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Revolution Beauty Group PLC
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26 June 2024

Revolution Beauty Group plc

("Revolution Beauty", the "Group", or the "Company")

AUDITED FINAL RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2024

Return to profitability and good progress with Reigniting the Revolution strategy

Revolution Beauty (AIM: REVB), the multi-channel mass beauty innovator, today announces its Full Year Results for the year ended 29 February 2024 ("FY 2024" or the "Period").

	2024 £ million	2023 £ million	*Change*
Revenue	**191.3**	187.8	+2%
Gross profit	**88.4**	75.9	+16%
Gross margin	*46.2%*	*40.4%*	*+5.8ppts*
Operating costs[1]	**75.8**	83.4	-9%
Adjusted measures[2]			
Adjusted EBITDA	**12.6**	**(7.5)**	+£20.1m
% of revenue	***6.7%***	***(4.0%)***	*+10.7ppts*
Adjusted EBIT	**7.4**	**(23.4)**	+£30.8m
% of revenue	***3.9%***	***(12.5%)***	*+16.4ppts*
Adjusted profit before tax	**4.3**	**(26.7)**	+£31.0m
Statutory measures			
Profit before tax	**11.4**	**(33.9)**	+£45.3m
Diluted earnings/(loss) per share	**3.2p**	**(10.9p)**	+14.1p
Cash and cash equivalents	**8.6**	**11.0**	-£2.4m
Net debt excluding lease liabilities	**(23.1)**	**(20.7)**	-£2.4m

Notes:
(1) Operating costs is defined as Distribution & Administrative costs excluding depreciation, amortisation, exceptional items & share based compensation
(2) Adjusted measures, which are not statutory measures, show the underlying performance of the Group excluding large, non-cash and exceptional items.

Financial highlights

- Sales up 2% year on year to £191.3m, including the impact of significant product clearance activity in the first half
    - Strong performance in Rest of World more than offset weakness in US and e-commerce.
- Gross margin of 46.2% (FY23: 40.4%) up 5.8 percentage points with a focus on inventory management and profitability.
- Adjusted EBITDA of £12.6m - adjusted EBITDA margin of 6.7% (FY23: negative 4.0%) as a result of the improved gross margin, controlled reductions in marketing spend and reductions in distribution costs.
- Operating costs as a percentage of sales decreased to 39.6% from 44.4%; £10m, three-year cost saving programme underway.
- Profit before tax of £11.4m (FY23: loss of £33.9m).
- Net debt contained at £23.1m despite exceptional cash costs of £4.7m.

Operational highlights

- Clear strategy in place to "Reignite the Revolution" by focussing on the Revolution Masterbrand and powering core product categories, to become a global top 5 player in the mass beauty market.
- Expansion of retail distribution across key geographies.
- New Product Development ("NPD") strategy launched, with greater focus on efficiency.
- Gross inventory reduced by 32%. Inventories (net of provision) reduced to £40.7m and stock turn increased by 47% to 2.2 (from 1.5 a year ago).
- Improved service levels during the second half of the year for all retailers.
- Social media followers increased from 5.9m to 6.4m.
- Strengthened board of directors and management team.

Summary and outlook

The Group's strategy to focus on the Masterbrand and core product categories was unveiled at the capital markets event in February 2024. This strategy is already showing good progress in improving profitability and working capital efficiency. This will enable greater investment in New Product Development and marketing to return the business to growth.

In FY25, we expect revenues to decline year-on-year in the first half at a slightly higher rate than in the second half of FY24, reflecting our more focused product portfolio and the impact of stock clearance in the first half of FY24. With a reinvigorated innovation pipeline and opportunities to expand our offering and distribution network, we expect a return to revenue growth in the second half of the year. Benefitting from the Group's ongoing cost savings programme, Adjusted EBITDA for FY25 is expected to be at least in-line with FY24 with a significant weighting to the second half.

Lauren Brindley, CEO commented:

"FY24 was a year of great strategic and financial progress following two challenging years. I am extremely proud of what Team Revolution has achieved. Our new Reigniting the Revolution strategy is already delivering improvements across the business, strengthening our core and providing a much firmer platform from which to grow.

As we progress through the new financial year, I am excited about the potential of our reinvigorated pipeline of innovation and the number of opportunities to expand our retail distribution globally. As the strategy continues to take effect, we expect to see a return to growth in the second half of the year. That will put us firmly on the right trajectory to achieving our ambition of being a top 5 player in the mass beauty market."

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014 AS IT FORMS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED.

The company will hold a video webcast for analysts and investors at 9am (UK time) today. The webcast is available via the following link:

https://www.investis-live.com/revolution-beauty/66680b14e119530d002bb711/bdffv

A replay will subsequently be available on the Revolution Beauty investor relations webpage.

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CHAIRMAN'S STATEMENT

As Chairman of Revolution Beauty Group plc, it is my privilege to present to you our annual report for the fiscal year 2024. It has been a year marked by significant achievements, challenges, and opportunities, and I am pleased to report that Revolution Beauty Group has demonstrated its resilience and commitment to excellence.

In the face of a rapidly changing landscape, Revolution Beauty Group has continued to adapt and innovate, remaining at the forefront of the beauty industry. We are delighted to report a return to profit against a backdrop of well documented challenges, as we now look to the future.

LIFTING OF SHARE SUSPENSION

Following publication of the FY22 and H1 23 results, the Company's shares were restored to trading on the Alternative Investment Market (AIM) on 28 June 2023. As well as the publication of the results, the group took steps to improve controls around the financial and governance issues that led to the reporting delays and the initial suspension. Having subsequently issued the H1 24 financial results and this Annual Report and Accounts, in line with the reporting deadlines, I am pleased to say that we have returned to a typical reporting cycle.

CORPORATE GOVERNANCE, BOARD AND MANAGEMENT CHANGES

The Group has adopted the Quoted Companies Alliance Corporate Governance Code 2023 (QCA Code), and the Board remains committed to upholding the highest levels of corporate governance.

Following the publication of the FY22 Annual Report and Accounts, boohoo Group plc, a significant shareholder in the Group, requested board representation. Following discussion between the previous board and boohoo, a settlement agreement was reached and announced on 18 July 2023. The agreement included the following board changes:

- Bob Holt resigned as CEO, leaving the board on 31 August 2023.
- Derek Zissman resigned from the board on 18 July 2023 and I became executive Chair whilst a search for a new CEO was undertaken.
- Rachel Maguire and Matthew Eatough who had been appointed under the leadership of Bob Holt, resigned from the Board following his departure.
- Jeremy Schwartz also resigned from the Board following Bob Holt's departure.
- Three further NEDs were appointed (Peter Hallett, Neil Catto and Rachel Horsefield) to reflect the change in leadership, bringing with them experience closely aligned to the direction of the new leadership team.

I would like to take this opportunity to thank everyone who served as members of the Board for the service, both during the year and previously. FY24 saw significant challenges for the governance of the Group and the performance of the board throughout is a credit to its members.

Following an extensive search undertaken by the nomination committee, the Group announced on 31 August that Lauren Brindley would join as our new CEO from 18 September and that I would become non-executive Chair. Lauren has now been with us for nine months in which time she has brought a fresh perspective and strategic vision that has energized our company's direction. Her leadership has been instrumental in driving innovation, fostering collaboration, and enhancing shareholder value.

At the same time, it was announced that Chris Fry and Colin Henry were appointed as independent non-executive directors. Chris and Colin were identified following a search led by the Nomination Committee. They have become chairs of the remuneration and audit committees respectively and I have enjoyed working with them both very much.

On 13 December 2023 it was announced that Elizabeth Lake had decided to resign from the Board. Elizabeth held the role of CFO through a challenging period and I am grateful to her for her service.

Following Elizabeth's resignation, Neil Catto was appointed as CFO. Having already served as a non-executive director and with extensive relevant experience, Neil was well placed to take over. I have enjoyed working with Neil since his appointment as CFO, his excellent work to date and partnership with Lauren provides the Group with strong financial leadership for the next chapter on its journey.

On 13 December 2023 it was also announced that Erin Brookes would join the board. Erin joins with sector experience in her role as Managing Director at Alvarez and Marsal and I welcome her to the board and look forward to working with her further.

The Board changes over the past two years have caused upheaval in the leadership of the business and some uncertainty through this period. I am delighted that we now have a settled board with the right executive leadership and a strong non-executive Group to support and challenge them in the delivery of our strategy.

SETTLEMENT AGREEMENTS

The outcome of the investigation that was undertaken over the past 24 months and the costs associated resulted in claims being made against our founders.

On 2 February 2024, the Group and Adam Minto, the former CEO and founder of the Group, entered into a settlement agreement relating to the events that led to the delay of the audit of Revolution Beauty's FY22 results and the suspension of trading of the Group's shares during Mr. Minto's time as CEO, with no admission or acceptance of liability by either party. Further details are set out in note 5 to the Financial Statements.

Under the Settlement agreement, a full and final settlement of certain claims between them has been reached.

In connection with this settlement, Mr. Minto will pay Revolution Beauty a settlement sum of £2.9m.

On 5 February 2024 the Group announced that it had come to an agreement with Tom Allsworth, the former Executive Chairman and co-founder of the Group, regarding:

(i) the settlement of certain claims between Revolution Beauty and Mr. Allsworth,

(ii) the timing of future payments relating to the prior acquisition of Medichem Manufacturing Limited (now

called Revolution Beauty Labs Ltd) and

(iii) Mr. Allsworth's future role within Revolution Beauty Labs Limited.

The agreement made full and final settlement of certain claims between the Group and Mr. Allsworth, with no admission or acceptance of liability by either party.

Under the agreement, the Group agreed to pay Mr. Allsworth an ex-gratia payment of £270,000 in respect of certain historical legal fees incurred by Mr. Allsworth.

A deed of variation regarding the remaining deferred consideration in respect of the purchase of Medichem by the Group was also entered into. Pursuant to which the total remaining consideration under the Medichem SPA of £19.0m will now be repaid in instalments on a revised payment schedule.

As part of the arrangements, Mr Allsworth will continue in the management team of Revolution Beauty Labs, but not as a formal director.

I am pleased to have these settlements behind us, drawing a line under a period of uncertainty and meaning that the Group can move forward.

REGULATOR ACTION

The Company informed the shareholders on 21 July 2023 that the Financial Conduct Authority (the "FCA") had notified Revolution Beauty that it had commenced an investigation into potential breaches of the Market Abuse Regulation (EU) 596/2014 (as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018) in relation to certain matters in the period from July 2021 to September 2022. Revolution Beauty is cooperating fully with the FCA and will provide updates in due course.

OUR PEOPLE

I would like to take this opportunity to thank our shareholders for their continued support and confidence in Revolution Beauty Group. I would also like to express my gratitude to our dedicated employees, whose hard work and passion are the driving force behind our success.

LOOKING FORWARD

Looking ahead, we are optimistic about the future of Revolution Beauty. We see tremendous opportunities for growth and expansion, both domestically and internationally, and we remain committed to delivering innovative products and exceptional customer products.

I am confident that the Group is well-positioned to deliver value to our shareholders and stakeholders in the years to come. Together, we will continue to Revolutionise the beauty industry and create long-term sustainable value.

Alistair McGeorge

Non-Executive Chair

25 June 2024

CHIEF EXECUTIVE OFFICER'S REVIEW

INTRODUCTION

It is with great pride and enthusiasm that I address you today as the CEO of Revolution Beauty plc in the first Annual Report since my appointment in September. As we reflect on the past year, I am pleased to report that our company has returned to positive profitability and demonstrated resilience in the face of challenges.

The lifting of the suspension of trading in the Group's shares during the year, and the appointment of the new management team, brought to a close a tumultuous period for the Group.

I, with my new management team, am pleased to say that as we review the FY24 performance we are firmly focused on the future and opportunities ahead at this exciting time in the Group's history.

The FY24 results reflect the start of major strategic changes that are taking place in the business to create an efficient cost base from which the company can grow. The operating model is being transformed to deliver efficiency and enable the Group to deliver growth in an attractive global beauty market.

The major changes have included simplifying our brand offering, moving from seven brands across eleven categories to three brands across seven categories. We have also reduced the excessive volume of new products being launched, to focus on building a profitable and sustainable new product pipeline.

This optimisation of our product portfolio releases resources and investment to unlock the major profitable growth opportunities for our Masterbrand, Revolution, and our value brand, Relove, globally.

The Masterbrand, Revolution, will continue to bring innovative products, inspired by our community, to the mass beauty market faster than the competition, but by re-establishing a digital test and learn model, alongside a streamlined product portfolio we can scale profitably to our physical distribution footprint.

Alongside the portfolio simplification, the company has also implemented a rigorous control environment following the investigation process that was completed in 2023.

By optimising the brand portfolio, by powering up our major product categories of cosmetics and skincare and with focussed growth globally both by market and channel, I am confident we can unlock the many opportunities ahead of us as a company. These steps will deliver our vision to revolutionise beauty for every 'you' and become a top five mass beauty player by 2030.

FY24 PERFORMANCE

We are pleased to report the results for the year ended 29 February 2024, with the Group returning to profit. Turnover grew by 1.8% to £191.3m (FY23 £187.8m) and the Group reports profit before tax of £11.4m compared with a loss of £33.9m in by 1.8% to £191.3m (FY23 £187.8m) and the Group reports profit before tax of £11.4m compared with a loss of £33.9m in FY23.

Adjusted EBITDA for the period was positive £12.6m compared to a loss of £7.5m in FY23. The improvement in performance was driven by improved inventory purchasing, better control of overhead and direct costs, including reduced marketing investment.

During the year, we achieved a small increase in Group sales, up 1.8% to £191.3m as compared to the same 12-month period last year. This performance includes a major benefit from the sell through of material amounts of excess inventory in the first half of the year.

Our gross margin in the year improved to 46.2% from 40.4% in FY23. The improvement was driven largely from reduced inventory provision charges. The reduced charges were achieved with a more focussed purchasing plan based on a significantly optimised product assortment globally. This smarter operational delivery brought significant improvements to our retail service levels in the second half of the year, driving sales of our core products and removing the excess inventory purchasing of previous years. These cash savings will in turn allow further investment in our growth strategy going forward.

The Group continues to trade with two strategic routes to market for offline trade; direct retail in our key markets of the UK, US, Germany and APAC and through our network of distributor partners through other geographies. In total the company is now present in over 75 markets around the world.

Sales in UK direct retail continued to grow in FY24, supported by the inventory clearance program, our core Revolution master-brand make-up assortment and our Revolution Pro skincare franchise.

We saw a 14.9% decline in sales in our USA business during FY24. Performance was impacted by reduced US focused marketing investment and poor service levels to major customers. With the optimised product portfolio, we are now delivering strong service to all retail customers in the market and have just launched a US focused marketing program to drive brand awareness and conversion. We have a new President in place, Erin Cast, who has deep US beauty experience, and a focused strategy, I am sure she and the team will enable the brand to fulfil its potential moving forward.

Our Rest of World direct Retail and distributor channels are a fundamental part of our strategy and this business grew 22.8% in FY24, demonstrating the excitement around the brand and the demand for our products in new markets. Our strategy of localising for key markets, both with our product portfolio and marketing campaigns, is proving highly effective and we have many opportunities ahead, both in existing markets and new territories.

Our digital business has two major channels, our third-party wholesale digital business and our own ecommerce sites. Our third- party wholesale digital business grew in the year, with strong growth from major digital partners including Amazon EU & Zalando. To accelerate further we are launching Amazon US & Tik Tok shop in H1 FY25.

Our own ecommerce sites saw reduced sales in FY24, driven by a strategic decision in H1 to significantly reduce non-profitable traffic driving marketing investments. Despite the reduction in traffic driving marketing, the business increased both conversion and average order value in H2. We also drove incremental value from our loyalty scheme. We have robust plans in place to elevate our digital proposition in FY25 profitably, including an improve ecommerce proposition for the US market and new marketplace partnerships.

CURRENT TRADING AND OUTLOOK

The post year end trading has continued to perform in line with our internal expectations. We continue to execute our Masterbrand strategy, which requires a reduction in both brands and SKUs and means we will not address certain aspects of sales made in H1 FY24. We remain confident of growing the business in the short term and reigniting our core offering as we work towards our goal of becoming a top five global mass beauty player by 2030.

I would like to take this opportunity to express my gratitude to our dedicated team, who's hard work and passion have been instrumental to the delivery of this performance through a challenging year. The talent on show within team Revolution since I joined the Group has been so impressive and I am excited to see how the team develops as we execute our strategy over the coming years.

I would also like to thank our loyal customers and shareholders for their continued support and confidence in Revolution Beauty.

As we embark on the next chapter of our journey, I am confident that together, we will continue to Revolutionise the beauty industry.

Lauren Brindley
Chief Executive Officer
25 June 2024

FINANCIAL REVIEW

The following results are presented for the year ended 29 February 2024. Following the publication of the FY22 Annual Report and Accounts and the H1 FY23 interims, the suspension on the Company's shares was lifted and the shares have been trading as normal since 28 June 2023.

REVENUE	Year ended 29 February 2024 £'M		Year ended 28 February 2023 £'M		Change £'000	%
By business channel:						
Digital	**42.3**	22.1%	51.0	27.2%	(8.7)	(17.1%)
Stores	**149.0**	77.9%	136.8	72.8%	12.2	8.9%
Total revenue	**191.3**		**187.8**		**3.5**	**1.9%**
By region:						
UK	**62.5**	32.7%	67.0	35.7%	(4.5)	(6.7%)
US	**44.2**	23.1%	51.9	27.6%	(7.7)	(14.8%)
ROW	**84.6**	44.2%	68.9	36.7%	15.7	22.8%
Total revenue	**191.3**		**187.8**		**3.5**	**1.9%**

As shown in the table above, Group revenue increased by £3.5m to £191.3m in the year ended 29 February 2024 (2023: £187.8m). This revenue growth was achieved whilst the business went through a period of significant change as a result of the issues that arose from the internal investigation conducted ahead the Group's readmission to the AIM market.

Revenue in the year increased by £3.5m or 1.9%. Revenue performance varied across the Group's geographic reporting segments, the UK declined by 6.7%, although UK Store Group Revenue actually grew, digital revenue declined as digital marketing spend was reduced and customers continued the return to the high street. The

US declined by 14.8%, driven by store Group revenue declines as the US business went through a period of volatility. The ROW segment grew by 22.8%, driven by growth in direct retail and sales through distributors channels.

Store revenue increased by £12.2m or 8.9% to £149.0m (2023: £136.8m). UK store group revenue grew by 2.0%, the US declined by 14.8% and the ROW grew by 22.8%. Declines in the US were significantly impacted by the changes taking place in the business during the year, steps have been taken to stabilise the US business in recent months.

FY24 has seen a continuation of the return to high street shopping in the wake of the COVID-19 pandemic. This trend, coupled with a reduction in the online marketing spend as the Group consolidated its cash position earlier in the year, has resulted in a reduction in sales through the Groups own ecommerce channels. Sales through our digital partners were in line with FY23.

US revenue decreased by £7.7m, the Group retained consistent distribution throughout the US and remains focussed on this key market. In the Rest of the World (ROW) we saw 22.8% growth overall, which was driven by 45% growth in revenue from our distributer channel, which remains a key source of growth as we enter new markets.

PROFITS	**Year ended 29 February 2024 £'000**	Year ended 28 February 2023 £'000	Change £'000
Gross profit	**88,355**	75,884	12,471
Marketing and distribution costs	**(47,132)**	(57,469)	(10,337)
Administrative expenses	**(37,899)**	(42,161)	(4,262
Impairment losses on financial assets	**(1,035)**	(204)	831
Impairment of property, plant and equipment	**(75)**	(2,177)	(2,102
Impairment of goodwill	**-**	(3,388)	(3,388
Provision for legal cases	**(293)**	(1,066)	(773
Other income	**2,414**	-	2,414
Operating profit/(loss)	**4,335**	(30,581)	34,916
Net finance income/(costs)	**7,108**	(3,293)	10,401
Profit/(loss) before taxation	**11,443**	(33,874)	45,317
Gross profit margin	***46.2%***	*40.4%*	*5.8ppt*

Gross margin for the year ended 29 February 2024 improved significantly to 46.2%/£88.4m (FY2023: 40.4%/£75.9m) as a result of improved inventory management, and significant reduction in the inventory provision charges. The margin at H1 was higher at 49.4% due to seasonality, with higher seasonal promotions in H2 and a higher proportion of the inventory provision release occurring in H1 following the implementation of managements exit strategy for slow-moving inventory.

Whilst there will be ongoing movements in the inventory provision due to levels of New Product Development (NPD), Net Realisable Value (NRV) and slow-moving inventory, the movement between FY23 and FY24 has reduced due to the actions taken by new management to manage inventory purchasing, establish exit routes for slow-moving inventory and focus NPD on fewer better products.

Adjusted EBITDA increased from a loss of £7.5m in FY23 to a profit of £12.6m in FY24. The main driver for this profit was the improvement in the gross margin described above, a controlled reduction in marketing during a focus on liquidity early in the year and lower distribution costs compared to FY23 which was impacted by the significant decrease in global freight rates. In addition, the business has decreased operating costs in FY24, driven by the removal of internal warehouse costs.

Operating profit for the year ended 29 February 2024 of £4.6m increased by £35.2m (2023 operating loss: £30.6m). This was due to a number of factors:

- Improvement in gross profit (£12.8m) driven by reduction in inventory provision charges and lower freight rates following record levels previously experienced.
- Reduction in one off cost incurred in FY24; impairment of assets (reduced by £2.1m, mostly from the full impairment of the acquisition of Medichem), and the recognition of the settlement income with the Group's co-founder and former CEO (£2.4m) (see note 5 to the financial statements for details)
- Decrease in spend on stand updates (£2.9m) following the increased spend in the prior year catching up with updates missed during the pandemic and decrease in marketing and distribution spend (£4.8m)

Profit before taxation for the year increased to £11.4m (2023: Loss before taxation £33.9m), an improvement of £45.3m.

FINANCE INCOME AND COSTS

On 12 December 2023 the Group announced that it had reached agreement to sign a second deed of variation in respect of the timing and value of payments of deferred consideration for its acquisition of Revolution Beauty Labs Limited (Formerly: Medichem Manufacturing Limited). The amendment to the deferred consideration payable resulted in a net gain of £8.8m being recognised within finance income (see note 24 to the financial statements for details).

TAXATION

The Group's tax charge increased from a credit of £0.2m to a charge of £0.7m. The increase to the tax charge was the result of the Group's return to profitability.

PROFIT/(LOSS) AFTER TAXATION

Profit after taxation increased to £10.7m (2023: Loss after taxation £33.7m).

ALTERNATIVE PERFORMANCE MEASURES

The Group uses a number of Alternative Performance Measures ("APMs") in addition to those measures reported in

The Group uses a number of Alternative Performance Measures ("APMs") in addition to those measures reported in accordance with IFRS. Such APMs are not defined terms under IFRS and are not intended to be a substitute for any IFRS measure. The Directors believe that the APMs are important when assessing the underlying financial and operating performance of the Group. Full details of the adjusting charges incurred during the year are presented in Note 5 to the financial statements.

The adjusting items identified as non-recurring in nature are set out below and were considered in calculating the adjusted profits. Adjusting Items are defined in Note 2 and Note 5.

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000	Change £'000
Operating profit/(loss)	**4,335**	(30,581)	34,916
Depreciation, amortisation & impairment	**5,180**	15,867	(10,687)
Share-based payment	**2,372**	303	2,069
(Profit)/Loss on disposal of asset	**(6)**	62	(68)
Adjusting items:			
Settlement Income	**(2,414)**	-	(2,414)
Acquisition costs	**-**	262	(262)
Restructuring costs	**1,439**	1,310	129
Provision for legal cases	**(1,644)**	1,474	(3,118)
Legal and professional fees	**2,917**	3,528	(611)
Audit Fees	**391**	300	91
Total adjusting items added back	**791**	6,874	(6,083)
Adjusted EBITDA	**12,570**	(7,475)	20,045
Adjusted EBIT	**7,396**	(23,404)	30,800
Net finance income/(costs)	**(7,107)**	3,293	(10,400)
Adjusting items:			
Gain on amendment of deferred consideration	**(10,243)**	-	(10,243)
Adjusted PBT	**4,260**	(26,697)	30,957

Adjusted EBITDA increased by £20.1m to a profit of £12.6m during the year (2023: £7.5m loss). The increase in EBITDA was primarily due to the reduction in inventory provision after the actions taken to establish exit routes for slow-moving inventory, and to better manage inventory purchasing.

Depreciation, amortisation and impairment was significantly lower as a result of the impairments to stands and goodwill made in FY23. The remaining amount of goodwill and assets acquired for Medichem were impaired in FY23, bringing the carrying value to zero, as a result in changes to forecast performance.

Changes in the leadership of the company and certain other minor restructuring activity that took place in the year resulted in one off cost associated with the restructure.

Significant one off legal and professional fees were incurred in relation to the completion of the Independent Investigation and the subsequent legal settlements with the Group's co-founders and previous Directors.

Additional, exceptional legal fees were associated to the work required to enable the suspension on the Company's shares to be lifted in July 2023 and the requisitioned general meeting raised by the Group's major shareholder, boohoo Group plc.

FINANCIAL POSITION AND RESOURCES

	As at 29 February 2024 £'000	As at 28 February 2023 Restated £'000	Change £'000
Intangible assets	**4,934**	5,728	(794)
Property, plant and equipment	**9,242**	7,928	1,314
Right of use asset	**4,177**	2,310	1,867
Other receivable	**1,931**	-	1,931
Deferred tax asset	**496**	-	496
Non-current assets	**20,780**	15,966	4,814
Current assets excluding cash	**89,635**	102,416	(12,781)
Liabilities excluding borrowings	**(87,088)**	(110,840)	23,752
Cash and cash equivalents	**8,636**	11,044	(2,408)
Borrowings	**(31,785)**	(31,721)	(64)
Net debt	**(23,149)**	(20,677)	(2,472)
Net assets/(liabilities)	**178**	(13,135)	13,313

NON-CURRENT ASSETS

The Group states property, plant and equipment at cost, less depreciation or provision for impairment. Non- current assets as at 29 February 2024 increased to £20.8m (2023: £16.0m), mainly due to the recognition of the legal settlement reached with one of the Company's co-founders and former CEO, which is to be paid in six equal instalments annually between 28 March 2024 and 28 March 2029, the instalments due after twelve months from the balance sheet date have been recognised as a non-current asset.

CURRENT ASSETS

Current assets excluding cash decreased to £89.6m as at 29 February 2024 (2023: £102.4m). The inventory balance was lower at £40.8m (2023: £47.6m) which was due to the improvement in inventory purchasing. There was a decrease in Trade Receivables of £11.0m due to the timing of sales in the current and prior year, as well as an improved recovery of aged debt. Other receivables have increased by £3.0m representing the reimbursement asset on a copyright infringement legal case and first instalment of the legal settlement with the Company's co-founder and former CEO.

LIABILITIES

The decrease in total liabilities excluding borrowings as at 29 February 2024 of £23.8m relates mainly to the decrease in trade payables of £16.0m due to the active reduction in legacy payables through agreed payment plans with the largest inventory suppliers and the improved inventory purchasing process, and additionally the impact of foreign exchange. Accruals have also decreased by £2.0m predominantly due to the reduction in legal and professional costs.

LIQUIDITY

On 29 February 2024, the Group had £8.6m cash, with gross borrowing of £32m fully drawn from the Revolving Credit Facility ('RCF'). The face value of the Group net debt is £26.4m. The reported net debt of £31.8m is after deducting £0.2m of prepaid fees. These figures exclude the deferred consideration.

BANKING FACILITIES

As of 29 February 2024 the Group had a £32m RCF in place. As announced on 8 February 2024, the Group signed a twelve-month extension to the £32m RCF, which will now run until October 2025 and be on terms consistent with those agreed on 29 March 2023. As set out in the going concern disclosure in note 1 to the financial statements, amendments to the EBITDA covenant were made subsequent to the year end. As also set out in note 1, compliance with these covenants is forecast under the base case scenario. However, under a severe but plausible downside scenario, a breach of the amended covenants is possible, which has resulted in the Directors material uncertainty assessment with regard to going concern.

CASHFLOW

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000	Change £'000
Net cash (used in) generated from operations	**7,272**	(1,959)	9,231
Income tax	**(753)**	1,898	(2,651)
Net cash generated from operating activities	**6,519**	(61)	6,580
Purchase of intangible assets	**(270)**	(1,018)	748
Purchase of property, plant and equipment	**(4,265)**	(7,496)	3,231
Others	**3**	1	2
Net cash used in investing activities	**(4,532)**	(8,513)	3,981
Interest paid	**(2,634)**	(1,175)	(1,459)
Drawdown of borrowings	**-**	8,000	(8,000)
Issue of new shares	**88**	-	88
Others	**(2,172)**	(2,127)	(45)
Net cash generated from financing activities	**(4,718)**	4,698	(9,416)
Net increase/(decrease) in cash during the year	**(2,731)**	(3,876)	1,145

In FY24 net cash generated from operations improved significantly, by £9.2m year on year. Without the level of adjusting costs incurred in the year particularly relating to legal and professional fees surrounding the Independent Investigation, and activities to secure the lifting of the suspension on the Company's shares, together with significant restructuring costs, the Group would have generated significant operating cash inflows.

ISSUE OF NEW SHARES

In FY24, a total of 8,791,984 ordinary shares were issued under the share incentive plans, in note 29.

DIVIDEND

No ordinary dividends were paid during the year under review. The Directors do not recommend payment of a final ordinary dividend for the year (2023: £nil). Consistent with the guidance provided at IPO, the Group does not envisage paying dividends in the foreseeable future and intends to re-invest surplus funds in the development of the Group's business.

DIRECTORS' RESPONSIBILITY STATEMENT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK adopted International Accounting Standards ('IFRSs') and have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Alistair McGeorge

Executive Chair 25 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 29 February 2024

	Note	**Year ended 29 February 2024 £'000**	Year ended 28 February 2023 £'000
Revenue	7	**191,287**	187,842
Cost of sales		**(102,932)**	(111,958
Gross profit		**88,355**	75,884
Marketing and distribution costs		**(47,132)**	(57,469
Administrative expenses			
- General administrative expenses		**(37,899)**	(42,161
- Impairment losses on financial assets		**(1,035)**	(204
- Impairment of property, plant and equipment and right-of-use assets	17, 18	**(75)**	(2,177
- Impairment of goodwill and other intangibles	16	**-**	(3,388
- Provision for legal cases	27	**(293)**	(1,066
Total administrative expenses		**(39,302)**	(48,996
Other operating income	10	**2,414**	-
Operating profit/(loss)	10	**4,335**	(30,581
Finance income	12	**10,247**	1
Finance costs	13	**(3,139)**	(3,294
Profit/(Loss) before taxation		**11,443**	(33,874
Income tax (expense)/credit	14	**(743)**	228
Profit/(Loss) for the year		**10,700**	(33,646
Other comprehensive income net of taxation			
Exchange differences on translation of foreign operations - may be reclassified to profit and loss		**153**	(223
Total comprehensive profit/(loss) for the year		**10,853**	(33,869
Earnings per share (p)	15	**3.4**	(10.9
Diluted earnings per share (p)	15	**3.2**	(10.9
Adjusted EBITDA*	5	**12,570**	(7,475

*Adjusted EBITDA is a non-GAAP measure and is defined as Operating Loss adjusted for depreciation and amortisation, impairments and reversals of impairment, profits and losses on the disposal of assets, share based charges and releases and operating adjusting items as disclosed in note 4.

The following notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 29 February 2024

	Note	**As at 29 February 2024 £'000**	As at 28 February 2023 Restated £'000
Non-current assets			
Intangible assets	16	**4,934**	5,728
Property, plant and equipment	17	**9,242**	7,928
Right-of-use assets	18	**4,177**	2,310
Other receivables	20	**1,931**	-
Deferred tax asset	26	**496**	-
Total non-current assets		**20,780**	15,966
Current assets			
Inventories	19	**40,775**	47,606
Trade and other receivables	20	**42,739**	50,731
Reimbursement asset	27	**6,122**	4,079

	Note	2024	2023
Cash and cash equivalents	21	**8,636**	11,044
Total current assets		**98,272**	113,460
Current liabilities			
Lease liabilities	18	**(894)**	(2,060)
Trade and other payables	22	**(67,249)**	(82,730)
Deferred consideration	24	**-**	(10,910)
Provisions	27	**(6,622)**	(7,060)
Borrowings	23	**-**	(31,721)
Corporation tax payable		**(579)**	(28)
Total current liabilities		**(75,344)**	(132,509)
Net current assets/(liabilities)		**22,928**	(19,049)
Total assets less current liabilities		**43,708**	(3,083)
Non-current liabilities			
Lease liabilities	18	**(3,481)**	(954)
Borrowings	23	**(31,785)**	-
Deferred consideration	24	**(8,264)**	(9,098))
Total non-current liabilities		**(43,530)**	(10,052)
Net assets/(liabilities)		**178**	(13,135)
Equity			
Share capital	30	**3,185**	3,097
Share premium		**103,487**	103,487
Warrant reserve		**7,239**	7,239
Merger reserve		**14,860**	14,860
Translation reserve		**599**	446
Retained earnings		**(129,192)**	(142,264)
Total (deficit)/equity		**178**	(13,135)

The following notes are an integral part of these financial statements and refer to Note 4 for detailed information on the correction of prior period errors.

These financial statements of Revolution Beauty Group plc, registered number 11666025, were approved and authorised for issue by the Board of Directors on 25 June 2024 and were signed on its behalf by:

Neil Catto, Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £'000	Share premium £'000	Warrant reserve £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2022		3,097	103,487	7,239	14,860	669	(108,921)	20,431
Loss for the year		-	-	-	-	-	(33,646)	(33,646)
Other comprehensive income net of taxation:								
Foreign operations - foreign currency translation differences		-	-	-	-	(223)	-	(223)
Total comprehensive income/ expense for the year		-	-	-	-	(223)	(33,646)	(33,869)
Transactions with owners in their capacity as owners:								
Share-based payments		-	-	-	-	-	303	303
Total transactions with owners		-	-	-	-	-	303	303
Balance at 28 February 2023		**3,097**	**103,487**	**7,239**	**14,860**	**446**	**(142,264)**	**(13,135)**
Profit for the year		-	-	-	-	-	10,700	10,700
Other comprehensive income net of taxation:								
Foreign operations - foreign currency translation differences		-	-	-	-	153	-	153
Total comprehensive income/ expense for the year		-	-	-	-	153	10,700	10,853
Transactions with owners in their capacity as owners:								
Issue of shares	30	88	-	-	-	-	-	88
Share-based payments		-	-	-	-	-	2,372	2,372
Total transactions with owners		88	-	-	-	-	2,372	2,460
Balance at 29 February 2024		**3,185**	**103,487**	**7,239**	**14,860**	**599**	**(129,192)**	**178**

For the year ended 29 February 2024

The following notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 29 February 2024

	Note	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Profit/(Loss) for the period		**10,700**	(33,646
Adjustments for:			
Taxation charge/(credit)	14	**743**	(228
Finance costs	13	**3,139**	3,294
Finance income	12	**(10,247)**	(1
Depreciation of property, plant and equipment and right-of-use assets	17, 18	**4,208**	8,369
Impairment of property, plant and equipment and right-of-use assets	17, 18	**75**	2,177
Amortisation of intangible assets	16	**897**	1,933
Impairment of intangible assets	16	**-**	3,388
Loss/(profit) on disposal of property, plant and equipment	17	**2**	-
Loss/(profit) on disposal of intangible assets	16	**28**	62
Equity settled share-based payment expense		**2,372**	303
Provisions movement	27	**(201)**	1,565
Movements in working capital:			
Movement in inventories		**6,933**	(2,923)
Movement in receivables		**3,523**	3,791
Movement in payables		**(14,900)**	9,957
Cash used in operations		**7,272**	(1,959
Income taxes received/(paid)		**(753)**	1,898
Net cash generated by/(used in) operating activities		**6,519**	(61)
Cash flows from investing activities			
Purchase of intangible assets		**(270)**	(1,018
Purchase of property, plant and equipment		**(4,265)**	(7,496
Finance income		**3**	-1
Net cash used in investing activities		**(4,532)**	(8,513)
Cash flows from financing activities			
Interest paid		**(2,634)**	(1,175
Proceeds from borrowings		**-**	8,000
Proceeds from issue of shares, net of transaction costs		**88**	-
Payment of lease liabilities(1)		**(2,172)**	(2,127)
Net cash (used in)/generated by financing activities		**(4,718)**	4,698

	Note	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Cash and cash equivalents			
Net decrease in the year		**(2,731)**	(3,876
At 1 March	21	**11,044**	15,619
Effects of exchange rate changes on cash and cash equivalents		**323**	(699)
At 29 February	21	**8,636**	11,044

(1) Payment of lease liabilities includes £49k (2023: £115k) of interest payments and £2,069k (2023: £2,012k) of principal lease payments.

(2) The share-based payment charge for the year is £2,370k (2023: £303k), of which £Nil (2023: £Nil) was paid in cash.

The following notes are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 29 February 2024

1 GENERAL INFORMATION

Revolution Beauty Group plc ("the Company") is a public company limited by shares, and incorporated in England and Wales, with company number 11666025, and domiciled in the United Kingdom. The Company listed on the Alternative Investment Market (AIM) on 19 July 2021. The address of the registered office is 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT.

The Group ("the Group") consists of Revolution Beauty Group plc and all of its subsidiaries as listed in note 4 to the Company financial statements.

The Group's principal activity, business activities and other factors likely affecting the Groups performance are set out in the Chief Executive Officers Review on pages 8 to 9 and the Principal Risk and Uncertainties affecting the Group are set out on pages 22 to 26.

These results for the year ended 29 February 2024 are an excerpt from the Annual Report & Accounts 2024 and do not constitute the Group's statutory accounts for 2024 or 2023. Statutory accounts for 2023 have been delivered to the Registrar of Companies, and those for 2024 will be delivered following the Company's Annual General Meeting. The Auditor has reported on those accounts; their reports were qualified and include an emphasis of matter with regard to the correction to prior year disclosed in note 4 to the financial statements. The report also draws attention to the material uncertainty over the Group's ability to continue as going concern, as set out in note 2 to the financial statements by the directors. They did not contain statements under Sections 498(2) or (3) of the Companies Act 2006 or equivalent preceding legislation.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRS"). The financial statements have been prepared on the historical cost basis.

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared and presented in Sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

Prior period adjustments made to the amounts reported in the Company's 2023 financial statements have been set out in note 4.

Measurement convention

The financial statements have been prepared under the historical cost convention except for, where disclosed in the accounting policies, certain items shown at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods, services and assets.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. If in the future, such estimates and assumptions which are based on management's best judgement at the reporting date, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

Critical accounting estimates and key sources of estimation uncertainty in applying the accounting policies are disclosed in note 3.

Basis of consolidation

The consolidated financial statements incorporate those of Revolution Beauty Group plc and all of its subsidiaries (as included in note 4 of the parent entity accounts).

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Business Combinations

The cost of a business combination is the fair value at acquisition date of the assets given, equity instruments issued, and liabilities incurred or assumed. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Costs directly attributable to the business combination are expensed to the profit or loss as incurred.

Going concern Base Case Forecast

Having achieved the lifting of the suspension of the Company's shares on AIM on 28 June 2023 and delivered sales growth of 1.9% on the previous year, with a return to profitability at the Adjusted EBITDA level, the Group has updated its base case forecast for the period through to August 2025 to reflect the management team's latest expectations.

The Group set out its refreshed strategy in February, with a focus on the core Masterbrand to drive global growth by powering up its core, underpinned by smarter operations and improved financial rigour. This new strategy is designed to deliver long term growth across the Group's regions and channels, through the strength of the Masterbrand. In the short term, the Group will no longer address certain brand and category sales that had previously driven revenue, whilst not always achieving the profitability that the management team expect. Therefore, a softness in sales in the short term is expected as the Group rebalances its revenues and positions itself to capitalise on its new strategy. This has been seen in recent months as sales in the final months of FY24, and early FY25, have not reached the levels of the preceding year.

Management have determined that the period up to the end of August 2025 is the relevant period over which to consider the Groups performance for the assessment of going concern and have therefore forecast

operational and financial performance over that period. Twelve months has been selected as the going concern period because forecasting over this period is the most accurate, the further out the forecast the greater likelihood of volatility. The three months to 31 May 2024 have shown sales performing below levels seen in the previous year, which was expected as the implementation of the new strategy takes place. The updated base case to July 2024 forecasts that the Group will generate cash as it builds sustainable growth from a solid core business and will then be well positioned to accelerate in the years to come.

In addition to sustainable growth in sales, the base case forecasts that the management team's strategy will drive improvements in working capital, with inventory and receivables managed in line with trading volumes. Existing trading terms with supplier and customers are forecast to be maintained under the base case.

Cost reduction measures taken over the last two years have been adhered to and the Group continues to take steps to address its costs base. The right balances of marketing and capital investment is key to the delivery of the strategy and returning to growth as quickly as possible.

The significant accounting changes made in the prior year remain and form the basis of the Groups reporting and forecast model, the application of more rigorous financial reporting and control applied following the readmission of the Group's shares to the AIM market continues as it moves forward.

The Groups gross inventory balance has reduced significantly once again, resulting in a further reduction in its inventory provision since FY23. Inventory reductions have been driven by a more rationalised purchasing program, which is more targeted to the Group's demand forecast. In addition, significant amounts of older inventory have been sold through the Groups outlet channels or destroyed where no longer considered to be of any value.

Lending Arrangements

On 30 March 2023 the Group announced that it had secured an amended facility agreement with its banking partners (the "Lenders"). The amendment includes a waiver of breaches of the terms of the original agreement. As part of the amended facility agreement, the overall size of the facility was agreed at £32m, reduced from £40m, and is fully drawn.

On the 8 February 2024, the Group signed a twelve-month extension to the facility, to run until October 2025 on unchanged terms.

Revised covenants remain in place and include a minimum liquidity threshold of £5.0 million and an Adjusted EBITDA covenant. Certain non-financial covenants that applied following the amendments of the agreement were complied with and are no longer in place. Adjusted EBITDA covenant is tested quarterly and the minimum liquidity threshold is tested weekly.

On 4 June 2024, a further amendment to the facility was signed to reduce the Adjusted EBITDA covenant through the remaining term of the facility.

The Directors are of the view that the reduced facility provides the business with sufficient liquidity as it continues delivering its strategy for the Going Concern period. The facility matures in October 2025, it is the board's intention and expectation that the facility will be refinanced during FY25. The Group continues to enjoy the support of its banking partners, management believe that recent progress in stabilising, realigning the strategy, generating cash, ensuring covenant compliance and rationalising the cost base have positioned the Group well for refinancing its debt facilities, and is confident of refinancing beyond October 2025.

The remaining non-financial covenants include a condition that would result in an Event of Default occurring where the auditors qualify the annual consolidated financial statements. The lenders have provided a waiver in respect of the covenant relating to the Auditors qualifications in their audit report for these financial statements as was indicated in the FY23 financial statements.

The forecast results under the base case indicate that the Group will remain in compliance with financial covenants throughout the going concern period.

On 7 March 2023 the Group announced that it had reached an agreement in respect of the timing of payments of deferred consideration for its acquisition of Medichem Manufacturing Limited. A Deed of Variation dated 6 March 2023 was signed which amends the terms of the deferred consideration and completion net asset adjustment, adjusting the timing of the payment.

On 12 December 2023 the Group announced that it had reached agreement to sign a second deed of variation in respect of the timing and value of payments of deferred consideration for its acquisition of Medichem Manufacturing Limited.

Downside Scenarios

Under the base case scenario, the lowest amount of headroom against the minimum liquidity covenant is £741k in June 2024, the lowest test point in the EBITDA covenant is August 2024, when there is £819k of headroom.

In addition to the base case scenario, the Group has considered the potential impact of a severe but plausible downside scenario. Under the severe but plausible scenario, a 10% reduction in total sales from August 2024, driven by consumer demand in the beauty market caused by wider economic factors has been modelled. Under such circumstances the Group would need to take action to reduce costs, which would include, but not be limited to, reducing capital expenditure, marketing and general overheads including people costs.

In such a scenario, if mitigating actions were taken, the Group would remain in compliance with its covenants throughout the forecast period. However, the sensitivity of the Adjusted EBITDA performance under such circumstances suggests that there is a realistic possibility that a prolonged reduction in sales of 10% could result in the Group breaching its Adjusted EBITDA covenant. Were the Group exposed to a similar scenario and no mitigating actions taken, the Adjusted EBITDA covenant would be breached in November 2024.

Under a scenario in which the Groups revenue reduced to 10% below the forecast levels in the base case from August 2024 onward and no mitigating actions were taken, the Group would maintain headroom against its minimum liquidity threshold throughout the forecast period, although a breach would be a realistic possibility. The Directors are confident that under such a scenario, there would be sufficient time for them to take actions within their control over the cost base to prevent a breach occurring.

If the Group were to breach either of its covenants, it would be reliant on the support of its lenders in order to be able to continue to operate. The Group enjoys a good relationship with its banking partners and is confident of their continued support. The Group would have sufficient cash to continue operating under all plausible scenarios modelled.

Conclusion

The Directors are satisfied with the current performance of the business as the transition to the new strategy is undertaken, particularly given the disruption faced by the business in recent years.

Steps taken with regard to the deferral and renegotiation of the Medichem consideration and the amendment of the Groups lending arrangements and reductions to the cost base are significant in strengthening liquidity and providing a base from which to grow.

Having considered the information available and recent changes to the business, the Directors are satisfied that the base case supports the application of the going concern assumption in preparation of the financial statements.

However, the Directors also recognise the continuing challenges the business has faced since its shares resumed trading on AIM, including addressing legacy issues, as well as the underperformance of sales versus previous expectations, as well as the uncertainty in the wider economy. As noted above, the Directors have reset the strategy with reductions in forecast expenditure and improvements to the working capital cycle considered to be commensurate with the level of revenues forecast. The current Board continue to believe in this strategy and look to enhance the business further so that it is well place to grow to deliver its full potential.

The Directors are confident that the adopted strategy and actions taken to address the cost base and working capital cycle can be successfully executed. In the event that revenue falls below the level forecast in the base case scenario, the Directors are also confident that they are able to take mitigating actions within their control to reduce costs further on a timely basis, in order to maintain compliance with the Adjusted EBITDA and minimum liquidity covenant tests.

The Directors acknowledge that, in the event either a financial or non-financial covenant were to be breached, due to either a downturn in operational activity or the impact or timing of settlement of any financial commitments, known or otherwise, arising from legacy issues, the Group would be reliant on its lenders not requiring immediate repayment of the outstanding loan or obtaining alternative finance in order to continue to operate as a going concern. The lenders have provided a waiver in respect of the covenant relating to the Auditor qualifications of their audit report on these financial statements.

These factors, in conjunction with the sensitivity identified in the severe but plausible downside scenario with respect to the Adjusted EBITDA covenant, represent material uncertainty which may cast significant doubt over the Group's ability to continue to operate as a going concern. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group.

The following standards and interpretations relevant to the Group have been published for accounting periods after 1 March 2024 but have not been adopted by the UK and have not been applied in the preparation of the financial statements.

Standard/amendment

Amendments to IAS 1 - Classification of liabilities as current or non-current

Amendments to IAS 1 - Non-current liabilities with covenants

Amendments to IAS 1 - Non-current liabilities with covenants

Amendments to IAS 21 - The effects of Changes in Foreign Exchange Rate

The above standards are not expected to impact the Group materially.

Revenue recognition

Revenue represents invoiced sale of goods to customers net of sales tax. Revenue is recognised when control of a good is transferred to the customer, which is when the Group's performance obligations are considered to have been met in line with its contracts and is adjusted for returns and provisions for expected returns, discounts, rebates and refunds.

Estimation is required in assessing concessions provided to the customer such as refunds and returns. Such estimates are determined using either the 'expected value' or 'most likely amount' method, which are determined by assessing historic concessions made to customers for refunds and returns. Provisions for refunds and returns are recognised within trade and other payables. Returns are an area of significant judgement, as set out below.

The Group sells its products via their own website and to third party online retailers ("digital") and wholesale sales to retailers and distributors ("store groups").

Revenue from the sale of goods sold through the Group's website is recognised when the product is delivered to the customer. Payment of the transaction price is due immediately when the customer purchases the products. The Group's policy is to offer a right of return if notified within a specified time period. The Group therefore retains an insignificant risk of ownership through a digital sale when a refund is offered or when return goods are accepted if a customer is not satisfied. Revenue in such cases is recognised at the point of delivery to the customer provided the Group can reliably estimate future returns and the Group recognises a liability for returns against revenue based on previous accumulated experience and other factors.

LOYALTY SCHEME

The Group operates a loyalty card scheme for 'digital' customers where points are earned for products purchased online. The Group accounts for loyalty points as a separately identifiable component of the sales transaction in which they are granted. Deferred revenue is recognised in relation to points issued but not yet redeemed. Deferred revenue is subsequently recognised when the loyalty points are redeemed or when they expire.

A portion of the transaction price is allocated to the loyalty scheme points based on relative stand-alone selling price of the points issued. When estimating relative stand-alone selling price, the Group assesses the likelihood that the customer will redeem the points based on historic redemption rates.

STORE GROUPS

Store group revenue is recognised when title has passed in accordance with the terms of the contract. The timing of transfer of control in wholesale transactions is either when the goods have been collected by the customer or when the goods have been delivered to the location specified in the contract and the customer has accepted the products in accordance with the sales contract.

Sales incentives, cash discounts and product returns are deducted from net sales, such as commercial cooperation and discounts. Incentives granted to customers are recorded as a deduction from net sales.

Sales incentives, cash discounts, provisions for returns and incentives granted to distributors and customers are recorded simultaneously to the recognition of sales if it is highly probable that the incentive will be utilised., The determination of whether incentives will be utilised is based mainly on statistics compiled from past experience and contractual conditions. Historical experience enables the group to estimate reliably the value of goods that will be returned, or the extent of utilisation of any incentive given, and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue.

In some cases, the Group can enter into arrangements with customers where payments are made to compensate for certain promotional actions or operational costs for which the Group will be invoiced. As such payments cannot usually be separated from the supply relationship, the compensation for promotional actions is not deemed to be a distinct service and therefore the Group recognises the consideration paid as a deduction of revenue.

Foreign currencies

The financial statements are presented in Sterling, this being the functional currency of the primary economic environment of the parent company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Non-monetary items are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

On consolidation, assets and liabilities of foreign operations are translated into sterling at closing rate at the date of that statement of financial position. The results of foreign operations are translated into sterling at average rates of exchange for the year. Exchange differences arising on translating net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the translation reserve.

Finance income and costs

Finance costs comprise interest charged on liabilities and finance costs accruing from lease liabilities.

Interest income and interest payable are recognised in the statement of comprehensive, using the effective interest method. Amounts included in finance income and finance costs are set out in notes 12 and 13 respectively.

Adjusting Items

Adjusting items are those which are non-recurring and not assessed to represent charges and credits incurred or gained in the Group's normal course of business and are material by size or nature. All items identified as adjusting are set out in note 5.

Segmental reporting

The Group has one operating segment; being its retail business. The Chief Operating Decision Maker has been identified as the board of directors of Revolution Beauty Group plc, which receives regular reporting on its retail business.

Property, plant and equipment

The Group states property, plant and equipment at cost, less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Stands are provided to retail customers for displaying the Group's products in store. The Group recognises stands as

Stands are provided to retail customers for displaying the Group's products in store. The Group recognises stands as property, plant and equipment as the Group are solely responsible for providing, maintaining and disposing of the stands and therefore the Group is considered to have control of these assets.

Depreciation is calculated using the straight-line method to write down assets' cost amounts to their residual values over their estimated useful lives. The estimated useful lives are as follows:

Leasehold improvements	5 years
Stands	2 to 10 years
Office equipment	3 years
Computer equipment	3 years

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the income statement.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is calculated on a straight-line basis, less its estimated residual value, over its useful economic life. The estimated useful lives are as follows:

Software	5 years
Website costs	3 years
Trademarks	5 years
Intellectual property	5 -10 years

Impairment of property, plant and equipment and of intangible assets, including right-of-use assets

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value on a 'Weighted Average Cost' basis. Costs of purchased inventory includes the purchase price, import duties, other taxes and delivery costs and are determined after deducting rebates and discounts received or receivable. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity.

Inventory in transit is stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Group has become party to the contractual provisions of the instrument and derecognised when it ceases to be a party to such provisions.

TRADE AND OTHER RECEIVABLES

Trade receivables are initially measured at their transaction price. Other receivables are initially measured at fair value plus any directly attributable transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method. The Group does not hold any receivables with a significant financing component.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and other short-term investments held by the Group with maturities of less than three months from date of acquisition. These are highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in fair value.

TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value less transaction costs and subsequently measured at

Trade and other payables are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method, with all movements being recognised in the statement of comprehensive income. Cost is considered to approximate fair value.

DEFERRED CONSIDERATION

Deferred consideration is initially recognised at fair value and subsequently measured at amortised cost. Charges arising on significant financing component of deferred consideration are recognised in profit or loss over the life of the deferral period.

BORROWINGS

Interest-bearing loans are initially measured at fair value, net of direct transaction costs and are subsequently measured at amortised cost. Borrowings are classified between current and non-current liabilities dependent on the remaining term of the loan, alongside compliance with attached covenants. The effective interest method allocates interest expense to each period at the rate which discounts estimated future cash payments through the expected life of the debt to the net carrying amount on initial recognition. Finance charges, including fees and premiums payable on settlement or redemption, are recognised in profit or loss over the term of the loan using an effective rate of interest. Arrangement fees in relation to undrawn facilities are recognised as a prepayment to reflect the right for the Group to borrow in the future on pre-specified terms which may be favourable. The prepayment is released to profit or loss on a systematic basis, the timing of which depends on the probability of further draw down of the facility. If further draw down is not probable, the fee is recognised over the period of the facility to which it relates, if it is probable, the prepayment is held at full amount until draw down.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements and financial covenants entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

DERIVATIVES

The Group enters into foreign exchange forward contracts and swaps. These derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Fair value gains and losses are recognised in profit and loss.

EQUITY

Equity instruments issued are recorded at fair value on initial recognition net of transaction costs.

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Where the Group has contractual arrangements in place that are expected to result in reimbursement of liabilities for which a liability has been provided for, a reimbursement asset is separately recognised. Such assets are only recognised where the Group is virtually certain that the reimbursement will be received. The resulting recognition within the profit and loss, is that the provision is recognised net of the reimbursement asset.

Impairment of financial assets under IFRS 9

The Group establishes a provision for impairment of financial assets when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivable.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Trade receivables

For trade receivables, the simplified approach is used for expected credit losses as there is no significant financing component. The lifetime expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Impairment of other receivables measured at amortised cost

The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the Group's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows. The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the Group compares the risk of default at the year- end with the risk of a default when the receivable was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost. The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those receivables ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense unless those costs are required to be recognised as part of the cost of other assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Profit or Loss in the periods which services are rendered by employees.

Share-based payments

The company issues equity-settled share-based incentives to certain employees in the form of share options and incentive shares and recharges the cost of these to the relevant subsidiary company. Equity-settled share- based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed in the relevant subsidiary's financial statements on a straight-line basis over the estimated vesting period, based on the estimate of shares that will eventually vest. For share options which vest in instalments over the vesting period, each instalment is treated as a separate share option grant, each with a different vesting period. A corresponding adjustment is made to equity.

The fair value of incentive shares and share options are measured using the Monte Carlo model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non- transferability, exercise restrictions and behavioural conditions.

If the vesting conditions of incentive shares or share options are modified in a manner that is beneficial to the employee and this modification increases the fair value of the equity instruments granted (or increases the number of equity instruments granted) measured immediately before and after the modification, the entity shall include the incremental fair value granted in the measurement of the amount recognised for services received as consideration for the equity instruments granted. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of modification. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date at fair value of the original equity instruments, which is recognised over the remained of the original vesting period. Cancellations or settlements are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is recognised on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is released or the deferred income tax liabilities is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Since the Group is able to control the timing of the reversal of the temporary difference associated with interests in subsidiaries, a deferred tax liability is recognised only when it is probable that the temporary difference will reverse in the foreseeable future mainly because of a dividend distribution.

At present, no provision is made for the additional tax that would be payable if the subsidiaries in certain countries remitted their profits because such remittances are not probable, as the Group intends to retain the funds to finance organic growth locally.

Leases

On commencement of a contract (or part of a contract) which gives the Group the right to use an asset for a period of time in exchange for consideration, the Group recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease or a 'low-value' lease.

SHORT TERM LEASES

Where the lease term is twelve months or less and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term.

LEASES OF LOW VALUE ASSETS

For leases where the underlying asset is 'low-value', lease payments are recognised as an expense on a straight-line basis over the lease term.

Initial and subsequent measurement of the right-of-use asset

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

Right-of-use assets on a straight-line basis over the shorter of the lease term and the useful life.

The right-of-use asset is adjusted for any re-measurement of the lease liability and lease modifications.

Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus additional periods arising from extension options that the Group is reasonably certain to exercise and termination options that the Group is reasonably certain not to exercise.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in profit or loss, unless interest is directly attributable to qualifying assets, in which case it is capitalised in accordance with the Group's policy on borrowing costs.

Remeasurement of the lease liability

The lease liability is adjusted for changes arising from the original terms and conditions of the lease that change the lease term, the Group's assessment of its option to purchase the leased asset, the amount expected to be payable under a residual value guarantee and/or changes in lease payments due to a change in an index or rate. The adjustment to the lease liability is recognised when the change takes effect and is adjusted against the right-of-use asset, unless the carrying amount of the right-of-use asset is reduced to nil, when any further adjustment is recognised in profit or loss. On termination of leases, the right-of-use asset and lease liability are derecognised, with any resulting gain or loss being recognised in profit or loss.

Adjustments to the lease payments arising from a change in the lease term or the lessee's assessment of its option to purchase the leased asset are discounted using a revised discount rate. The revised discount rate is calculated as the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee's incremental borrowing rate at the date of reassessment.

Changes to the amounts expected to be payable under a residual value guarantee and changes to lease payments due to a change in an index or rate are recognised when the change takes effect and are discounted at the original discount rate unless the change is due to a change in floating interest rates, when the discount rate is revised to reflect the changes in interest rate.

Lease modifications

A lease modification is a change that was not part of the original terms and conditions of the lease and is accounted for as a separate lease if it increases the scope of the lease by adding the right to use one or more additional assets with a commensurate adjustment to the payments under the lease.

For a lease modification not accounted for as a separate lease, the lease liability is adjusted for the revised lease payments, discounted using a revised discount rate. The revised discount rate used is the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee company's incremental borrowing rate at the date of the modification.

Where the lease modification decreases the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease. Any difference between the adjustment to the lease liability and the adjustment to the right-of-use asset is recognised in profit or loss.

For all other lease modifications, the adjustment to the lease liability is recognised as an adjustment to the right-of-use asset.

Dividends

Dividends are recognised when declared and authorised during the financial year and no longer at the discretion of the Group.

3 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities, and the disclosure of contingent assets and liabilities, that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates, and subsequent changes are accounted for when such information becomes available.

Judgements

In the course of preparing the financial statements, judgements have been made in the process of applying the accounting policies that have had a significant effect in the amounts recognised in the financial statements. The following are the areas requiring the use of judgements that may significantly impact the financial statements.

EXPECTED CREDIT LOSSES

Impairment provisions for trade receivables are recognised based on the simplified approach, within IFRS 9, using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

REIMBURSEMENT ASSETS

Reimbursement assets are recognised when it is determined to be virtually certain that they will be recovered, in accordance with IAS 37. Judgment is required in making this determination prior to the receipt of cash flows, the Group considers strength and validity of contractual arrangement in place as well as the resources of the counterparty for any reimbursement. Where the contractual arrangements are considered secure, the counterparty has sufficient resources and there is no other plausible reason for the asset not to be recovered, the reimbursement is recognised.

Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Estimates include:

RETURNS

Some customers are able to return unsold inventory. At the period end, the Group makes a provision for returns based on historical averages, or actual values that have been agreed with the customer.

MEASUREMENT OF INVENTORY PROVISION

The Group's inventory provision methodology is made up of a net realisable value (NRV) component and a slow-moving component. The slow-moving component includes a provision for inventory that has recently been launched and therefore has limited sales history and also for more mature inventory, which is assessed based on its sales cover, which gives rise to the key source of estimation uncertainty.

The NRV provision is determined by assessing the latest sales price of a Stock Keeping Unit ("SKU"), less the cost of selling it, against the cost of purchasing it. There is judgment applied in assessing the costs included in selling each SKU. The Group determines cost to sell on an average basis across all SKUs. The cost to sell includes the incremental costs of selling, such as commissions, as well as non- incremental selling costs including expected marketing costs and expected costs to hold the inventory until the anticipated time of sale.

Inventory consists of a large number of SKUs, with a range of values. The slow-moving inventory provision is calculated for each SKU, based on sales in a 12 month period, to calculate the number of months cover held at the balance sheet date for each SKU held in inventory.

No provision is applied to SKUs where inventory cover is 12 months or less. Where a SKU has more than 12 months inventory cover a provision of 50% is applied to inventory expected to sell in months 13-24 and

100% to inventory expected to sell thereafter. Inventory cover is determined by dividing the level of inventory on hand at the balance sheet date by sales data for a 12 month period including a period after the balance sheet date, at a SKU by SKU level.

As recent sales data does not accurately reflect the expected future sales of products developed in the 12 months prior to the balance sheet date on an individual basis, historic sales performance of all new products launched over the preceding three years has been applied. Therefore, the Group has determined the historic rate of sale of newly developed products and makes a further slow moving provision of 25% of the value of new SKUs launched in the 12 month period up to the reporting date.

The total provision at 29 February 2024 is £14.3m (2023: £33.8m). The calculation of the inventory provision as at 29 February 2024 is based on a number of assumptions. These are set out below, alongside a sensitivity to those assumptions considered to be most subjective by management.

- Provision rate of 50%. An increase or decrease in the provision rate of 50% on inventory with inventory cover of greater than 24 months but less than 36 months to the minimum of 0% or maximum of 100% possible would increase or decrease the inventory provision by £1.5m respectively.

- Newly developed product provision. An increase or decrease in the provision applied to products developed in the 12 months prior to the reporting date by 5% would increase or decrease the overall provision by £0.5m.

IMPAIRMENT OF GOODWILL

The Group determines whether goodwill is impaired when indicators of impairment are identified or in the annual assessment of impairment. The annual assessment requires an estimate of the value in use of the CGUs to which the assets are allocated, which is by business unit. A CGU for goodwill is deemed to be an individual entity, as per Note 16.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each business unit and discount these to their net present value at a discount rate. The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied.

Forecasting expected cash flows and selecting an appropriate discount rate inherently requires estimation. A sensitivity analysis has been performed over the estimates (see Note 16). The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied. The Directors consider that the key assumptions made within the cash flow forecasts include sales levels. The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the CGUs, and that the discount rate used is appropriate given the risks associated with the specific cash flows.

MEASUREMENT, USEFUL LIVES AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. In the event of impairment, an estimate of the asset's recoverable amount is made. The value of the assets are tested whenever there are indications of impairment.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The Group determines whether property, plant and equipment, predominantly related to stands used in stores to present the Group's inventory for sale, are impaired or require reversal of impairment when indicators of impairments or reversal of impairment exist or based on the annual impairment assessment. The annual assessment requires an estimate of the value in use of the CGUs to which the assets are allocated, which is at a customer level.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each customer and discount these to their net present value at a discount rate. The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied.

Forecasting expected cash flows and selecting an appropriate discount rate inherently requires estimation. A sensitivity analysis has been performed over the estimates (see Note 16). The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied. The Directors consider that the key assumptions made within the cash flow forecasts include sales levels. The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the CGUs, and that the discount rate used is appropriate given the risks associated with the specific cash flows.

MEASUREMENT OF LEGAL PROVISIONS

The Group recognises a provision when it has a present liability for a past event, in accordance with IAS 37.

With regard to legal claims, management consider the status of any claims and all legal advice available to determine that a liability exists. Where no agreement has been reached for the value of a claim with the claimant, estimation is required in assessing the quantum of the liability. Estimating the liability also involves consideration of all available advice from counsel, the legal stage of the claim, any offers for settlement which have been made and whether or not they have been accepted. The strength of the claims and the defence is also considered. Management consider that the assessment made in respect of legal claims provided for at the Balance Sheet date represents their best possible estimate of the expected liability using the available information.

4 CORRECTION OF PRIOR YEAR ERRORS

The Directors have identified a number of balances which were previously classified as trade and other payables which should have been offset against the trade receivables and other receivables. These balances are deductions from revenue, relating to shortages and damages, that are payable to the customer from whom the revenue was recognised. This adjustment is solely a balance sheet reclassification, and therefore only has an impact on the Statement of Financial Position. The total of £1,977,000 has been reclassified as at 28 February 2023, resulting in a decrease to both trade and other receivables and trade and other payables.

Impact on the Statement of Financial Position

	Year ended 28 February 2023 £'000	Adjustments £'000	Year ended 28 February 2023 £'000
Trade and other receivables	**52,708**	(1,977)	50,731
Total current assets	**115,437**	1,977	113,460
Trade and other payables	**(82,707)**	1,977	(80,730
Total current liabilities	**(134,486)**	-	(132,509
Net assets/(liabilities)	**(13,135)**	-	(13,135
Total equity	**(13,135)**	-	(13,135

There was no material impact on the financial position at 28 February 2022 hence no third balance sheet has been presented as a primary statement.

5 ALTERNATIVE PERFORMANCE MEASURES

The Group uses a number of Alternative Performance Measures ("APMs") in addition to those measures reported in accordance with IFRS. Such APMs are not defined terms under IFRS and are not intended to be a substitute for any IFRS measure. The Directors believe that the APMs are important when assessing the underlying financial and operating performance of the Group.

For the financial period ended 29 February 2024, the Group has used the term 'adjusted items' as opposed to 'exceptional items' as used in previous financial periods. The Group exercises judgement in assessing whether items should be classified as adjusted items. This assessment covers the nature of the item, cause of occurrence and scale of impact of that item on the reported performance.

The APMs are used internally in the management of the Group's business performance, budgeting and forecasting, and for determining Executive Directors' remuneration and that of other management throughout the business. The APMs are also presented externally to meet investors' requirements for further clarity and transparency of the Group's financial performance. Where items of profits or costs are being excluded in an APM, these are included elsewhere in our reported financial information as they represent actual income or costs of the Group.

The Group's Alternative Performance Measures are set out below.

Adjusted EBITDA

Adjusted EBITDA is defined as Operating Profit adjusted for depreciation and amortisation, impairments and reversals of impairment, profits and losses on the disposal of assets, share based charges and releases and adjusting items.

Adjusted EBIT

Adjusted EBIT is calculated as profit/(loss) before tax, interest, share-based payment charges and adjusting items.

Adjusted profit/(loss) before tax

Adjusted profit/(loss) before tax is calculated as profit/(loss) before tax, share-based payment charges and adjusting items.

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Operating profit/(loss)	**4,335**	(30,581
Amortisation of intangible assets	**897**	1,933
Impairment of goodwill and other intangibles	**-**	3,388
Depreciation of property, plant and equipment and right-of-use assets	**4,208**	8,369
Impairment of property, plant and equipment and right-of-use assets	**75**	2,177
(Profit)/Loss of disposal of asset	**(6)**	62
Share-based payment expenses	**2,372**	303
Operating adjusting items:		
Acquisition costs	**-**	262
Restructuring costs	**1,439**	1,310
Provision or settlement of legal cases	**(1,644)**	1,474
Adjusting legal and professional fees	**2,917**	3,528
Additional audit fees	**391**	300
Adjusting Settlement Income	**(2,414)**	-
Adjusted EBITDA	**12,570**	(7,475
Depreciation, amortisation and impairments	**(5,174)**	(15,929
Adjusted EBIT	**7,396**	(23,404
Net finance (income)/costs	**(7,107)**	3,293
Financing adjusting items:		
Adjusting gain on amendment of deferred consideration	**(10,243)**	-
Adjusted Profit/(loss) before taxation	**4,260**	(26,697)

Operating adjusting items

As announced on 23 September 2022, the Company's previous auditor wrote to the Board on 21 September 2022 to identify a number of serious concerns that had arisen during the course of its work on the audit of the Company's accounts for the year ended 28 February 2022. The Board appointed independent external advisors to undertake an independent investigation, and the Company appointed Macfarlanes (lawyers), Rosenblatt (lawyers) and FRA (forensic accountants) on 23 September 2022, with the investigation concluding on 13 January 2023. As a result of issues identified through this process, and the corresponding legal and professional advice required to ensure the relisting of the Group's ordinary shares on AIM market on 28 June 2023, the Company incurred exceptional costs of £1.4m. In addition, these concerns raised led to additional audit fees to be incurred above the level usually required for the Group's annual statutory audit at a further cost of £0.4m.

As a result of issues identified through this process, the Company announced legal proceedings against the Company's co-founder and former CEO, Adam Minto, on 20 June 2023 alleging that the director breached his fiduciary, statutory, contractual and/or tortious duties to the Company. A settlement was reached on 2 February 2024, for £2.9m to be paid annually over six equal instalments between 28 March 2024 and 28 March 2029, the discounted value of the adjusting settlement income to the company was £2.4m at the balance sheet date. Included within adjusting legal fees are £658k of cost associated with legal and professional support associated with this process.

On the 21 July 2023 the Financial Conduct Authority ('FCA') notified the Company that it had commenced an investigation into potential breaches of the Market Abuse Regulation, in relation to matters relating to the period from July 2021 to September 2022. In engaging with the FCA, the Company has incurred legal and professional costs of £0.2m.

During the period a major shareholder of the Group, boohoo Group Plc ("boohoo"), requisitioned a General Meeting with certain resolutions to be voted upon, the details of which are available on the Group's website. On 18 July 2023, prior to the General Meeting taking place, the Group announced a settlement agreement with boohoo. The terms of the settlement included the resignation of directors Bob Holt and Derek Zissman and the appointment of Alistair McGeorge, Neil Catto, Rachel Horsefield and Peter Hallet. Included within adjusting legal and professional fees are £694k of cost associated with legal and professional support associated with this process.

During the financial year the Group incurred adjusting restructuring and redundancy costs of £1.4m. This included Elizabeth Lake who stood down as CFO and as a Director of the Plc Board on 31 December 2023. In addition, there was a restructuring of the Group's senior management team and the Company's warehouse facilities, which included staff redundancies.

redundancies.

On 29 January 2024 the Company received a pre-action letter from Chrysalis, stating that it believes that it has certain potential claims against the Company in relation to its purchase of Revolution Beauty shares in July 2021 and the sale of those shares in late 2022. Chrysalis has not commenced formal legal proceedings, and the Company contests the allegations and has been engaging with Chrysalis's advisers, resulting in legal and professional fees of £0.1m.

As noted in the prior year's financial statements, the Group made a provision in respect of a legal claim in respect of copyright infringements on music rights in the US. Post year end, the Group reached a settlement in respect of this legal claim, which has been treated as an adjusting event for the balance sheet date, and the Group has recognised the full reimbursement asset from the indemnifying parties due to the certainty of settlement and resulted in a financial gain of £1.6m through the profit and loss.

Revolution Beauty Holdings acquired Revolution Beauty Labs (Formerly Medichem Ltd) which was previously 100% owned and controlled by a previous director and shareholder of Revolution Beauty Group Plc, with a deferred consideration owed. During the financial year there were two separate deeds of amendments to the deferred consideration, as included in further detail within note 24, which resulted in a total gain of £10.2m which has been recognised in the profit or loss as finance income at the date of the modification.

Prior period operating adjusting items

As announced on 23 September 2022, the Company's auditor wrote to the Board on 21 September 2022 to identify a number of serious concerns that had arisen during the course of its work on the audit of the Company's accounts for the year ended 28 February 2022.

The Board appointed independent external advisors to undertake an independent investigation, and the Company appointed Macfarlanes (lawyers), Rosenblatt (lawyers) and FRA (forensic accountants) on 23 September 2022. As a result of issue identified through this process, exceptional legal and professional fees were incurred at a cost of £3.5m (which includes £0.4m paid on behalf of two Directors). In addition, these concerns raised led to adjusting audit fees to be incurred above the level usually required for the Group's annual statutory audit at a further cost of £0.3m.

Further to the investigation outcomes a reorganisation of the Groups operations and processes, included the restructure of senior management positions. This reorganisation resulted in the Group incurring adjusting redundancy and professional cost of £1.3m.

In addition, the Group incurred £262k in further professional fees and inventory costs in connection with the acquisitions completed during 2022 which are considered to be outside the normal course of business:

- the acquisition of Medichem Manufacturing Ltd
- the purchase of asset from BH Cosmetics Inc.

The Group incurred legal and professional costs of £0.1m and £0.2m respectively, in the process of concluding the above-mentioned acquisitions, which are considered to be transaction related costs outside the normal course of business.

During the current and prior year, the Group made provision of £1.0m in respect of a legal claim in respect of copyright infringement on music rights in the US. This amount had not been settled by the balance sheet date and is included within provisions. During the year, the Group reached a legal settlement of £0.3m related to a one-off trademark dispute.

6 SEGMENTAL REPORTING

IFRS 8 Operating Segments requires that operating segments be identified on the basis of internal reporting and decision-making. The Group identifies operating segments based on internal management reporting that is regularly reported to and reviewed by the Board of directors, which is identified as the chief operating decision maker. The Groups sells its products through several geographic areas as set out below and through various revenue channels. All of these channels are managed through one central team and structure, inventory is also purchased centrally. Therefore, management information is reported as one operating segment, being revenue from sales of products and inventory purchasing.

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
An analysis of the Group's revenue is as follows:		
Revenue analysed by class of business		
Digital	**42,347**	51,008
Store groups	**148,940**	136,834
	191,287	187,842
Revenue analysed by geographical market		
UK	**62,514**	66,974
United States of America	**44,207**	51,961
Rest of World	**84,566**	68,907
	191,287	187,842

7 REVENUE

The Group generated revenue from no individual customer that accounted for greater than 10% of total revenue in FY24 (FY23: One). Total revenue from that one customer for 2023 was £19.6m. The performance obligations are settled upon delivery of the products to the specified customer location or upon collection by the customer. Payment is typically due within 30 to 90 days from delivery for online retailers and store groups.

8 EMPLOYEES

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
An analysis of the Group's staff costs is as follows:		
Wages and salaries	**19,180**	17,774
Social security costs	**2,003**	2,292
Pension costs - defined contribution	**339**	323
Equity-settled share-based payments	**2,372**	303
Total employee benefit expense	**23,894**	20,692

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are separately held from those of the Group in an independently administered fund. At the reporting date, contributions totalling £34k (2023: £4k) were payable to the fund and are included within other creditors.

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Average number of staff		
Administration	**261**	279
Cost of sales	**86**	137
	347	416

9 DIRECTORS' REMUNERATION

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
An analysis of the Group's directors' remuneration costs is as follows:		
Directors' remuneration excluding pension	**4,565**	1,659

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Directors' remuneration	**2,168**	468

10 OPERATING PROFIT

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
The operating profit/(loss) is arrived at after charging/(crediting):		
Net foreign exchange (gains)/losses	**264**	(321
Amortisation of intangible assets	**897**	1,933
Impairment of goodwill and other intangibles	**-**	3,388
Depreciation of property, plant and equipment - owned	**2,700**	6,548
Depreciation of property, plant and equipment - right-of-use assets	**1,508**	1,821
Impairment of property, plant and equipment - owned	**75**	1,811
Cost of inventory recognised as an expense	**123,131**	112,704
Inventory provision written back	**(17,914)**	(5,898
Share-based payment charge	**2,372**	303
Lease charges:		
- short-term leases	**60**	89
- low-value leases	**12**	18

11 AUDITORS REMUNERATION

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Fees payable to the Group's auditor and its associates:		
Audit of the financial statements	**490**	1,367
Subsidiary entity audit fees	**120**	150
	610	1,517

12 FINANCE INCOME

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Interest receivable	**3**	1
Gain on amendment of deferred consideration	**10,243**	-
	10,246	1

The gain on amendment of deferred consideration relates to the deed of amendments in relation to the acquisition of

The gain on amendment of deferred consideration relates to the deed of amendments in relation to the acquisition of Medichem, included in note 24.

13 FINANCE COSTS

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Interest on bank overdrafts and loans	**2,764**	1,379
Interest on lease liabilities	**49**	146
Other interest	**326**	1,769
	3,139	3,294

14 INCOME TAX CREDIT/EXPENSE

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Current tax:		
UK corporation tax on profits for the current period	**-**	-
Adjustments in respect of prior periods	**-**	7
	-	7
Foreign current tax on profits for the current period	**14**	(120
Adjustments in respect of prior periods	**1,122**	(72
Total current tax	**1,136**	(185
Deferred tax		
Origination and reversal of timing differences	**(486)**	(180
Previously unrecognised tax loss, tax credit or timing difference	**2**	137
Total deferred tax	**(484)**	(43
Total income tax charge/(credit)	**743**	(228

Factors affecting tax charge for the year

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Profit/(Loss) before taxation	**11,443**	(33,874
Expected tax credit based on the standard rate of corporation tax in the UK of 24.49% (2023: 19%)	**2,802**	(6,457
Tax effect of expenses that are not deductible in determining taxable profit	**(2,176)**	184
Fixed Asset Differences	**9**	(200
Adjustment in respect of prior years	**1,122**	(64
Effect of overseas tax rates	**(47)**	(5
Deferred tax adjustments in respect of prior years	**1**	137
Deferred tax assets not recognised	**(978)**	6,219
Effect of change in deferred tax rate	**10**	(42
Total income tax charge/(credit)	**743**	(228

The Group has tax losses totalling £95,001k (2023: £54,773k) and other temporary differences of £21,720k (2023: £24,182k) for which no deferred tax asset has been recognised due to uncertainty over future recoverability.

15 EARNINGS PER SHARE

The Group reports basic and diluted earnings per common share. Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is determined by adjusting the profit attributable to common shareholders by the weighted average number of common shares outstanding, taking into account the effects of all potential dilutive common shares, including options.

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Profit/(loss) attributable to shareholders:	**10,700**	(33,646)
Weighted average number of shares ('000)	**315,003**	309,737
Basic earnings per share (p)	**3.4**	(10.9)
Total comprehensive income/(loss) attributable to the owners of the company	**10,700**	(33,646
Weighted average number of shares ('000)	**315,003**	309,737
Dilutive effect of share options and warrants	**19,724**	-
Weighted average number of diluted shares ('000)	**334,727**	309,737
Diluted earnings per share (p)	**3.2**	(10.9)

Pursuant to IAS 33, options whose exercise price is higher than the average price of the Company's shares in the year were not taken into account in determining the effect of dilutive instruments. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

16 INTANGIBLE ASSETS

	Goodwill £'000	Software £'000	Website costs £'000	Trademarks £'000	Intellectual property £'000	Acquired rights £'000	Total £'000
Cost:							
As at 1 March 2022	17,803	2,061	1,757	471	3,316	1,163	26,571
Additions	-	679	-	113	226	-	1,018
Disposals	-	(466)	-	(37)	(591)	-	(1,095)
Exchange adjustments	450	(5)	-	-	(134)	-	311
As at 28 February 2023	18,253	2,269	1,757	547	2,817	1,163	26,806
Additions	-	100	-	170	-	-	270
Disposals	-	(254)	-	(114)	(159)	-	(527)
Exchange adjustments	(139)	-	-		(10)	-	(149)
As at 29 February 2024	**18,114**	**2,114**	**1,757**	**603**	**2,648**	**1,163**	**26,400**
Amortisation and impairment:							
As at 1 March 2022	13,000	1,025	1, 463	171	543	532	16,734
Amortisation charge for the period	-	632	294	101	406	500	1,933
Impairment charge	2,786	245	-	-	226	131	3,388
Disposals	-	(404)	-	(37)	(591)	-	(1,032)
Exchange adjustments	-	1	-	2	52	-	55
As at 28 February 2023	15,786	1,499	1,757	237	636	1,163	21,078
Amortisation charge for the year	-	522	-	119	256	-	897
Impairment charge	-	-	-	-	-	-	-
Disposals	-	(254)	-	(86)	(159)	-	(499)
Exchange adjustments	-	-	-	-	(10)	-	(10)
As at 29 February 2024	**15,786**	**1,766**	**1,757**	**270**	**723**	**1,163**	**21,466**
Carrying amount:							
As at 28 February 2023	2,467	770	-	310	2,181	-	5,728
As at 29 February 2024	2,328	348	-	333	1,925	-	4,934

Amortisation and impairment of intangible assets is recognised within administrative expenses in the Statement of Comprehensive Income. Intangible assets are located across the Groups' geographical market as follows: UK £2,606k (2023: £2,942k), ROW £Nil (2023: £Nil), US £2,328k (2023: £2,786k).

Impairment testing

Goodwill is tested for impairment at each reporting date and a review undertaken for indicators of impairment.

For the purposes of impairment testing the Group assigns goodwill to cash generating units (CGUs). Goodwill has been assigned to the following two CGUs Revolution Beauty Inc of £2,328k (2023: £2,333k) and Revolution Labs Ltd (formerly Medichem Ltd) of £Nil (2023: £2,786k).

In testing the goodwill of each CGU, the Group aggregates all identifiable assets, including all other intangible asset and property, plant and equipment. The assets of the CGU are compared to the value in use of the CGU in order to assess the recoverable amount. The value in use is calculated by discounting future cashflows forecast to be generated from the CGU over a five year period using the Group's pre-tax weighted average cost of capital (WACC), which is disclosed in note 17.

At 28 February 2023, the recoverable amount of the Revolution Labs Ltd CGU was determined to be below the carrying amount, an impairment of £2.8m was recognised to impair the full goodwill balance. The most significant factors driving the impairment charges were the reduction in forecast production and sales of inventory produced by Revolution Labs Ltd, which were determined based on the latest financial information available and management forecasts.

17 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £'000	Stands £'000	Office and Computer equipment £'000	Total £'000
Cost:				
As at 1 March 2022	495	35,114	499	36,108
Additions	1	7,643	207	7,851
Disposals	-	(7,661)	(184)	(7,845)
Exchange adjustments	-	66	27	93
As at 28 February 2023	496	35,162	549	36,207
Additions	101	4,099	50	4,249
Disposals	(416)	(3,608)	(48)	(4,072)
Exchange adjustments	-	(582)	(1)	(583)
As at 29 February 2024	**181**	**35,070**	**550**	**35,801**
Depreciation and impairment:				
As at 1 March 2022	345	27,317	231	27,893
Charge for the year	103	6,251	194	6,548
Impairment charge	15	1,766	30	1,811
Disposals	-	(7,661)	(184)	(7,845)
Exchange adjustments	-	(130)	2	(128)
As at 28 February 2023	463	27,543	273	28,279
Charge for the year	29	2,509	162	2,700
Impairment charge	-	993	-	993
Impairment Reversal	-	(918)	-	(918)
Disposals	(416)	(3,608)	(46)	(4,070)

Exchange adjustments	-	(426)	-	(426)
As at 29 February 2024	**76**	**26,093**	**389**	**26,558**
Carrying amount:				
As at 28 February 2023	33	7,619	276	7,928
As at 29 February 2024	105	8,975	161	9,241

Depreciation and impairment of property, plant and equipment is recognised within administrative expenses in the Statement of Comprehensive Income. Property, plant and equipment is located across the Group's geographical market as follows: UK £3,729k (2023: £3,380k), ROW £3,487k, (2023: £1,720k), US £2,025k (2023: £2,827k).

Impairment testing

The Group determines whether these assets are impaired when indicators of impairment exist or at each reporting date. For impairment testing purposes, stand assets are grouped by customer into CGUs. Impairment testing is carried out by comparing the carrying value of the assets held at a CGU with the recoverable amount of the CGU.

The recoverable amount of a CGU is the higher of value in use or fair value less cost of disposal. The Group determines the recoverable amount with reference to its value in use. Value in use is assessed by forecasting the cashflow generated from a CGU over the remaining useful life of the asset of the CGU. A pre-tax Weighted Average Cost of Capital (WACC) derived from externally benchmarked data is then used to discount the cashflows to present value. The WACC applied for 2024 was 27% (2023: 26%), this is considered a key assumption for the impairment review and a movement of 2% in the WACC rate used would result in a £0.1m change to the impairment.

During the year, an impairment of stand assets of £993k (2023: £1,766k) was recognised. This impairment was driven by certain customers not reaching forecasted sales levels and related to two UK customers and one US customer (2023: eight UK customer and one US customers) where the value in use was assessed to be below the carrying value. One UK customer accounted for the majority of the impairment at £851k.

During the year, an impairment reversal of stand assets of £917k (2023: £nil) was recognised through administrative expenses. This impairment reversal related to one customer, which returned to profitability to a sufficient extent that the value in use of the CGU based upon the forecast cashflow was in excess of the historical cost of its assets, if no impairment had been recognised. Management therefore determined that the impairment should be reversed, the value of the CGU after the reversal represents the historical cost of the assets, less accumulated depreciation, as if no impairment had been historically recognised.

As disclosed in Note 16, management determined during the year that the recoverable amount of Medichem CGU was below its carrying value. This has resulted in an impairment of property, plant and equipment of £nil (2023: £171k).

Impairment reviews are sensitive to changes in key assumptions. Management have determined that the key assumption used in the cashflow forecast is the gross profit for each customer. As such, management have prepared sensitivity analysis on the gross profit for each customer and calculated that a reduction in performance in line with the severe but plausible scenario set out in note 1 would result in an additional impairment of £0.1m.

18 LEASES

	Land and Buildings £'000	Plant and machinery £'000	Other £'000	Total £'000
Right-of-use assets				
As at 1 March 2022	3,942	153	55	4,150
Additions	328	-	-	328
Disposals	-	-	-	-
Depreciation	(1,736)	(74)	(11)	(1,821)
Impairment charge	(366)	-	-	(366)
Exchange Adjustment	19	-	-	19
As at 28 February 2023	2,187	79	44	2,310
Additions	3,529	490	-	4,019
Disposals	(555)	-	-	(555)
Depreciation	(1,472)	(25)	(11)	(1,508)
Impairment charge	-	-	-	-
Exchange Adjustment	(89)	-	-	(89)
As at 29 February 2024	**3,600**	**544**	**33**	**4,177**
Lease liabilities				
As at 1 March 2022	4,433	159	55	4,647
Additions	328	-	-	328
Disposals	-	-	-	-
Interest expense related to lease liabilities	140	4	2	146
Repayment of lease liabilities (including interest)	(2,040)	(72)	(15)	(2,127)
Exchange Adjustment	20	-	-	20
As at 28 February 2023	2,881	91	42	3,014
Additions	3,529	490	-	4,019
Disposals	(576)	-	-	(576)
Interest expense related to lease liabilities	42	6	1	49
Repayment of lease liabilities (including interest)	(1,982)	(125)	(11)	(2,118)
Exchange Adjustment	(13)	-	-	(13)
As at 29 February 2024	3,881	462	32	**4,375**
Current	**734**	**148**	**12**	**894**
Non-current	**3,147**	**314**	**20**	**3,481**

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000

Maturity analysis:		
Within 1 year	**1,202**	2,005
Between 1 and 5 years	**4,012**	1,105
Over 5 years	**-**	-
	5,214	3,110
Less unearned interest	**(839)**	(96
Lease liability	**4,375**	3,014
Analysed as:		
Non-current	**894**	954
Current	**3,481**	2,060
	4,375	3,014

The carrying value of right-of-use assets in respect of the above lease liabilities is £4,177k (2023: £2,310k). Lease assets are located across the Group's geographical market as follows: UK £4,000k (2023: £2,040k), ROW £Nil (2022: £Nil), US £177k (2023: £270k).

The Group's lease arrangements are in relation to property leases, plant and office equipment. The leases have termination dates ranging from 2023 to 2029.

The rates of interest implicit in the Group's lease arrangements are not readily determinable and management have determined that the incremental borrowing rate to be applied in calculating the lease liability is 9.0%. The fair value of the Group's lease obligations is approximately equal to their carrying amount.

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Effects of leases on financial performance:		
Depreciation charge on right-of-use assets included within 'administrative expenses'	**1,508**	1,821
Interest expense on lease liabilities included within 'finance costs'	**49**	146
Expense relating to short-term leases included within 'administrative expenses'	**60**	89
Expense relating to low-value leases included within 'administrative expenses'	**12**	18
	1,629	2,074
Effects of leases on cash flows:		
Total cash outflow for right-of-use asset leases	**(2,118)**	(2,127)

The Group has leases in respect of printers which have been classified as low value in accordance with IFRS 16. In the year, the Group had three property leases which have a term of 12 months or less where it has elected to treat the lease as a short-term lease in accordance with IFRS 16. The Group is committed to minimum lease payments in respect of these leases as follows:

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Short-term lease commitment	**28**	5
Low-value lease commitment	**1**	1
	29	6

19 INVENTORIES

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Finished goods and goods for resale	**40,775**	47,606

The total cost of inventories recognised as an expense in cost of sale in the year was £123,131k (2023: £111,861k). For further details on inventory valuation, key assumptions and sensitivities, see Note 3. Total inventory written back during the year was £17,914k (2023: £5,986k).

20 TRADE AND OTHER RECEIVABLES

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000 Restated
Current		
Trade receivables	**37,733**	48,738
Other receivables	**2,412**	452
Prepayments	**2,594**	1,541
	42,739	50,731
Non-Current		
Other receivables	**1,931**	-
	1,931	-

All of the trade receivables were non-interest bearing and receivable under normal commercial terms. The fair value of the Group's trade and other receivables is the same as their book value stated above. The Group has assessed the credit risk of its financial assets measured at amortised cost by reference to the historic default experience of each debtor and the analysis of the debtor's financial position. The Group has determined that the loss allowance for expected credit losses of those assets is £3,118k (2023: £2,151k).

Included within, both current and non-current, other receivables, is the financial asset of the legal settlement reached with the Company's co-founder and former CEO, Adam Minto, which was reached on 2 February 2024, for £2.9m. This is to be paid annually over six equal instalments between 28 March 2024 and 28 March 2029, the discounted value of the exceptional settlement income to the company was £2.4m at the balance sheet date, split between current and non-current.

21 CASH AND CASH EQUIVALENTS

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Cash at bank and in hand	**8,636**	11,044

22 TRADE AND OTHER PAYABLES

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000 Restated
Trade payables	**40,256**	56,233
Other taxation and social security	**1,206**	826
Other payables	**201**	51
Accruals and contract liabilities	**25,586**	23,620
	67,249	80,730

23 BORROWINGS

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Bank revolving credit facility	**31,785**	31,721
Analysed as:		
Payable within one year	**-**	31,721
Payable after one year	**31,785**	-

The balance is shown net of loan arrangement fees of £215k (2023: £279k). Interest is charged on the RCF based on the Sterling Overnight Index Average plus an applicable margin. The RCF has a maturity date of 19 October 2025, therefore is presented within non-current liabilities. However, the Group was in breach of the covenants in the prior period due to its shares being suspended from trading, therefore the amount was presented within current liabilities.

On 29 March 2023, the Group agreed an amendment to the revolving credit facility (RCF) with its banking partners. The amendment included a waiver of breaches of the terms of the original agreement. As part of the amended facility agreement which runs through to October 2024, the overall size of the facility was agreed at £32m, reduced from £40m, and is fully drawn. Revised covenants have been agreed, which include, a minimum liquidity threshold of £5.0 million and an Adjusted EBITDA covenant, as well as certain non-financial covenants. The Adjusted EBITDA covenant is tested quarterly and the minimum liquidity threshold is tested weekly. Interest accrues on the face value of the drawn down loan amount at Sterling Overnight Index Average (SONIA) plus 3.5% margin and is paid quarterly.

On the 8 February 2024, the Group signed a twelve-month extension to its £32m RCF. The RCF will now run until October 2025 on unchanged terms.

24 DEFERRED CONSIDERATION

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Current	**-**	10,910
Non-current	**8,264**	9,098

Revolution Beauty Holdings acquired Revolution Beauty Labs (Formerly Medichem Ltd) which was previously 100% owned and controlled by a previous director and shareholder of Revolution Beauty Group Plc, with a deferred consideration of £20,500,000 to be paid evenly over a 4-year period, which accrues interest at 2.5% per annum.

On the 7th March 2023 the Group announced that it had reached an agreement in respect of the timing of payments of deferred consideration for its acquisition of Medichem Manufacturing Limited. A Deed of Variation dated 6 March 2023 was signed which amends the terms of the deferred consideration and completion net asset adjustment, adjusting the timing of the payments as outlined below:

- £3.625 million payable on 21 October 2025 (being the £5.125 million consideration reduced by the £1.5 million loan due from one of the Sellers companies, Walbrook).
- £5.125 million payable annually on 21 October from 2026 to 2028, interest accrues on the outstanding balances at a rate of 2.5% per annum.

The change in the fair value of the liability under the agreement and the amortised cost of the original deferred consideration resulted in a net gain of £2,369k, which has been recognised in the profit or loss as finance income at the date of the modification.

On 12 December 2023 the Group announced that it had reached agreement to sign a second deed of variation in respect of the timing and value of payments of deferred consideration for its acquisition of Medichem Manufacturing Limited.

The terms of the new amendment include the removal of the accrued interest clause and the minimum repayment terms of the amendment, the repayment period has substantially increased from 2028 to 2044. Management have determined that amendment is substantial based on the qualitative changes to the agreement. Additionally, the amendment has been considered quantitatively substantial based upon recalculating the amortised cost of the modified deferred consideration by discounting the modified contractual cash flows using the original effective interest rate. The resulting movement in amortised cost is greater than 10% of the amortised cost at date of amendment. The change in the fair value of the liability under the agreement and the amortised cost of the original deferred consideration resulted in a net gain of £7,874k, which has been recognised in the profit or loss as finance income at the date of the modification.

25 DEFERRED TAX

The deferred tax balances recognised in the consolidated statement of financial position are as follows:

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Deferred tax liability/(asset)		

Deferred tax liability/(asset)		
Accelerated capital allowances	**370**	(525
Tax losses	**(2,369)**	1,126
Intangible fixed assets	**1,503**	(601
Other timing differences	**-**	-
Net deferred tax liability/(asset)	**(496)**	-

The net movement is explained as follows:

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Opening deferred tax liability/(asset)	**-**	-
Charge/(credit) to profit or loss	**(484)**	(43
Effects of exchange rate changes	**(11)**	43
Closing deferred tax liability/(asset)	**(496)**	-

Recognition of the deferred tax assets is based upon the expected generation of future taxable profits. Deferred tax is calculated at 25% as enacted from April 2023 by the UK Government.

26 PROVISIONS

	Dilapidations £'000	**Legal cases** £'000	**On Hold** £'000	**Total** £'000
Opening Provision	100	6,163	797	**7,060**
Charge/(credit) to profit or loss	-	296	121	**417**
Utilised amounts	-	-	(618)	**(618)**
Effects of exchange rate changes	-	(237)	-	**(237)**
Closing Provision	**100**	**6,324**	**300**	**6,622**

The dilapidations provision relates to the estimated costs to be incurred by the Group in restoring the underlying assets to the condition required by the terms and conditions of the Group's lease arrangements.

The on hold provision relates to charges expected in respect of supplier purchase orders which are expected to be cancelled and for which no inventory is expected to be received, the full amount is expected to be settled within the next 12 months.

The legal cases provision is where the Group has posted or reposted social media video clips which contain sound recordings and musical compositions from the music library of the relevant social media platform. A letter was received in Autumn 2020 from two music owners, claiming copyright infringement. Letters raising such allegations are common in other business sectors involved in social media.

The Group has taken formal legal advice from specialist US intellectual property attorneys and engaged in a mediation process with the claimants. This process concluded and settled post year end and has been treated as an adjusting event as at the balance sheet date. As such due to the known certainty regarding the settlement, the Group as at 29 February 2024 has fully recognised both the legal provision of the settlement and reimbursement asset, of £6,122k, in respect of insurances and indemnities receivable against the liability for the claim. In the prior period, not all of the indemnities were recognised, as they were not virtually certain, therefore due to the full recognition a financial gain has been recognised through the profit and loss for this full recognition within this financial year. Further detail relating to the indemnities are not provided on the grounds that such disclosure would be considered seriously prejudicial.

28 Contingent Liabilities

As previously announced, the Group received notice from Chrysalis Investment Limited ("Chrysalis") on 22 November 2023, stating that Chrysalis believed it had certain potential claims against the Group in relation to its purchase of Revolution Beauty Plc shares in July 2021 and the sale of those shares in late 2022. Chrysalis had not commenced formal legal proceedings at this point.

On 19 April 2024, the Group received a further letter from Chrysalis's legal advisers, including draft particulars of Chrysalis's alleged claims and details of the quantum of Chrysalis' thereof. These were stated as a claim of £39m, together with a claim for consequential losses of a further £6.2m. Further to this additional letter, no claim had yet been filed with the court.

The Company strongly contests the Chrysalis allegations and believes that the claim is fundamentally flawed in a number of respects. Nonetheless, the Company will continue to engage with Chrysalis and its advisers, as it is required to do under the UK's civil procedure rules, with a view to reaching a resolution of this matter.

The Group announced on 21 July 2023 that the Financial Conduct Authority ("FCA") had commenced an investigation into potential breaches of the Market Abuse Regulation (EU) 596/2014 (as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018) in relation to certain matters in the period from July 2021 to September 2022. The Group is cooperating fully with the FCA. Until such time as more information is available on the outcome of the investigation, no assessment can be made of any potential liabilities that may arise from it.

29 SHARE CAPITAL

	Year ended 29 February 2024 No. ('000)	Year ended 28 February 2023 No. ('000
Class of share		
Authorised and fully paid ordinary shares of 1p each	**318,529**	309,737
	318,529	309,737

	£'000	£'000
Class of share		
Authorised and fully paid ordinary shares of 1p each	**3,185**	3,097
	3,185	3,097

During the year, a total of 8,791,984 ordinary shares were issued under the share incentive plans, as per note 29.

Ordinary share rights
Ordinary shares carry full voting rights and rights in respect of dividends and capital distributions (including on winding up).

30 NET DEBT

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	As at 1 March 2023 £'000	Cash flows £'000	Non-cash movements £'000	As at 29 February 2024 £'000
Cash and cash equivalents	11,044	(2,085)	(323)	**8,636**
Borrowings	(31,721)	-	(64)	**(31,785)**
Lease liabilities	(3,014)	2,118	(2,376)	**(3,272)**
Net debt	(23,691)	33	(2,763)	**(26,421)**

	As at 1 March 2022 £'000	Cash flows £'000	Non-cash movements £'000	As at 28 February 2023 £'000
Cash and cash equivalents	15,619	(3,876)	(699)	11,044
Borrowings	(23,551)	(8,000)	(170)	(31,721)
Lease liabilities	(4,647)	2,127	(494)	(3,014)
Net debt	(12,579)	(9,749)	(1,363)	(23,691)

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Amortised Cost	**(31,785)**	(31,721
Prepaid financing fees	**(215)**	(279
Gross borrowings	**(32,000)**	(32,000

31 RELATED PARTY TRANSACTIONS

Interests in subsidiaries are set out in note 4 to the Company financial statements.

Transactions with related parties

Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Group entered into the following transactions with companies under the control of one of the Directors:

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Other related parties		
Sales	**7**	3
Rent paid	**237**	236

The following amounts were outstanding at the reporting date:

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Other related parties		
Amounts due to related parties	**-**	1
Amounts due from related parties	**1**	-

Included within deferred consideration in the prior period was a loan to Walbrook Investments Limited, a company under the control of T Allsworth, of £1,500k which in the 7thMarch 2023 amendment was offset against the Groups' liability to T Allsworth in respect of the acquisition.

Medichem Properties Limited (Formerly Walbrook Investments Limited), is a company under the control of one of the former directors. During the period the company provided rental premises to the group for cash payments of £237k (2023: £235k). As at the period end there is a rent liability of £167k (2023: £370k) outstanding.

During the financial year, the Group paid salaries of £143k to the co-founders and former Directors of the Group in addition to also paying £509k through salary to one of the co-founders for their legal advice and personal tax benefit associated with the independent investigation commissioned by the Company.

Additionally, the Group employs a number of individuals which are considered close family members of the former Directors, and paid salaries of £224k (2023: £472k).

The Group entered into the following transactions with boohoo Group Plc, an entity considered to have significant influence over the group.

	Year ended 29 February 2024 £'000	Year ended 28 February 2023 £'000
Other related parties		
Sales	**994**	987
Purchases	**31**	57

The receivable amount outstanding at the balance sheet date was £129k (2023: £223k).

During the year the Group entered into a rental agreement for office space with Boohoo that commences on 1 March 2024, as the terms have been committed to the Group has recognised the corresponding lease asset and lease liability of £2.4m at the balance sheet date.

For the purposes of IAS 24 "Related Party Disclosure", the Group consider key management personnel to be the Directors of Revolution Beauty Group plc, executives below the level of the Company's Board are not regarded as key management personnel. Remuneration for the board of directors is set out in note 8.

DIRECTORS' TRANSACTIONS

During the prior year, Revolution Beauty Holdings exercised its option to wholly acquire Revolution Beauty Labs (Formerly Medichem Ltd), from a director who had a controlling interest, for an initial consideration of

£7,000,000, with a deferred consideration of £16,000,000 to be paid evenly over a 4-year period. An agreement was reached with the director to amend the terms of the deferred consideration, details of the amendment and outstanding liability are set out in note 24.

31 ANNUAL REPORT AND ACCOUNTS AND ANNUAL GENERAL MEETING

The 2024 Annual Report and Accounts and Notice of the General Meeting will be posted to shareholders and published on the Group's website at www.revolutionbeautyplc.com in June. The Annual General Meeting is to be held on 31 July 2024.