

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

Brand Architekts Group plc, a challenger British Beauty brand business, announces an update on trading for the 52 weeks to 30 June 2024.

Group sales for FY24 are expected to be in line with market expectations at c. £17.0 million (FY 2023: £20.1m). The Group continues to implement its brand rationalisation program by exiting several underperforming & unprofitable brands. This transition has allowed for greater focus on its problem-solving margin accretive brand portfolio.

The Group continues to focus on reducing its operating losses, which were in line with both H1 and market expectations and are a significant improvement on the prior year. This improvement was a result of improved operational efficiencies, in particular more effective use of targeted advertising and promotions, as well as a continued focus on cost control with actions taken to reduce staff costs and other overheads.

The Group retains a healthy net cash position of c. £7m at the year-end.

Business Update

- Super Facialist grew by 14%, fuelled by distribution gains, in particular in Holland & Barrett in Q2. The brand's design upgrade started to enter stores during Q4.
- Skinny Tan trading conditions remained challenging, due to the cost of living crisis and an unseasonably wet spring and early summer impacting the premium self-tan category, and a softening in the DTC market.
- In response, Skinny Tan's New affordable gradual tanner Body Glow launched in Boots, Superdrug, Asda and Tesco in Q3, and is now the 3rd fastest growing value product in the UK (Circana 12-week 8 June 24).
- Skinny Tan launched as a Boots exclusive in all its International stores across six Gulf countries in Q3.
- Dirty Works launched in 750 Watsons stores in 9 countries across Q2 and Q3, with very encouraging sell out results in Thailand, Turkey, Malaysia, the Gulf, Singapore and Hong Kong.
- The Solution Menopause range launched on its own website in June 2024 and will roll out to Amazon in July 24. The Solution's net sales were up 30%, driven by the Bodycare launch into Waitrose and an increase in demand on Amazon.
- Net sales of Root Perfect, a key Harvest brand, continued to outperform last year, driven by strong UK demand for affordable hair colourants and a pan European expansion across Normal stores and an improved pricing strategy in Morrisons.
- Super Facialist's New Vegan Collagen line and New Sleep Smart Night Moisturisers launches in Boots in July 24.
- Skinny Tan launches into Morrisons in July 24.
- The Solution Haircare range will launch in the UK in Q3 25.

Outlook:

The management team remains focused on realising both the strategic and financial aims of the Group. In line with its Brand Development strategic tenet, immediate priorities are on driving brand awareness on Super Facialist and Skinny Tan, with an expected year-on-year increase in digital awareness and acquisition campaigns - in particular with targeted investment in Tik Tok and Influencer marketing. Extensive new product development is in the pipeline for H2 and in response to consumer demand, Skinny Tan will be relaunched as Skin & Tan in H2.

We will expect to deliver revenue growth through international expansion, retain a keen focus on brand contribution and release working capital tied up in harvest brands. We remain confident that the foundations we are building will enable us to return to profitability and achieve our medium and long-term goals.

The Group expects to announce its full year results for the 52 weeks to 30 June 2024 in late October.

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