remainder of the financial year driven by the Government's fast-changing responses to Covid-19 and a likely impact on consumer demand, given pressures on disposable income.

We will continue to evaluate all M&A opportunities against Project 50's demanding growth potential and value criteria. We are confident that progress will be made in this regard, but timing is difficult to predict.

This year is one of consolidation, transition and putting in place strategic building blocks for a transformational 2021/22. The Group's focus in H2 is to land the 5 brand relaunches; deliver Super Facialist's advertising campaign and thereby continue to raise awareness and grow sales; continue to progress omni-channel distribution gains and lay the foundations for the creation and implementation of our be-spoke DTC marketplace. The significant investments we will be making from our operating cash flow in H2 will drive growth from the financial year ended June 2022 onwards.

Group Statement of Comprehensive Income

Continuing operations	Notes	Period ended 31 Dec 2020 (unaudited) £'000	28 weeks ended 11 Jan 2020 (unaudited) £'000	52 weeks ended 27 June 2020 (audited) £'000
Revenue	2	**9,049**	10,568	16,250
Cost of sales		**(5,517)**	(6,597)	(13,069)
Gross profit		**3,532**	3,971	3,181
Commercial and administrative costs		**(2,974)**	(3,120)	(5,859)
Operating profit before exceptional items		**558**	851	(2,678)
Exceptional items		**-**	(472)	(1,444)
Operating profit		**558**	379	(4,122)
Finance income		**2**	46	77
Finance costs	3	**(125)**	(123)	(301)
Profit before taxation on continuing operations		**435**	302	(4,346)
Taxation		**(17)**	(57)	55
Profit after taxation on continuing operations		**418**	245	(4,291)
Profit on discontinued operations after taxation	8	**-**	6,278	6,529
Profit after taxation		**418**	6,523	2,238
Other comprehensive (loss) / income for the period:				
Re-measurement of defined benefit liability		**(113)**	(1,040)	(4,086)
Items that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations		**-**	(48)	(49)
Other comprehensive loss for the period		**(113)**	(1,088)	(4,135)
Total comprehensive income / (loss) for the period		**305**	5,435	(1,897)
Profit attributable to:				
Equity shareholders		**392**	6,456	2,217
Non-controlling interests		**26**	67	21
Continuing Operations – Profit attributable to:				
Equity shareholders		**392**	178	1,489
Non-controlling interests		**26**	67	101
Total comprehensive income / (loss) attributable to:				
Equity shareholders		**279**	5,368	(1,918)
Non-controlling interests		**26**	67	21
Earnings per share				
- basic	4	**2.3p**	37.7p	12.9p
- diluted	4	**2.3p**	37.5p	12.9p
Dividend				
Paid in period (£'000)		**-**	745	745
Paid in period (pence per share)		**0p**	4.35p	4.35p
Proposed (£'000)		**-**	154	Nil
Proposed (pence per share)	5	**0p**	0.9p	Nil

Group Statement of Financial Position

	Notes	**As at 31 Dec 2020 (unaudited) £'000**	As at 11 Jan 2020 (unaudited) £'000	As at 27 June 2020 (audited) £'000
ASSETS				
Non-current assets				
Property, plant and equipment		**130**	195	142
Intangible assets		**11,637**	12,757	11,714
Deferred tax assets		**2,526**	1,926	2,515
Total non-current assets		**14,293**	14,878	14,371
Current assets				
Inventories		**2,251**	6,210	3,724
Trade and other receivables		**4,962**	8,277	3,969
Cash and cash equivalents		**19,026**	20,000	21,240
Current tax receivable		**413**	555	836
Total current assets		**26,652**	35,042	29,769
Total assets		**40,945**	49,920	44,140
LIABILITIES				
Current liabilities				
Trade and other payables		**3,059**	5,893	4,503
Interest-bearing loans and borrowings		**-**	1,075	1,029
Current tax payable		**25**	259	-
Total current liabilities		**3,084**	7,227	5,532
Non-current liabilities				
Interest-bearing loans and borrowings		**-**	1,548	1,066
Post-retirement benefit obligations	7	**13,195**	9,505	13,237
Lease liabilities		**57**	-	81
Deferred tax liabilities		**1,154**	1,047	1,154
Total non-current liabilities		**14,406**	12,100	15,538
Total liabilities		**17,490**	19,327	21,070
Net assets		**23,455**	30,593	23,070
EQUITY				
Share capital		**862**	857	862
Share premium		**11,987**	11,987	11,987
Revaluation of investment reserve		**-**	-	-
Exchange reserve		**-**	-	-
Re-measurement of defined benefit pension fund liability		**(10,701)**	(7,542)	(10,588)
Retained earnings		**21,183**	25,112	20,711
Total equity		**23,331**	30,414	22,972
Non-controlling interest		**124**	179	98
Total equity		**23,455**	30,593	23,070

Group Statement of Changes in Equity

Group	Share Capital £'000	Share Premium £'000	Revaluation of investment reserve £'000	Exchange Reserve £'000	Pension re-measurement reserve £'000	Retained Earnings £'000	Non-controlling interest £'000	Total Equity £'000
Balance as at June 2020	**862**	**11,987**	**-**	**-**	**(10,588)**	**20,711**	**98**	**23,070**
Dividends	-	-	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	-	26	26
Share-based payments	-	-	-	-	-	80	-	80
Transactions with owners and reserve transfers	-	-	-	-	-	80	26	106
Profit for the period	-	-	-	-	-	392	-	392
Other comprehensive income:								
Re-measurement of defined benefit liability	-	-	-	-	(113)	-	-	(113)
Exchange difference on translating foreign operations	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(113)	392	-	279
Balance as at 31 December 2020	**862**	**11,987**	**0**	**0**	**(10,701)**	**21,183**	**124**	**23,455**

Group	Share Capital £'000	Share Premium £'000	Revaluation of investment reserve £'000	Exchange Reserve £'000	Pension re-measurement reserve £'000	Retained Earnings £'000	Non-controlling interest £'000	Total Equity £'000
Balance as at June 2019	**857**	**11,987**	**1,241**	**(147)**	**(6,502)**	**18,160**	**145**	**25,741**
Dividends	-	-	-	-	-	(745)	(33)	(778)
Non-controlling interest	-	-	-	-	-	-	67	67
Realisation of exchange differences on sale of subsidiary	-	-	-	195	-	-	-	195
Realised profit on asset sold	-	-	(1,241)	-	-	1,241	-	-
Transactions with owners and reserve transfers	-	-	(1,241)	195	-	496	34	(516)
Profit for the period	-	-	-	-	-	6,456	-	6,456
Other comprehensive income:								
Re-measurement of defined benefit liability	-	-	-	-	(1,040)	-	-	(1,040)
Exchange difference on translating foreign operations	-	-	-	(48)	-	-	-	(48)
Total comprehensive income for the year	-	-	-	(48)	(1,040)	6,456	-	5,368
Balance as at 11 January 2020	**857**	**11,987**	**-**	**-**	**(7,542)**	**25,112**	**179**	**30,593**

Group	Share Capital £'000	Share Premium £'000	Revaluation of investment reserve £'000	Exchange Reserve £'000	Pension re-measurement reserve £'000	Retained Earnings £'000	Non-controlling interest £'000	Total Equity £'000
Balance as at June 2019	**857**	**11,987**	**1,241**	**(147)**	**(6,502)**	**18,160**	**145**	**25,741**
Dividends	-	-	-	-	-	(745)	(68)	(813)
Issue of New Shares	5	-	-	-	-	-	-	5
Non-controlling interest	-	-	-	-	-	-	21	21
Share-based payments (credit)	-	-	-	-	-	(162)	-	(162)
Realisation of exchange differences on sale of subsidiary	-	-	-	196	-	-	-	196
Transactions with owners and reserve transfers	5	-	-	196	-	(907)	(47)	(753)
Profit for the period	-	-	-	-	-	2,217	-	2,217
Other comprehensive income:								
Re-measurement of defined benefit liability	-	-	-	-	(4,086)	-	-	(4,086)
Exchange difference on translating foreign operations	-	-	-	(49)	-	-	-	(49)
Realised profit on asset sold	-	-	(1,241)	-	-	1,241	-	-
Total comprehensive income for the year	-	-	(1,241)	(49)	(4,086)	3,458	-	(1,918)
Balance as at June 2020	**862**	**11,987**	**-**	**-**	**(10,588)**	**20,711**	**98**	**23,070**

Group Cash Flow Statement

	Notes	**Period ended 31 Dec 2020 (unaudited) £'000**	28 weeks ended 11 Jan 2020 (unaudited) £'000	52 weeks ended 27 June 2020 (audited) £'000
Cash flow from operating activities				
Profit before taxation		**435**	6,580	2,183
Depreciation		**28**	12	93
Amortisation		**138**	142	1,204
Profit on disposal of manufacturing business	8	**-**	(8,762)	(8,922)
Increase in assets held for resale		**-**	(3,008)	(3,225)
Finance income		**(2)**	(46)	(77)
Finance cost		**125**	181	324
Decrease/ (Increase) in inventories		**1,473**	(999)	1,487
(Increase) in trade and other receivables		**(993)**	(3,512)	(494)
(Decrease)/ Increase in trade and other payables		**(300)**	1,086	923
Share-based payment expense		**80**	(48)	(124)
Contributions to defined benefit plan		**(159)**	(159)	(318)
Cash generated from/(used in) operations		**825**	(8,533)	(6,946)
Finance expense paid		**(123)**	(83)	(128)
Taxation paid		**407**	(595)	(773)
Net cash flow from/ (used in) operating activities		**1,109**	(9,211)	(7,847)
Cash flow from investing activities				
Purchase of property, plant and equipment		**(13)**	(27)	(28)
Purchase of intangibles		**(61)**	(81)	(101)
Proceeds from disposal of manufacturing business	8	**-**	32,274	35,255
Cost associated with disposal of subsidiaries		**-**	-	(1,315)
Net cash flow (used in)/generated by investing activities		**(74)**	32,166	33,811
Cash flow from financing activities				
Finance income received		**2**	46	77
Movements in invoice discounting facility		**(1,132)**	(1,997)	(3,187)
Repayment of loans		**(2,095)**	(607)	(1,135)
Lease payments		**(24)**	-	(52)
Issue of new shares		**-**	-	5
Dividends paid		**-**	(778)	(813)
Net cash flow (used in) financing activities		**(3,249)**	(3,336)	(5,105)
Net (decrease)/ increase in cash and cash equivalents		**(2,214)**	19,619	20,859
Cash and cash equivalents at beginning of period		**21,240**	381	381
Cash and cash equivalents at end of period		**19,026**	20,000	21,240

Notes to the Accounts

Note 1 Basis of preparation

The Group has prepared its interim results for the six-month period ended 31 December 2020 in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union and also in accordance with the recognition and measurement principles of IFRS issued by the International Accounting Standards Board. The Group has previously prepared its results for a 52-week period. The comparative interim and results presented are, therefore, made up to 11 Jan 2020 and 27 June 2020 respectively.

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 accounts.

As permitted, this interim report has been prepared in accordance with the AIM rules and not in accordance with IAS34 'Interim Financial Reporting'.

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 8th March 2021.

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 June 2021.

The statutory accounts for the year ended June 2020, 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.

In August 2019, the Group sold its 100% interest in Curzon Supplies Ltd for consideration of £35m (completing the disposal of the Manufacturing segment) which is the only operation presented as discontinued operations in the comparative figures. Curzon Supplies Ltd was incorporated in March 2019. The impact of the disposal on the comparative figures is disclosed in Note 9.

The Group has not changed any of its accounting policies in the 6 months to 31 December 2020.

Note 2 Segmental analysis (unaudited)

The Group is a market leader in the development and supply of beauty and personal care brands.

The reportable segments of the Group are aggregated as follows:

- Brands – since the disposal of the manufacturing business in August 2019 this has become the Group's sole focus and is referred to elsewhere in these results as 'continuing operations'. The portfolio of brands consists primarily of brands acquired by the Group as part of the acquisition of The Brand Architekts in 2016 plus the acquisitions of Real Shaving Company (2015) and Fish (2018).
- Manufacturing – the development, formulation, and production of quality products for many of the world's leading personal care and beauty brands. The manufacturing business was sold in August 2019 and its results in the period have been treated as discontinued operations. The impact of the disposal is disclosed in Note 9. The profit on disposal of the manufacturing business is included as an exceptional item in the segmental information.
- Eliminations and Central Costs - other Group-wide activities and expenses, including defined benefit pension costs (closed defined benefit scheme), certain LTIP expenses, 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 Board of Directors, which is considered to be the chief operating decision maker (CODM) for the purposes of IFRS 8. Following the sale of the manufacturing business in 2019, the reportable segments of the Group will be kept under review by management and further updates made as appropriate.

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

	Period ended 31 December 2020			28 weeks ended 11 January 2020			
	Brands	**Eliminations and Central Costs**	**Total**	Brands	Manufacturing	Eliminations and Central Costs	Total
	£'000	£'000	**£'000**	£'000	£'000	£'000	£'000
UK revenue	**7,791**	**-**	**7,791**	8,744	4,841	-	13,585
International revenue	**1,258**	**-**	**1,258**	1,819	2,639	-	4,458
Revenue – External	**9,049**	**-**	**9,049**	10,563	7,480	-	18,043
Revenue – Internal	**-**	**-**	**-**	5	990	(995)	-
Total revenue	**9,049**	**-**	**9,049**	**10,568**	**8,470**	**(995)**	**18,043**
Discontinued Operations	**-**	**-**	**-**	-	(8,470)	990	(7,480)
Total revenue	**9,049**	**-**	**9,049**	10,568	-	(5)	10,563
Underlying operating profit/(loss)	**1,405**	**(629)**	**776**	**1,637**	**(969)**	**(483)**	**185**
Charge for share based payments	**(14)**	**(66)**	**(80)**	-	-	(161)	(161)
Amortisation of acquisition-related intangibles	**-**	**(138)**	**(138)**	-	-	(142)	(142)
Charge for stock provisions	**-**	**-**	**-**	-	-	-	-
Net exceptional items	-	-	**-**	(132)	7,305	(340)	6,833
Net borrowing income / (costs)	(5)	(118)	**(123)**	(25)	(58)	(52)	(135)
Segment (profit) / loss included in Discontinued Operations	**-**	**-**	**-**	-	(6,278)	-	(6,278)
Profit/(loss) before taxation	**1,386**	**(951)**	**435**	1,480	-	(1,178)	302
Tax charge	**(25)**	**8**	**(17)**	-	-	(57)	(57)
Profit/(loss) for the period from Continuing Operations	**1,361**	**(943)**	**418**	**1,480**	**-**	**(1,235)**	**245**

The segmental Income Statement disclosures are measured in accordance with the Group's accounting policies as set out in note 1.

Inter segment revenue earned by Manufacturing from sales to Brands was determined in 2020 on normal commercial trading terms as if Brands were any other third-party customer.

All defined benefit pension costs and certain LTIP 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.

Included in Net exceptional items in the comparative figures in Manufacturing is the profit on disposal of the manufacturing business of £8,762k offset by bonuses paid out on deal completion of £1,116k and stock provision adjustments of £341k. Exceptional items from continuing operations represents £0.3m in relation to the departure in September of the former Chief Executive Officer and £0.2m exceptional consultancy fees.

b) Other Income Statement segmental information

The following additional items are included in the measures of profit and loss reported to the CODM and are included within (a) above:

Period ended 31 December 2020	Brands	Manufacturing	Eliminations and Central Costs	Total
	£'000	£'000	£'000	£'000
Depreciation	28	-	-	28
Amortisation	-	-	138	138

28 weeks ended 11 January 2020	Brands	Manufacturing	Eliminations and Central Costs	Total
	£'000	£'000	£'000	£'000
Depreciation	12	-	-	12
Amortisation	-	-	142	142

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	**Period ended 31 Dec 2020 (unaudited) £'000**	28 weeks ended 11 Jan 2020 (unaudited) £'000	52 weeks ended 27 June 2020 (audited) £'000
UK	**7,791**	13,585	18,637
Other European Union countries	**373**	2,430	2,683
Rest of the World	**885**	2,028	2,410
	9,049	18,043	23,730

Geographical segments – Continuing Operations	**Period ended 31 Dec 2020 (unaudited) £'000**	28 weeks ended 11 Jan 2020 (unaudited) £'000	52 weeks ended 27 June 2020 (audited) £'000
UK	**7,791**	8,744	13,796
Other European Union countries	**373**	288	541
Rest of the World	**885**	1,531	1,913
	9,049	10,563	16,250

In the period ended 31 December 2020, the Group had two customers that exceeded 10% of revenues from Continuing Operations, being 24% and 11.8% respectively. In the 28 weeks ended 11 January 2020, the Group had two customers that exceeded 10% of revenues from Continuing Operations, being 21.2% and 11.5% respectively.

Note 3 Finance costs

	Period ended 31 Dec 2020 (unaudited) £'000	28 weeks ended 11 Jan 2020 (unaudited) £'000	52 weeks ended 27 June 2020 (audited) £'000
Total			
Bank loans and overdrafts	**27**	83	128
Notional pension scheme costs	**98**	98	196
	125	181	324

	Period ended 31 Dec 2020 (unaudited) £'000	28 weeks ended 11 Jan 2020 (unaudited) £'000	52 weeks ended 27 June 2020 (audited) £'000
Continuing Operations			
Bank loans and overdrafts	**27**	25	105
Notional pension scheme costs	**98**	98	196
	125	123	301

Note 4 Earnings per share

	Period ended 31 Dec 2020 (unaudited)	28 weeks ended 11 Jan 2020 (unaudited)	52 weeks ended 27 June 2020 (audited)
Basic and diluted			
Profit attributable to equity shareholders (£'000)	**392**	6,456	2,217
Profit/(loss) attributable to equity shareholders Continuing Operations ('000)	**392**	178	(4,312)
Basic weighted average number of ordinary shares in issue during the period	**17,277,146**	17,135,542	17,143,646
Diluted number of shares	**17,366,146**	17,230,703	17,143,646
Basic earnings per share	**2.3p**	37.7p	12.9p
Diluted earnings per share	**2.3p**	37.5p	12.9p
Basic earnings/(loss) per share continuing operations	**2.3p**	1.0p	(25.2)p
Diluted earnings/(loss) per share continuing operations	**2.3p**	1.0p	(25.2)p

Basic earnings/(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.

Adjusted earnings per share	Period ended 31 Dec 2020 (unaudited)	28 weeks ended 11 Jan 2020 (unaudited)	52 weeks ended 27 June 2020 (audited)
Profit attributable to equity shareholders (£'000)	**392**	6,456	2,217
Add back: Net exceptional items (£'000)	**-**	(6,833)	(6,016)
Add back: Amortisation of Acquisition Related Intangibles (£'000)	**138**	142	275
Notional tax charge on above items (£'000)	**(26)**	(393)	(605)
Adjusted profit/(loss) before exceptional items (£'000)	**504**	(628)	(4,129)
Basic weighted average number of ordinary shares in issue during the period	**17,277,246**	17,135,542	17,143,646
Diluted number of shares	**17,366,146**	17,230,703	17,143,646
Adjusted basic earnings/(loss) per share	**2.9p**	(3.7)p	(24.1)p
Adjusted diluted earnings/(loss) per share	**2.9p**	(3.7)p	(24.1)p

Adjusted earnings per share – Continuing Operations	Period ended 31 Dec 2020 (unaudited)	28 weeks ended 11 Jan 2020 (unaudited)	52 weeks ended 27 June 2020 (audited)
Profit attributable to equity shareholders (£'000)	**392**	178	(4,312)
Add back: Net exceptional items (£'000)	**-**	472	1,444
Add back: Amortisation of Acquisition Related Intangibles (£'000)	**138**	142	275
Notional tax charge on above items (£'000)	**(26)**	(117)	(327)
Adjusted profit/(loss) before exceptional items (£'000)	**504**	675	(2,920)
Basic weighted average number of ordinary shares in issue during the period	**17,277,246**	17,135,542	17,143,646
Diluted number of shares	**17,366,146**	17,230,703	17,143,646
Adjusted basic earnings/(loss) per share	**2.9p**	3.9p	(17.0)p
Adjusted diluted earnings/(loss) per share	**2.9p**	3.9p	(17.0)p

Adjusted earnings per share has been calculated by dividing the adjusted profit (after allowing for the notional tax charge on exceptional items) by the weighted average number of shares in issue in the period.

Note 5 Dividends

The Directors have not declared an interim dividend payment for the period (2020: Interim: 0.9p; Final: £Nil).

Note 6 Notes to Cash Flow Statement

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

	Period ended 31 Dec 2020 (unaudited) £'000	28 weeks ended 11 Jan 2020 (unaudited) £'000	52 weeks ended 27 June 2020 (audited) £'000
Increase / (decrease) in cash and cash equivalents in the period	**(2,214)**	19,619	20,859
Net cash outflow from decrease in borrowings	**3,227**	2,604	4,322
Change in net debt resulting from cash flows	**1,013**	22,223	25,181
Net cash / (debt) at the beginning of the period	**18,013**	(7,168)	(7,168)
Net cash at the end of the period	**19,026**	15,055	18,013

(b) Analysis of net cash/(debt):

	Closing 11 Jan 2020 £'000	Cash flow £'000	**Closing 31 Dec 2020 £'000**
Cash at bank and in hand	21,240	(2,216)	**19,026**
CID facility	(1,132)	1,132	**0**
Borrowings due within one year	(1,029)	1,029	**0**
Borrowings due after one year	(1,066)	1,066	**0**
	18,013	**1,013**	**19,026**

Note 7 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 2017 and revealed a funding deficit of £2.6m. The liabilities of the Scheme are based on the current value of expected benefit payments to members of the Scheme over the next 60 to 80 years. The average duration of the liabilities is approximately 20 years.

In accordance with the schedule of contributions dated 4 September 2018, the Company is expected to pay contributions to the Scheme to make good shortfalls in funding identified in the 5 April 2017 funding valuation and has agreed to pay £0.3m per annum. The magnitude of such payments is being reviewed following the scheme funding valuation as at April 2020.

In addition, the Company has agreed to meet the cost of administrative expenses and Pension Protection Fund insurance premiums for the Scheme.

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

	Period ended 31 Dec 2020 £'000	28 weeks ended 11 January 2020 £'000	52 weeks ended 27 June 2020 £'000
Company pension contributions	**-**	-	-
Deficit recovery payments	**159**	159	318
Scheme administrative expenses	**69**	138	121
Pension Protection Fund premium	**101**	120	121
Total	**329**	417	**560**

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

	Period ended 31 Dec 2020 £'000	28 weeks ended 11 January 2020 £'000	52 weeks ended 27 June 2020 £'000
In Operating profit:			
Scheme administrative expenses	**69**	92	121
Pension Protection Fund premium	**101**	65	121
Past service measurement gain on pension scheme – included in profit on disposal of manufacturing business	**-**	-	(1,103)
	170	157	(861)
In Finance costs:			
Unwinding of notional discount factor	**98**	98	**196**
Total	**268**	255	**(665)**

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 2020	At 11 January 2020	At 27 June 2020
Discount Rate	1.40%	2.00%	1.50%
Rate of inflation (RPI)	2.85%	2.90%	2.75%
Rate of inflation (CPI)	1.95%	2.00%	1.85%

The amounts recognised in the Group statement of financial position were:

	At 31 December 2020 £'000	At 11 January 2020 £'000	At 27 June 2020 £'000
Present value of funded obligations	(38,714)	(34,367)	(37,324)
Fair value of scheme assets	25,519	24,862	24,087
(Deficit)	**(13,195)**	**(9,505)**	**(13,237)**

Note 8 Discontinued operations

In August 2019, the Group sold its 100% interest in Curzon Supplies Ltd for consideration of £35m (completing the disposal of the Manufacturing segment) which is the only operation presented as discontinued operations. Curzon Supplies Ltd was incorporated in March 2019.

Result of discontinued operations:	Period ended 31 December 2020 £'000	28 weeks ended 11 January 2020 £'000	52 weeks ended 27 June 2020 £'000
Revenue	-	7,480	7,480
Expenses other than finance costs	-	(8,449)	(8,389)
(Finance costs) / investment income	-	(58)	(22)
Exceptional costs	-	(1,457)	(1,462)
Profit on disposal of manufacturing business	-	8,762	8,922
Tax credit / (expense)	-	-	-
Profit for the year	**-**	**6,278**	**6,529**

Included in Exceptional costs in discontinued operations were bonuses paid out on deal completion of £1.1m and stock provision adjustments of £0.3m.

Earnings per share from discontinued operations:	Period ended 31 December 2020	28 weeks ended 11 January 2020	52 weeks ended 27 June 2020
Basic earnings per share	-	36.6p	38.1p
Diluted earnings per share	-	36.4p	38.1p

Earnings per share from discontinued operations excluding profit on disposal of manufacturing business:	Period ended 31 December 2020	28 weeks ended 11 January 2020	52 weeks ended 27 June 2020
Basic earnings per share	-	(14.5)p	38.1p
Diluted earnings per share	-	(14.4)p	38.1p

Cash flow in respect of discontinued operations:	Period ended 31 December 2020 £'000	28 weeks ended 11 January 2020 £'000	52 weeks ended 27 June 2020 £'000
Operating cash flows	-	3,220	(5,761)
Investing cash flows	-	-	35,255
Financing cash flows	-	(3,592)	(3,592)
Total cash flows	**-**	**(372)**	**25,902**

Note 9 Announcement of results

The Interim Report will be sent to shareholders and 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.