

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

FOR IMMEDIATE RELEASE

22 August 2025

Revolution Beauty Group plc

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

UNAUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2025

Banking facilities conditionally extended to 31 July 2028

Proposed equity fundraise to raise gross proceeds of c.£15 million to be announced later today

Return of founders to the business with a clear path back to growth

Revolution Beauty (AIM: REVB), the multi-channel mass beauty innovator, today announces its unaudited results for the year ended 28 February 2025 ("FY25" or the "Period").

	2025 £ million Unaudited	2024 £ million	<i>Change</i>
Revenue	142.6	191.3	-25.5%
Gross profit	54.4	88.4	-38.5%
Gross margin	38.2%	46.2%	-8.0ppts
Operating costs ¹	58.1	75.8	-23.4%
Gross inventory	33.1	56.2	-41.1%
Adjusted measures²			
Adjusted EBITDA	4.7	12.6	-£7.9m
% of revenue	3.3%	6.6%	-3.3ppts
Adjusted EBIT	(1.8)	7.4	-£9.2m
% of revenue	-1.3%	3.9%	-5.2ppts
Adjusted (loss)/profit before tax	(5.5)	4.3	-£9.8m
Statutory measures			
Loss before tax	(16.8)	11.4	-£28.2m
Diluted (loss)/earnings per share	(5.4)p	3.2p	-8.6p
Cash and cash equivalents	5.7	8.6	-£2.9m
Net debt excluding lease liabilities	(26.2)	(23.1)	-£3.1m

Notes:

(1) Operating costs is defined as Distribution & Administrative costs excluding all adjusting items namely: depreciation, amortisation, adjusting items & share based compensation.

(2) Adjusted measures, which are not statutory measures, show the underlying performance of the Group excluding large, non-cash and adjusting items.

(3) All FY25 items are unaudited and subject to an ongoing audit.

Financial highlights

- Sales down 25.5% year-on-year to £142.6m, after the planned rationalisation of product and brand portfolio.
- Gross margin of 38.2% (FY24: 46.2%) down 8.0 percentage points after significant impact from the planned clearance of non-core inventory. Losses and provision charges related to non-core inventory amounted to £8.4m during the year. Gross margin excluding these charges was 44.0%.
- Adjusted EBITDA of £4.7m with margin of 3.3% of sales (FY24: 6.6%), with reduced margins as a result of lower levels of sales driven by changes in the product portfolio.
- Operating costs decreased to £58.1m from £75.8m, with continued progress on cost savings programmes.
- Adjusted loss before tax of £5.5m (FY24: profit of £4.3m).
- Net debt contained at £26.2m despite adjusting cash costs of £2.1m.

Operational highlights

- Improved service levels have been maintained throughout the period.
- Expansion of retail distribution in certain key geographies with some key customer wins and space increases.
- Gross inventory reduced by 41.1% from £56.2m to £33.1m. Inventories (net of provision) reduced by 53% to £21.4m from £40.8m at the end of FY25.
- Number of social media followers has grown from 6.4 million to over 7.0 million.

Directorate and management changes

The Company is today announcing that Tom Allsworth, one of Revolution Beauty's co-founders, is set to return to the business as CEO, in connection with a proposed equity fundraise to raise gross proceeds of approximately £15 million that the Company intends to embark on later today via an accelerated bookbuild, and which will be subject to shareholder approval at a general meeting. It is intended that Tom's appointment as CEO will take effect in the coming days, following the publication by the Company of the bookbuild prospectus to be submitted to the Financial Conduct Authority and the Company's announcement of the proposed equity fundraise.

shareholder circular in relation to the proposed equity fundraising, and that Colin Henry will step down as interim CEO at that point. Although Colin Henry will leave the business with immediate effect after stepping down as interim CEO, he will be available to management during his six-month notice period, if required. The Board would like to thank Colin for his leadership and for providing stability and guidance during a pivotal period for the Company. In addition, Adam Minto, the other co-founder of Revolution Beauty, will shortly also return to the business in a consultancy role. Tom, assisted by Adam and the Company's existing management, will lead the implementation of a re-balanced plan to restore growth and set a clear path to long-term value creation.

Current trading and outlook

Year-on-year declines in net sales continued in the first quarter of the financial year ending on 28 February 2026 ("FY26"), as the lack of sales from discontinued products continued to impact revenue performance. The Company has also continued with its clearance activity of stock on high levels of sales cover. This has impacted gross margin in the first quarter and will continue to do so throughout the rest of the first half of the financial year. Gross margins in the first quarter have also been negatively impacted by US tariff cost increases before cost price increases have been agreed with retail partners.

Net sales in the first quarter of FY26 have declined 29% on FY25. The Company has seen year-on-year decline rates improve in June and July 2025, and expects revenues for the second quarter of FY26 to be lower than the same period for FY25 by approximately 25%.

Action has been taken to address the declines in revenues by: resurrecting profitable stock keeping units that have been discontinued; re-launching the Relove value brand with new retail distribution partners; and establishing a profitable discount outlet channel. The pipeline on new product development has been enhanced, with more digital first product launches planned. Commercial discipline has been improved, to focus on more profitable product lines, customers and channels. There are a number of markets and retail customers where performance has continued to be strong or has improved. Sales on Amazon in both Europe and the US have continued to show strong growth. Significant US retail customers have returned to year-on-year growth and sales in some international markets, such as Turkey, have exceeded expectations. Consequently, the Company expects year-on-year revenue decline rates to reduce significantly in the second half of the year.

As noted above, Tom Allsworth is due to return to the business as CEO, to lead a revised and rebalanced business plan to set a clear path back to growth and long-term value creation, working alongside his fellow co-founder Adam Minto as a consultant to the Company. At the heart of this plan is a return to Revolution Beauty's original formula for success - fast, trend-driven innovation combined with a product-led strategy. A key element of the plan will be reducing the Company's cost base, which will provide financial stability in the near term and will also encourage operational alignment across all business functions. In addition to cost savings already realised, the Founders estimate that an additional £7.5m of annual staff cost savings can be realised by FY27 as a result of a material reduction of headcount across the Group's geographies and business functions. Any headcount reductions will be carried out pursuant to a formal redundancy process and consistent with applicable laws and regulations and any individuals affected will be treated in a manner in accordance with Revolution Beauty's high standards, culture and practices. The annual staff cost savings are an estimate based on data as at June 2025 and do not include the costs associated with achieving this annual staff costs savings figure. Based on the performance of the business in the first four months of FY26, the Company now expects to achieve revenues in the range of £110m-£120m. The Company expects to be able to recoup EBITDA losses incurred in the first half of the year, so that adjusted EBITDA of low single digit millions will be achieved after the staff cost saving measures referred to above have been implemented. The strategy will be implemented to establish an annual adjusted EBITDA run-rate of between £8m-£10m by the end of FY26, based on realistic assessments of expected demand and achievable gross profit margins.

Extended banking facilities

As previously announced, cash and liquidity have been tight, due to the lower level of sales performance and the pressure on gross margins as a result of the sale of discontinued and non-core product. The Company has been in discussions with its lenders to extend the Group's existing revolving credit facility ("RCF"). As also previously announced, the Company has also been in discussions with its shareholders and potential investors regarding an equity fundraising to reduce net debt and provide the working capital needed by the business to service its customers and take advantage of potential growth opportunities. As noted above, the Company will today embark on an equity fundraising to raise gross proceeds of approximately £15 million, which will enable the Company to reduce its level of net debt and provide sufficient working capital to support the re-balanced plan. The Company will later today also announce that it has extended the RCF until July 2028, conditional on a successful fundraising (which will be subject to shareholder approval at a general meeting). The RCF will be reduced to £28m and the covenants will be amended to be consistent with the re-balanced plan.

Iain McDonald, Chairman commented:

"Revolution Beauty is a great brand, but the business has lost its way. We are confident that with a return to the founder-led management team who originally scaled the brand, there is a clear path back to growth and long-term value creation.

This will be achieved with a re-balanced strategy which will return Revolution Beauty to its original formula for success - fast, trend-driven innovation combined with a product-led strategy. This will be underpinned by a leaner organisational structure, streamlined marketing spend and a strengthened balance sheet. The funding from the equity raised will be used to reduce debt, provide working capital and ensure a stable base for the business to return to growth.

This plan significantly reduces financial risk and improves the business' capital structure, restoring confidence in both near-term stability and long-term growth potential."

For further information, please contact:

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The person responsible for arranging this announcement on behalf of the Company is Neil Catto, Chief Financial Officer.

Financial Review

REVENUE

	Year ended 28 February 2025 £'M		Year ended 29 February 2024 £'M		Change £'M	%
By business channel:						
Digital	28.7	20%	42.3	22%	(13.6)	(32.2%)
Stores	113.9	80%	149.0	78%	(35.1)	(23.6%)
Total Revenue	142.6		191.3		(48.7)	(25.5%)
By region:						
UK	44.5	31%	62.5	33%	(18.0)	(28.8%)
USA	34.3	24%	44.2	23%	(9.9)	(22.4%)
ROW	63.8	45%	84.6	44%	(20.8)	(24.6%)
Total Revenue	142.6		191.3		(48.7)	(25.5%)

As shown in the table above, Group revenue decreased by £48.7m to £142.6m in the year ended 28 February 2025 (2024: £191.3m). This revenue reduction was significantly driven by the Group's SKU refinement initiative as further discussed in note 8 to the financial statements.

Revenue performance varied across the Group's geographic reporting segments, the UK declined by 28.8%. In the UK the digital channel saw a largest decline, as the SKU count reduction was more impactful on online channels. The US declined by 22.4%, driven by store group revenue declines, with planned for space reductions in some retailers. The ROW segment declined by 24.6%, driven by the reduction in SKU count through both distributor and digital partner channels.

Store revenue decreased by £35.1m or 23.6% to £113.9m (2024: £149.0m). UK store group revenue declined by 10.0%, the US by 24.0% and the ROW grew by 36.0%. Declines in the UK were partially driven by the discontinuation of The Group's XX brand. In the US, some space reduction in retailers had a negative impact. In the ROW channel, where stores are served by our distributor partners, the SKU count reduction initiative had a negative impact on sales.

The reduction in the breadth of the Group's SKU portfolio, 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 channel.

PROFITS

	Year ended 28 February 2025	Year ended 29 February 2024	Change
	£'000	£'000	£'000
Gross profit	54,446	88,355	(33,909)
Gross profit margin	38.2%	46.2%	(8.0%)
Marketing and distribution costs	(36,729)	(47,132)	10,403
Administrative expenses	(28,988)	(37,899)	8,911
Impairment losses on financial assets	(152)	(1,035)	1,035
Net Impairment of property, plant and equipment	(1,636)	(75)	(883)
Provision for legal cases	-	(293)	293
Other income	-	2,414	(2,414)
Operating (loss)/profit	(13,059)	4,335	(17,394)
Net finance (costs)/income	(3,719)	7,108	(10,827)
(Loss)/profit before taxation	(16,778)	11,443	(28,221)

Gross margin for the year ended 28 February 2025 reduced to 38.2% (FY24: 46.2%), a significant factor in the reduction was a non-recurring inventory provision charge, treated as an adjusting item for the purposes of the Group Alternative Performance Measure, of £8,353k. Without this charge, the gross margin would have been 44.0%. The adjusting inventory provision was driven by the Group's planned SKU count reduction program, which meant the group held significant inventory on SKUs which were no longer being sold through the Group's retail channels. In addition, the reduced sales performance during the year and further decline in sales through direct-to-consumer ecommerce and digital partner channels contributed to a gross margin lower than reported in the previous year.

Adjusted EBITDA decreased from £12.6m in FY24 to £4.7m in FY25. The main driver for these declines was the reduction in sales and weaker gross margin described above. Sales reduction and a softer gross margin were offset by marketing and distribution cost savings of £10,403k and administration cost savings of £8,911k. A reconciliation between Operating Profit and Adjusted EBITDA is presented in note 8.

Operating loss before taxation for the year decreased to £13.1m (2024: operating profit before taxation £4.3m).

FINANCE INCOME AND COSTS

Finance income of £169k related interest earned on bank deposits during the year. 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 QB Limited (Formerly: Medichem Manufacturing Limited). The amendment to the deferred consideration payable resulted in a net gain of £10.2m being recognised within finance income in the prior year.

Finance costs were predominantly made up of interest on the Group's outstanding balance on its Revolving Credit Facility and lease interest.

TAXATION

The Group's tax charge decreased from a charge of £0.7m to a charge of £0.5m.

PROFIT/(LOSS) AFTER TAXATION

Loss after taxation decreased to £17.2m (2024: Profit after taxation £10.7m).

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. 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.

	Year ended 28 February 2025 £'000	Year ended 29 February 2024 £'000	Change %
Operating (loss)/profit	(13,059)	4,335	(401%)
Depreciation, amortisation & impairment	6,493	5,180	25%
Share-based payment	538	2,372	(77%)
Loss/(profit) on disposal of asset	1	(6)	(117%)
Adjusting items:			
Settlement Income	-	(2,414)	100%
Restructuring costs	364	1,439	75%
Provision for settlement of legal cases	600	(1,644)	136%
Legal and professional fees	1,242	2,917	(57%)
Provision charges during the period related to non-strategic inventory	8,353	-	100%
Expected credit loss on receivable from related party	152	-	100%
Audit Fees	-	391	100%
Total adjusting items added back	10,711	689	1,455%
Adjusted EBITDA	4,684	12,570	(63%)
Adjusted EBIT	(1,809)	7,396	(124%)
Net finance (costs)/income	(3,719)	7,107	(152%)
Adjusting items:			
Gain on amendment of deferred consideration	-	(10,243)	(100%)
Adjusted (Loss)/profit before taxation	(5,528)	4,260	(230%)

Adjusted EBITDA decreased by £7.9m to a profit of £4.7m during the year (2024: £12.6m profit). The decrease in EBITDA was primarily due to the sales performance during the year, which was driven by the strategic SKU rationalisation program.

Depreciation, amortisation and impairment increased due to stand impairment charges (net of impairment reversals) of £1.6m which were recognised during the year.

During the financial year the Group incurred restructuring and redundancy costs of £364k (FY24: £1,439k). This relates to restructuring of the Group's senior management team.

During the year the Group reached a settlement with Chrysalis Investments Limited in respect of the claim

During the year the Group reached a settlement with Chrysalis Investments Limited in respect of the claim made on 29 January 2024, costs associated with settling the claim were £600k.

Non-recurring legal and professional fees of £1,093k were incurred during the year in respect of the settlement of the Chrysalis claim and legal advice in relation to the ongoing investigation by the FCA.

During the year the Group significantly refined its product portfolio due to a change in strategy to focus on its core range, representing the brands and SKUs that will be sold to customers on an ongoing basis. As a result, a charge for losses and provisions on the clearance of non-strategic inventory of £8,353k was recognised as an adjusting item. Details on the calculation of the charge are included in note 8.

FINANCIAL POSITION AND RESOURCES

	As at 28 February 2025 £'000	As at 29 February 2024 £'000 Restated	Change %
Intangible assets	4,734	4,934	(4%)
Property, plant and equipment	10,400	9,242	13%
Right of use asset	1,209	4,177	(71%)
Other receivable	1,944	1,931	1%
Deferred tax asset	-	496	(100%)
Non-current assets	18,287	20,780	(12%)
Current assets excluding cash	57,034	87,686	(36%)
Liabilities excluding borrowings	(66,180)	(85,139)	24%
Cash and cash equivalents	5,690	8,636	(34%)
Borrowings	(31,892)	(31,785)	0%
Net debt	(26,202)	(23,149)	(13%)
Net (liabilities)/assets	(17,061)	178	(9,685%)

NON-CURRENT ASSETS

The Group states property, plant and equipment at cost, less depreciation or provision for impairment. Non-current assets as at 28 February 2025 decreased to £18.3m (2024: £20.8m), mainly due to the net impairment of £1.6m of stand assets and the credit loss incurred on a receivable from a former director to current assets.

CURRENT ASSETS

Current assets excluding cash decreased to £57.0m as at 28 February 2025 (2024: £89.7m). The inventory balance was lower at £21.4m (2024: £40.1m) which was due to the improvement in inventory purchasing and reduced sales levels. There was a decrease in Trade Receivables of £6.1m in line with sales reductions. Other receivables have decreased by £1.2m with the reimbursement asset recognised in the prior year having been recognised against the release of the provision for the copyright settlement.

LIABILITIES

The decrease in total liabilities excluding borrowings as at 28 February 2025 of £20.9m relates to the decrease in trade payables of £9.0m due to the lower inventory levels and therefore reduced supplier liabilities compared with the previous year. In addition, the provision of £6.3m for the legal claim against the group for copyright infringement by two music owners was utilised, as the claim was settled during the year.

LIQUIDITY

On 28 February 2025, the Group had £5.7m cash, with gross borrowing of £32m fully drawn from the Revolving Credit Facility ('RCF'). The value of the Group net debt is £26.2m, excluding the deferred consideration.

CASH FLOW

	Year ended 28 February 2025 £'000	Year ended 29 February 2024 £'000	Change £'000
Cash generated from operations	8,170	7,272	12%
Income tax	-	(753)	(100%)
Net cash generated from operating activities	8,170	6,519	25%
Purchase of intangible assets	(433)	(270)	60%
Purchase of property, plant and equipment	(6,566)	(4,265)	54%
Others	-	3	(100%)
Net cash used in investing activities	(6,999)	(4,532)	54%
Interest paid	(2,591)	(2,634)	(2%)
Issue of new shares	14	88	(84%)
Others	(1,327)	(2,172)	(39%)
Net cash used in financing activities	(3,904)	(4,718)	(72%)
Net decrease in cash during the year	(2,733)	(2,731)	(0%)

In FY25 net cash generated from operations improved significantly, by £1.7m year on year. Without the level of adjusting costs incurred in the year, significant reduction in inventory as the group managed its intake benefited our working capital materially. This was offset by the no-recurring write off of non-strategic stock and the reduction in payables as the Group addressed legacy overdue supplier balances.

ISSUE OF NEW SHARES

In FY25, a total of 479,485 ordinary shares were issued under the share incentive plans.

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 (2024: £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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**FOR THE YEAR ENDED 28 FEBRUARY 2025**

	Notes	Year ended 28 February 2025 Unaudited £'000	Year ended 29 February 2024 Audited £'000
Revenue	6	142,581	191,287
Cost of sales		(88,135)	(102,932)
Gross profit		54,446	88,355
Marketing and distribution costs		(36,729)	(47,132)
Administrative expenses			
- General administrative expenses		(29,140)	(37,899)
- Impairment losses on financial assets		(1,636)	(1,035)
- Impairment of property, plant and equipment and right-of-use assets		-	(993)
- Reversal of impairment of property, plant and equipment and right-of-use assets		-	918
- Provision for legal cases		-	(293)
Total administrative expenses		(30,777)	(39,302)
Other operating income		-	2,414
Operating (Loss)/Profit		(13,059)	4,335
Finance income		169	10,247
Finance costs		(3,888)	(3,139)
(Loss)/Profit before taxation		(16,778)	11,443
Income tax expense		(456)	(743)
(Loss)/Profit for the year/period		(17,234)	10,700
Other comprehensive expense for the period, net of tax			
Exchange differences		41	153
Total comprehensive (Loss)/Income for the period		(17,194)	10,853
(Loss)/ earnings per share (p)	7	(5.4)	3.4
Diluted earnings per share (p)	7	(5.4)	3.2
Adjusted EBITDA	8	4,684	12,570

The above consolidated condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2025**

	Notes	28 February 2025 Unaudited £'000	29 February 2024 Restated Audited £'000
ASSETS			
Non-current assets			
Intangible assets		4,734	4,934

Property, plant and equipment		10,400	9,242
Right-of-use assets		1,209	4,177
Other receivables		1,944	1,931
Deferred tax asset		-	496
		<u>18,287</u>	<u>20,780</u>
Current assets			
Inventories	10	21,435	40,775
Trade and other receivables	11	35,404	40,789
Reimbursement asset		149	6,122
Corporation Tax Payable		46	-
Cash and cash equivalents		5,690	8,636
		<u>62,724</u>	<u>96,322</u>
Current liabilities			
Lease liabilities		(952)	(894)
Trade and other payables	12	(55,450)	(65,299)
Deferred consideration		(600)	-
Provisions		(401)	(6,622)
Borrowings	9	(31,892)	-
Corporation tax payable		-	579
Total current liabilities		<u>(89,295)</u>	<u>(73,394)</u>
Net current assets/ (liabilities)		<u>(26,571)</u>	<u>22,928</u>
Total assets less current liabilities		<u>(8,284)</u>	<u>43,708</u>
Non-current liabilities			
Lease liabilities		(354)	(3,481)
Borrowings		-	(31,785)
Deferred consideration		(8,423)	(8,264)
		<u>(8,777)</u>	<u>(43,530)</u>
Total non-current liabilities			
Net (liabilities)/ assets		<u>(17,061)</u>	<u>178</u>
Equity			
Share capital		3,199	3,185
Share premium		103,487	103,487
Warrant reserve		7,239	7,239
Merger reserve		14,860	14,860
Translation reserve		640	599
Retained earnings		(146,486)	(129,192)
Total equity		<u>(17,061)</u>	<u>178</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2024**

	Share capital £'000	Share premium £'000	Warrant reserve £'000	Merger reserve £'000
Balance at 28 February 2023	3,097	103,487	7,239	14,860
Profit for the period	-	-	-	-
Other comprehensive expense net of taxation:				
Foreign operations - foreign currency translation differences	-	-	-	-
Total comprehensive loss for the period	-	-	-	-
Transactions with owners in their capacity as owners:				
Issue of shares, net of transaction costs	88	-	-	-
Share-based payments	-	-	-	-
Total transactions with owners	88	-	-	-
Balance at 29 February 2024	3,185	103,487	7,239	14,860

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2025**

	Share capital £'000	Share premium £'000	Warrant reserve £'000	Merge reserv £'000
Balance at 29 February 2024	3,185	103,487	7,239	14,860
Loss for the period	-	-	-	-
Other comprehensive expense net of taxation:				
Foreign operations - foreign currency translation differences	-	-	-	-
Total comprehensive loss for the period	-	-	-	-
Transactions with owners in their capacity as owners:				
Issue of shares, net of transaction costs	14	-	-	-
Share-based payments	-	-	-	-
Total transactions with owners	14	-	-	-
Balance at 28 February 2025	3,199	103,487	7,239	14,860

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2025

	Year ended 28 February 2025	Year ended 29 February 2024
	Unaudited £'000	Audited £'000
Cash flows from operating activities		
Profit/ (Loss) for the financial period	(17,234)	10,700
<i>Adjustments for:</i>		
Taxation	456	743
Finance costs	3,888	3,139
Finance income	(169)	(10,247)
Depreciation of property, plant and equipment and right-of-use assets	4,354	4,208
Net impairment of property, plant and equipment and right-of-use assets	1,636	75
Amortisation of intangible assets	648	897
Loss/(profit) on disposal of property, plant and equipment	-	2
Loss/(profit) on disposal of intangible assets	-	28
Equity settled share-based payment expense	(60)	2,372
Provisions movement	(6,324)	(201)
<i>Movements in working capital:</i>		
Movement in inventories	19,340	6,933
Movement in receivables	13,295	3,523
Movement in payables	(11,660)	(14,900)
Cash used in operating activities	8,170	7,272
Income tax refunded/(paid)	-	(753)
Net cash used in operating activities	8,170	6,519
Cash flows from investing activities		
Purchase of intangible assets	(433)	(270)
Purchase of property, plant and equipment	(6,566)	(4,265)
Finance income	-	3
Net cash used in investing activities	(6,999)	(4,532)
Cash flows from financing activities		
Interest paid	(2,591)	(2,634)
Proceeds from issue of shares, net of transaction costs	14	88
Payment of lease liabilities	(1,327)	(2,172)
Net cash generated from financing activities	(3,904)	(4,718)

Cash and cash equivalents		
Net (decrease) in the period	(2,733)	(2,731)
Cash and cash equivalents at the beginning of the period	8,636	11,044
Effects of exchange rate changes	(213)	323
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	5,690	8,636
	<hr/>	<hr/>

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.

Basis of preparation

The condensed consolidated unaudited financial statements for the period 1 March 2024 to 28 February 2025 are unaudited. The condensed consolidated financial statements incorporate audited comparative figures for year ended 31 March 2024.

The Independent Auditor's report on the Annual Report and Financial Statements for 2024 was qualified in and contained a statement by way of emphasis in respect of going concern. The independent auditor's report for 2024 filed with the Registrar of Companies contains information in respect of each matter that has contributed to a qualified opinion.

These Condensed Consolidated Financial Statements do not include all the information required for full Annual Financial Statements and should be read in conjunction with the Annual Financial Statements of the Group as at and for the year ended 29 February 2024.

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 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.

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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate those of Revolution Beauty Group plc and all of its subsidiaries.

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.

Going Concern

Going concern

As previously announced, the Company has also been in discussions with its shareholders and potential investors regarding an equity fundraise to reduce net debt and provide the working capital needed by the business to service its customers and take advantage of potential growth opportunities. As noted above, the Company will today embark on an equity fundraising to raise gross proceeds of approximately £15 million, which will enable the Company to reduce its level of net debt and provide sufficient working capital to support the re-balanced plan. The Company will later today also announce that it has extended the Group's existing revolving credit facility ("RCF") until July 2028, conditional on a successful fundraising (which will be subject to shareholder approval at a general meeting). The RCF will be reduced to £28m and the covenants will be amended to be consistent with the re-balanced plan.

The Directors acknowledge that the successful completion of this process is not yet certain. However, they have a reasonable expectation that the process will be successfully concluded within the necessary timeframe. On this basis, the Directors believe that the Group will have sufficient resources to continue in operational existence for the foreseeable future.

Accordingly, the Directors consider it appropriate to prepare the Company's forthcoming annual report and financial statements on a going concern basis, whilst noting that the successful conclusion of the fundraising represents a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern should it not be achieved.

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.

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 issued for accounting periods after 1 January 2025 but are not yet effective and as such have not been applied in the preparation of the financial statements.

Standard/amendment

Amendments to IAS 21 - Lack of Exchangeability

Amendments to IFRS 18 - Presentation and Disclosure in the Financial Statements

Amendments to IFRS 19 - Subsidiaries without Public Accountability: Disclosures

Amendments to IFRS 9 and IFRS 7 - Amendments to the classification and measurement requirements for financial instruments

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").

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. Upon satisfaction of the performance obligations, customers are granted payment terms ranging from payment in advance (proforma) to up to 120 days, depending on the terms agreed upon in each contract.

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 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.

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 8.

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 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 5 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. Intangible assets amortisation is recorded in general administrative expenses in the income statement. 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. The Group considers that as the tangible assets are linked to individual customers and that revenue generated from each customer are entirely independent of each other, the CGU for tangible assets is at the customer level.

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.

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 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.

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. Under IFRS 9, the Group considers a financial asset to be in default when the counterparty is unlikely to pay its credit obligations in full without recourse to actions such as the realisation of collateral. 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.

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 remainder 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.

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.

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.

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 and is deducted from revenue and recorded within accruals within trade and other payables.

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 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.

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 15% (2024: 25%) of the value of new SKUs launched in the 12 month period up to the reporting date. Management reviews the basis of this provision annually to ensure that the historic rate remains representative of current product launch trends. The Group deem it appropriate to use a lower percentage of 15% against the newly developed products in the year as a result of conducting an analysis which proves that 85% of the stock sold within a year of the launch is at a profitable sale. It is not practicable to estimate the impact of this change in future periods.

In FY25, the Group introduced a new strategy to reduce its SKU portfolio, which had become too broad due to overstocking and excessive brand expansion. The commercial team identified 1,089 core SKUs that form the Group's ongoing, replenishable sales offering. These SKUs will continue to be repurchased and sold.

While all SKUs follow the same inventory provision policies, non-core SKUs are no longer automatically restocked or planned for continued customer sales. As a result, their net realisable value (NRV) may be lower, and this reduced value may not be fully reflected by the standard NRV method based on historical sales. This additional provision resulted in a charge of £9.5m, it is not practicable to estimate the impact in future years.

The total provision at 28 February 2025 is £11.7m (2024: £15.4m). The calculation of the inventory provision as at 28 February 2025 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.

- a. 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 £1.0m
- b. 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 £0.4m.

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.

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. 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.

The recoverable amount for RBI exceeds the total carrying value of CGU by £2.7m. The calculation of the recoverable amount as at 28 February 2025 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.

- a. EBITDA forecast per year of £2.9m - a decrease of £0.7m in EBITDA per year would result in the recoverable amount to be equal to its carrying amount.
- b. WACC rate of 27%. WACC would have to increase by 18% for the recoverable amount to be equal to its carrying amount.

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. 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.

Measurement of the adjusting item in respect of Non-Strategic Inventory

As set out in Note 8, the Group's adjusted performance measures include an adjustment to add back losses and associated provisions relating to the clearance of non-strategic SKUs. Judgement is required in determining the proportion of the provision movement that should be included in the adjustment, as non-strategic inventory has been sold through non-clearance channels as well as clearance channels. The Directors have added back £2.7m of provision per the Group's standard provisioning policy. This value has been calculated based on the proportion of non-strategic SKU sales made through clearance channels (75%). If 100% of this movement was allocated, then the value of the add-back could be up to £3.6m which would make the adjusting item be £7.6m and Adjusted EBITDA for the period would be £0.9m lower.

4. CORRECTION OF PRIOR YEAR ERRORS

A restatement has been made to correct the classification of certain items in prior periods. The Group initially recorded these items as increases to deferred income. However, as deferred income represents a liability to deliver goods or services, which did not exist in this case, an adjustment is required. This adjustment is solely a balance sheet reclassification, and therefore only has an impact on the Statement of Financial Position. The total of £1,950,000 has been reclassified as at 29 February 2024, resulting in a decrease to both trade and other receivables and trade and other payables.

	Year ended 29 February 2024 £'000	Adjustments £'000	Year ended 29 February 2024 £'000
Trade and other receivables	42,739	(1,950)	40,789
Total current assets	98,272	(1,950)	96,322
Trade and other payables	(67,249)	1,950	(65,299)
Total current liabilities	(75,344)	1,950	(73,394)
Net assets/ (liabilities)	178	-	178
Total equity	178	-	178

5. 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 Group 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.

6. Revenue

	Year ended 28 February 2025 Unaudited £'000	Year ended 29 February 2024
An analysis of the Group's revenue is as follows:		
<i>Revenue analysed by class of business</i>		
Digital	28,749	42,347
Store Groups	113,832	148,940
	<u>142,581</u>	<u>191,287</u>
<i>Revenue analysed by geographical location</i>		
United Kingdom	44,506	62,514
United States of America	34,262	44,207
Rest of World	63,813	84,566
	<u>142,581</u>	<u>191,287</u>

During the year the Group sold goods with a total value of £2.7m to customers based in Russia.

7. 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 common 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.

and/or common shares, increasing options.

	Year ended 28 February 2025 Unaudited	Year ended 29 February 2024
Loss attributable to shareholders (£'000)	(17,234)	10,700
Weighted average number of shares ('000)	319,008	315,003
Basic earnings per share (p)	(5.4)	3.4
Total comprehensive expense attributable to the owners of the company (£'000)	(17,234)	10,700
Weighted average number of shares ('000)	319,008	315,003
Dilutive effect of share options	-	19,724
Diluted earnings per share (p)	(5.4)	3.2

Pursuant to IAS 33, options whose exercise price is higher than the value of the Company's security 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.

8. Adjusted 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.

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 Group. 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 payment charges and releases and adjusting items.

	Year ended 28 February 2025 Unaudited £'000	Year ended 29 February 2024 £'000
Operating profit / (loss)	(13,059)	4,335
Amortisation of intangible assets	647	897
Depreciation of property, plant and equipment	4,210	4,208
Impairment of property, plant and equipment	1,636	75
Loss on disposal of asset	1	(6)
Share-based payments	538	2,372
<i>Operating items adjusted for:</i>		
Settlement Income	-	(2,414)
Restructuring costs	364	1,439
Provision for settlement of legal cases	600	(1,644)
Non-recurring legal fees	1,242	2,917
Charges during the period related to non-strategic inventory	8,353	-
Expected credit loss on Adam Minto receivable	152	-
Non-recurring audit fees	-	391
Adjusted EBITDA	4,684	12,570
Depreciation, amortisation and impairments	(6,493)	(5,174)
Adjusted EBIT	(1,809)	7,396
Net finance income/ (costs)	(3,719)	7,107
Adjusting items:		
Gain on amendment of deferred consideration	-	(10,243)
Adjusted PBT	(5,528)	4,260

Operating adjusting items:

Restructuring (£364k)

During the financial year the Group incurred adjusting restructuring and redundancy costs of £364k. This

relates to restructuring of the Group's senior management team.

Provision for legal cases (£600k)

On 29 January 2024 the Company received a pre-action letter from Chrysalis Investments Limited (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. On 2 January 2025 the Group announced that it had entered into a confidential settlement with Chrysalis without any admission of liability by either party. Costs of £0.6m incurred in relation to the claim are determined to be outside of the Group's standard operating cost and are therefore considered to be an adjusting item. Legal fees of £0.3m (FY24: £0.1m) were incurred as a result of the settlement.

Non-recurring legal fees (£1.2m)

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 costs of £Nil (FY24: £1.4m) during the year.

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 £Nil (FY24: £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 £0.8m (FY24: £0.2m).

Charges during the period related to non-strategic inventory (£8.4m)

As part of the Group's adjusted performance measures, losses incurred on the clearance of certain non-strategic SKUs have been added back.

These SKUs, which no longer form part of the Group's ongoing product offering, were sold at discounted prices in order to accelerate stock liquidation. The clearance programme was required as a result of the Group's change in strategy to focus on its core range and key product categories. Management considers these costs to be non-recurring in nature, as they relate to the one-off disposal of product lines that have been discontinued, and believes their exclusion provides a clearer view of the underlying performance of the ongoing business.

The directors have calculated this as the total sales of the non-strategic inventory made to clearance channels, less the cost of the inventory sold, with any provision related to the standard provisioning policy of the Group (per note 2 to the accounts) added back. This also includes non-strategic items remaining on the Balance Sheet at year-end that are expected to be sold through clearance channels. This means that only the loss that has been incurred to accelerate the disposal of this inventory has been included in the APM table above. As mentioned in note 3 to the accounts, there is judgement on how much of the standard provision to add back to take account of what is truly non-recurring.

The Directors have added back £2.7m of provision per the Group's standard provisioning policy. This value has been calculated based on the proportion of non-strategic SKU sales made through clearance channels (75%). If 100% of this movement was allocated, then the value of the add-back could be up to £3.6m which would make the adjusting item be £7.6m and Adjusted EBITDA for the period would be £0.9m lower.

9. Borrowings

	28 February 2025 Unaudited £'000	29 February 2024 £'000
Bank revolving credit facility	31,892	31,785
	<hr/> 31,892	<hr/> 31,785
Analysed as:		
Payable within one year	31,892	-
Payable after one year	-	31,785
	<hr/>	<hr/>

10. Inventories

	28 February 2025 Unaudited £'000	29 February 2024 £'000
Finished goods and goods for resale	21,435	40,775
Value of inventory provided for at period end	<hr/> (11,622)	<hr/> (15,506)

Value of inventory provided for at period end	(11,022)	(10,000)
Value of inventory written back during period	3,884	17,914

The total cost of inventories recognised as an expense in cost of sale in the period was £85,908,000 (2024: £123,131,000).

As set out in note 3, 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.

In FY25, the Group introduced a new strategy to reduce its SKU portfolio, which had become too broad due to overstocking and excessive brand expansion. The commercial team identified 1,089 core SKUs that form the Group's ongoing, replenishable sales offering. These SKUs will continue to be repurchased and sold.

While all SKUs follow the same inventory provision policies, non-core SKUs are no longer automatically restocked or planned for continued customer sales. As a result, their net realisable value (NRV) may be lower, and this reduced value may not be fully reflected by the standard NRV method based on historical sales. This additional provision resulted in a charge of £1.2m, it is not practicable to estimate the impact in future years.

11. Trade and Other Receivables

	28 February 2025	29 February 2024 (Restated)
	Unaudited	
	£'000	£'000
Trade Receivables	31,617	35,783
Other Receivables	1,233	2,412
Prepayments	2,554	2,594
	<hr/> 35,404	<hr/> 40,789

12. Trade and Other Payables

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.

	28 February 2025	29 February 2024 (Restated)
	Unaudited	
	£'000	£'000
Trade Payables	31,216	40,256
Other Taxation and Social Security	1,056	1,206
Other Payables	143	201
Accruals	23,035	23,636
	<hr/> 55,450	<hr/> 65,299

13. Contingent Liabilities

FCA Investigation

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.



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