



Warpaint London plc 2024 Interim Results

17 September 2024

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Agenda

Introduction and Highlights

Eoin Macleod, MD

Financial Review

Neil Rodol, CFO

Strategy Update

Sam Bazini, CEO

Q&A



About Warpaint

- Warpaint sells high quality, branded, affordable cosmetics
- Efficiently managed by a team of 140 based in UK, US, China and Hong Kong
- Outsource manufacturing to c.25 factories to ensure competitive pricing, scalability, rapid production and an asset-light structure
- Warpaint is growing, profitable, cash-generating, has a strong balance sheet, is debt-free and dividend paying



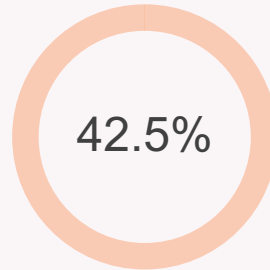
Further significant growth in sales, margins and profit

17% increase in interim dividend



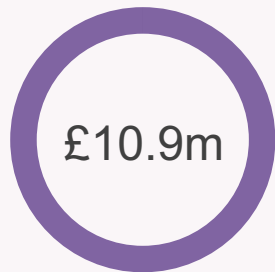
Revenue

Up 25% YoY
(H1 2023: £36.7m)



Gross profit margin

Up 334bps YoY
(H1 2023: 39.1%)



Profit Before Tax

Up 76% YoY
(H1 2023: £6.2m)



Interim Dividend

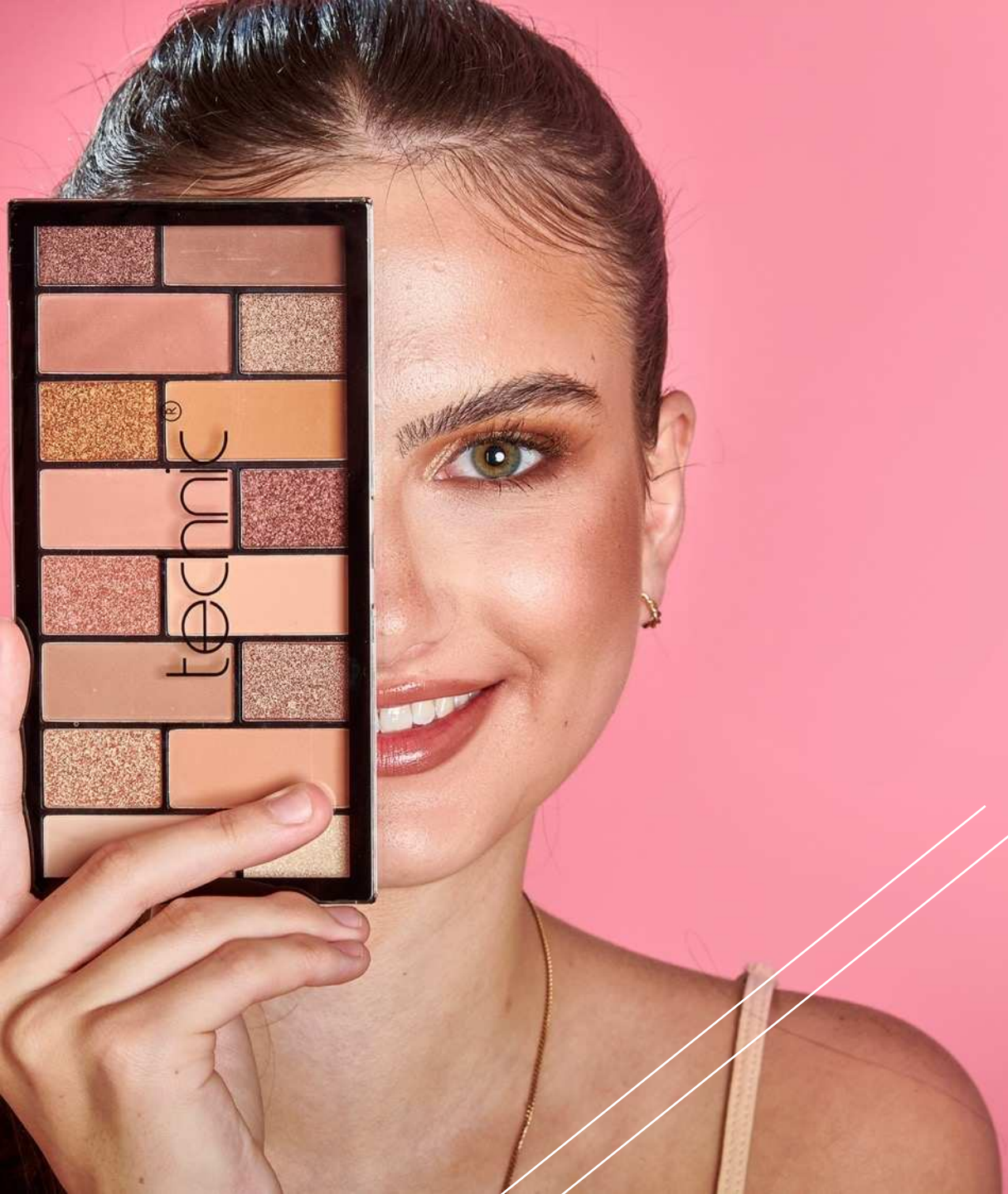
Up 17% YoY
(2023: 3.0p)



First half operational highlights



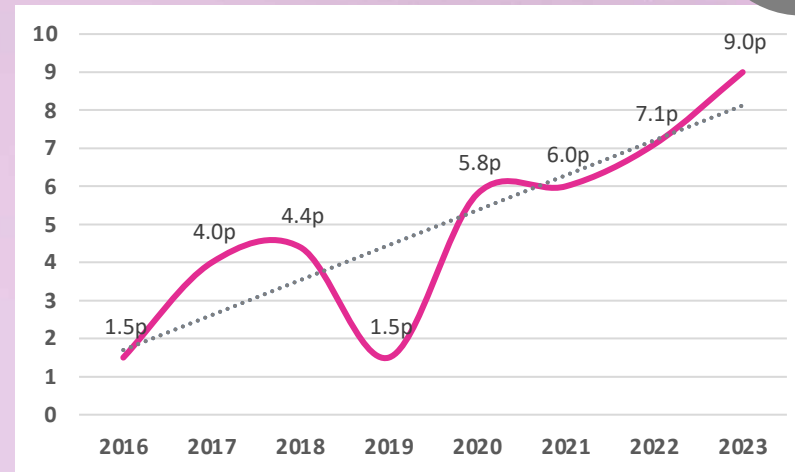
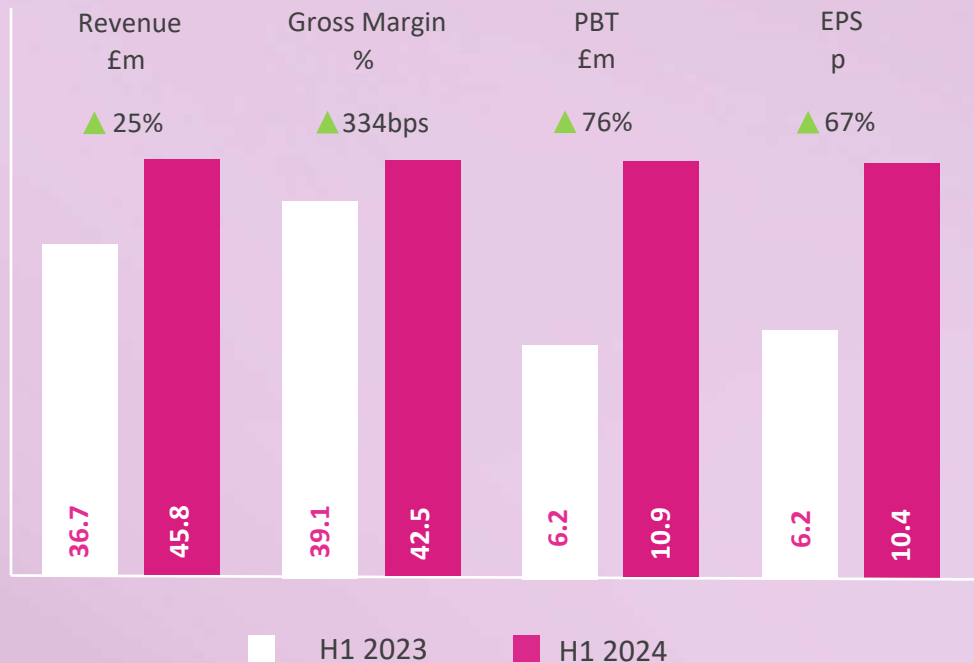
- **Strong revenue growth across key geographies**
UK up 17%, International up 30%
- **Growing sales across brands**
W7 sales up 25%, Technic sales up 34%
- **Further customer expansion**
Launches into **Morrisons**
Expansion in **Boots, CVS, ETOS, five below, Normal, Superdrug**
- **Ecommerce**
D2C online sales were up 31% to £2.3m (H1 2023: £1.8m)



Financial Review

Strong financial performance across all metrics

History of progressing dividends



3.5p interim dividend (H1 23: 3.0p)





Markets and Strategy



A strong value proposition

W7 branded products vs premium products



Absolute Lashes
Mascara
£4.50



Benefit
They're Real Mascara
£27



Socialite
Eye Palette
£9.95



Huda Beauty
Nude Eye Palette
£62



Lip Culture
Satin Lipstick
£3.95



Charlotte Tilbury
Matte Revolution
£28



Sweet Dreams
Overnight lip mask
£4.50



Laneige
Lip Sleeping Mask
£21



Golden Glow Drops
Radiant Bronzing Drops
£5.95



Drunk Elephant
B-Goldi Bright Drops
£34



Honolulu Matte
Bronzing Powder
£4.95



Benefit
Hoola Matte Bronzer
£32.50

BENEFIT, CHARLOTTE TILBURY, DRUNK ELEPHANT, HUDA BEAUTY, LANEIGE are cosmetic brands owned by third parties and the products shown are for illustrative purposes only. Prices correct as of 1 July 2024.



Positive fundamental market dynamics

£1.9bn



Colour Cosmetics
Market



£19bn

2/3

Women use colour
cosmetics daily or a few
times a week

2/3

79%

Think the price of a
product is an important
selection criteria

68%

67%

Think affordable brands
perform as well as
prestige brands

74%

“Consumers increasingly focus on value”*

Source: Mintel – Colour Cosmetics UK, 2018 - 2024; Mintel – Color Cosmetics US, 2018 – 2024

*CEO, major US beauty retailer – 29 August 2024

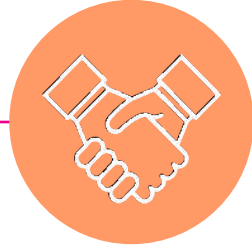


A winning strategy to continue delivering growth



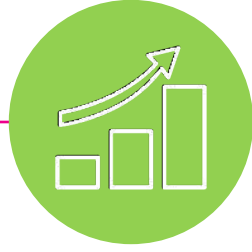
**DEVELOP AND BUILD
CORE BRANDS AND
ENSURE NPD
REFLECTS
TRENDS AND
CONSUMER NEEDS**

Brand focus, right
number of SKUs,
extend accessories,
pass through pricing



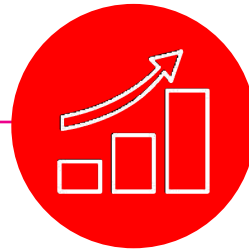
**DEVELOP AND
NURTURE
CURRENT BUSINESS**

Protect and grow
the core,
customer
mapping



**GROW UK
MARKET SHARE**

75:25 strategy, focus on major
retailers, drive distribution

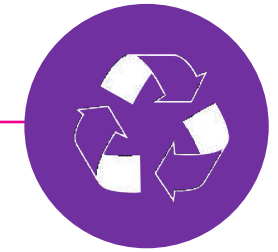


**GROW US/CHINA
MARKET SHARE**



**GROW ONLINE
SALES
PROFITABLY**

Create loyalty and
presence, flexible
model whether
direct or through
local partners



**IMPROVE
ENVIRONMENTAL
PERFORMANCE AND
SUSTAINABILITY**

Reduce local
mileage, improve
packaging, increase
plant-based
products

► Develop and build core brands; ensure NPD reflects trends and consumer needs



69%



technic®

BODY COLLECTION®
ENGLAND



MAN'S STUFF™
by technic®



31%

Percentages shown are of Group H1 2024 own brand revenue, which represented 95% of total revenue.

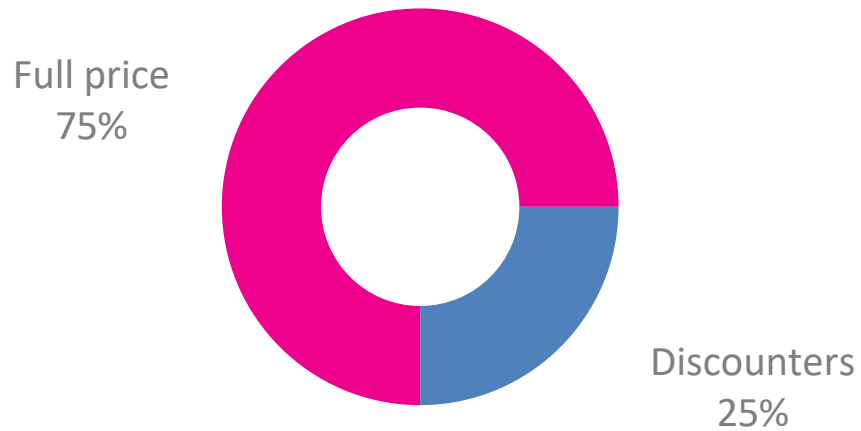


► Develop and nurture current business



► Grow UK market share

UK cosmetic sales by channel



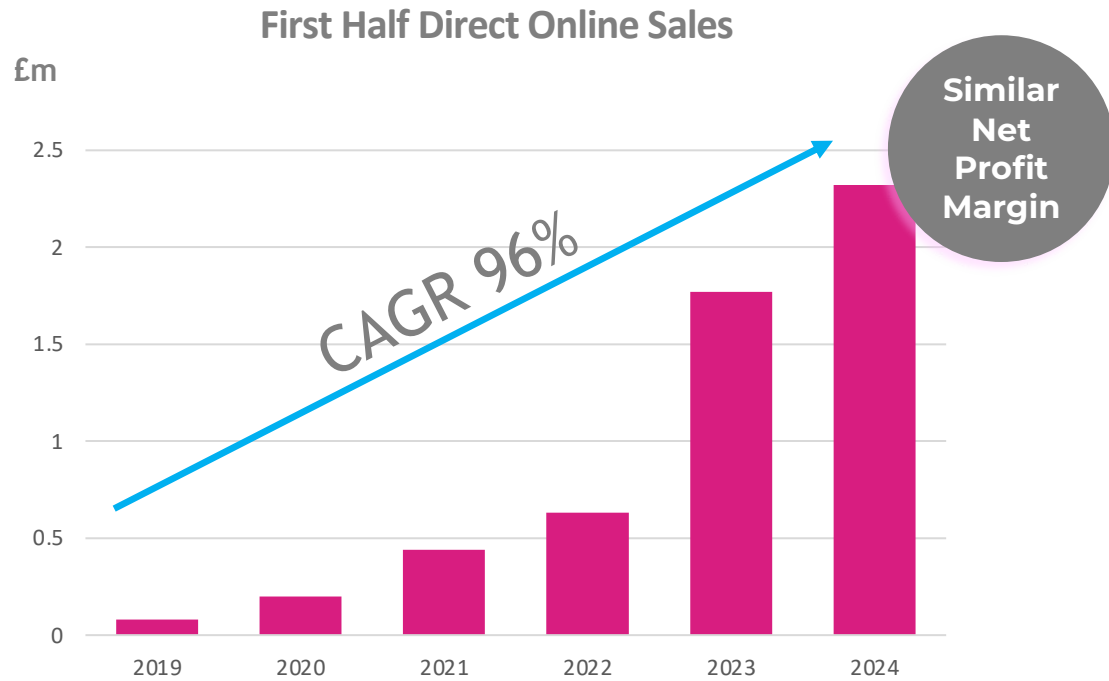
► Grow US/China market share



Tmall, Xiaohongshu ('Little Red Book' 'Red'),



► Grow online sales profitably



Improve environmental performance and sustainability



Initiatives

- | | | | | |
|--|---|--|--|---|
| - Working with Planet Mark since 2022 | - No products tested on animals regardless of regulatory requirements | - Inclusivity at the heart of our products and team | - Reduce physical waste, increase onsite recycling | - Adopt robust and ethical policies across the business |
| - Free onsite EV chargers for all staff in the UK | - Joined PETA Beauty without Bunnies in 2023 | - Employ people from the local area where possible | - Reduce carbon footprint in shipping and transportation | - Maintain appropriate, diverse board structure |
| - HO is a 'green' building and is 'A' rated for energy use | - All new products Paraben free/vegan friendly since 2023 | - All employees incentivized to align with investors | - Reduce environmental impact of travel | - Ensure optimal skill set across board |

See warpaintlondonplc.com for further details



We have substantial growth opportunities with existing key customers

Warpaint has a strong track record of winning new doors and new shelves to drive growth and productivity



Key customers	20
Current stores	6,100
Total stores	13,000
Recent win	



Key customers	12
Current stores	6,700
Total stores	24,200
Recent win	



Key customers	9
Current stores	2,300
Total stores	7,200
Recent win	

In Boots, W7 has seen a fourfold increase in weekly retail sales, from further rollouts, bigger stores, better placement and larger displays

Current stores represent the approximate number of stores operated by key customers in which the Group's products are sold. Total stores represent the aggregate number of stores which the Group believes are operated by key customers. Data as of 19 April 2024.



Current trading

Revenue

Continued positive business momentum across the Group with revenue for the nine months to 30 September 2024 expected to be approximately £76m (Nine months to 30 September 2023: £64m)

Expansion strategy continues

Further planned launches in H2 2024, to increase the number of products stocked and outlets served with certain existing customers, particularly in the UK, Europe and the US, while discussions with additional major retailers globally are ongoing

Outlook

Confident that full year expectations will be met



Summary

- Record sales and profit performance ▶ Focused strategy to deliver further significant profitable growth
- Continued expansion in H2 2024 with existing customers and on shelf in Walmart ▶ Further expansion in Boots and Superdrug. Ongoing active discussions with new major retailers globally
- Profitable Ecommerce revenues continue to grow strongly ▶ Continued success in growing online sales profitably
- Positive momentum continued into H2 2024, management confident that the Group will continue to perform strongly over the remainder of the year and beyond ▶ Profitable, robust business. Strong balance sheet. Dividend paying, cash generative and no debt



Appendix



Consolidated Income Statement

	Unaudited 6 months ended 30-Jun-24 £'000	Unaudited 6 months ended 30-Jun-23 £'000	Audited Year ended 31-Dec-23 £'000
Revenue	45,848	36,685	89,590
Gross profit	19,471	14,354	35,733
Gross Margin	42.5%	39.1%	39.9%
Administrative expenses	(8,507)	(8,089)	(17,252)
Adjusted profits from operations	11,141	6,445	18,802
Amortisation	(13)	(118)	(187)
Net finance expenses	(115)	(101)	(363)
Share-based payments	(164)	(62)	(134)
Profit before tax	10,849	6,164	18,118
Tax expense	(2,833)	(1,384)	(4,219)
Profit for the period	8,016	4,780	13,899
Basic EPS	10.4p	6.2p	18.1p
Adjusted EPS	10.6p	6.5p	18.4p

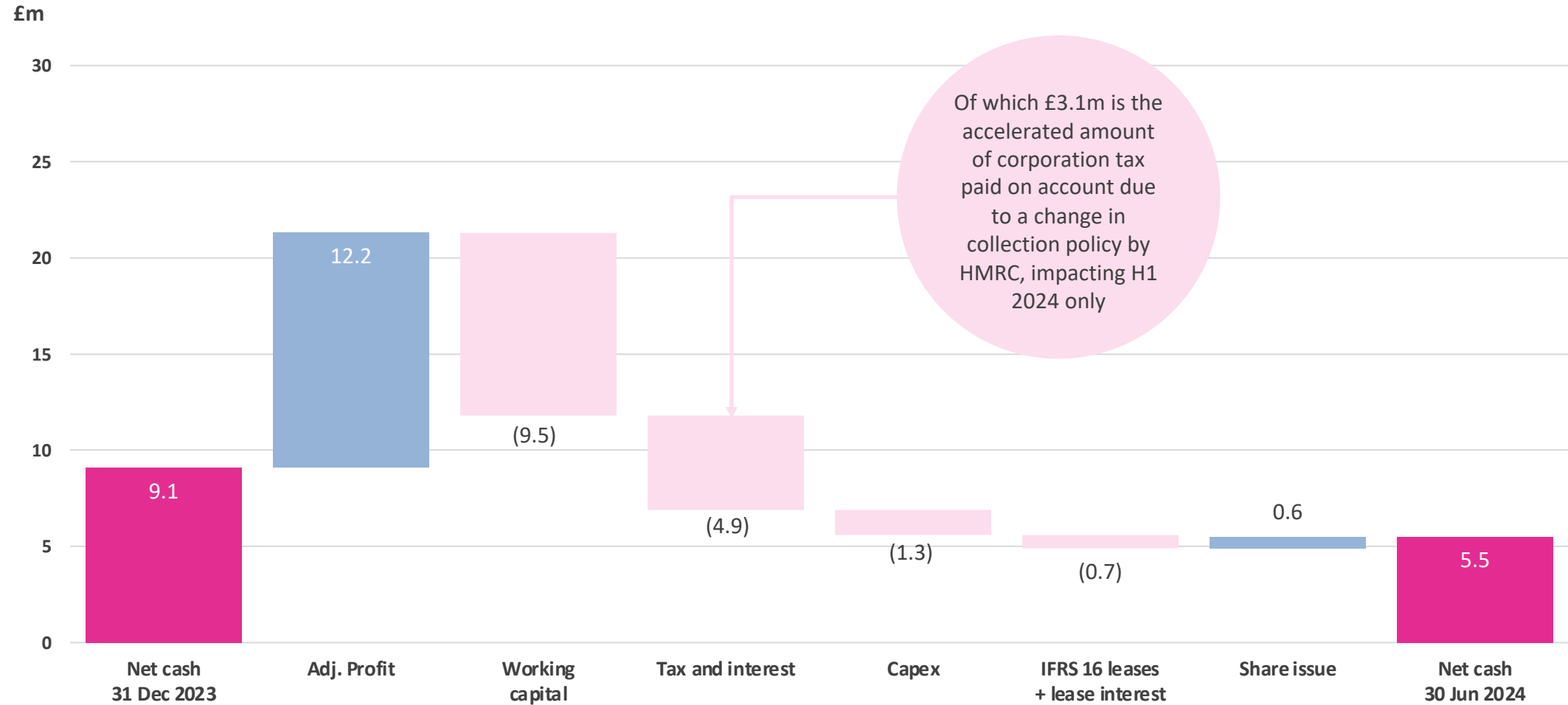
Consolidated Statement of Financial Position

	Unaudited As at 30 Jun-24 £'000	Unaudited As at 30 Jun-23 £'000	Audited As at 31 Dec-23 £'000	
Goodwill	7,274	7,274	7,274	Acquisition of Retra and LMS
Intangible assets	76	159	93	
Property, plant and equipment	2,153	1,338	1,245	
Right-of-use assets	4,720	5,147	5,280	IFRS 16 Leases £4.7m
Deferred tax assets (net)	521	192	412	
Inventories	32,975	25,720	27,963	
Trade and other receivables	17,559	13,439	13,529	
Cash and cash equivalents	5,506	7,066	9,053	
Trade and other payables	(14,207)	(13,347)	(9,576)	
Borrowings and lease liabilities <1yr	(1,300)	(1,005)	(1,259)	IFRS 16 lease liability
Corporation tax payable	(557)	(1,295)	(2,501)	
Derivative financial instruments	(136)	(938)	(518)	
Borrowings and lease liabilities >1yr	(3,590)	(4,350)	(4,190)	IFRS 16 lease liability
Net Assets	50,994	39,400	46,805	
Attributable to shareholders	50,994	39,400	46,805	

Consolidated Statement of Cash Flows

	Unaudited 6 months ended 30-Jun-24 £'000	Unaudited 6 months ended 30-Jun-23 £'000	Audited Year ended 31-Dec-23 £'000
Adjusted profit	12,187	7,338	21,245
Movement in inventories	(5,012)	(7,005)	(9,248)
Movement in trade and other receivables	(4,030)	(1,746)	(1,836)
Movement in trade and other payables	(27)	3,888	3,588
Movement in derivative financial instruments/exchange diff	(414)	346	(44)
Cash inflow generated from operations	2,704	2,821	13,075
Tax paid	(4,745)	(935)	(2,569)
Finance expense (net)	(115)	(101)	(363)
Purchase of property, plant and equipment	(1,323)	(263)	(515)
Purchase of intangible assets	-	-	(3)
Principal elements of lease payments	(626)	(507)	(1,144)
Proceeds from issued share capital	558	186	492
Dividends	-	-	(5,785)
Net change in cash and cash equivalents	(3,547)	1,201	3,188
Cash and cash equivalents at beginning of period	9,053	5,865	5,865
Cash and cash equivalents at end of period	5,506	7,066	9,053

Cash Flow bridge



Company history and key milestones

Warpaint has grown sustainably for more than three decades with a proven ability to innovate and win new business

