

29 April 2025

Warpaint London PLC

("Warpaint", the "Company" or the "Group")

Results for the year ended 31 December 2024

Record sales and profits in 2024 at an improved margin; solid start to 2025

Warpaint London plc (AIM: W7L; OTCQX: WPNTF), the specialist supplier of colour cosmetics and owner of the W7, Technic, Skin & Tan, Super Facialist, Dirty Works and Fish Soho brands is pleased to announce its audited results for the year ended 31 December 2024.

	Audited 12 months to 31 December 2024	Audited 12 months to 31 December 2023	Growth
Revenue	£101.6m	£89.6m	+13%
Gross profit margin	41.2%	39.9%	+130bps
EBITDA	£24.2m	£20.9m	+16%
Adjusted profit before tax*	£24.6m	£18.4m	+33%
Profit from operations	£24.0m	£18.5m	+30%
Basic earnings per share (EPS)	23.5p	18.1p	+29%

Financial Highlights

- Continued growth in sales, margins and profits to reach record levels for the Group. Significant organic growth in all key geographic regions reflecting the focus on growing sales of the Group's branded products
- Group sales for 2024 grew by 13% to £101.6 million (2023: £89.6 million)
 - EU revenue increased by 22% to £54.7 million (2023: £45.1 million)
 - UK revenue increased by 8% to £35.0 million (2023: £32.4 million)
 - US revenue increased by 19% to £8.7 million (2023: £7.3 million), an increase of 22% in US dollar terms
- Gross profit margin increased to 41.2% (2023: 39.9%)
- EBITDA increased 16% to £24.2 million (2023: £20.9 million)
- Adjusted profit before tax* up by 33% to £24.6 million (2023: £18.4 million)

- Earnings per share up 29% to 23.5p (2023: 18.1p)
- Cash of £21.9 million (including £14.0 million held in escrow to fund the Brand Architekts Group PLC consideration paid post-year end) as at 31 December 2024 (31 December 2023: £9.1 million), with no debt
- Recommended final dividend of 7.5 pence per share (2023: 6.0 pence per share), bringing the total dividend for the year to 11 pence per share (2023: 9.0 pence per share), an increase of 22%

*Adjusted for amortisation costs, share-based payments and costs associated with the acquisition of Brand Architekts Group PLC

Operational Highlights

- Sales of the Group's branded products were £95.1 million (2023: £84.8 million), up 12%, driven by the Group's lead brand W7, which increased by 14% to £65.4 million (2023: £57.4 million)
- Direct online sales continue to grow significantly, with an increase of 35% in 2024 to £8.4 million, accounting for 8.3% of Group sales (2023: £6.2 million, 6.9% of Group sales)
- Continuing brand sales momentum, both internationally and the UK, including:
 - In Europe: further range and store expansions with existing customers including Etos and Normal
 - In the UK: a full range of Technic products were launched in an initial 202 Morrisons stores; further expansion with Boots, with an over fourfold increase in retail space; further rollout with Superdrug; and expansion with Tesco
 - In the US: expanding the W7 range stocked and roll-out to a further 387 stores with CVS; significant order received from Walmart, for W7 and Chit Chat product; significant expansion with Five Below

Post-Period End Highlights and Outlook

- Solid start to trading in Q1 2025, with unaudited Group sales for the three months to 31 March 2025 of £26.7 million, an increase of 14% on the same period in 2024 (3 months to 31 March 2024: £23.5 million). Excluding the contribution from Brand Architekts (from 12 February 2025), Group sales up 7% in Q1 2025 compared to Q1 2024
- Margins in Q1 increased and were better than those achieved in the full year 2024
- Maintained a strong balance sheet, with no debt. Cash balances as at 8 April 2025 were £17.3 million (2 April 2024: £7.5 million)
- Completion of the acquisition of Brand Architekts on 12 February 2025, adding a portfolio of health, beauty and personal care brands to the Group, including Skin & Tan, Super Facialist, Dirty Works and Fish Soho, sold throughout the UK and internationally. The integration of Brand Architekts into the Group is progressing well and the Warpaint directors continue to believe that the acquisition will be earnings enhancing in the year ending 31 December 2025

- Continuing brand sales momentum expected in 2025, both internationally and the UK, including:
 - In Europe: Tigota in Italy launching a range of products in 200 stores with a capsule collection going into an additional 400 stores and in the Netherlands Etos is expected to expand its product assortment in all 546 stores with a permanent fixture and an enhanced range in selected stores
 - In the UK: Superdrug rolling out W7 into 140 new stores and travel size products in all stores from June 2025. Tesco have confirmed a 150 store expansion of the Group's W7 impulse offering during 2025. Boots to take gifting products for the first time for Christmas 2025 (to be stocked in 350 stores) and accessories going into 250 stores
 - In the US: expanding the W7 range stocked and roll-out to a further 399 stores with CVS from August 2025, taking the number of CVS stores stocking the Group's products to 918
 - In talks with other large retailers in Europe, the UK and the US to stock the Group's products
- Despite continuing headwinds, including the effect of increased US tariffs, the Group has significant planned expansion opportunities and the board expects the Group's performance to remain strong and for sales and profits to grow in line with previous expectations over the remainder of 2025 and beyond. Accordingly, the board's expectations for the Group's financial performance in 2025 are unchanged

Commenting, Clive Garston, Chairman, said: "I am very pleased with the Group's record 2024 financial performance. in 2024 which has continued into 2025, despite the challenging macroeconomic environment. This reflects the delivery of Warpaint's consistent and focussed strategy of ensuring its branded products are sold through an ever-expanding network of large retailers globally, by gaining more space within these retailers, entering relationships with new ones and increasing the Group's online sales presence.

"The board expects the Group performance to remain strong and for sales and profits to continue to grow over the remainder of 2025 and beyond. We continue to see significant growth opportunities, particularly in the UK and Europe, and with the addition of the Brand Architects' brands we have further opportunities for growth. The recently implemented increased US tariffs are having an impact on our US business, but the US remains a modest part of the Group's overall business, and with significant growth opportunities elsewhere and strategies in place to mitigate their effect, we do not expect tariffs to have a material impact on the Group's financial performance in 2025. Accordingly, the board's expectations for the Group's financial performance in 2025 are unchanged."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018

Enquiries:

Warpaint London

c/o IFC

Sam Bazini - Chief Executive Officer

Eoin Macleod - Managing Director

Neil Rodol - Chief Financial Officer

Shore Capital (Nominated Adviser & Broker)

020 7408 4090

Patrick Castle, Daniel Bush, Lucy Bowden - Corporate Advisory

Fiona Conroy - Corporate Broking

IFC Advisory (Financial PR & IR)

020 3934 6630

Tim Metcalfe, Graham Herring, Florence Staton

Warpaint London plc

Warpaint sells branded cosmetics under the lead brand names of W7 and Technic. W7 is sold in the UK primarily to major retailers and internationally to local distributors or retail chains. The Technic brand is sold in the UK and continental Europe with a significant focus on the gifting market, principally for high street retailers and supermarkets. In addition, Warpaint supplies cosmetics under its other brand names of Man'sstuff, Body Collection and Chit Chat, each targeting a different demographic. Additionally, in February 2025, Warpaint acquired Brand Architekts Group PLC with a number of complimentary health, beauty and personal care brands, including Skin & Tan, Super Facialist, Dirty Works and Fish Soho.

HEADLINE RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

Statutory Results £m	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Revenue	£101.6m	£89.6m
Profit from operations	£24.0m	£18.5m
Profit margin from operations	23.6%	20.6%
Profit before tax ("PBT")	£23.8m	£18.1m
Earnings per share ("EPS")	23.5p	18.1p
Cash and cash equivalents ¹	£21.9m	£9.1m

¹Cash and cash equivalents includes £14.0m (2023: nil) which was held in an escrow account at 31 December 2024. The funds were released in February 2025 and utilised in the acquisition of Brand Architekts Group PLC. Further details of this acquisition are provided in Note 28.

Adjusted Statutory Results £m	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Revenue	£101.6m	£89.6m
Adjusted profit from operations ²	£24.8m	£18.8m
Adjusted profit margin from operations ²	24.4%	21.0%
Adjusted PBT ²	£24.6m	£18.4m

Adjusted EPS ²	24.3p	18.4p
Cash and cash equivalents ¹	£21.9m	£9.1m

²Adjusted numbers are closer to the underlying cash flow performance of the business which is regularly monitored and measured by management, the adjustments made to the statutory numbers are as follows:

£m	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Statutory profit from operations	£24.00m	£18.48m
Depreciation	£0.93m	£0.66m
Amortisation of right of use assets	£1.27m	£1.11m
Amortisation of intangible assets	£0.03m	£0.19m
Foreign exchange gain/loss	£(2.0)m	£0.43m
EBITDA	£24.23m	£20.87m
Acquisition related expenses	£0.42m	-
Share-based payments	£0.35m	£0.13m
Adjusted EBITDA	£25.00m	£21.00m
Statutory profit from operations	£24.00m	£18.48m
Acquisition related expenses	£0.42m	-
Amortisation	£0.03m	£0.19m
Share-based payments	£0.35m	£0.13m
Adjusted profit from operations²	£24.80m	£18.80m
Adjusted profit margin from operations²	£24.80m / £101.61m = 24.4%	£18.80m / £89.59m = 21.0%
Statutory PBT	£23.76m	£18.12m
Acquisition related expenses	£0.42m	-
Amortisation	£0.03m	£0.19m
Share-based payments	£0.35m	£0.13m
Adjusted PBT²	£24.56m	£18.44m
Statutory profit attributable to equity holders	£18.23m	£13.90m
Acquisition related expenses	£0.42m	-
Amortisation	£0.03m	£0.19m
Share-based payments	£0.35m	£0.13m
Tax attributable to adjusting items	£(0.18)m	£(0.08)m
Adjusted profit attributable to equity holders	£18.85m	£14.14m
Weighted number of ordinary shares	77,691,505	76,983,311
Adjusted EPS²	24.26p	18.37p

CHAIRMAN'S STATEMENT

2024 was another year of strong performance for the Group. Warpaint has continued to grow in its main geographic areas of focus, the UK, Europe and the US. Notwithstanding a challenging economic environment, the continued successful execution of Warpaint's business strategy and model is reflected in the Group's record financial performance. One of the strengths of Warpaint is its people and I would like to thank my

colleagues on the board and all of the Warpaint team for their dedication and exceptional efforts in achieving this performance. I believe that these efforts will stand us in good stead in the future and enable Warpaint to achieve its objectives.

During the year, we continued our strategy of concentrating on increasing our presence in larger retailers globally, together with growing direct online sales, at attractive margins. This focus on doing more business with larger customers and expanding the number of large retailers stocking the Group's products is reflected in the Group's results and provides a continuing strong platform for the future.

Post year end, on 12 February 2025, we were pleased to complete the acquisition of Brand Architekts Group PLC ("Brand Architekts") and the integration of the business into the Group is progressing well. I believe that the acquisition is an exciting and relatively low risk opportunity to further bolster Warpaint's growth opportunities, and I would like to take this opportunity to formally welcome the Brand Architekts team to the Group.

Trading has continued to be robust in the first quarter of 2025, with the Group maintaining continued growth with quarterly sales 7% ahead of the same period in 2024 on a like-for-like basis, excluding the contribution from Brand Architekts from 12 February 2025. Margins in Q1 2025 increased and were better than those achieved in the full year 2024. I expect the Group performance to remain strong, with significant planned expansion opportunities, and for sales and profits to continue to grow in line with previous expectations over the remainder of 2025 and beyond, notwithstanding the current challenging conditions, including subdued consumer confidence in many parts of the world and the effect of increased US tariffs recently introduced.

Results

2024 was again a year of significant achievement, with the Group delivering record sales and profits, at an increased margin.

Adjusted profit before tax grew 33% to £24.6 million (2023: £18.4 million) on revenue of £101.6 million (2023: £89.6 million) with basic earnings per share of 23.5 pence (2023: 18.1 pence).

The Group continues to ensure inventory levels are appropriate to allow on-time delivery for customers and to service the anticipated growth in demand, with inventory at 31 December 2024 increasing to £31.2 million (31 December 2023 £28.0 million). The balance sheet remains strong, with cash at 31 December 2024 of £21.9 million, including £14.0 million held in escrow to fund the acquisition of Brand Architekts (31 December 2023: £9.1 million), and the Group remains debt free.

Dividend

In accordance with the Group's progressive dividend policy and reflecting the board's confidence in the Company's prospects, the board is pleased to recommend an increased final dividend of 7.5 pence per share which, if approved by shareholders at the annual general meeting ("AGM"), will be paid on 4 July 2025 to shareholders on the register at 13 June 2025. The shares will go ex-dividend on 12 June 2025.

During the year, an interim dividend of 3.5 pence per share was paid on 22 November 2024, bringing the total dividend for the year to 11.0 pence per share, a 22% increase over the 9.0 pence per share dividend for 2023.

Board

I was delighted to welcome Sharon Daly and Indira Thambiah as independent Non-Executive Directors with effect from 1 January 2024. They have considerable experience on the boards of public companies in the consumer sector and they have made a valuable contribution since joining the board. They both joined the Company's Audit and Remuneration Committees on appointment, and Indira was appointed as Chair of the Remuneration Committee on 3 September 2024, taking over from Keith Sadler, who remains Chair of the Audit Committee, which has been reconstituted as the Audit and Risk Committee with new terms of reference.

Annual General Meeting

The Company's AGM will be held at the Company's offices at Units B&C, Orbital Forty Six, The Ridgeway Trading Estate, Iver, Bucks, SL0 9HW on 17 June 2025 at 10.00 a.m. and the board looks forward to welcoming those shareholders who are able to attend in person.

Summary and Outlook

I am very pleased with the Group's performance in 2024 and that this has continued into 2025, despite the challenging macroeconomic environment. This reflects the delivery of Warpaint's consistent and focused strategy of ensuring its branded products are sold through an ever-expanding network of large retailers globally, by gaining more space within these retailers, entering into relationships with new ones and increasing the Group's online sales presence. With the addition of the Brand Architekts' brands, we have further opportunities for growth.

The Group is keeping a careful watch on the developing US tariff environment and is taking steps to mitigate the effects of tariffs as far as possible, whilst focusing on US business that remains profitable and benefits the longer term strategic positioning of the Group. The Group's US business is currently a modest contributor to Group profit, at less than 3% of 2024 Group profit before tax, and current US tariff rates, whilst impacting on the amount of business the Group expects to do in the US in 2025, are not expected to have a material impact on the Group's financial performance in 2025. Accordingly, the board's expectations for the Group's financial performance in 2025 are unchanged.

The Board works closely with executive management and carries out an annual review of Group strategy. This is focused on growth and increasing our share of the global value colour cosmetics and skin care markets, taking into account changing market dynamics. Warpaint is a founder led entrepreneurial company which leads to a culture that, notwithstanding the challenging environment and difficulties that face many of our customers and consumers, should lead to a continuation of the strong performance that has been seen over recent years. I therefore believe that we have the right offering and strategy in place to continue to deliver profitable future growth.

Clive Garston

Chairman

28 April 2025

CHIEF EXECUTIVE'S STATEMENT

I am very pleased that the Group again achieved another record level of sales and profits in 2024, with an improved profit margin. Group sales increased by 13% to £101.6 million (2023: £89.6 million), importantly at

an increased gross margin of 41.2% (2023: 39.9%), driving a 33% increase in adjusted profit before tax to £24.6 million (2023: £18.4 million).

This performance reflects the ongoing success of the Group's strategy of focusing on growing profitable sales of its branded products, with a focus on the UK, Europe and the US, whilst increasing overall margins. Increased sales are being achieved through existing customers, where the focus is on supplying more stores and increasing the Group's footprint within each store, as well as adding new large retailers to the Group. In 2024 we secured an over fourfold increase in retail space within Boots in the UK, driven by both additional outlets and larger displays. In addition, we also continue to be in active discussions with new major retailers globally.

In 2024, the Group continued to concentrate on its core W7, Technic, Body Collection, Man'stuff and Chit Chat brands. In 2024, sales of the Group's branded products accounted for 94% of revenue (2023: 95%).

As has been the trend for some time, the global cosmetics market continues to see consumers transferring to more value orientated brands, such as those produced by the Group. In 2025, the addition of the Brand Architekts' brands to our portfolio is expected to provide additional opportunities to grow sales and profits over and above those we expect from our historic brands. Our global market share remains modest and there continue to be substantial opportunities for further growth.

W7

The Group's lead brand is W7, with sales in 2024 increasing by 14% to £65.4 million, accounting for 64% of total Group revenue in 2024 (2023: £57.4 million/64%).

In the UK, W7 revenue was up 9% year-on-year, representing 28% of W7 sales in the year (2023: 30%), as stronger sales growth was generated in regions outside of the UK, particularly in Europe and the US. W7 sales in the UK continue to see significant growth and this is expected to continue, particularly with existing retailers, where plans are in place to expand the number of stores served and to increase the footprint in existing stores. During 2024 there was an approximate 2.5 times increase in the space allocated to W7 in Superdrug, in addition to the over fourfold increase in retail space within Boots noted above.

In 2024, W7 sales in Europe grew by 21% to £36.8 million (2023: £30.4 million), representing 56% of W7 sales (2023: 53%). This was driven by additional sales to existing customers, particularly as they expanded the size of their estates, and to new customers, including in countries where the Group has previously had only a limited presence.

In the US, W7 sales grew by 23% to £7.8 million in 2024 (2023: £6.3 million), and accounted for 12% of overall W7 sales (2023: 11%), with the Group benefiting, in particular, from growth within CVS and Five Below, together with increased online sales.

Across the rest of the world, which is not a primary focus for the Group, W7 sales were £2.3 million (2023: £3.6 million) and remain a modest proportion of overall W7 sales at 4%.

Technic

Sales of branded Technic product in 2024, which includes products sold under the Technic, Body Collection, Man'stuff and Chit Chat brands, increased by 8% to £29.7 million, representing 29% of total Group revenue (2023: £27.5 million/31%).

The Technic business also produces and sells white label cosmetics for several major high street retailers. Such opportunities are assessed case-by-case, based on the return they can deliver. In 2024, Technic's white label business grew by 90% to £4.3 million (2023: £2.3 million), accounting for 4% of Group revenue (2023: 2.5%) as higher margin opportunities were presented.

In 2024, UK revenue was 42% of Technic's total sales at £14.3 million (2023: £13.1 million/44%), increasing 9% year-on-year. A particular highlight in the UK was the launch in March 2024 of a full range of Technic products in an initial 202 Morrisons stores.

Technic enjoyed particularly strong sales growth in Europe, up 23% to £17.8 million (2023: £14.5 million), accounting for 53% of Technic sales (2023: 49%), driven by increased product being sold to existing customers, and the launch into new customers, including significant further expansion with the Dutch retailer, Wibra.

Sales for the Technic brand outside of the UK and Europe accounted for 5% of Technic sales (2023: 7%) and are therefore small in the context of the Group as a whole, representing less than 2% of Group revenue, presenting an opportunity for future growth.

Technic continues to grow its direct online sales, particularly through the brand stores on Amazon.co.uk, Amazon.com and on continental European Amazon sites. These direct online sales remain a modest proportion of Technic's overall sales and present a further opportunity for growth.

e-Commerce

In 2024, the Group continued to drive direct online ("D2C") sales, a strategy that started in 2020. Revenue of £8.4 million in 2024 was an increase of 35% (2023: £6.2million), and as a proportion of Group revenue, D2C sales increased to 8.3% in 2024 (2023: 6.9%). While growing these online sales, the focus remains on achieving a similar net margin to the Group's sales through traditional physical outlets.

The Group continues to have significant opportunities to grow sales through the W7 and Technic brands' own e-commerce sites, and on Amazon in the UK, Europe and the US, and in China through official W7 brand stores on Taobao Mall (Tmall), the most visited B2C online retail platform in China and Xiaohongshu (Red), one of China's foremost social media, fashion and luxury shopping platforms.

Close-out

Close-out sales continued to reduce as they are not a core focus, although the Group will continue to take advantage of profitable close-out opportunities as they become available, as they continue to provide a significant and profitable source of intelligence in the colour cosmetics market. In 2024, close-out sales were £2.3 million (2023: £2.5 million) and represented only 2% of the overall revenue of the Group (2023: 3%).

Brand Architekts

Post year end, on 12 February 2025, we were pleased to complete the acquisition of Brand Architekts. Having followed the company for some time, I believe that the acquisition is an exciting and relatively low risk opportunity to further bolster Warpaint's growth opportunities.

Brand Architekts is a health, beauty and personal care brand specialist sold throughout the UK and internationally, with a focus on every day, high-performing brands and products that engender high levels of

consumer loyalty. Brand Architekts' brand portfolio encompasses female beauty, skincare, self-tan and male grooming. Brands (including Skin & Tan, Super Facialist, Dirty Works and Fish Soho) are available on the high street in leading pharmacy and drugstore chains, in national grocery stores, on the platforms of global e-tailers, and through ecommerce websites.

Warpaint has a strong track record of successfully acquiring, integrating and growing businesses with complementary brands, offerings and customers, and I consider that Brand Architekts provides a similar opportunity. Brand Architekts has a number of high-quality brands with a well-established customer base that complements Warpaint's existing customer relationships and brand portfolio. In addition, while Brand Architekts has grown its gross margins over recent financial periods, it carried a high overhead cost base relative to the level of gross profit generated by the business. We have identified significant cost synergies and have already begun to reduce overheads to a more efficient level, which should increase Brand Architekts' profitability. The integration of the business into the Group is progressing well and accordingly, the Warpaint board expects the acquisition to be earnings enhancing to Warpaint in the year ending 31 December 2025.

New Product Development

New product development ("NPD") continues to be core to the Group's proposition to provide new products that are exciting, on trend, fast to market and that meet consumers' evolving tastes.

During 2024, the NPD team continued to develop a strong pipeline of customer-focused new products. The NPD team works with around 25 manufacturing partners, in China and globally, that can provide high quality products quickly, at very competitive prices, while meeting our legal and ethical compliance requirements, together with ensuring continuity of delivery. The Group continues to investigate new manufacturing partners, particularly outside of China, to ensure a diversity of supply and to mitigate, as far as possible, the effects of tariffs increasingly being implemented, particularly in the US on Chinese manufactured product.

The Group's cosmetic products are 'cruelty free' and are not tested on animals irrespective of where the products are being supplied. The Group supports cruelty free alternatives to animal testing to become compulsory and animal testing overall to cease globally. Warpaint proudly displays the PETA company logo on its products and its commitment to the PETA 'Beauty without Bunnies program' covers all brands within the Group, including the newly acquired Brand Architekt brands, apart from Skin & Tan, which is approved under the Cruelty Free International Leaping Bunny programme.

Environmental impact

Warpaint is very focused on the environmental impact of its products and is committed to becoming an industry leader for sustainable products and packaging. The Group is proud to be associated with Planet Mark, which provides a clear framework for businesses to measure their carbon reporting through certification. As a member of Planet Mark, the Company is committed to implementing carbon reduction strategies, staying ahead of legislation and risk mitigation, and eliminating greenwashing through effective and transparent communication. Alongside the ways our team members operate in the workplace and wider communities, and the efforts of product teams in ensuring the most recyclable materials and least plastic consuming designs are put into production, Planet Mark forms a key part of the Group's sustainability agenda.

The Group uses only recyclable plastics in the outer packaging of its gifting products and continues to remove unrecyclable plastics from all year-round products. The Group's product packaging therefore uses paper and cardboard wherever practicable, enabling the Group, its customers and end users to recycle waste effectively.

All branded products across the Group are manufactured vegan friendly and without parabens. No heavy metals such as TBTO (preservative) and other ingredients of concern are added to products and all raw materials comply with the strict regulations applicable in the UK, EU, US, Canada and other markets in which the Group operates.

Marketing and PR

The Group's marketing, PR and social media teams continued to work to ensure our marketing programmes remain fresh, innovative, focused on customer loyalty and showcasing our products to new potential consumers. The Group has a particular emphasis on social media using brand ambassadors, influencers and make-up artists and has individuals dedicated to each of the main social media platforms to ensure maximum benefit is gained in these areas. In 2024 we successfully introduced the W7 TikTok shop, demonstrating to consumers the benefits of our products whilst enabling them to order at the same time.

Strategy

On an annual basis the board reviews and appropriately adapts its three-year strategic plan for the business based on consumer insight, market data, experience and the Group's aims. This is targeted by year, measured, monitored and reviewed as part of the board's on-going business throughout the year. The strategic plan was updated in January 2025, forming the basis of the Group's focused activity through to 2027. The plan is developed to drive shareholder value and has defined targets for sales by the six key pillars below, EBITDA, earnings per share and cash generation with a particular emphasis on driving incremental EBITDA growth.

The strategic plan comprises six key pillars:

- *Develop and build the Group's brands and ensure new product development reflects trends and consumer needs*

The Group ensures that everybody within the business has crystal clarity of the positioning and hierarchy of the Group's portfolio of brands. A key activity of the Group is developing affordable, quality new product, which remains a crucial part of the Group's activity. It is essential to provide great new product that is on trend, fast to market and meets the consumers' evolving tastes. A healthy pipeline of new products is the continual focus of our NPD team who are also developing category extensions where appropriate to each brand and gifting sets.

- *Develop and nurture current core business*

There is still significant potential to be realised and further distribution gains to be made with the current customers, and the Group is committed to ensuring this potential is maximised. The Group is focused on ensuring there is a clarity of product offering to each customer segment and to supporting its customers with relevant new products, by using appropriate marketing and innovative merchandising solution to draw

consumers into stores and by enhancing the customer offer by cross selling the Group's brands and category extensions for example accessories, body mists, gifting and skin care where appropriate.

- *Grow market share in the UK*

The Group continues to focus on increasing the presence of its brands across the channels in which our consumers shop, thereby increasing accessibility and driving profitable market share growth. As a result of this strategy, the W7 brand successfully launched into Superdrug in 2023. As a result, further stores were awarded in 2024 with merchandising solutions that provided greater space and range. Further store and space growth is expected in 2025. Our partnership with Tesco continues to grow, with distribution gains across all store formats, including the recent launch of an impulse solution at till points in more than 200 Tesco Extra and Supermarket stores, while the group is gaining greater space and distribution in Boots and diversifying into new categories. At the same time the Technic brand was successfully launched with a range of product into Morrisons. Active discussions continue with other major retailers who the Group is yet to supply. The expansion of the UK customer base is a key aim of management, as the business continues to capitalise on consumers and retailers across all sectors who are increasingly looking to provide quality products at affordable prices to their customers.

- *Grow market share in the US and China*

The US and China continue to provide major long-term growth opportunities for the Group. In the US, Warpaint increased its management and selling capability in 2024. A compelling core product range for the US has been established, with minimum margin requirements. The business is focused on targeted customer initiatives that have gained both gifting and all-year-round listings with major retailers across key channels. For example, in CVS, following a successful launch of W7 for a selection of all-year-round products into 186 stores in 2023, W7 launched into a further 387 stores in February 2024, with an additional 398 more stores expected to launch in 2025. The Group also successfully launched a range of Christmas gifts into Walmart in 2024. In China, the Group conducts business locally through its Chinese subsidiary. We are also continuing to register products for sale in China in order to grow our total offering and increase sales. This has led to the sales of W7 products via W7 branded storefronts on on-line marketplaces.

- *Develop the online/e-commerce strategy for brand development and profitable sales*

Warpaint aims to grow and maximise profitable sales across the Group's Direct to Consumer ("D2C") channels. As well as continuing to sell on its own websites and developing its own consumer community, plans continue to be executed to develop sales across Amazon platforms. W7 stores fulfilled by Amazon traded successfully in the UK, US, Italy and Germany in 2024 seeing substantial growth, whilst the Group also launched on Amazon France and on our own TikTok shop in the UK. Further on-line sales platforms and geographies continue to be evaluated and, where profitable opportunities are identified, launched over the course of the three-year plan. The Group continues to develop and build its brands by utilising brand ambassadors, influencers and make-up artists to engage actively with its target audience. The Group aims to ensure that consumers are adequately inspired and educated on how the Group's products can be used to experiment and achieve different looks. Developing the social media strategy also directly impacts the Group's online sales strategy.

- *Develop and implement appropriate strategies that ensure Warpaint reduces its impact on the environment*

Warpaint recognises consumers', customers' and its own requirement to reduce its environmental impact. The business has already identified and implemented a number of initiatives to reduce its environmental footprint via reduced shipping and road mileage; removing plastics where possible from packaging and improving recyclability; removing parabens from ingredients and ensuring all products are manufactured cruelty free. Further initiatives have been identified, targeted and will be implemented across the course of the three-year plan. Further information is contained within the ESG section of this annual report.

Customers & Geographies

The largest markets for sales of the Group's brands are continental Europe and the UK, with a growing presence in the US, coupled with global online sales. In 2024 the Group's top ten customers represented 66% of revenues (2023: 69%).

UK

In 2024, revenue from the UK was £35.0 million (2023: £32.4 million), an increase of 8%. The UK accounted for 34% of Group revenue in 2024 (2023: 36%). Growth in the UK was seen by both our lead W7 brand and the Technic brand, both of which increased by 9%.

The top ten UK customers accounted for 69% of UK sales (2023: 66%). Strong growth was achieved during the year with many UK retailers, with a strong start to the rollout with Superdrug and further growth with Boots and Tesco, particularly increasing the average sales footprint per store. Additionally, in March 2024, a full range of Technic products was launched in an initial 202 Morrisons stores.

We are also in continued talks with major UK retailers who stock W7 and Technic product to increase the offering in their stores and anticipate further expansion across their estates during 2025. Confirmed UK expansion in 2025 includes Superdrug rolling out W7 into 140 new stores and travel size products in all stores from June 2025. Tesco have confirmed a 150 store expansion of the Group's W7 impulse offering during 2025. Boots are to take gifting products for the first time for Christmas 2025 (to be stocked in 350 stores) and accessories going into 250 stores.

Europe

Since 2022, continental Europe has been the largest sales area for the Group. In 2024, Group revenue from Europe increased by 22% to £54.7 million (2023: £45.1 million), accounting for 54% of overall Group sales (2023: 50%), with growth seen from both existing customers and those new to the Group. The largest markets for the Group's brands in continental Europe are Spain, Denmark, the Netherlands and Sweden, but with an increasing presence in many other countries in the region. Europe continues to present growth opportunities, both with existing and new customers, and particularly in countries where the Group currently has a more limited presence, such as Germany and Italy.

Expansion of the Group's footprint in Europe in 2025 is expected to include contributions from Tigota in Italy launching a range of products in 200 stores with a capsule collection going into an additional 400 stores and in the Netherlands, Etos is expected to expand its product assortment in all 546 stores with a permanent fixture and an enhanced range in selected stores.

US

Revenue from the US, in sterling terms, increased by 19% in 2024 to £8.7 million (2023: £7.3 million) and grew by 22% in US dollar terms. This equated to 8.5% of overall 2024 Group sales (2023: 8%). Over 99% of US revenue was from the sale of Group brands in 2024 as very limited close-out activity was undertaken, in line with the Group's strategy to focus on its own brands.

A new US management team was appointed in the first half of 2024, tasked with generating new business at higher margins, moving away from selling to retailers whose focus is on selling products at deep discounts. As a result, US sales in 2024 generated significantly higher profits than has previously been the case and for the first time the Group's US business delivered more than US\$1 million of pre-tax profits.

Significant US sales were generated in the second half of the year as gifting orders were delivered, including a large Christmas order received from Walmart for W7 and Chit Chat products.

The recent imposition of additional tariffs, particularly on goods manufactured in China, is having an impact on the margins achievable from the Group's US sales, although we are seeking to mitigate the effects as far as possible. Online, which accounts for a significant proportion of the Group's US business and where we have more selling price flexibility, price increases have been implemented. We continue to monitor the situation closely and are focused on ensuring the Group maintains its position in the US, whilst maximising the available margin.

Despite this backdrop we are still seeing appropriate growth opportunities in the US and, for example, CVS will be expanding the W7 range stocked and rolling-out to a further 399 stores from August 2025, taking the number of CVS stores stocking the Group's products to 918.

Rest of the World

2024 sales from the rest of the world reduced to 3% of overall Group sales (2023: 5%). Whilst the rest of the world is not a primary focus for the Group, within this area the largest sales are to Australia and China, with other countries, such as the Philippines, being served where profitable sales in appropriate volumes can be achieved.

Summary and Outlook

I am again very pleased with the Group's performance in 2024. We have continued to grow sales and importantly these sales have been achieved at a higher gross margin as we focus on sales through large retailers in the UK, Europe and the US, together with growing our online presence. Our robust supply chain and distribution network, coupled with maintaining appropriate levels of stock, ensures that we are able to supply our retail customers on time with product that their customers are demanding.

Whilst trading conditions remain challenging, and recently implemented tariffs in the US are having an impact on US margins, trading in 2025 has started strongly with a solid first quarter, and we continue to see significant growth opportunities, particularly in the UK and Europe. We continue to regularly review our sourcing and are investigating additional opportunities to manufacture products outside of China, including in the UK, to ensure the maximum available margin, whilst ensuring consistency and quality of supply.

Revenue for the first three months of 2025 is 14% ahead of the same period in 2024, including a contribution from Brand Architekts from 12 February 2025, with sales increases seen across all of the Group's brands, both in stores and online, and at an improved gross margin to that achieved for 2024 as a whole.

Whilst I believe the US remains a longer term growth opportunity for the Group, in particular due to the limited level of the Group's current business in the US and the size of the market, the recent imposition of additional US tariffs, particularly on goods manufactured in China, is having an impact on the Group's current US business. In the US we remain focused on ensuring that sales the Group undertakes remain profitable, whilst benefiting the longer-term strategic positioning of the Group's brands in a potentially improved tariff environment. Whilst sales to the US are likely to be impacted in 2025 by the current tariff levels, their modest contribution to Group profits and the growth opportunities we are seeing elsewhere mean that the board's expectations for the Group's financial performance in 2025 remain unchanged.

We will update further on our progress later in the year and with significant opportunities for further growth, including from the recently acquired Brand Architekts' brands, I am confident that the Group will continue to perform well for the remainder of the year and beyond.

Sam Bazini
Chief Executive Officer
28 April 2025

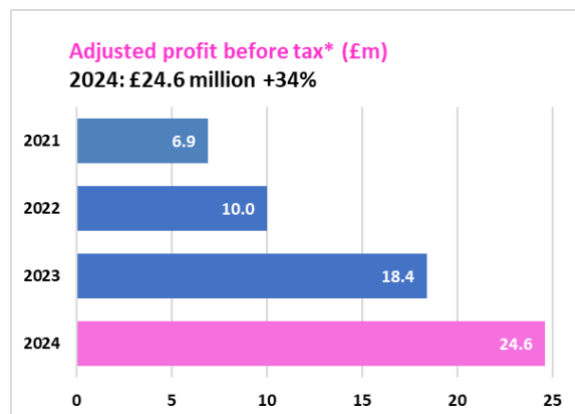
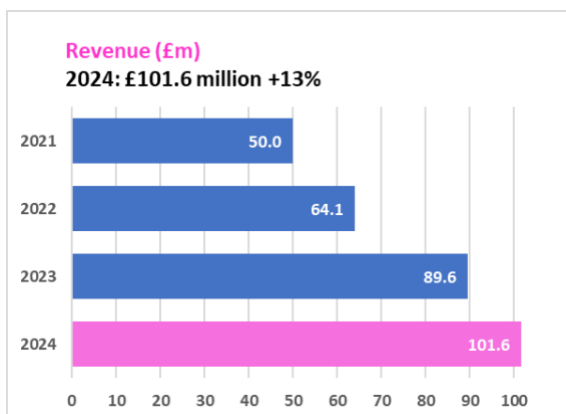
CHIEF FINANCIAL OFFICER'S REVIEW

2024 was another record year for the Group, with continued growth in revenue, margins and profit before tax. Group revenue increased in the year by 13% and adjusted profit before tax increased by 34%. Gross margin improved in the year, with a 1.3 percentage point increase to 41.2%. This is the fourth year running that gross margin has improved.

On the 12 February 2025 the Group completed the purchase of Brand Architekts, the owner of a number of complimentary health, beauty and personal care brands, sold throughout the UK and internationally. Brand Architekts brands include Skin & Tan, Super Facialist, Dirty Works and Fish Soho. The Group believes that the acquisition is an exciting and relatively low risk opportunity to further bolster Warpaint's growth opportunities.

The Group continues its strategy of building the W7 and Technic brands, together with its recently acquired brands. We remain focused on margin, generating cash and remaining debt free.

The Group monitors its performance using a number of key performance indicators which are agreed and monitored by the board.



*Adjusted numbers are closer to the underlying cash flow performance of the business which is regularly monitored and measured by management, the adjustments made to the statutory profit before tax are as follows:

£m	2024	2023
Statutory PBT	23.76	18.12
Acquisition related expenses	0.42	nil
Amortisation of intangible assets	0.03	0.19
Share-based payments	0.35	0.13
*Adjusted PBT	24.56	18.44

Headline results, shown below, represent the performance comparisons between the consolidated statements of income for the years ended 31 December 2023 and 31 December 2024.

Revenue

Group revenue for 2024 increased by 13.4% to £101.6 million (2023: £89.6 million).

Company branded sales were £95.1 million (2023: £84.8 million). The W7 brand generated sales in the year of £65.4 million (2023: £57.4 million), while the Technic brand, excluding sales of retailer own brand white label cosmetics, contributed sales of £29.7 million (2023: £27.5 million).

In 2024, sales of white label cosmetics were £4.3 million (2023: £2.3 million). The white label business is traditionally cost competitive and is only undertaken based on commercial viability, in particular margin.

Close-out sales were £2.3 million (2023: £2.5 million), as the Group, in line with its strategy, continued to reduce its focus on close-out opportunities.

The major regions for Group sales are the UK, Europe and the US. In the UK, sales increased by 8.0% to £35.0 million (2023: £32.4 million). International revenue increased by 16.5% to £66.6 million (2023: £57.2 million).

In Europe, sales increased by 21.5% to £54.7 million (2023: £45.1 million).

In the US, Group sales increased by 18.5% to £8.7 million (2023: £7.3 million), which, in US dollar terms, was an increase of 22%, to US\$11.1 million (2023: US\$9.1 million). For the first time, the US business delivered in excess of US\$1 million of pre-tax profits, as the new management team put in place at the start of 2024 focused on generating profitable business with larger customers and moved away from selling to deep discounters. Since the year end, tariffs into the US have increased, and currently this is still a developing situation. Management have considered the newly implemented US tariffs and have calculated that the changes in tariffs will have no material impact on the business as a whole, or the carrying value of the goodwill in its US entity.

In the rest of the world, Group sales decreased by 33.3% to £3.2 million (2023: £4.8 million).

E-commerce sales were up by 35% to £8.4 million, now representing 8.3% of Group revenue (2023: £6.2 million/6.9%).

Product Gross Margin

Gross margin was 41.2% for the year compared to 39.9% in 2023.

This is the fourth year in a row that gross margin has improved incrementally. New product development, and sourcing product from new factories have helped achieve a gross margin improvement in 2024, without the need for an inflationary price increase to customers at the start of the year. Also, contributing to the improvement in gross margin is the performance in the US, where the new management team have delivered a 3.4 percentage point increase in gross margin in the year compared to 2023. The improvement in gross margin at the Group level is despite increased freight rates during the year.

In 2024, the proportion of Group revenue from Group branded product, which overall achieves a higher margin than close-out sales and retailer own brand white label sales, remained relatively unchanged at 94% (2023: 95%). Group brand sales include all-year-round colour cosmetics and gifting, which is sold at a more competitive margin than all-year-round colour cosmetics. Gifting sales in 2024 grew slightly but remained at the same percentage of overall Group brand sales and therefore made little impact to the overall margin achieved by the Group in the year.

We remain focused on improving gross margin where possible in all our businesses and are working with our Asian business units to execute this. Margins are also benefiting from the increased scale of our orders placed with existing suppliers as the business grows. To counter currency pressure, we continue to move production to new factories of equal quality to retain or improve margin and have a natural hedge from our US dollar revenue.

At 31 December 2023, forward foreign exchange contracts were in place for the purchase of US\$42 million at an average exchange rate of US\$1.2537, this helped to protect our margin in 2024. Since the start of 2024, we have purchased more forward foreign exchange contracts to further help protect our gross margin in 2024 and into 2025. At 31 December 2024, forward foreign exchange contracts were in place for the purchase of US\$57 million at an average exchange rate of US\$1.2912.

The currency options we have for the current year, along with new product development and sourcing strategies, will all contribute to protect our gross margin in 2025.

Operating Expenses

Total operating expenses before acquisition related expenses, amortisation costs, depreciation, foreign exchange movements and share-based payments, increased in line with sales, increasing by 14.7% to £16.9 million in the year, or 16.6% of revenue (2023: £14.7 million/16.4%).

The absolute increase of £2.2 million in the year was necessary to support the growth of the business and included increases in wages and salaries, business rates, insurance costs, the spend on PR and marketing as e-commerce sales continue to grow, legal and professional fees, and the cost of a larger US sales team. There was a decrease in the charge for bad debts.

Warpaint remains a business with relatively fixed operating expenses evenly spread across the whole year. We continue to monitor and examine significant costs to ensure they are controlled and strive to reduce them. In addition, the increased scale of the business continues to give the Group increased buying power.

Adjusted EBITDA

The board considers Adjusted EBITDA (adjusted for foreign exchange movements, share-based payments and acquisition related expenses) a key indicator of the performance of the Group and one that is more closely aligned to the underlying performance of the business. Adjusted EBITDA for the year was £25.0 million (2023: £21.0 million).

£m	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Statutory profit from operations	24.00m	18.48m
Depreciation	0.93m	0.66m
Amortisation of right of use assets	1.27m	1.11m
Amortisation of intangible assets	0.03m	0.19m
Foreign exchange gain/loss	(2.0)m	0.43m
EBITDA	24.23m	20.87m
Acquisition related expenses	0.42m	-
Share-based payments	0.35m	0.13m
Adjusted EBITDA	25.00m	21.00m

Profit Before Tax

Group profit before tax for the year was £23.8 million (2023: £18.1 million). A reconciliation between profits in 2024 and 2023 is shown below:

£m	Effect on Profit
Sales volume growth	4.8m
Margin growth	1.3m
Increase in operating expenses (detailed above)	(2.2)m
FX gain in 2024 £2.0 million (2023: Loss £0.4 million)	2.4m
Acquisition related expenses in the year	(0.4)m
Other items	(0.2)m
Change in profit before tax between 2024 and 2023	5.7m

Tax

The tax rate for the Group for 2024 was 23.3% compared to the average UK corporation tax standard rate of 25.0% for 2024. Since the acquisition of LMS, the Group is exposed to tax in the USA at an effective rate of approximately 25% and in other jurisdictions the Group operates cost centres, but these are not materially exposed to changes in tax rates.

Earnings Per Share

The statutory basic and diluted earnings per share were 23.47p and 23.34p respectively in 2024 (2023: 18.05p and 17.98p).

The adjusted basic and diluted earnings per share before acquisition related expenses in the year, amortisation costs and share-based payments were 24.25p and 24.12p respectively in 2024 (2023: 18.37p and 18.30p).

Dividends

The board is recommending a final dividend for 2024 of 7.5 pence per share, making a total dividend for the year of 11.0 pence per share of which 3.5 pence per share was paid on 24 November 2024 (2023: Total dividend of 9.0 pence per share, of which the interim dividend was 3.0 pence per share and the final dividend was 6.0 pence per share). The dividend for the year is covered 2.2 times by adjusted earnings per share.

Cash Flow and Cash Position

The Group's year end cash balance increased by £12.8 million to £21.9 million (2023: £9.1 million). The year end cash balance includes restricted cash of £14.0 million which was held in an escrow account at 31 December 2024. The funds were released in February 2025 and utilised in the acquisition of Brand Architekts. Further details of this acquisition are provided in Notes 14 and 28.

Net cash flow generated from operating activities was £9.2 million (2023: £10.4 million). The cash generated was principally used to fund working capital, make dividend payments in the year, and for the planned acquisition of Brand Architekts.

Cash balances were negatively impacted in the year by an increase in corporation tax paid in the period, due to a change in collection policy by HMRC. This change affected the first half of 2024 in which tax paid was £4.7 million (2023: £0.9 million).

We expect the capital expenditure requirements of the Group to remain low. However, as part of our strategy to grow market share in the UK and US, there will be occasions where investment in store furniture for customers is required to secure business.

In 2024, £2.2 million (2023: £0.5 million) was spent on store furniture, solar panels, new computer software and equipment, warehouse improvements and other general office fixtures and fittings and plant upgrades.

As the Group continues to grow, it is both necessary and prudent to have bank facilities available to help fund day-to-day working capital requirements. Accordingly, the Group maintains a £9.5 million invoice and stock finance facility that is used to help fund imports in our gifting business during its peak season. At the year end, no invoice and stock finance remained outstanding (2023: £nil). In addition, the Group has a 'general purpose' facility of £5.0 million (reducing at the Company's request to £1.0 million from 1 May 2025). This facility was unused at 31 December 2024. These facilities, together with the Group's positive cash generation and the cash balance, ensure that future growth can be comfortably funded.

Share Options

The following options over ordinary shares have been exercised or granted by the Company in the year:

Date	Shares	Transaction	Scheme	Exercise price
-------------	---------------	--------------------	---------------	-----------------------

7 May 2024	85,895	Exercise	EMI	237.5p
30 May 2024	290,000	Exercise	CSOP	122.0p
19 September 2024	110,000	Exercise	CSOP	122.0p
30 October 2024	362,509	*Granted	CSOP	490.0p
30 October 2024	255,992	*Granted	EMI (unapproved)	490.0p
5 December 2024	205,000	*Granted	EMI (unapproved)	490.0p

*See note 21 for the general terms and conditions of the shares granted in the year.

The exercise of EMI & CSOP share options during the year had an immaterial dilutive impact on earnings per share in the period. The share-based payment charge of the EMI and CSOP share options for the year was £0.35 million (2023: £0.13 million) and has been taken to the share option reserve.

Balance Sheet

Inventory was £3.2 million higher at the year end at £31.2 million (2023: £28.0 million). The rise in inventory is a function of the growth of the business and to ensure delivery disruption is avoided for our customers. One of the Group's unique selling propositions is that it can deliver a full range of colour cosmetics to our customers, in good time all year round. Having appropriate inventory levels is vital to providing that service. The provision for old and slow inventory was £0.42 million, 1.3% at the year-end (2023: £0.38 million, 1.3%). Across the Group we worked hard in the year to sell through older stock lines, allowing for our provision for old and slow inventory to remain unchanged year-on-year in percentage terms. Our Group policy is to provide for 50% of the cost of perishable items that are over two years old. However, we remain comforted by the fact that many such items in the normal course of business are eventually sold through our close-out division without a loss to the Group.

Trade receivables are monitored by management to ensure collection is made to terms, to reduce the risk of bad debt and to control debtor days, which remain broadly in line with the prior year. At the year end, trade receivables, excluding other receivables, were £13.6 million (2023: £11.0 million), the increase on 2023 being due to the rise in sales year-on-year. The provision for bad and doubtful debts carried forward at the year-end was £0.09 million, 0.6% of gross trade receivables (2023: £0.13 million, 1.2%).

At year end, the Group had no borrowings or lease liabilities outstanding (2023: £nil), apart from those associated with right-of-use assets as directed by IFRS 16 (see below). The Group was therefore debt free at the year end.

Working capital increased by £22.4 million in the year, to £63.4 million. The main components were an increase in inventory of £3.2 million, an increase in trade and other receivables of £2.8 million, an increase in cash at the year-end of £12.8 million, and a decrease in trade and other payables of £2.0 million. Other items contributed an increase of £1.6 million. The year end cash balance includes restricted cash of £14.0 million which was held in an escrow account at 31 December 2024.

Free cash flow (cash from operating activities less capital expenditure) remained strong at £6.9 million (2023: £9.9 million). Cash flow was negatively impacted in the year by an increase in corporation tax paid in the

period, due to a change in collection policy by HMRC. This change affected the first half of 2024 in which tax paid was £4.7 million (2023: £0.9 million).

The Group's balance sheet remains in a very healthy position. Net assets totalled £73.3 million at 31 December 2024, an increase of £26.5 million from 2023. Most of the balance sheet is made up of liquid assets, inventory, trade receivables and cash. Included on the balance sheet is £7.3 million of goodwill (2023: £7.3 million) and £0.1 million of intangible fixed assets (2023: £0.1 million). As at the year-end, cash totalled £21.9 million (31 December 2023: £9.1 million). The year end cash balance includes restricted cash of £14.0 million which was held in an escrow account at 31 December 2024.

Goodwill represents the excess of consideration over the fair value of the Group's share of the net identifiable assets of acquired businesses / cash generating units at the date of acquisition. The carrying value at 31 December 2024 of £7.3 million included Treasured Scents Limited at £0.5 million, Retra Holdings Limited at £6.2 million and Marvin Leeds Marketing Services, Inc. at £0.6 million. Management has performed the required annual impairment review at 31 December 2024 and concluded that no impairment is indicated for Treasured Scents Limited, Retra Holdings Limited or Marvin Leeds Marketing Services, Inc. as the recoverable amount exceeds the carrying value.

The balance sheet also includes £4.1 million of right-of-use assets, which is the inclusion of Group leasehold properties, recognised as right-of-use assets as directed by IFRS 16. An equivalent lease liability is included of £4.2 million at the balance sheet date.

Foreign Exchange

The Group currently imports most of its finished goods from China, paid for in US dollars, which are purchased throughout the year at spot as needed, or by taking forward foreign exchange contracts when rates are deemed favourable, and with consideration for the budget rate set by the board for the year. Similarly, forward foreign exchange contracts are taken to sell forward our expected Euro income in the year to ensure our sales margin is protected.

We started 2024 with forward foreign exchange contracts in place for the purchase of US\$42 million at an average exchange rate of US\$1.2537/£, and the sale of €3.7 million at €1.1447/£. During 2024 when currency rates were favourable, we purchased additional US dollar forward foreign exchange contracts and spot rate amounts to cover our total US dollar requirement for the year.

In addition, during 2024 we purchased forward foreign exchange contracts to help protect the Group's gross margin in 2025. At 31 December 2024, forward foreign exchange contracts were in place for the purchase of US\$57 million at an average exchange rate of US\$1.2912/£, and the sale of €2.3 million at €1.1627/£.

The Group additionally has a natural hedge from sales to the US which are entirely in US dollars, in 2024 these sales were US\$11.1 million (2023: US\$9.1 million).

Together with sourcing product from new factories where it makes commercial sense to do so, new product development, and by buying US dollars when rates are favourable, we are able to mitigate to a large extent the effect of a strong US dollar against sterling.

Post balance sheet events

On 12 February 2025, the Company completed the acquisition of 100% of the ordinary shares of Brand Architekts for £13.3 million in cash and the issue of 103,422 Warpaint shares at £5.24, making a total purchase consideration of £13.9 million (the “Acquisition”).

Including legal and professional fees, the total purchase price of the Acquisition was £14.7 million, of which £0.42 million was incurred in 2024.

The Acquisition will be accounted for using the acquisition method of accounting in accordance with IFRS 3. Management is still in the process of allocating the purchase price, however, initially the book value of net assets acquired was £11.28 million, including £6.2 million of cash. Further details are shown in note 28.

Directors’ Loans

The Company raised funds in the year in order to pay for the Acquisition. Before raising the funds through a placing and retail offering, which completed on 9 December 2024, the Company received loans from two of its directors in order to demonstrate adequate cash resources (the “Directors’ Loans”). The funds from the Directors’ Loans were held in escrow.

The Company considered various alternative ways to obtain the finance required ahead of the placing to fund the Acquisition. The cost of this short term funding was significant and accordingly Sam Bazini and Eoin Macleod offered to provide the Directors’ Loans at no arrangement cost to the Company and on the terms set out below. The board (excluding Sam Bazini and Eoin Macleod) considered this offer and resolved to accept it as it was comfortably the most cost-effective and practical way to obtain this finance. Sam Bazini and Eoin Macleod requested the Company donate the interest that they would have earned from the Directors’ Loans to UK children’s charities, which the board was happy to do. On the 6 January 2025 a donation of £24,164 was made by the Company to Noah’s Ark, Children’s Hospice.

The Directors’ Loans to the Company in the year consisted of a loan from Sam Bazini of £8,500,000 and a loan from Eoin Macleod of £5,500,000.

The Directors’ Loans were each on the same terms and interest was payable by the Company on the full amount of each Directors Loan at the Bank of England’s base rate plus 0.5 percent, until the date on which the relevant loan was repaid in full, there was no fixed term, and no security was provided by the Company.

The Director’s Loans were made on the 29 November 2024 and repaid in full on 10 December 2024. There were no amounts outstanding at the end of the year (2023: £nil).

Section 172(1) Statement

The directors are well aware of their duty under section 172 of the Companies Act 2006. Further information on how the directors have had regard to the Section 172(1) Matters can be found in the Stakeholder Engagement and Section 172 Report.

Strategic Report - Risk Management

Warpaint is exposed to a variety of risks that can have financial, operational and regulatory impacts on the Group’s business performance. The board recognises that creating shareholder returns is the reward for taking and accepting risk. The effective management of risk is therefore critical to supporting the delivery of the Group’s strategic objectives.

Risk	Risk Level	Movement
<p data-bbox="145 271 576 300">Currency / Foreign Exchange (“FX”)</p> <p data-bbox="145 342 1070 551">Due to the Group’s goods being manufactured outside of its key trading areas and its extensive export business from the UK, it both generates revenues and incurs manufacturing costs in foreign currencies. As a result, the Group is exposed to the risk that adverse exchange rate movements cause the value (relative to its reporting currency) of its revenues to decrease, or costs to increase, resulting in reduced profitability.</p> <p data-bbox="145 593 1070 801">Management continues to review the Group’s hedging policy to ensure it remains appropriate while it increases its international business. There is a Group FX committee made up of senior management who communicate regularly. Whenever possible foreign currency is purchased (using forward foreign exchange contracts) at, or as close as possible to, the budget rate to cover the annual needs of the business.</p> <p data-bbox="145 844 983 873">Warpaint has determined this remains a principal risk of the business.</p>	Medium	Unchanged
<p data-bbox="145 916 459 945">Reliance on Key Suppliers</p> <p data-bbox="145 987 1070 1301">In 2024, one key supplier from China was responsible for approximately 17.3% (2023: 19%) of the Group’s brand ranges of colour cosmetics. This is the first time since IPO to AIM that this key supplier percentage has fallen below 17.5% as we continue to source from new suppliers. If there were some catastrophic event that reduced or stopped deliveries from this key supplier, management would be able to place orders with other existing suppliers. However, this would take several months to implement and such an event would therefore have a material adverse effect on the Group’s financial position, results of operations and future prospects.</p> <p data-bbox="145 1344 1070 1480">Management retains close relations with suppliers with relatively short lead times, and the Group typically holds four to six months of inventory at any one time, nevertheless the sourcing of new suppliers in a wider geographic location is ongoing.</p>	Medium	Reduced
<p data-bbox="145 1525 347 1554">Product Liability</p> <p data-bbox="145 1597 1070 1839">All products are manufactured in facilities approved by relevant authorities. The ingredients in each product are compliant with and meet the relevant standards required by the markets to which the products will be sold into. There is however always the risk that an end user could have an allergic or other reaction to an individual product leading to the possibility of compensation claims and potentially damaging the good reputation of the Group’s brands.</p> <p data-bbox="145 1881 1070 1977">Management has every colour cosmetic ingredient independently checked by a qualified chemist for compliance with UK, EU, US regulations and when necessary, any other relevant legislation, and maintain adequate product and</p>	Medium	Unchanged

<p>public liability insurance to ensure that any claims have little impact on the Group's profitability.</p> <p>Warpaint has determined this remains a principal risk of the business.</p>		
<p>Significant Customers</p> <p>The Group has one customer in Denmark with over 850 stores across Denmark, Norway, Sweden, the Netherlands, France, Finland, Portugal and Spain. In 2024 this customer represented 27.2% (2023: 25.9%) of Group revenue. We currently have an excellent working relationship with this customer who has a significant awareness of Warpaint's brands.</p> <p>Management believes that, should the customer decide not to sell our brands, a large amount (if not all) of the existing business will be taken up by other retailers in the countries in which the customer operates.</p> <p>Warpaint has determined this remains a principal risk of the business.</p>	Medium	Unchanged
<p>Location</p> <p>The Group has the majority of its operations and assets split across three locations in Iver, West Drayton and Silsden in the UK. If a fire were to befall any of the Group's premises, a significant amount of assets might be destroyed or damaged and – although the Group has insurance cover in place – the Group's business, financial results and prospects might be negatively affected by such an event.</p> <p>Fire alarm systems are tested weekly, smoke detectors inspected quarterly, fire extinguishers tested annually, and trained fire marshals are onsite. Staff have regular fire drills and fire risk assessments are carried out to ensure compliance with fire regulations.</p>	Low	Unchanged
<p>Cyber Attacks</p> <p>There is an increasing risk that cybercrime will cause business interruption, loss of key systems, loss of online sales, theft of data or damage to reputation.</p> <p>The Group regularly reviews, tests and invests in the development and maintenance of its IT infrastructure, systems and security. There is in place disaster recovery and business continuity plans that are tested annually. The Group has a password policy in place and utilises Multifactor Authentication (MFA) before access is granted to its systems and data.</p> <p>Warpaint has determined this remains a principal risk of the business.</p>	Medium	Unchanged
<p>Covid-19 Type Pandemic</p> <p>Covid-19 or another similar virus pandemic will cause major disruption to the business. Staff will be absent either through illness or from isolation measures, the business strategy will be affected, delayed and perhaps will</p>	High	Unchanged

<p>require reassessment, capital markets and foreign exchange markets will become volatile, and the supply chain and customer base may temporarily close.</p> <p>In a pandemic situation, the Group will follow Government guidelines and enable staff to work remotely where possible, until such time that they can return to work with new workplace safety measures in place, will explore and examine liquidity continuity measures and implement business continuity plans. A committee made up of the Chief Executive Officer, the managing director of Retra and Keith Sadler, a non-executive director will be utilised to formulate and implement a Group wide response in the event of a further pandemic or other similar disruptive event.</p>		
---	--	--

This information forms part of the strategic report and has been approved for issue by the board on 28 April 2025.

Neil Rodol
Chief Financial Officer
28 April 2025

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	Year ended 31 December	
		2024 £'000	2023 £'000
Revenue	2	101,607	89,590
Cost of sales	2	(59,739)	(53,857)
Gross profit		41,868	35,733
Administrative expenses	3,4	(17,882)	(17,252)
Profit from operations		23,986	18,481
Finance expense	5	(341)	(369)
Finance income	5	116	6
Profit before tax		23,761	18,118
Tax expense	6	(5,528)	(4,219)
Profit for the year attributable to equity holders of the parent company		18,233	13,899
Other comprehensive income:			
<i>Item that will or may be reclassified to profit or loss:</i>			
Exchange gain on translation of foreign subsidiary		11	72
Total comprehensive income attributable to equity holders of the parent company, net of tax		18,244	13,971
Basic earnings per share (pence)	26	23.47	18.05
Diluted earnings per share (pence)	26	23.34	17.98

The notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

		As at 31 December	
	Note	2024 £'000	2023 £'000
Non-current assets			
Goodwill	8	7,274	7,274
Intangibles	9	90	93
Property, plant, and equipment	10	2,527	1,245
Right-of-use assets	11	4,073	5,280
Deferred tax assets	17	568	592
Total non-current assets		14,532	14,484
Current assets			
Inventories	12	31,192	27,963
Trade and other receivables	13	16,336	13,529
Corporation tax recoverable		273	-
Cash and cash equivalents	14	21,887	9,053
Derivative financial instruments	23	1,340	-
Total current assets		71,028	50,545
Total assets		85,560	65,029
Current liabilities			
Trade and other payables	15	(7,630)	(9,576)
Lease liabilities	16	(1,326)	(1,259)
Corporation tax liability		-	(2,501)
Derivative financial instruments	23	-	(518)
Total current liabilities		(8,956)	(13,854)
Non-current liabilities			
Lease liabilities	16	(2,919)	(4,190)
Deferred tax liabilities	17	(391)	(180)
Total non-current liabilities		(3,310)	(4,370)
Total liabilities		(12,266)	(18,224)
NET ASSETS		73,294	46,805

The notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

		2024	2023
		£'000	£'000
Equities			
Share capital	19	20,171	19,314
Share premium		34,114	19,726
Merger reserve		(16,100)	(16,100)
Foreign exchange reserve		33	22
Share option reserves	21	652	594
Retained earnings		34,424	23,249
TOTAL EQUITY		73,294	46,805

The financial statements of Warpaint London plc were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

Neil Rodol
Chief Financial Officer

Date: 28 April 2025

The notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Share Capital	Share Premium	Merger Reserve	Foreign exchange reserve	Share option reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 31 December 2022	19,188	19,360	(16,100)	(50)	2,003	13,378	37,779
<i>Comprehensive Income for the year</i>							
Profit for the year	-	-	-	-	-	13,899	13,899
<i>Other comprehensive income:</i>							
Exchange gain arising on translation of foreign subsidiaries	-	-	-	72	-	-	72
Total comprehensive income for the year	-	-	-	72	-	13,899	13,971
<i>Contributions by and distributions to owners</i>							
Equity shares issued (note 19)	126	366	-	-	-	-	492
Transfer to retained earnings for exercised share options	-	-	-	-	(130)	130	-
Transfer to retained earnings for expired and lapsed share options	-	-	-	-	(1,627)	1,627	-
Deferred tax movement	-	-	-	-	214	-	214
Share based payment charge	-	-	-	-	134	-	134
Dividends paid	-	-	-	-	-	(5,785)	(5,785)
Total contributions by and distributions to owners	126	366	-	-	(1,409)	(4,028)	(4,945)
As at 31 December 2023	19,314	19,726	(16,100)	22	594	23,249	46,805
<i>Comprehensive Income for the year</i>							
Profit for the year	-	-	-	-	-	18,233	18,233
<i>Other comprehensive income:</i>							
Exchange gain arising on translation of foreign subsidiaries	-	-	-	11	-	-	11
Total comprehensive income for the year	-	-	-	11	-	18,233	18,244
<i>Contributions by and distributions to owners</i>							
Equity shares issued (note 19)	857	14,835	-	-	-	-	15,692
Share issue costs (note 19)	-	(447)	-	-	-	-	(447)
Transfer to retained earnings for exercised share options	-	-	-	-	(321)	321	-
Deferred tax movement	-	-	-	-	30	-	30
Share based payment charge	-	-	-	-	349	-	349
Dividends paid	-	-	-	-	-	(7,379)	(7,379)
Total contributions by and distributions to owners	857	14,388	-	-	58	(7,058)	8,245
As at 31 December 2024	20,171	34,114	(16,100)	33	652	34,424	73,294

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	Year ended 31 December	
		2024 £'000	2023 £'000
Operating activities			
Profit before tax		23,761	18,118
<i>Non- cash items:</i>			
Finance expense	5	341	369
Finance income	5	(116)	(6)
Amortisation of intangible assets	9	26	187
Depreciation of property, plant, and equipment	10	934	662
Depreciation on right of use assets	11	1,273	1,111
Loss on disposal of property, plant, and equipment	10	9	40
Share based payments	21	349	134
Movement in deferred tax assets		24	(51)
Fair value gain on derivative financial instruments		(1,858)	(74)
Foreign exchange translation differences		45	(7)
<i>Other adjustments:</i>			
Acquisition related costs		418	-
<i>Working capital adjustments:</i>			
Increase in trade and other receivables		(2,807)	(1,836)
Increase in inventories	12	(3,229)	(9,248)
(Decrease)/Increase in trade and other payables		(1,943)	3,588
Cash generated from operations		17,227	12,987
Tax paid		(8,070)	(2,569)
Net cash flows from operating activities		9,157	10,418
Investing activities			
Acquisition related costs		(418)	-
Purchase of intangible assets	9	(23)	(3)
Purchase of property, plant, and equipment	10	(2,237)	(515)
Proceeds from sales of Property Plant & Equipment		12	-
Interest received		116	-
Net cash used in investing activities		(2,550)	(518)
Financing activities			
Loans received from Directors		14,000	-
Loans repaid to Directors		(14,000)	-
Lease payments	16	(1,270)	(1,144)
Proceeds from issued share capital		15,245	492
Lease liability interest	5	(206)	(230)
Interest paid	5	(135)	(139)
Interest received	5	-	6
Dividends	18	(7,379)	(5,785)
Net cash from / (used in) financing activities		6,255	(6,800)
Net increase in cash and cash equivalents		12,862	3,100
Cash and cash equivalents at beginning of period		9,053	5,865
Exchange(loss) gain on cash and cash equivalents		(28)	88
Cash and cash equivalents at end of period	14	21,887	9,053
Cash and cash equivalents consist of:			
Cash and cash equivalents ¹	14	21,887	9,053

21,887

9,053

Note 1: Cash and cash equivalents include restricted cash of £14,021,000 (see Note 14) which was held in an escrow account at 31 December 2024. The funds were released in February 2025 and utilised in the acquisition of Brand Architekts Group PLC. Further details of this acquisition are provided in Note 28.

The notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT ENDED 31 DECEMBER 2024

1. Material accounting policies

Basis of preparation

The financial statements of Warpaint London PLC (the “Company” or “Warpaint”) and its subsidiaries (together the “Group”) for the year ended 31 December 2024 were authorised for issue by the board of directors on 28 April 2025.

Warpaint London PLC is a public limited Company incorporated and registered in England and Wales. Its registered office is Units B&C, Orbital Forty-Six, The Ridgeway Trading Estate, Iver, Buckinghamshire, SL0 9HW.

The Group’s financial statements have been prepared in accordance with UK adopted international accounting standards and in conformity with the requirements of the Companies Act.

The financial statements are presented in pounds sterling and are rounded to the nearest thousand (£’000) except where otherwise indicated foreign operations are included in accordance with policies set out in the Foreign Currencies accounting policy.

The annual financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities which are carried at fair value.

The preparation of financial statements in accordance with UK adopted international accounting standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management’s best knowledge of current events and actions, actual results ultimately may differ from those estimates. The principal accounting policies adopted are set out below.

Basis of consolidation

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.

The consolidated financial statements present the results of the company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. All subsidiaries have a reporting date of December.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

On consolidation, the results of overseas operations are translated into pounds sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling

at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Going concern

The Directors have concluded that it is reasonable to adopt a going concern basis in preparing the financial statements. This is based on a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of signing of these accounts. The Group made a statutory profit of £18.2 million in the year to 31 December 2024 (2023: £13.9 million) and had net current assets of £62.1 million at 31 December 2024 (2023: £36.7 million).

The Group occasionally makes use in its Retra Holdings Limited ("Retra") subsidiary of a £6.0 million bank facility that can be used for confidential invoice discounting, and a £3.5 million bank facility that can be used for stock finance, which is used if needed during the peak gift buying season. These facilities are ongoing without a fixed term. In addition, the Group has a £5.0 million reducing to £1.0 million from 1 May 2025 (2023: £5.0 million) general purpose bank facility in its Warpaint Cosmetics (2014) Limited ("Warpaint Cosmetics") subsidiary. This facility will renew annually and was put in place to support the continued growth of the business. As at the yearend £nil of the bank facilities were utilised and the Directors expect that in 2025 the facilities will only be used to modest levels well within the facility limits, to support the day to day working capital of the business. At the 8 April 2025 the company had cash of £17.3 million (2 April 2024: £7.5 million), no debt and had used £nil of its bank facilities (31 March 2023: No debt and £nil bank facilities were used).

The Directors have prepared forecasts covering the period to December 2026, built from the detailed Board-approved budget for 2025. The forecasts include a number of assumptions in relation to varying levels of sales revenue. Whilst the Group's trading and cash flow forecasts have been prepared using current trading assumptions, the operating environment presents a number of challenges which could negatively impact the actual performance achieved. These challenges include, but are not limited to, achieving forecast levels of sales and order intake, the impact on customer confidence as a result of general economic conditions, achieving forecast margin improvements, supply side price inflation, increases in freight costs, and the director's ability to implement cost saving initiatives in areas of discretionary spend where required.

The Group's cash flow forecasts and projections, taking account of reasonable and possible changes in trading performance, offset by mitigating actions within the control of management including reductions in areas of discretionary spend, show that the Group will be able to operate comfortably through to the end of December 2026, and in Retra and Warpaint Cosmetics within the level of their own bank facility.

In preparing this analysis, a number of scenarios were modelled. The scenarios modelled were all based on varying levels of sales revenue, including one that assumes no growth for 2025 and 2026 as a reasonable downside scenario, and more extreme falls in revenue of up to 30% in both years as a worst-case scenario. In each scenario, mitigating actions within the control of management have been modelled. In addition, management have considered the changing US tariffs made in recent months, even though sales into the US are a small part of the business (Sales 2024: £8.7million, 2023: £7.3million). Management calculated that the changes in tariff made an immaterial impact on the business and the carrying value of the goodwill in its US entity. Under each of the scenarios modelled, the Group has sufficient cash to meet its liabilities as they fall due and consequently, the directors believe that the Group has sufficient financial strength to withstand the possible disruption to its activities.

Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Revenue Recognition

Performance obligations and timing of revenue recognition

The Group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

UK sales are recognised and invoiced to the customer once the goods have been delivered to the customer. Overseas sales are recognised and invoiced to the customer once the goods have been delivered to the customer or collected by the customer from the Group's warehouse according to the terms of sale. Online sales are recognised and invoiced to the customer once the goods have been delivered to the customer.

Under IFRS 15, volume rebates and early settlement discounts represent variable consideration and is estimated and recognised as a reduction to revenue as performance obligations are satisfied. Management recognises revenue based on the amount of estimated rebate and discounts to the extent that revenue is highly probably of not reversing. Management monitors this estimate at each reporting date and adjusts it as necessary.

Determining the transaction price

Most of the group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Exceptions are as follows:

- Some contracts provide customers with a limited right of return. These relate predominantly, but not exclusively, to online sales direct to consumers and sales made to certain large retailers. Historical experience enables the group to estimate reliably the value of goods that will be returned 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 when goods are returned.
- Variable consideration relating to volume rebates has been considered in estimating revenue in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the amount of volume rebates has been determined.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Practical Exemptions

The group has taken advantage of the practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

Alternative Performance Measures

Alternative performance measures (APM's) are used by the Board to assess the Group's performance and are applied consistently from one period to the next. They therefore provide additional useful information for shareholders on the underlying performance and position of the Group. Additionally, adjusted profit from operations is used to determine adjusted EPS which is used in some instances for the Company's share option schemes. These measures are not defined by IFRS and are not intended to be a substitute for IFRS measures.

Adjusted numbers are closer to the underlying cash flow performance from recurring operations of the business, which is regularly monitored and measured by management.

Underlying results are used in the day-to-day management of the Group. They represent statutory measures adjusted for items which could distort the understanding of performance and comparability year on year. Non-underlying items include the amortisation of intangible assets, acquisition related costs in respect of the acquisition of Brand Architekts Group Plc (see note 25) and share-based payments.

Non-underlying items are considered by management to be non – cash items such which are included as part of the consolidation process such as amortisation of intangible assets other non – cash items and one-off expenditure which management consider will distort the performance measures being monitored.

The table below discloses the performance measured monitored by the Company.

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Statutory profit from operations	£24.00m	£18.48m
Depreciation	£0.93m	£0.66m
Depreciation of right of use assets	£1.27m	£1.11m
Amortisation of intangible assets	£0.03m	£0.19m
Foreign exchange gain/loss	£ (2.0) m	£0.43m
EBITDA	£24.23m	£20.87m
Acquisition related expenses	£0.42m	-
Share based payments	£0.35m	£0.13m
Adjusted EBITDA	£24.99m	£21.00m
Statutory profit from operations	£24.00m	£18.48m
Acquisition related expenses	£0.42m	-
Amortisation of intangible assets	£0.03m	£0.19m
Share based payments	£0.35m	£0.13m

Adjusted profit from operations	£24.80m	£18.80m
Adjusted profit margin from operations	£24.80m / £101.61m = 24.4%	£18.80m / £89.59m = 21.0%
Statutory PBT	£23.76m	£18.12m
Acquisition related expenses	£0.42m	-
Amortisation of intangible assets	£0.03m	£0.19m
Share based payments	£0.35m	£0.13m
Adjusted PBT	£24.56m	£18.44m
Statutory profit attributable to equity holders	£18.23m	£13.90m
Acquisition related expenses	£0.42m	-
Amortisation of intangible assets	£0.03m	£0.19m
Share based payments	£0.35m	£0.13m
Tax attributable to adjusting items	£ (0.18) m	£ (0.08) m
Adjusted profit attributable to equity holders	£18.85m	£14.14m
Weighted number of ordinary shares	77,691,505	76,983,311
Adjusted EPS	24.26p	18.37p

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation is provided on customer lists and brands so as to write off the carrying value over the expected useful economic life of five years. Other details of the acquisition are detailed in note 9.

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued, plus the amount of any non-controlling interests in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss.

Goodwill is considered to have an indefinite useful economic life and is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end.

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs').

Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill. Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following rates:

Plant and machinery	-	25% reducing balance or 20% straight line
Fixtures and fittings	-	25% reducing balance or 20% straight line or 33.3% straight line
Computer equipment	-	25% reducing balance or 33.33% straight line
Motor vehicles	-	20% straight line

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value (see "Financial liabilities" section for out-of-money derivatives classified as liabilities). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables) but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available and has been adopted by the Group. During this process the probability of the 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 administrative expenses in the consolidated 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.

The Group's financial assets measured at amortised cost comprise trade and other receivables, and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks and restricted cash held under escrow (see note 14). For the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises out-of-the-money derivatives where the time value does not offset the negative intrinsic value (see "Financial assets" for in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

- Trade payables, other borrowings and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
-

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, through the use of foreign exchange rate forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group’s foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group’s incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;

- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount ; and
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Nature of leasing activities (in the capacity as lessee)

The group leases a number of properties in the jurisdictions from which it operates with a fixed periodic rent over the lease term. The group has a total of 7 property leases.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

The right-of-use assets are included in a separate line within non-current assets on the Consolidated Balance Sheet.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of comprehensive income and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit at the time of the transaction, does not give rise to equal taxable and deductible temporary differences; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of the cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs are calculated using the FIFO (first in, first out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officers, Managing Director and the Chief Financial Officer.

The Board considers that the Group's project activity constitutes the two operating and two reporting segments presented in Note 2, as defined under IFRS 8. Management reviews the performance of the Group by reference to total results against budget.

The total profit measures are operating profit and profit for the year, both disclosed on the face of the combined income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information.

Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares and shares in employee benefit trusts, determined in accordance with the provisions of IAS 33 earnings per Share. Diluted earnings per share is calculated by dividing earnings attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year adjusted for the potentially dilutive ordinary shares.

Share Capital

The Group's ordinary shares are classified as equity instruments. Costs specifically relating to the issue of shares are offset against any share premium arising on the issue of those shares. Any share issue costs in excess of share premium are expensed to the consolidated statement of comprehensive income.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are considered by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid to the shareholders. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

Changes in accounting policies

a) New standards, interpretations and amendments adapted from 1 January 2024

The following amendments are effective for the period beginning 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 17).
- Lease Liability in Sales and Leaseback (Amendments to IFRS 16)
- Classification of Liabilities as Current or Non- Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1)

These amendments had no effect on the consolidated financial statements of the Group In the current year the group has applied a number of new and amended IFRS Accounting Standards issued by the International accounting Standards Board (“IASB”) and adopted by the UK, that are effective for the first time for the financial year beginning 1 January 2024 Their adoption has not had any material impact on the disclosure or on the amounts reported in these financial statements.

New standards, interpretations and amendments effective from 1 January 2025 onwards

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

		Effect annual periods beginning before or after
IAS 21	The Effects of Changes in Foreign Exchange Rates Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates)	1 January 2025
IFRS 7	Financial Instruments: Disclosure Amendments regarding the classification and measurement of financial instruments	1 January 2026
IFRS 7	Financial Instruments: Disclosure Amendments resulting from Annual Improvements to IFRS Accounting Standards	1 January 2026
IFRS 7	Financial Instruments Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 9	Financial Instruments Amendments regarding the classification and measurement of financial instruments	1 January 2026
IFRS 9	Financial Instruments Amendments resulting from Annual Improvements to IFRS Accounting Standards	1 January 2026
IFRS 9	Financial Instruments Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 18	Presentation and Disclosure of Financial Statements Original issue	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures Original issue	1 January 2027

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

The directors of the company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

The Group is currently assessing the effect of these new accounting standards and amendments.

The Group does not expect to be eligible to apply IFRS 19.

Critical accounting judgements and key sources of estimation uncertainty

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key sources of estimation uncertainty

a) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of the cost and net realisable value. There is judgement involved in assessing the level of inventory provision required in respect of slow-moving inventory. Inventory is carried at a value of £31.2 million at the year end.

The Group makes a 50% provision for perishable items of stock that are greater than two years old. Should the Group increase the provision to 100% of perishable items that are greater than two years old, this would decrease profit by £0.31 million. The Group does not provide any provision on its non-perishable goods that are greater than two years old on the basis that the products have long shelf life. Should the Group increase the provision to 100% of non-perishable items that are greater than two years old, this would decrease profit by £0.23 million.

Critical accounting judgements

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. Segmental information

For management purposes, the Group is organised into two operating segments; Branded and Close-out. The segment 'Branded' relates to the sale of own branded products whereas 'Close-out' relates to the purchase of third-party stock which is then repackaged for sale. These segments are the basis on which the Group reports internally to the Board. The executive directors Sam Bazini, Eoin Macleod and Neil Rodol together with members from the Groups senior management teams are the chief operating decision makers of the whole business.

Year ended 31 December	2024	2024	2024	2023	2023	2023
	Branded £'000	Close-out £'000	Total £'000	Branded £'000	Close-out £'000	Total £'000
Revenue	99,357	2,250	101,607	87,068	2,522	89,590
Cost of sales	(58,416)	(1,323)	(59,739)	(52,341)	(1,516)	(53,857)
Gross profit	40,941	927	41,868	34,727	1,006	35,733
Administrative expenses	(17,486)	(396)	(17,882)	(16,765)	(487)	(17,252)
Exceptional items	-	-	-	-	-	-
Segment result	23,455	531	23,986	17,962	519	18,481
Reconciliation of segment result to profit before tax:						
Segment result	23,455	531	23,986	17,962	519	18,481
Finance Income	116	-	116	6	-	6
Finance expense	(341)	-	(341)	(369)	-	(369)
Profit before tax	23,230	531	23,761	17,599	519	18,118
Analysis of total revenue by geographical market:						
UK	32,870	2,128	34,998	30,097	2,308	32,405
Europe – Other	10,283	10	10,293	8,213	11	8,224
Europe – Spain	14,623	84	14,707	11,223	82	11,305
Europe – Denmark	29,716	17	29,733	25,499	28	25,527
Rest of World – USA	8,649	11	8,660	7,213	93	7,306
Rest of World – Australia and New Zealand	2,168	-	2,168	3,067	-	3,067
Rest of World – Other	1,048	-	1,048	1,756	-	1,756
Total	99,357	2,250	101,607	87,068	2,522	89,590

During the year ended 31 December 2024, revenues of approximately £27.7 million (2023: £23.2 million) were derived from a single external customer based in Denmark (27.3%; 2023: 25.9%).

The Directors are not able to attribute the Group's assets and liabilities by reportable business segment.

Analysis of non-current assets by geographical market:

Year ended 31 December	2024			2023		
	UK	USA	Total	UK	USA	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Goodwill	6,720	554	7,274	6,720	554	7,274
Customer lists	-	-	-	-	-	-
Brand	-	3	3	-	3	3
Patents	60	-	60	83	-	83
Website	27	-	27	7	-	7
Property, plant and equipment	1,986	541	2,527	1,239	6	1,245
Right of use assets	4,023	50	4,073	5,214	66	5,280
	12,816	1,148	13,964	13,263	629	13,892

Prior year figures have been amended to exclude deferred tax assets in accordance with IFRS 8.

The Group has disaggregated revenue into the following category:

Sales Type	Year ended 31 December	
	2024	2023
	£'000	£'000
Sales to retailers and distributors	93,199	83,831
E-commerce sales	8,408	6,209
	101,607	90,040

3. Operating profit

Operating profit for the period is stated after (crediting)/charging:

	Year ended 31 December	
	2024	2023
	£'000	£'000
Foreign exchange (gain)/loss	(2,004)	433
Depreciation	934	662
Loss on disposal of property, plant and equipment	9	-
Depreciation of right-of-use assets	1,273	1,111
Amortisation of intangible assets	26	187
Acquisition related costs	418	-
Staff costs (note 4)	9,337	8,115
Write off of inventories	45	13
Inventories recognised as an expense (note 12)	50,244	45,900

Acquisition relates expenses relate to legal and financial due diligence costs incurred prior to 31 December 2024 on the acquisition of Brand Architekts Group PLC. Further details of the acquisition are provided in note 28.

Auditor's Remuneration

Analysis of auditor's remuneration is as follows:

	Year ended 31 December	
	2024 £'000	2023 £'000
Fees payable to the Company's auditor for the audit of the Group's annual accounts	147	99
Fees payable to the Company's auditor and its associates for the audit of subsidiary companies	186	142
Total audit fees	333	241
Tax advice	5	16
Total non-audit fees	5	16

4. Staff costs

	Year ended 31 December	
	2024 £'000	2023 £'000
Wages and salaries	8,199	7,130
Social security costs	1,004	863
Pension costs (note 24)	134	122
	9,337	8,115

The average monthly number of employees during the period was as follows:

	Year ended 31 December	
	2024 No.	2023 No.
Directors	9	7
Administrative	23	24
Finance	14	12
Warehouse	71	65
Sales	17	14
New Product Development and PR	21	19
	155	141

	2024	2023
	£'000	£'000
Directors' remuneration, included in staff costs		
Salaries	1,616	1,273
Share based payments (note 21)	74	75

Benefits	28	27
Pension contributions	4	2
	<u>1,722</u>	<u>1,377</u>
	<u><u>1,722</u></u>	<u><u>1,377</u></u>

The Directors' remuneration, included in staff costs includes the remuneration of non – executive directors.

Remuneration of the highest paid director:

	2024	2023
	£'000	£'000
Directors' remuneration, included in staff costs		
Salaries	450	375
Benefits	15	15
	<u>465</u>	<u>390</u>
	<u><u>465</u></u>	<u><u>390</u></u>

The highest paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes.

The highest paid director is not a member of the company's money purchase pension scheme.

Number of executive directors to whom retirement benefits are accruing under the money purchase pension scheme was 2 (2023:Nil). No non- executive directors accrued any benefit under the money purchase scheme in the current or prior year.

During the year Directors exercised 250,000 (2023: 105,262) options over ordinary shares of 25p at an exercise price of 122 pence per share (2023: 237.5p) and sold for 485p (2023: 321.75p).

The Directors of the Group are the only key management personnel.

5. Finance income and finance expenses

	Year ended 31 December	
	2024	2023
	£'000	£'000
Finance income		
Interest received	116	6
	<u>116</u>	<u>6</u>
	<u><u>116</u></u>	<u><u>6</u></u>
Finance expenses		
Lease liability interest (note 16)	(206)	(230)
Other interest relating to trade finance facilities	(135)	(139)
	<u>(341)</u>	<u>(369)</u>
	<u><u>(341)</u></u>	<u><u>(369)</u></u>

6. Income tax

	Year ended 31 December	
	2024	2023
	£'000	£'000
Current tax expense		
Current tax on profits for the period	5,335	4,245
Overprovided tax in respect of prior periods	(72)	-
	<u>5,263</u>	<u>4,245</u>
Deferred tax expense		
Origination and reversal of temporary differences	265	(26)
	<u>5,528</u>	<u>4,219</u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profit for the year before tax as follows:

	Year ended 31 December	
	2024	2023
	£'000	£'000
Profit for the period before taxation	23,761	18,118
Expected tax charge based on UK effective corporation tax rate of 25% (2023: 23.5% UK standard rate)	5,940	4,258
Expenses/(Income)/ not deductible/(allowable)	(175)	(6)
Other adjustments	-	(74)
Different tax rates applied in overseas jurisdiction	(68)	18
Differences due to an increase in tax rate	-	23
Reduction of deferred tax on losses utilised	(97)	
Overprovided tax in prior years	(72)	-
	<u>5,528</u>	<u>4,219</u>

The standard rate of UK corporation tax is 25% (2023: 25%). The Group's effective tax rate for the year is 23.27% (2023: 23.29%).

7. Subsidiaries

At the period end, the Group has the following subsidiaries:

<u>Subsidiary name</u>	<u>Nature of business</u>	<u>Place of incorporation</u>	<u>Percentage owned</u>
Warpaint Cosmetics Group Limited	Holding company	England and Wales	100%
Warpaint Cosmetics (2014) Limited*	Wholesaler	England and Wales	100%
Treasured Scents (2014) Limited	Holding company	England and Wales	100%
Treasured Scents Limited*	Non – operating entity	England and Wales	100%
Warpaint Cosmetics Inc.	Holding company	U.S.A.	100%
Retra Holdings Limited	Holding company	England and Wales	100%

Badgequo Limited*	Wholesaler	England and Wales	100%
Retra Own Label Limited*	Non – operating entity	England and Wales	100%
Badgequo Hong Kong Limited*	Supply chain management	Hong Kong	100%
Jinhua Badgequo Cosmetics Trading Co., Ltd*	Wholesaler	People’s Republic of China	100%
Marvin Leeds Marketing Services, Inc.*	Wholesaler	U.S.A.	100%
Warpaint Cosmetics (ROI) Limited	Wholesaler	Republic of Ireland	100%
Beaute Sales EU Limited	Wholesaler	England & Wales	100%

* Indicates indirect interest

All entities detailed above have been in existence for the whole of the reporting period.

The registered office for all UK incorporated subsidiaries is Units B&C, Orbital Forty-Six, The Ridgeway Trading Estate, Iver, Bucks. SL0 9HW, with the exception of Beaute Sales EU Limited (Units 3 & 4 Zodiac Business Park, High Road, Cowley, UB8 2GU as per CH, as below.

The registered office for Warpaint Cosmetics Inc. is 445 Northern Boulevard – Great Neck, New York 11021.

The registered office for Badgequo Hong Kong Limited is 12F, 3 Lockhart Road, Wanchai, Hong Kong.

The registered office for Jinhua Badgequo Cosmetics Trading Co. Ltd is Room 1401, Gongyuan Building No. 307 South Shuanglong Street, Wucheng District, Jinhua, Zhejiang, China 321000.

The registered office for Marvin Leeds Marketing Services, Inc. is 34W. 33rd St. – Suite 301, New York NY 10001.

The registered office for Warpaint Cosmetics (ROI) Limited is 6th Floor, South Bank House, Barrow Street, Dublin 4, D04 TR29.

The registered office for Beaute Sales EU Limited is Units 3 & 4 Zodiac Business Park, High Road, Cowley, Uxbridge, UB8 2GU.

8. Goodwill

Cost	£'000
At 1 January 2023, 31 December 2023 and 31 December 2024	8,086
Impairment	
At 1 January 2023, 31 December 2023 and 31 December 2024	812
Net book value	
At 31 December 2024	7,274
At 31 December 2023	7,274

Goodwill represents the excess of consideration over the fair value of the Group’s share of the net identifiable assets of the acquired business/CGU at the date of acquisition. The carrying value as at 31 December 2024 includes Treasured Scents (2014) Limited (“TS2014”) (the Close-out business) of £513,000, Retra Holdings Limited £6,207,000 and Marvin Leeds Marketing Services, Inc. £554,000.

The assessment of the recoverable amount of goodwill allocated to Retra Holdings Limited, Marvin Leeds Marketing Services, Inc. and Treasured Scents Limited, was based on fair value less costs of disposals which involved judgements over the assumptions applied.

For each entity, a multiple of 6.9 was applied to the EBITDA for the year ended 31 December 2024. The multiple was selected from external sources of data applicable to the valuation of private companies. The costs of disposal were based on management's estimate. As the recoverable amount based on the fair value less costs of disposal was, in each case, in excess of the carrying value, the value in use was not calculated.

The most sensitive input to the model was the EBITDA multiple applied. For Retra Holdings Limited, a 25% decrease in the EV/EBITDA multiple from 6.9 to 5.2 would reduce the fair value less costs of disposal by approximately £12 million leaving headroom of £30 million above the carrying value. For Marvin Leeds Marketing Services, Inc., a 25% decrease in the EV/EBITDA multiple from 6.9 to 5.2 would reduce the fair value less costs of disposal by approximately £1.5 million leaving headroom of £3.9 million above the carrying value. For Treasured Scents Limited, a 25% decrease in the EV/EBITDA multiple from 6.9 to 5.2 would reduce the fair value less costs of disposal by approximately £1.0 million leaving headroom of £2.3 million above the carrying value. In each case, a 25% reduction in the EV/EBITDA multiple is considered to be an improbable adjustment when estimating fair value.

None of these scenarios would therefore result in any impairment of the goodwill.

Since the year end tariffs into the US have increased, and currently this is still a developing situation. Management have considered the newly implemented US tariffs and have calculated that the changes in tariffs will have no material impact on the business, or the carrying value of the goodwill in its US entity.

In previous years, the value in use was calculated using a discounted cash flow approach to obtain the recoverable amount but this year as the fair value less costs of disposal calculation gave headroom when compared to the carrying value, hence discounted cash flow approach was not used to calculate value in use. This is compliant with the requirements under IFRS.

9. Intangible assets

	Brands £'000	Customer lists £'000	Patents £'000	Website £'000	Licences £'000	Total £'000
Cost						
At 1 January 2023	3,802	8,241	270	53	6	12,372
Additions	-	-	3	-	-	3
Disposals	-	-	(29)	(4)	-	(33)
At 31 December 2023	3,802	8,241	244	49	6	12,342
Additions	-	-	-	23	-	23
At 31 December 2024	3,802	8,241	244	72	6	12,365
Accumulated amortisation						
At 1 January 2023	3,799	8,081	165	44	6	12,095
Charge for the year	-	160	25	2	-	187
Amortisation on disposals	-	-	(29)	(4)	-	(33)

At 31 December 2023	3,799	8,241	161	42	6	12,249
Charge for the year	-	-	24	2	-	26
At 31 December 2024	3,799	8,241	185	44	6	12,275
Net book value						
At 31 December 2024	3	-	59	28	-	90
At 31 December 2023	3	-	83	7	-	93

10. Property, plant and equipment

	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Costs					
At 1 January 2023	1,291	2,291	471	78	4,131
Additions	146	221	148	-	515
Disposals	-	(749)	-	-	(749)
Foreign exchange (loss)	-	(2)	(1)	-	(3)
At 31 December 2023	1,437	1,761	618	78	3,894
Additions	56	2,089	42	50	2,237
Disposals	-	(155)	(2)	(34)	(191)
Foreign exchange gain	-	1	-	-	1
At 31 December 2024	1,493	3,696	658	94	5,941
Accumulated depreciation					
At 1 January 2023	941	1,384	326	48	2,699
Charge for year	108	492	56	6	662
Disposals	-	(709)	-	-	(709)
Foreign exchange gain	-	(2)	(1)	-	(3)
At 31 December 2023	1,049	1,165	381	54	2,649
Charge for year	99	741	83	11	934
Disposals	-	(135)	(1)	(34)	(170)
Foreign exchange loss	-	1	-	-	1

At 31 December 2024	1,148	1,772	463	31	3,414
Net book value					
At 31 December 2024	345	1,924	195	63	2,527
At 31 December 2023	388	596	237	24	1,245

11. Right-of-use assets

	Leasehold property	Computer equipment	Total
	£'000	£'000	£'000
Costs			
At 1 January 2023	8,600	77	8,677
Additions	732	-	732
Disposals	(334)	-	(334)
At 31 December 2023	8,998	77	9,075
Additions	66	-	66
Disposals	(139)	-	(139)
At 31 December 2024	8,925	77	9,002
Accumulated amortisation			
At 1 January 2023	2,941	77	3,018
Charge for the year	1,111	-	1,111
Disposals	(334)	-	(334)
At 31 December 2023	3,718	77	3,795
Charge for the year	1,273	-	1,273
Disposals	(139)	-	(139)
At 31 December 2024	4,852	77	4,929
Net Book Value			
At 31 December 2024	4,073	-	4,073
At 31 December 2023	5,280	-	5,280

The weighted average incremental borrowing rate applied to measure lease liabilities is 4.16% (2023: 4.10%) for leasehold property.

12. Inventories

	As at 31 December	
	2024	2023
	£'000	£'000
Finished goods	31,615	28,341
Provision for impairment	(423)	(378)
	<u>31,192</u>	<u>27,963</u>

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £50.2 million in the year ended 31 December 2024 (2023: £45.9 million).

The cost of inventories recognised as an expense includes a write down of inventory to net realisable value of £45,000 (2023: £13,000 write down).

13. Trade and other receivables

	As at 31 December	
	2024	2023
	£'000	£'000
Trade receivables – gross	13,562	10,997
Provision for impairment of trade receivables	(85)	(129)
Trade receivables – net	<u>13,477</u>	<u>10,868</u>
Other receivables	465	397
Prepayments	2,394	2,264
Total	<u>16,336</u>	<u>13,529</u>

The directors consider that the carrying values of trade and other receivables, excluding prepayments, measured at book value and amortised cost approximates to their fair value.

The individually impaired receivables relate to the supply of goods to customers. A provision is recognised for amounts not expected to be recovered. Movements in the accumulated impairment losses on trade receivables were as follows:

As at 31 December	
2024	2023
£'000	£'000

Accumulated impairment losses at 1 January	129	70
(Reversal)/additional impairment losses recognised during the year, net	(39)	101
Amounts written off during the year as uncollectible	(5)	(42)
Accumulated impairment losses at 31 December	85	129

The impairment losses recognised during the year are net of a credit of £Nil (2023: £Nil) relating to the recovery of amounts previously written off as uncollectable.

14. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	As at 31 December	
	2024	2023
	£'000	£'000
Cash at bank and in hand	7,866	9,053
Cash and cash equivalents (restricted)	14,021	-
	21,887	9,053

Cash and cash equivalents (restricted) refers to cash held in escrow and could only be used for the acquisition that took place in February 2025 (see note 28).

15. Trade and other payables

	As at 31 December	
	2024	2023
	£'000	£'000
Current		
Trade payables	3,119	1,892
Social security and other taxes	1,101	1,355
Other payables	85	86
Accruals	3,325	6,243
Total	7,630	9,576

The directors consider that the carrying values of trade and other payables measured at book value and amortised cost approximates to their fair value.

Accruals comprise goods in transit accruals of £1,353,276 (2023: £3,275,168) while the remaining are accruals for usual business expenses.

16. Lease liabilities

As at 31 December

	2024	2023
	£'000	£'000
Lease liabilities		
Repayable within 1 year	1,326	1,259
Repayable within 2 – 5 years	2,263	3,227
Repayable in more than 5 years	656	963
	<u>4,245</u>	<u>5,449</u>
	<u><u>4,245</u></u>	<u><u>5,449</u></u>

Undiscounted lease payments

	As at 31 December	
	2024	2023
	£'000	£'000
Lease liabilities		
Repayable within 1 year	1,476	1,459
Repayable within 2 – 5 years	2,605	3,673
Repayable in more than 5 years	689	1,031
	<u>4,770</u>	<u>6,163</u>
Total	<u><u>4,770</u></u>	<u><u>6,163</u></u>

Lease liabilities

	As at 31 December	
	Leasehold property £'000	Total £'000
As at 1 January 2023	5,862	5,862
Lease additions	731	731
Interest expense	230	230
Lease payments	(1,374)	(1,374)
As at 31 December 2023	<u>5,449</u>	<u>5,449</u>
Lease additions	66	66
Interest expense	206	206
Lease payments	(1,476)	(1,476)
As at 31 December 2024	<u><u>4,245</u></u>	<u><u>4,245</u></u>

Nature of lease liabilities

The Group leases a number of properties in the United Kingdom and United States of America.

The interest rates expected are as follows:

	As at 31 December	
	2024	2023

Interest rates	6.74 ¹	7.24 ¹
	<u> </u>	<u> </u>

Note 1: Base rate + 1.99%

17. Deferred tax

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated in full on temporary differences under the liability method using tax rate of 25%. The movement on the deferred tax account is as shown below:

	Deferred tax liability		Deferred tax asset	
	Year ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Opening balance	(180)	(180)	592	429
Foreign exchange adjustment		-		-
<i>Recognised in profit and loss:</i>				
Accelerated capital allowances	(211)	-	-	-
Available losses	-	-	(56)	-
Release of deferred tax on intangible assets	-	(115)		-
Deferred tax on share based payment recognised in the income statement	-	-	2	100
Deferred tax on share-based payments recognised in the share option reserve	-	-	30	214
Tax expense	-	115	-	(74)
Adjustment in respect of previous periods	-	-	-	(77)
Closing balance	<u>(391)</u>	<u>(180)</u>	<u>568</u>	<u>592</u>

The deferred tax liability has arisen due to the temporary difference on accelerated capital allowances amounting to £391,000 (2023: £115,000).

The deferred tax asset has arisen from loss carry forward for LMS amounting to £1,198,923 (2023: £1,451,944) and recognised at a rate of 21% amounting to £222,000 (2023: £278,000) and from share options amounting to £346,316 (2023: £314,000), of which £244,376 (2023: 214,000) has been recognised in the share option reserve, in the Statement of Changes in Equity.

18. Dividends

Year to December 2024	Paid	Amount per share	Total £'000
-----------------------	------	------------------	-------------

Final dividend – 2023	05 July 24	6p	4,658
Interim dividend – 2024	22 Nov 24	3.5p	2,721
			7,379

Year to December 2023	Paid	Amount per share	Total £'000
Final dividend – 2022	04 July 23	4.5p	3,471
Interim dividend – 2023	24 Nov 23	3p	2,314
			5,785

The Group has proposed a final dividend for the year ended 31 December 2024 of 7.5p per share.

19. Called up share capital

	No. of shares	£'000
	'000	£'000
Allotted and issued		
Ordinary shares of £0.25 each:		
At 1 January 2023 and 31 December 2023	77,257	19,314
Issued on 9 May 2024	86	21
Issued on 30 May 2024	290	73
Issued on 19 September 2024	110	28
Issued on 9 December 2024	2,941	735
At 31 December 2024	80,684	20,171

On 9 May 2024, the Company issued 85,895 equity shares with par value of £0.25 per share for £2.375 per share. The entire amount was paid in cash. No shares were allotted other than for cash. £182,527 was recognised in share premium.

On 30 May 2024, the Company issued 290,000 equity shares with par value of £0.25 per share for £1.22 per share. The entire amount was paid in cash. No shares were allotted other than for cash. £281,300 was recognised in share premium.

On 19 September 2024, the Company issued 110,000 equity shares with par value of £0.25 per share for £1.22 per share. The entire amount was paid in cash. No shares were allotted other than for cash. £106,700 was recognised in share premium.

On 9 December 2024, the Company issued 2,941,176 equity shares with par value of £0.25 per share for £5.10 per share. The entire amount was paid in cash. No shares were allotted other than for cash. £14,264,704 was recognised in share premium.

Expenses incurred on the issue of shares amounting to £447,000 were deducted from Share Premium.

All ordinary shares carry equal rights.

20. Reserves

Share premium

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses incurred by the Company.

Retained earnings

Retained earnings represent cumulative profits or losses, net of dividends and other adjustments.

Merger reserve

The merger reserve arose due to the group reconstruction in 2016. The effect of the application of merger accounting principles on the merger reserve is that the share capital and other distributable reserves that existed in Warpaint Cosmetics Group Limited (the Company) as at the point Warpaint London PLC legally acquired Warpaint Cosmetics Group Limited is accounted for as if it had been in existence as at 31 December 2015 and as at 1 January 2015. The corresponding entry being the merger reserve so the overall net assets as at the comparative dates are not affected.

Share option reserves

'Share option reserves' have arisen from the share-based payment charge. The shares over which the options were issued are that of the parent company.

Foreign exchange reserves

'Foreign exchange reserves' have arisen on translation of foreign subsidiaries.

21. Share based payments

The Company have granted options under two schemes:

Company Share Option Plan (CSOP)

These options are granted to key persons discharging managerial responsibilities (PDMR's). The options are exercisable between three and ten years from the date of grant, with the usual first exercise date being the 3rd anniversary of the date of the grant. There are no performance conditions attaching to these options.

Company Share Option scheme (unapproved)

Under the Company share option scheme which follows the Enterprise Management Incentive (EMI) scheme rules. The options are exercisable between three and ten years from the date of grant, with the usual first exercise date being the 3rd anniversary of the date of the grant. In general, there are no performance conditions attaching to these options except or those issued on 5 December 2024. These Options are exercisable subject to certain non-market based performance conditions being met, including that the compound annual growth rate in the Company's Adjusted Basic earnings per share must exceed 10 per cent. over the three financial years commencing 1 January 2025, subject to the discretion of the Board.

Long term Investment Plan (LTIP)

Share options with an exercise price of 254.50p, equal to the closing mid-market value immediately prior to the date of grant, and subject to the achievement of demanding Earnings Per Share ("EPS") and Total Shareholder Return ("TSR") performance conditions measured over a period of up to 5 years were granted to certain directors.

All options are equity settled.

CSOP

Movements in the number of options and their weighted average exercise price are as follows:

	Weighted average exercise price (pence) 2024	Number of options 2024	Weighted average exercise price (pence) 2023	Number of options 2023
Outstanding at the beginning of the year	313.54	675,781	57.50	430,223
Granted during the year	490.00	360,509	325.00	641,191
Exercised	216.7	(46,090)	49.50	(372,633)
Expired and lapsed during the year	-	-	121.67	(23,000)
Outstanding at the end of the year	382.51	990,200	313.54	675,781

The weighted average remaining contractual life of the options is 9.79 years (2023: 10.64 years).

EMI

	Weighted average exercise price (pence) 2024	Number of options 2024	Weighted average exercise price (pence) 2023	Number of options 2023
Outstanding at the beginning of the year	177.08	839,456	185.16	969,138
Granted during the year	272.07	460,922	-	-
Exercised	143.51	(461,305)	237.50	(128,840)
Expired and lapsed during the year	-	-	237.50	(842)
Outstanding at the end of the year	247.72	839,073	177.08	839,456

The weighted average remaining contractual life of the options is 8.96 years (2023: 7.65 years).

LTIP

	Weighted average exercise price (pence) 2024	Number of options 2024	Weighted average exercise price (pence) 2023	Number of options 2023
Outstanding at the beginning of the year	-	-	254.50	3,837,462
Expired and lapsed during the year	-	-	254.50	(3,837,462)
Outstanding at the end of the year	-	-	-	-

The following options over ordinary shares have been granted by the Company and remain unexercised at the year end:

	Share option scheme	Exercise price Pence	Expiry period (years)	Number of options
29 June 2017	EMI	237.50	10	10,842
20 May 2020	CSOP	49.50	10	10,000
01 March 2022	EMI	127.50	10	200,000
24 November 2023	CSOP	325.00	10	619,691
24 November 2023	EMI	325.00	10	167,309
30 October 2024	CSOP	490.00	10	362,509
30 October 2024	EMI	490.00	10	255,992
05 December 2024	EMI	490.00	10	205,000

At the date of grant, the options were valued using the Black-Scholes option pricing model. The fair value of options granted and the assumptions used in the calculations were as follows:

	05 Dec 24	30 Oct 24	24 Nov 23	01 Mar 22	25 May 21	20 May 20	29 June 17
Expected volatility	42%	41%	40%	54%	78%	76%	64%
Expected life (years)	3	3	3	3	3	3	3
Risk-free interest rate	4.03%	4.06%	4.35%	0.99%	0.15%	0.01%	0.38%
Expected dividend yield	1.75%	1.75%	1.79%	4.94%	1.76%	2.08%	2%
Fair value per option (£)	1.617	1.371	0.918	0.354	0.552	0.213	0.963

On 30 October 2024, the Company granted in aggregate 362,509 ordinary shares of 25 pence each at an exercise price of 490 pence each under a Company Share Option Plan (CSOP) scheme. The options are exercisable between three and ten years from the date of grant, with the usual first exercise date being the 3rd anniversary of the date of the grant.

On 30 October 2024, the Company granted in aggregate 255,992 ordinary shares of 25 pence each at an exercise price of 490 pence each under an unapproved Enterprise Management Incentive (EMI) scheme. The options are exercisable between three and ten years from the date of grant, with the usual first exercise date being the 3rd anniversary of the date of the grant.

On 05 December 2024, the Company granted in aggregate 205,000 ordinary shares of 25 pence each at an exercise price of 490 pence each under an unapproved Enterprise Management Incentive (EMI) scheme. The options are exercisable between three and ten years from the date of grant, with the usual first exercise date being the 3rd anniversary of the date of the grant. The Options are exercisable subject to certain non-market based performance conditions being met, including that the compound annual growth rate in the Company's Adjusted Basic earnings per share must exceed 10 per cent. over the three financial years commencing 1 January 2025, subject to the discretion of the Board.

The charge in the statement of comprehensive income for the share-based payments during the year was £348,913 (2023: £134,284).

22. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Key management personnel are considered to be the directors. Compensation of the directors is disclosed in note 4 with the exception of dividends which are disclosed in note 18.

The lease between Warpaint Cosmetics (2014) Limited and Direct Supplies (2014) Group Limited is a 10 year lease which commenced on the 3 August 2016, with annual rental payments of £138,800.

During 2024, Warpaint Cosmetics (2014) Limited paid rent in the sum of £138,800 (2023: £138,800) to Direct Supplies (2014) Group Limited, of which S Bazini is a director. At the year end the amount due to Direct Supplies (2014) Group Limited was £34,700 (2023: £34,500).

The lease between Warpaint Cosmetics (2014) Limited and Trading Scents Group Limited is a 10 year lease which commenced on the 3 August 2016, with annual rental payments of £138,800.

During 2024, Warpaint Cosmetics (2014) Limited paid rent in the sum of £138,800 (2023: £138,800) to Trading Scents Group Limited, of which E Macleod is a director. At the year end the amount due to Trading Scents Group Limited was £34,700 (2023: £34,500).

During the year ended 31 December 2023, Warpaint Cosmetics (2014) Limited entered into two lease agreements, for two additional units with Warpaint Cosmetics Limited. The agreements relate to two leases to the 2 August 2026, with annual rental payments of £138,000 and £110,250 respectively.

Warpaint Cosmetics (2014) Limited paid rent in the sum of £248,250 (2023: £303,966) to Warpaint Cosmetics limited, of which S Bazini and E Macleod are directors. At the year end the amount due to Warpaint Cosmetics Limited was £62,063 (2023: £62,063).

During 2023, Warpaint Cosmetics (2014) Limited also entered into a 10 year lease agreement with Warpaint Cosmetics Limited on the 3 August 2016, with annual rental payments of £138,800.

During 2024, Warpaint Cosmetics (2014) Limited paid rent in the sum of £138,800 (2023: £138,800) to Warpaint Cosmetics Limited, of which E Macleod and S Bazini are directors.

During 2024, Retra Holdings Limited paid rent in the sum of £410,107 (2023: £410,107) to Warpaint Cosmetics Limited, of which E Macleod and S Bazini are directors.

The leases between Retra Holdings Limited and Warpaint Cosmetics Limited are two 10 year leases which commenced on 11th March 2018 with annual rental payments of £225,000, and £185,107 respectively.

Paul Hagon, an executive director of Warpaint London plc (“Warpaint”), is a member of Ward & Hagon. Ward & Hagon were paid £225,000 fees (2023: £190,000), £101,504 commission (2023: £116,763) and expenses of £8,487 in 2024 (2023: £9,346) and were issued with 200,000 share options in 2022, details of which are disclosed in note 21.

Financing of the Acquisition of Brand Architekts PLC - Directors' Loans

The Company completed its purchase of the entire ordinary share capital of **Brand Architekts PLC** in February 2025 (see note 28). Before raising the funds through a placing which completed on 9 December 2024, the Company received loans from two of its Directors in order to demonstrate adequate cash resources prior to the placing of new shares in the Company.

The Directors' Loans in the year consisted of:

- a loan from Sam Bazini of £8,500,000 to Warpaint London PLC; and
- a loan from Eoin Macleod of £5,500,000 to Warpaint London PLC.

The Directors' Loans were each on the same terms and interest was payable by the Company on the full amount of each Directors Loan at the Bank of England's base rate plus 0.5 percent, until the date on which the relevant loan was repaid in full, there was no fixed term, and no security was provided by the Company.

The Director's Loans were made on the 29th November 2024, and repaid in full on the 10th December 2024. There were no amounts outstanding at the end of the year (2023: £nil).

23. Financial instruments

Capital risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group reports in Sterling. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors.

The Group manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce cost of capital. The capital structure of the Group comprises equity attributable to equity holders of the Company consisting of invested capital as disclosed in the Statement of Changes in Equity and cash and cash equivalents.

The Group's invested capital is made up of share capital, share premium and retained earnings totalling £88,709,000 as at 31 December 2024 (2023: £62,289,000) as shown in the statement of changes in equity.

The Group maintains or adjusts its capital structure through the payment of dividends to shareholders and issue of new shares.

	Year ended 31 December	
	2024	2023
	£'000	£'000
Financial assets		
Financial assets at amortised cost:		
Trade and other receivables	13,942	11,265
Cash and cash equivalents	21,887	9,053
Financial assets measured at fair value through the profit and loss:		
Derivative financial instruments	1,340	-
	37,169	20,318
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	(6,529)	(8,221)
Lease liabilities	(4,245)	(5,449)
Financial liabilities measured at fair value through the profit and loss:		
Derivative financial instruments	-	(518)
	(10,774)	(14,188)
Net	26,395	6,130

The comparative has been amended to reclassify cash and cash equivalents to financial assets at amortised cost due to an inaccurate classification in the prior period.

Financial assets measured at fair value through the profit and loss comprise cash and cash equivalents and derivative financial instruments.

Financial assets measured at amortised cost comprise trade receivables and other receivables, excluding prepayments.

Financial liabilities measured at amortised cost comprise trade payables and other payables, and lease liabilities but exclude social security costs and other taxes.

Cash and cash equivalents

This comprises cash and short-term deposits held by the Group as well as restricted cash raised in the placing of ordinary shares that took place in December 2024. The restricted cash was held under escrow and could only be used for the acquisition that took place in February 2025 (see note 28). The carrying amount of these assets approximates their fair value.

General risk management principles

The Group's activities expose it to a variety of risks including market risk (interest rate risk), credit risk and liquidity risk. The Group manages these risks through an effective risk management programme and through this programme, the Board seeks to minimise potential adverse effects on the Group's financial performance. The Directors have an overall responsibility for the establishment of the Group's risk management framework. A formal risk assessment and management framework for assessing, monitoring and managing the strategic, operational and financial risks of the Group is in place to ensure appropriate risk management of its operations.

The following represent the key financial risks that the Group faces:

Market risk

The Group's activities expose it to the financial risk of interest rates.

Interest rate risk

The Group has minimal interest rate exposure as it has no external borrowing.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations.

The Group's principal financial assets are trade and other receivables and bank balances and cash. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's credit risk is primarily attributable to trade receivables. The Group has a policy of assessing credit worthiness of potential and existing customers before entering into transactions. There is ongoing credit evaluation on the financial condition of accounts receivable using independent ratings where available or by assessment of the customer's credit quality based on its financial position, past experience and other factors. The Group manages the collection of its receivables through its ongoing contact with customers so as to ensure that any potential issues that could result in non-payment of the amounts due are addressed as soon

as identified. The Group makes a provision in the financial statements for expected credit losses based on an evaluation of historical data and applies percentages based on the ageing of trade receivables.

The maximum exposure to credit risk in respect of the above is the carrying value of financial assets recorded in the financial statements. As at 31 December 2024, the Group has trade receivables of £13,562,000 (2023: £10,835,000).

The following table provides an analysis of trade receivables that were due, but not impaired, at each financial year end. The Group believes that the balances are ultimately recoverable based on a review of past impairment history and the current financial status of customers.

	As at 31 December	
	2024	2023
	£'000	£'000
Current	7,000	5,680
1 – 30 days	4,560	3,514
31 – 60 days	1,573	980
61 – 90 days	185	547
91 + days	244	276
	13,562	10,997
Provision for impairment of trade receivables	(85)	(129)
	13,477	10,868

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31 December 2024 and, consequently, no further provisions have been made for bad and doubtful debts.

The allowance for bad debts has been calculated using a 12-month lifetime expected credit loss model, as set out below, in accordance with IFRS 9.

	As at 31 December			As at 31 December		
	2024		£'000	2023		£'000
	£'000	%		£'000	%	
Current	7,000	0.135%	9	5,680	0.135%	8
1 – 30 days	4,560	0.405%	18	3,514	0.405%	14
31 – 60 days	1,573	1.215%	19	980	1.215%	12
61 – 90 days	185	3.645%	7	547	3.645%	20
91 + days	244	13.115%	32	276	27.174%	75
			85			129

Credit quality of financial assets

As at 31 December

	2024	2023
	£'000	£'000
Trade receivables, gross (note 13):		
Receivable from large companies (see below for definition)	6,284	5,190
Receivable from small or medium-sized companies	716	490
Total neither past due nor impaired	7,000	5,680

For the purpose of the Group's monitoring of credit quality, large companies or groups are those that, based on information available to management at the point of initially contracting with the entity, have annual turnover in excess of £100,000 (2023: £100,000).

	As at 31 December	
	2024	2023
	£'000	£'000
Past due but not impaired:		
Less than 30 days overdue	4,542	3,500
30 – 90 days overdue	1,732	1,495
91+ days	212	201
Total past due but not impaired	6,486	5,196

Lifetime expected loss provision:		
Less than 30 days overdue	27	22
30 – 90 days overdue	26	32
91+ days	32	75
Total lifetime expected loss provision (gross)	85	129
Less: Impairment provision	(85)	(129)
Total trade receivables, net of provision for impairment	13,486	10,876

Cash and cash equivalents, neither past due nor impaired:

The Group holds its cash balances with reputable and stable banking institutions such as NatWest. The stability of these counterparties is regularly reviewed and monitored by the management.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet the obligations as they fall due. Bank and loan

facilities are available within the Group but they were not utilised during the financial year or after the year end.

The Board receives monthly cash balance updates and weekly sales and margin reports marked against budget. At the start of each year the Board approve and adopt a budget and cash flow for the next 24 months, the CFO monitors these and reports any material divergences to the Board, so that management can ensure that sufficient funding is in place as it is required. The budget and cash flow are updated at the end of each year, for the following 24 months.

The tables below summarise the maturity profile of the combined group's non-derivative financial liabilities at each financial year end based on contractual undiscounted payments, including estimated interest payments where applicable:

Year ended 31 December 2024

	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000
Trade payables	3,119	-	-	-	3,119
Other payables	85	-	-	-	85
Accruals	3,325	-	-	-	3,325
Lease liabilities	738	738	2,605	689	4,770
	<u>7,267</u>	<u>738</u>	<u>2,605</u>	<u>689</u>	<u>11,299</u>
	=====	=====	=====	=====	=====

Year ended 31 December 2023

	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000
Trade payables	1,892	-	-	-	1,892
Other payables	86	-	-	-	86
Accruals	6,243	-	-	-	6,243
Lease liabilities	729	730	3,673	1,031	6,163
	<u>8,950</u>	<u>730</u>	<u>3,673</u>	<u>1,031</u>	<u>14,384</u>
	=====	=====	=====	=====	=====

The borrowings of the subsidiary companies, Retra Holdings Limited and Badgequo Limited, are secured by a debenture including a fixed charge over the present leasehold property, a first fixed charge over book and other debts and a first floating charge over all assets of those companies.

Foreign exchange risk

The Group operates in a number of markets across the world and is exposed to foreign exchange risk arising from various currency exposure in respect of cash and cash equivalents, trade receivables and trade payables, in particular with respect to the US dollar and Euro.

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

As of 31 December the Group's net exposure to foreign exchange risk was as follows:

Currency	Liabilities		Assets	
	2024	2023	2024	2023
USD	\$7,487,643	\$7,155,852	\$7,284,506	\$9,026,439
EUR	€13,289	€61,313	€2,252,459	€1,482,253
HKD	HKD 22952	HKD 22,952	-	-
RMB	¥52,942	¥271,301	¥418,453	¥634,950

Included within the assets and liabilities of the Group are balances in currencies other than GBP £. If these currencies were to strengthen by 5% against GBP£, this would give rise to a gain of £86,312 (2023: £137,001)

Foreign exchange risk

	2024	2023
	£'000	£'000
Derivatives carried at fair value:		
Forward foreign currency contracts	1,340	(518)
	<u> </u>	<u> </u>

The Group, along with other businesses, will face the risk of inflationary pressures through commodities cost increases.

Derivatives: Foreign currency forward contracts

The Group enters into forward foreign exchange contracts to manage the risk associated with anticipated sale and purchase transactions which are denominated in foreign currencies. Derivatives are recognised initially at their fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised immediately in the profit or loss unless the derivative is designed and effective as a hedging instrument, in which event the timing and recognition in the profit or loss depends on the nature of the hedging relationship. Derivative financial instruments are measured at fair value as level 2 instruments. Level 2 assets and liabilities are valued using externally sourced information provided by the counterparties, Santander and NatWest.

As at 31 December 2024, the group has in total 66 (2023: 52) forward foreign exchange contracts outstanding, made up of regular forward foreign exchange contracts.

Regular forward foreign exchange contracts:

At 31 December 2024, there were 66 (2023: 52) regular forward foreign exchange contracts, to buy US dollars and sell Euros, for an agreed amount of foreign currency on a specific future date. The purchase or sale is made at a predetermined exchange rate. The outcome is certain and will deliver a known fixed amount. The following table details the regular forward foreign exchange contracts outstanding as at the balance sheet date.

a) Contracted exchange rate	2024	2023	2024	2023
	£/\$		£/€	
3 months or less	1.2851	1.2660	n/a	n/a
3 to 6 months	1.2855	1.2526	1.1635	1.1491
6 to 12 months	1.2752	1.2546	1.1613	1.1435
12 months or more	n/a	n/a	n/a	n/a

b) Contract value	2024	2023	2024	2023
	£/\$		£/€	
	£'000	£'000	£'000	£'000
3 months or less	27,403	10,310	-	-
3 to 6 months	13,882	16,554	1,289	872
6 to 12 months	3,530	6,792	728	2,382
12 months or more	-	-	-	-
	44,815	33,656	2,017	3,254

c) Foreign currency	2024	2023	2024	2023
	\$'000	\$'000	€'000	€'000
3 months or less	35,242	12,943	-	-
3 to 6 months	17,830	20,750	1,500	1,000
6 to 12 months	4,500	8,500	845	2,725
12 months or more	-	-	-	-
	57,572	42,193	2,345	3,725

Fair value of financial assets and liabilities

Financial instruments are measured in accordance with the accounting policy set out in Note 1. All financial instruments carrying value approximates its fair value with the exception of foreign currency forward contracts and options which are considered Level 2. The Directors consider that there is no significant difference between the book value and fair value of the Group's financial assets and liabilities and is considered to be immaterial.

24. Pension costs

The Group operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the statement of comprehensive income in the period to which they relate. The amount charged to profit in each period was £134,432 (2023: £121,682).

25. Controlling party

In the opinion of the directors there is no ultimate controlling party.

26. Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period.

	2024	2023
Basic earnings per share (pence)	23.47	18.05
Diluted earnings per share (pence)	<u>23.34</u>	<u>17.98</u>

The calculation of basic and diluted earnings per share is based on the following data:

	2024	2023
Earnings	£'000	£'000
Earnings for the purpose of basic earnings per share, being the net profit	18,233	13,899

Number of shares	2024	2023
Weighted number of ordinary shares for the purpose of basic earnings per share	77,691,505	76,983,311
Potentially dilutive shares awarded	433,257	325,443
Weighted number of ordinary shares for the purpose of diluted earnings per share	<u>78,124,762</u>	<u>77,308,754</u>

In the current year, all share options (2023: 905,237 were not included in the computation) in issue have been included in the computation of diluted earnings per share, as per IAS 33, all share options are dilutive as they are all likely to be exercised given that the average market price is higher than the exercise price.

27. Notes supporting statement of cash flows

Changes in liabilities arising from financing activities are shown in the table below.

	Non-current loans and borrowings £'000	Current loans and borrowings £'000	Total £'000
At 31 December 2022	4,847	1,015	5,862
Non-cash flows	731	-	731
Cash flows	-	(1,144)	(1,144)
Reclassification from Non-current loans and borrowings to current loans and borrowings	(1,388)	1,388	-
At 31 December 2023	<u>4,190</u>	<u>1,259</u>	<u>5,449</u>

Non-cash flows	66	-	66
Cash flows	-	(1,270)	(1,270)
Reclassification from Non-current loans and borrowings to current loans and borrowings	(1,337)	1,337	
Loan received	-	14,000	14,000
Loan repaid	-	(14,000)	(14,000)
At 31 December 2024	2,919	1,326	4,245

The above relates to payments in respect of the groups right of use assets. The group does not have any loans and borrowings.

28. Post balance sheet events

On 12 February 2025, the Company completed the acquisition of 100% of the ordinary shares of Brand Architekts Group PLC (“Brand Architekts”) for £13.3 million in cash and the issue of 103,422 Warpaint shares at £5.24, making a total purchase consideration of £13.9 million.

Total broker advisory fees, legal & professional fees and registrar fees incurred for the acquisition was £0.8 million, of which £0.42 million was incurred in 2024.

Brand Architekts is a beauty brand specialist which offers a portfolio of problem-solving challenger beauty brands, sold throughout the UK and internationally. Brand Architekts’ focus is on brands and products that engender high levels of consumer loyalty and reflect the focus on high-performance problem-solving solution-led brands for everyday beauty. Brand Architekts’ brand portfolio encompasses female skincare, self-tan and male grooming. Brands (including Super Facialist, Skinny Tan and Dirty Works) are available on the high street in leading pharmacy and drugstore chains; in national grocery stores; on the platforms of global e-tailers; and through ecommerce websites.

The acquisition will be accounted for using the acquisition method of accounting in accordance with IFRS 3.

The book value of net assets acquired is shown below. Management are still in the process of allocating the purchase price:

Cash and Cash Equivalents	£ 6.2 million
Accounts Receivable	£ 4.6 million
Inventory	£ 4.0 million
Property, Plant, and Equipment	£ 0.03 million
Accounts Payable	£ (3.43) million
Deferred Tax Liabilities	£ (0.12) million
Book value of net assets acquired	£11.28 million

At the date of authorisation of these financial statements a detailed assessment of the fair value of the identifiable net assets has not been completed. In particular the value of identifiable intangible assets (customer relationships and brands), goodwill and deferred tax liability / assets (as a consequence of fair value adjustments), are in the process of being independently valued.

Key Aspects of the Acquisition:

- Warpaint believes that the acquisition is an exciting and relatively low risk opportunity to further bolster Warpaint's growth opportunities.
- The deferred tax liability/asset, represents the future tax consequences of the fair value adjustments made to the acquired assets and liabilities.

The results of Brand Architekts operations will be included in the Company's consolidated financial statements from the acquisition date.