

**14th July 2020**

## **Brand Architekts Group PLC**

("Brand Architekts" or the "Group")

### **Trading Update and Board Succession**

Brand Architekts, the personal care and beauty products group with its own portfolio of brands, announces an update on trading for the 52 weeks to 27 June 2020 and board succession.

#### **Trading performance**

Sales performance during the second half of the financial year ("FY"), which was inevitably impacted by the COVID-19 pandemic, was stronger than the Board had anticipated and communicated at the time of our last trading update in April. However, revenue generated in H2 2020 is still significantly below the comparative period last year.

Net sales for FY20 were £16.3m, which excludes sales from discontinued operations, a decline of 17% on the prior year. Sales in the first half were £10.6m, a decline of 15% when compared to H1 2019 (£12.5m). Sales in the second half of FY20 declined by 21%, with net sales of £5.7m (H2 2019: £7.2m).

#### **COVID-19 impact**

During the last quarter of FY20, the COVID-19 pandemic had a significant effect on the sales mix. Our brands' performance within UK Grocers showed single digit growth whilst our online sales channels, whether through large e-tailers such as Amazon, or our own branded websites have delivered significant growth.

These gains did not offset the significant decline in other high street outlets whose store traffic was adversely impacted during lockdown. Additionally, several key international markets did not place orders during the last quarter of FY20, as a result of the closure of most general merchandise and department stores. However, the board is confident that the new branded business model and structure will allow the business to respond to the significant changes in consumer shopping behaviour effectively & efficiently.

Consequently, the board expect Group pre-tax profit for the full year will be significantly below last year.

#### **Balance Sheet and Cash**

Net cash position of £18.0m is a significant improvement when compared to the position reported at our interim results to January 11<sup>th</sup> of £15.1m and the £7.2m of net debt last year.

In the light of the disruption of Covid-19 and a review of the role of particular brands in the portfolio we are conducting a detailed review of stock valuation and will update at our final results in September.

## **Board Succession**

Following the disposal of the Contract Manufacturing business in August 2019, we have now put in place a new executive management team, led by Quentin Higham as CEO, focused completely on the new stand-alone Brands business. As part of the Board succession planning, to refresh the Board and to ensure that we have the appropriate balance of skills, experience and knowledge for the long-term success of the business, we also announce the following changes.

### **Non-Executive Chairman**

After 7 years in the role and having transformed the Group into a strong, completely brands focussed, cash positive business, Brendan Hynes has informed the Group of his intention to step down from the Board following the announcement of preliminary results, which will take place on the 28th September 2020. This will provide sufficient time for an orderly handover and allow the new executive management team to fully establish itself.

Brendan will be succeeded by Roger McDowell, the incumbent Senior Independent Director and Chair of the Remuneration Committee. Roger is an experienced Chairman and non-executive director, with extensive knowledge of the business and provides for a smooth and seamless transition.

### **Non-Executive Director appointment**

Chris How will be appointed as a non-executive director with immediate effect. Chris was formerly the CEO of Swallowfield PLC (the previous name of the Group) and has recently held the position of interim CEO of Brand Architekts. Chris brings continuity, detailed knowledge of the business and extensive, relevant sector experience, having previously held senior UK and International leadership positions at PZ Cussons and Colgate Palmolive. Chris will assume the role of Chair of the Remuneration Committee on 28th September 2020.

## **Outlook**

The UK government's easing of the lockdown measures are now underway, and as a result we anticipate increased consumer demand over the next few months. However, there is still a great deal of uncertainty surrounding the impact of COVID-19 on the wider economy and consumer confidence, we expect this will continue into the first half of FY21, with some improvement in the second half. As a result of this uncertainty, the Board continues to withhold financial guidance.

However, with a new executive team in place, a strong balance sheet which includes a significant positive net cash position and a clarity of direction the Board remains confident in the Group's long-term prospects.

## **Notes**

Pursuant to Schedule 2(g) of the AIM Rules for Companies, Christopher Gerard How (aged 60) currently holds and has held the following directorships or partnerships in the past five years:

### **Current directorships/partnerships**

Braebrook Limited

### **Directorships/partnerships held in the last five years:**

Swallowfield Consumer Products Limited  
Brand Architekts Group PLC (formerly Swallowfield PLC)

Atlas Group Limited  
Atlas Pencil (Sales) Limited  
The Yellow Can Company Limited  
Aerosols International Limited  
Bagsy Beauty Limited  
New Value Connections LTD  
Cosmetics, Toiletry and Perfumery Association  
Limited (The)  
MR Haircare Limited  
Tru Products Limited  
The Brand Architekts Limited  
Sterling Shave Club Limited  
Fish London LTD.

Mr How currently has a beneficial interest of 196,698 ordinary shares in the share capital of Group.

There is no further information to be disclosed in respect of the above appointment pursuant to Rule 17 and Schedule 2 paragraph (g) of the AIM Rules for Companies.

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