Warpaint London plc
Annual Report and Accounts 2024

Warpaint
Colour Cosmetics

Brand Architekts
Health/Beauty/Personal Care

Our mission is to provide access to an extensive range of high quality cosmetics at an affordable price.

We strive to fulfil our mission by:	• Utilising marketing and advertising initiatives that are efficient • Creating innovative, eye catching and desirable packaging • Creating cosmetic products of high quality • Always striving to improve and better our brand and product offers • Being at the cutting edge of trend
Our Values	• We use high quality ingredients • We manufacture products that are safe and kind to the user • We follow and adhere strictly to all relevant regulatory compliance in all territories where we sell our products
Our Ethics	• We do not test our products on animals regardless of the regulatory requirements we encounter • We always seek the best value and quality from every constituent ingredient • We endeavour to ensure that all our suppliers mirror our values and understand our principles
Our Ethos – Who will you be today?	• To give customers the ability and the flexibility to style themselves based on who they want to be • To engage customers by interacting with them directly using a variety of media platforms • To make our products easily available to our customers • To empower our customers by seeking their feedback, interaction and views

Contents

2024 Highlights

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 in-crease of 22%

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

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

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

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

"Record level of sales and profits in 2024, with an improved profit margin"

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.

Chief Executive's Statement (continued)

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: £6.2 million), 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:

1. 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.

2. 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.

Chief Executive's Statement (continued)

3. 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.

4. 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.

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

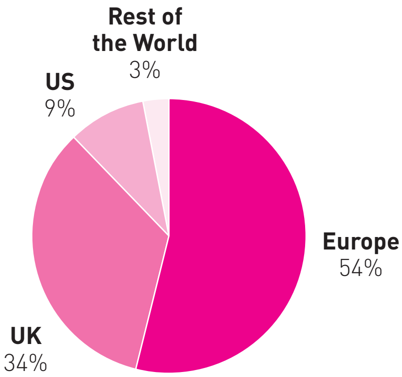
Warpaint aims to grow and maximise profitable sales across the Group's Direct to Consumer ("D2C") channels. As well as continuing to sell on its own websites and developing its own consumer community, plans continue to be executed to develop sales across Amazon platforms. W7 stores fulfilled by Amazon 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.

6. 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.

Chief Executive's Statement (continued)

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

Strategic Report

Chief Financial Officer's Review

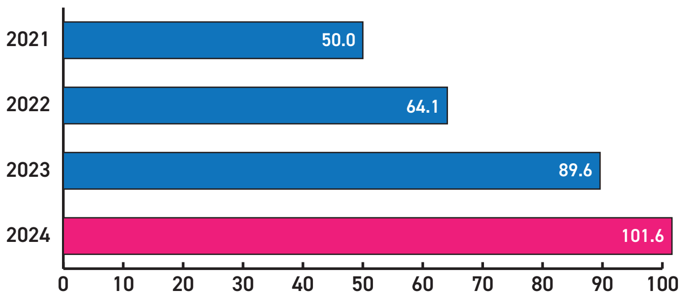
2024 was another record year for the Group, with continued growth in revenue, margins and profit before tax. Group revenue increased in the year by 13% and adjusted profit before tax increased by 34%. Gross margin improved in the year, with a 1.3 percentage point increase to 41.2%. This is the fourth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

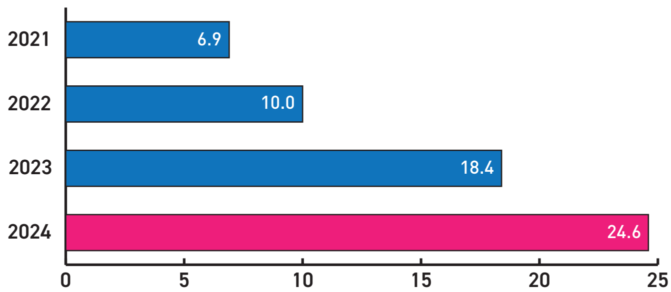
The Group continues its strategy of building the W7 and Technic brands, together with its recently acquired brands. We remain focused on margin, generating cash and remaining debt free.

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

Revenue (£m)
2024: £101.6 million +13%



Adjusted profit before tax* (£m)
2024: £24.6 million +34%



*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.

Chief Financial Officer's Review (continued)

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

Chief Financial Officer's Review (continued)

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.

Chief Financial Officer's Review (continued)

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.

Chief Financial Officer's Review (continued)

Risk	Risk Level	Movement
Currency / Foreign Exchange ("FX") 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. 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. Warpaint has determined this remains a principal risk of the business.	Medium	Unchanged
Reliance on Key Suppliers 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. 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.	Medium	Reduced
Product Liability 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. 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 public liability insurance to ensure that any claims have little impact on the Group's profitability. Warpaint has determined this remains a principal risk of the business.	Medium	Unchanged
Significant Customers 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. 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. Warpaint has determined this remains a principal risk of the business.	Medium	Unchanged

Risk	Risk Level	Movement
Location 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. 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.	Low	Unchanged
Cyber Attacks 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. 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. Warpaint has determined this remains a principal risk of the business.	Medium	Unchanged
Covid-19 Type Pandemic 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 require reassessment. Capital markets and foreign exchange markets will become volatile, and the supply chain and customer base may temporarily close. 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.	High	Unchanged

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

Environmental Social and Governance Report

Introduction

Warpaint is committed to ensuring that its business is contributing to society in an ethical, sustainable, and well governed manner for the benefit of all stakeholders. The Group's environmental and social responsibilities are important to its long-term success, and key environmental goals have been embedded within its long-term strategy, with the aim of continually improving all aspects of the Group's environmental performance, as far as is economically feasible.

This report outlines the actions taken, business practices, and policies and procedures adopted to address the Group's environmental, social and governance ("ESG") obligations and responsibilities. These will be reviewed throughout 2025 and in subsequent years, to measure progress and to scope further objectives and outcomes to improve performance in these three important areas.

The Group's strategy is set out in the Chief Executive's Statement and further information is set out in the Corporate Governance Report and Engagement with Stakeholders and Section 172 Report.

Environment and Sustainability

As the Group reports on its environmental and sustainability impact for the financial year ended 31 December 2024, the board is proud of the progress made to date and continues to strive for a future where the planet is cared for, and value is created not only for our Company, but for the collective success of all our stakeholders.

The Group is prioritising the ESG issues that offer the greatest potential for the Group to create shared value, and the board has adopted a Sustainability Strategy focusing on four key pillars:

- **Planet:** In 2024 the Group continued to work with Planet Mark to measure and report against its Scope 1 and 2 emissions, review onsite energy, water and recycling management, and to support the development of our factory sustainability assessments. Warpaint and Badgequo have achieved a year 2 business certification with Planet Mark, demonstrating the Group's measurement of key environmental measures. In 2024 our work with Planet Mark was extended and a plan formulated for measuring and reporting on a fully certified basis against Scope 3 emissions, which will commence in 2025.

- **Products:** The product and packaging reduction and alternative strategy introduced in 2022 has been further developed through 2024, accelerating compliance with product and packaging regulations, and rationalising the Group's packaging supply sources.

- **People:** Warpaint's commitment to its employees remains at the forefront of its focus along with the development of corporate and community charity initiatives.

- **Performance:** The Group's progress against defined goals and targets will be measured and reported on for the year ended 2025.

Our Planet and the Environment

Planet Mark

Climate change is one of today's greatest challenges, profoundly affecting all regions of the world and all sectors of society. All individuals and industries must work together to halt the climate crisis and embrace long term sustainability.

CO_2 is a powerful greenhouse gas that has been proved to have the biggest impact on air pollution and global warming, and by 2050 every UK business must be net-zero by law.

The measurement of the Group's carbon footprint plays a fundamental role in creating an environmental strategy that mitigates risk and maximises the opportunities to reduce CO_2 emissions and start the journey towards net-zero. As a business Warpaint is committed to reporting its progress with transparency, verifiable data and science-based methodologies to support its long-term strategy and drive improvements.

In 2024 the Group continued its work with Planet Mark, an independent consulting group experienced in the measurement, development and communication of carbon and social data and goals which provides a sustainability certification for organisations and their products. In 2023 the Group collated the necessary energy consumption, waste and water usage data to enable an initial measurement to be produced and adopted, resulting in the Group's first Planet Mark certification being obtained in Q4 2023, in respect of the year ended 31 December 2022. The Group is measured in each calendar year and the certification produced in the following year. This process has continued throughout 2024 and the Group's second full year of key measurement metrics for the year to 31 December 2023 were certified in Q4 2024 as follows:

2023*
276.1 tCO2e measured emissions/
2.1 tCO2e per employee
including:
- Buildings: 98.1 tCO2e
- Travel: 130.6 tCO2e
- Waste: 45.9 tCO2e
- Water: 0.4 tCO2e
- Procurement: 1.0 tCO2e
- Home Working: 10.7 tCO2e

2022
761.4 tCO2e measured emissions/
6.8 tCO2e per employee
including:
- Buildings: 107.6 tCO2e
- Travel: 40.07 tCO2e
- Waste: 28.3 tCO2e
- Water: 0.4 tCO2e
- Procurement: 1.3 tCO2e
- Home Working: 7.4 tCO2e

*The 2023 figures do not include freight which for 2023, 2024 and beyond will be accounted for in Scope 3 emissions.

Continuous improvement will be tracked against these key measurement metrics.

Targets and goals against these base level metrics will be further developed, monitored and communicated and disseminated throughout the Group and beyond to ensure that stakeholders are engaged and fully aligned with the Group's aims, in order that progress may be achieved.

Certification for the 2024 year is expected to be available in Q4 2025.

SECR Streamline Energy and Carbon Reporting
The Group reports annually against the SECR Streamline Energy and Carbon Reporting ("SECR") requirements and details are set out in the Directors' Report. Using an intensity metric based on Group sales, for the year ended 31 December 2024 the energy and GHG emissions from business activities involving the combustion of gas, the purchase of electricity, and business mileage was 1.02kg tCO2/£mil in the year (2023: 1.16kg tCO2/£mil).

Our Premises and Logistics
The Group includes energy efficiency measures whenever possible in carrying out its business, and when making operational decisions. In 2024, the Group completed the upgrade of internal and external lighting to LED units throughout all its sites. In 2024 Warpaint completed the installation of solar panels to the roof at its largest warehouse site, to provide electricity throughout the year and to return any surplus energy back to the grid. The number of electric cars utilised by Group employees increased in 2024.

New technologies continue to be considered in order to improve the environmental performance of the Group's sites, to reduce energy consumption and improve overall energy efficiency throughout the business.

Reducing physical waste is also a key part of the Group's sustainability objectives, and progress continues to be made in ensuring that onsite recycling is easily accessible across the Group's offices and warehouses, including glass, plastic and paper recycling and Terracycle recycling boxes for cosmetic packaging. The Group's industrial waste removal programme has also been strengthened.

Warpaint continues to be mindful of its carbon footprint in the shipping and transportation of products from suppliers to the Group's warehouses and customers, seeking to minimise its carbon footprint as much as possible, for example shipping direct from China to the US for product sales there, and using air carriage only when unavoidable. The Group is encouraged by its shippers who are increasingly investing in the reduction of their own carbon footprint with the development of their own reduced carbon vessels and solutions. These shippers are utilised wherever practicable.

In 2025 the Company will be taking occupation of premises at Frontier Park, Burnley, which will operate as a single warehouse and logistics hub for Technic products. It is also planned that the site will handle logistics for other brands within the Group. This is anticipated to have a positive impact on the Group's logistics model and will offer operational and environmental benefits.
Most interactions with suppliers and retail customers take place online. This is encouraged wherever practicable, with travel (and particularly air travel) limited, and customer, supplier, management and employee meetings held virtually where feasible. Face-to-face meetings are still held only where this is considered necessary and conducive to a more productive relationship. This aims to reduce the environmental impact of the Group's travel and is reflected in its travel policy, which encourages essential travel only. Where air travel is deemed necessary the use of airlines that provide carbon offsetting is encouraged wherever possible. The Group's direct presence in the manufacturing region also helps in this regard.

Attendance at trade shows and exhibitions has reduced overall. Virtual trade shows are attended wherever possible, with only key events attended face-to-face and, where practicable, these are combined with other customer or supplier visits.
As the Company grows its investor base, and attracts more investment banking interest it receives invitations to investor roadshows and conferences held internationally. These are attended where it is considered beneficial for investors as a whole and the Company will participate virtually, where that is an option.

Environmental Social and Governance Report (continued)

Our Products

Product Testing

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.

The Company joined and remains committed to the PETA "Beauty Without Bunnies Program" a globally recognised programme demonstrating a commitment to PETA's Global Animal Test-Free standard. In line with this standard, Warpaint agrees that it will not conduct, commission, or pay for animal testing of any products, nor will it conduct, commission, or pay for animal testing of ingredients used in, or formulations of, such products. Warpaint commits to continue to ensure that its suppliers of ingredients do not conduct, commission, or pay for tests on any ingredients used in its products. Warpaint will continue to ensure its suppliers/manufacturers of finished products do not and shall not conduct, commission or pay for animal testing of any products.

Warpaint proudly displays the PETA company logo on our products for all new products and as packaging is updated. Warpaint's commitment to the PETA programme is Group wide and covers all brands within the Group apart from Brand Architekts' Skin & Tan products, which are approved under Cruelty Free International's Leaping Bunny programme.

Product Ingredients

All newly developed Warpaint products are manufactured vegan friendly and without parabens. Any existing products that contain parabens have now all been reformulated. The Group had a dedicated vegan range, Very Vegan, but this was fully discontinued in 2024 and the W7 brand is now entirely vegan.

No heavy metals such as TBTO (preservative) and other ingredients of concern are added to the Group's colour cosmetic products, and all raw materials comply with the strict regulations applicable in the UK, EU, US and Canada and other markets in which we operate.

CTPA Membership

The Warpaint Group companies are full members of the Cosmetic, Toiletry & Perfumery Association (CTPA). The CTPA is the trade association for the UK cosmetic and personal care industry, and through its membership the Group ensures it remains aware of industry news, issues, and regulatory compliance both in the UK and globally. The Group has employees sitting on both the Compliance and Regulatory Committee – providing advice, on-going support and guidance on all regulatory and compliance matters regarding the placing on the market of cosmetic products in the UK and EU, and the Scientific Committee – providing advice, on-going support and direction on all scientific matters pertaining to the safety and integrity of cosmetic ingredients and technical aspects of manufacturing cosmetic products.

Responsible Sourcing and Manufacturing

"Good Manufacturing Practice Certificates" are provided by suppliers for all of the factories used in the manufacture of the Group's goods. The Group's main suppliers also produce for many international brands, and additional comfort is taken from the public ethical and sustainability stance around the world of these brands. The Group's suppliers are encouraged to share the results of their BSCI and Sedex audits when they have taken place and, for all its branded products the Group has adopted a vendor assessment policy that includes ethical and sustainability criteria.

Warpaint is committed to ethical and responsible sourcing practices aligned with international standards and protocols for human rights, worker rights, environmental and human health and safety. In support of this commitment, the Group seeks to enhance its responsible and ethical sourcing practices to better address the risks and challenges in an increasingly complex global supply chain.

Sustainable Products and Packaging

The Group is committed to becoming an industry leader for sustainable products and packaging.

The Group has a robust strategy to eliminate all unrecyclable plastics as per the 'UK Plastic Pack', an accredited body who drives improvements to industry standards through DEFRA (UK Department for Environment, Food and Rural Affairs). All unrecyclable plastics have now been removed from outer gifting packaging, and the Group is progressing well with its journey of removing unrecyclable plastics from the packaging of all- year-round products as well. The Group has also changed certain products into alternative fully recyclable materials, and has proactively removed the majority of plastics from most outer packaging, aiming to use paper and cardboard product packaging wherever practicable. This enables the Group, its customers and end consumers to recycle the waste effectively.

Some Group products are already plastic free, and there are plans in place to change to sustainable FSC, virgin or recycled packaging where feasible, with ambitions to become one of the leaders in this area.

The use of plastics in product casings has previously been challenging to remove, but with material developments and understanding, the Group is actively working on testing and sampling new materials. Where the use of plastic is unavoidable, recyclable packaging will be used wherever possible. By providing clear instructions on our product labelling, consumers will know how to dispose of the packaging in sustainable ways. The Group is encouraged by the progress made by its product teams in building processes to challenge the plastics in product casings and is equally encouraged by the support received from suppliers in the move to more recyclable packaging. This will continue to be challenging until the most recyclable materials become available at an appropriate price for the mass market. In the meantime, a large proportion of the Group's NPD in 2024 continued to pass through our changed protocols and this will continue in the coming years. NPD processes for the Technic brands also include an accompanying packaging development protocol alongside the development of the products themselves, to ensure that recyclable packaging is considered with all NPD, wherever possible.

Management is confident that current unrecyclable plastics within the Group's products will be replaced with the most reusable and recycled plastic materials available, ensuring the achievement of Government Guidelines for brand and producer responsibilities. This will help the Group comply with the new Extended Producer Responsibility (EPR) regulations which came into force in early 2025. The NPD team is actively engaging with DEFRA on the introduction of the new EPR regulations, participating in seminars and surveys, wherever possible. The Group's dedicated Packaging and Sustainability Lead has recently been appointed to the Cosmetic, Toiletry and Perfumery Association (CTPA) Taskforce, which has been set up to assist, advise and steer the EPR process within the cosmetics and personal care industry in the UK.

The Group's dedicated Packaging and Sustainability Lead is responsible for seeking sustainable solutions for products and packaging, aligned to our environmental responsibilities and goals. This individual is also responsible for ensuring Group compliance with the increasing regulation in this area, enabling its mission to provide an extensive range of high-quality cosmetics at an affordable price and to grow the business for the benefit of our stakeholders can be continued.

The Group seeks to ensure no product is wasted, and for example in conjunction with Tesco, any W7 products remaining in store after short term promotions are donated to be placed in the food bank collection points, which are positioned at the front of all large Tesco stores. Any Technic and Body Collection excess stock is also donated to local hospital staff and charities such as the "Look Good Feel Better" cancer charity, having a positive social impact on the community as well as supporting waste reduction. Our subsidiary, Badgequo also actively works with end of range retailers such as The Company Shop to ensure products continue to their natural intended use, and with charitable organisations such as Age UK to support these supply routes with the same aims.

Social Impact

Warpaint aims for inclusivity with its products and encourages and promotes diversity, equality of pay and opportunity across the Group. The health, safety and wellbeing of our workforce is of paramount importance, and we seek to support and benefit the wider community where possible.

Our Employees and Equal Opportunities

The Group has an extremely loyal and diverse workforce and promotes equality of pay and opportunity throughout. The Group has a low staff churn rate, and employees are encouraged and nurtured to attain positions to the best of their ability, with promotions made from within wherever possible, offering staff mobility from the warehouse floor to administrative roles and managerial positions. A reward structure is in place, which includes the grant of share options, enabling members of staff to participate in the growth of the Company, as appropriate.

Employee communication is encouraged throughout the Group both on an informal basis and through regular departmental meetings, where input from colleagues is welcomed in any area. Communication is key and the open-door policy operated by the Group and regular meetings enable this. Whilst the board does not have a formal policy or targets for diversity, it consists of three female members and members from a variety of cultural backgrounds. It is very aware of the importance of diversity and the benefits it brings in attitude and outlook. Diversity is always considered when any appointments are made to the board.

The Group's employment policy is set out in the Directors' Report. At senior management level there are 13 female managers and nine male managers, excluding the board. Throughout the Group, the proportion of female to male employees is approximately 65% to 35%.

Communities, Education and Charitable Causes

Wherever possible, the Group employs staff from the local areas and encourages the use of car sharing and public transport to reduce the impact on local roads. The times of our incoming and outgoing deliveries are managed to limit any disturbance to residents in the local area. As a rule, the Group uses local trade's people for goods and services creating employment and income within the area.

Badgequo actively works with certain universities to support the work of students studying cosmetic science. Badgequo's Regulatory, New Product Development and Marketing teams lecture

Environmental Social and Governance Report (continued)

predominantly at Sunderland University, enabling the business to give real life and practical information to students as they embark on the transition year from student to industry. As part of this, Badgequo employs one gap year student each year to work in the business and gain this experience firsthand. This relationship with the cosmetic industry's educational bodies has been very well received and allows the business to support the future talent stream.

In addition to supporting a number of local and national charities and events each year, the Group has recently aligned with and made long-term commitments to several chosen charities working with young people and people living with cancer.

- "iHeart" – Warpaint has a long-term commitment to support a young person's mental health charity, "iHeart", with a donation of funds and visits to schools in Greater London. This charity supports young people by providing a range of courses and programmes on mental health education, resilience and wellbeing.

- "Look Good Feel Better" – This charity runs wellbeing workshops and classes for people living with cancer and is supported by the Group by money raising and the donation of sample products. Fundraising and support will continue across 2024.

- Current primary school education and the wider market is limited in sustainability content that ignites an interest in children and sparks an appetite for further learning. UK based company Anniemals have created a book that helps children to understand the impact of plastic on the environment through the magic of storytelling. Warpaint became an established corporate partner of Anniemals and has funded book donations to primary schools close to the Silsden office.

Diverse Products
Warpaint recognises the importance of its products to its consumers whatever their gender, sexuality or racial background and seek to ensure they are inclusive for all. Cosmetic and skincare products are developed for every skin tone, with a wide range of shades aiming to make them as inclusive and affordable as possible.

Governance
Warpaint is dedicated to having robust governance policies, protocols and procedures throughout all aspects of our business. These help the business operate to high standards of conduct and to protect and grow the business for the benefit of all stakeholders.

Policies
Robust and Ethical Policies
The Group's policies, along with its approach to employees and equal opportunities, the environment, product testing, manufacture and materials and charitable causes are regularly reviewed, and are described below:

Anti-Bribery
The Group has in place an anti-bribery and anti-corruption policy, which sets out its zero-tolerance position and provides information and guidance to those working for the Group on how to report and deal with bribery and corruption issues. During the period, there were no incidents reported.

Whistleblowing
The Group's 'whistleblowing' procedures ensure that arrangements are in place to enable employees and suppliers to raise concerns about possible improprieties on a confidential basis. Any issues raised are investigated and appropriate actions are taken. Should any significant issue arise they are highlighted to the board.

Modern Slavery and Human Trafficking
The Group has relationships with businesses around the world and is opposed to modern slavery and human trafficking wherever it may occur. The Group's processes and supply chains are examined and reviewed at least annually to ensure that slavery and human trafficking are prevented in its business and supply chains. Compliance with the Modern Slavery Act 2015 or equivalent anti-slavery, human trafficking laws are mandatory in all supply contracts. The Group's statement pursuant to the Modern Slavery Act 2015 which contains further information, is available at www.warpaintlondonplc.com.

Corporate Governance
Further information regarding the board's governance processes and procedures and how the directors are fulfilling their duties to promote the success of the Company including the interests of our key stakeholders is set out within the Company's Corporate Governance Statement for the year ended 31 December 2024 and the Engagement with Stakeholders and Section 172 section of the Annual Report.

Stakeholder Engagement and Section 172 Report

The Company believes that engagement with its principal stakeholders is vital to enhancing the Group's value and promoting its long-term success. The identity of and engagement with key stakeholders are described below.

Key Stakeholder Engagement

The key stakeholders for the Group are customers, distributors, suppliers, employees, shareholders and the environment and community in which we live. Whilst interactions take place at all levels of the Group, the directors are aware of the importance of the relationships with key stakeholders and feedback is utilised wherever possible to sustain these relationships in order to drive the long-term success of the business.

Customers

Feedback with trade customers is initially directed through dedicated account managers followed by engagement with administration teams. For end user consumers, feedback is garnered through the peer-to-peer review site Yotpo, and social media such as Facebook, X (Twitter), Instagram, TikTok and Pinterest. Consumers frequently contact the Company in writing, by email, direct calls to the head office and through the website www.w7cosmetics.co.uk where they are also able to leave comments. The Group endeavours to respond to all customers who reach out in a swift and efficient manner, typically by email or direct calls with all responses followed up to seek to achieve a positive outcome. The Group also receives, monitors and reacts to reviews left on all Amazon platforms by verified shoppers who have purchased W7 and Technic products. Trends in the cosmetic business are dynamic and swift reaction to feedback is also vital in introducing new products and updating the Group's product range.

Distributors

The Group increasingly manages customer relationships directly, but also seeks to strengthen its relationships with distributors to garner feedback and provide support with regular meetings, attendance at trade shows and by maintaining close contact with them through sales representatives. Distributors provide feedback on product suitability including in regions of the world where there may be cultural or other sensitivities in the product packaging and branding. Different regions may also call for particular colour mixes and shades and such feedback enables the Group to optimise and tailor products in these regions. The aim is to align the interests of the distributor with those of the Group.

Suppliers

Suppliers are visited at least annually and regular contact maintained at other times through trade shows, meetings and other close communications. The Group's principal suppliers are made to feel part of the organisation with an open and honest dialogue encouraged so that feedback can be communicated and a rapid response provided. The Group has offices in China and Hong Kong enabling more frequent visits and enhanced supplier contact. A strong relationship with the Group's suppliers is vital to the long-term success of the Company.

Employees

The Group places enormous importance on the contributions of its employees and aims to keep them informed of developments in the Group through a combination of meetings and electronic communication. The Group operates an open-door policy, everyone is known by name to the senior managers and executive directors with the Chief Executive Officer and the Managing Director engaging daily with employees across the business. Communication is encouraged both on an informal basis and through regular departmental meetings, where input from colleagues is welcomed in any area. Communication channels within the business are key and the open-door policy and regular meetings enable this. Where practicable, consideration is given to flexible working.

Further information about our employees is outlined in the Group's ESG Report.

Shareholders

The means of engagement with shareholders is detailed in Principle 3 of the Corporate Governance Report for the year ended 31 December 2024.

Community and Social Responsibilities

The Group has long-term associations with local communities and charities together with supporting a number of local and national charities and events each year. Further information is provided in the Group's ESG Report.

Environment and Sustainability

The board of directors is conscious of its environmental responsibilities and has embedded environmental goals within its long-term strategy, with the aim of continually improving all aspects of its environmental performance, as far as economically feasible. Further information is provided in the Group's ESG Report.

Stakeholder Engagement and Section 172 Report (continued)

Section 172 Companies Act 2006

The directors are well aware of their duty under section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Company.

The board always takes decisions for the long term, and collectively and individually aims to uphold the highest standards of conduct. Similarly, the board understands that the Company can only prosper over the long term if it understands and respects the views and needs of its customers, distributors, employees, suppliers and the wider community in which it operates. A firm understanding of investor needs is also vital to the Company's success along with a sustainable and environmentally responsible culture.

The directors are fully aware of their responsibilities to promote the success of the Company in accordance with Section 172 of the Companies Act 2006 and the board is regularly reminded of the Section 172 requirements as a board agenda with the corresponding headline decisions recorded.

Relations with shareholders are detailed in the Corporate Governance Report. Relations with other key stakeholders such as employees, distributors, customers and suppliers are considered in more detail in the Corporate Governance Report and in the Engagement with Key Stakeholders section of the Directors' Report.

The board ensures that the requirements are met, and the interests of stakeholders are considered as referred to elsewhere in this report and through a combination of the following:

- A rolling agenda of matters to be considered by the board through the year, which includes an annual strategy review meeting, where the strategic plan for the following year is developed, which is implemented and supported by a budget and a medium term (three year) financial plan.
- Standing agenda points and papers presented at each board meeting, which report on customers, employees and other colleagues, health and safety matters and investors.
- A review of certain of these topics through the Audit Committee and the Remuneration Committee agenda items referred to in this report.
- Detailed consideration is given to any of these factors where they are relevant to any major decisions taken by the board during the year.

Key board decisions taken during the year ended 31 December 2024, all of which have long term implications for the ultimate success of the Company, and the Section 172 and stakeholder considerations are set out below.

Key Board Decision	Section 172 and Stakeholder Consideration
The decision to make an offer to acquire the entire issued share capital of Brand Architekts Group PLC ("Brand Architekts"), which was announced on 5 December 2024. The offer was a cash offer at 48 pence per share, with a share consideration alternative of 0.0916 new Warpaint shares for each Brand Architekt share (the "Alternative Share Offer").	This was a significant decision to bolster the Company's growth opportunities at relatively low risk and provide the opportunity to enhance Brand Architekts' proposition and profitability to complement the Company's existing business, as part of the enlarged Warpaint Group. This was aimed at enhancing and developing the long-term success of the Company for the benefit of shareholders and other key stakeholders. The Alternative Share Offer assisted in conserving the Company's cash, a consideration that was reflective of the business needs of the Company and enabled Brand Architekts shareholders become shareholders in the Company thereby participating in the future of the Warpaint Group.
The decision to raise £15,000,000 via a Placing and a Retail Offer of shares at a price of 510p, which was announced on 5 December 2024 (the "Fundraising").	The net proceeds of the Fundraising were used to fund the acquisition of Brand Architekts enabling the Company to make the acquisition without depleting its cash reserves, thereby retaining the cash for use in the business for benefit of the Company and its shareholders in the longer term. The Fundraising (and specifically the Retail Offer) provided existing shareholders (including retail investors) the opportunity to participate, thereby taking into account the interests of the Company's shareholders.
Annual Strategy Review meeting held to review and agree the Group's three-year Strategic Plan and KPIs, building on the Group's successful foundations to date, developing a strategy and KPIs based on substance that provide the optimum chances of success.	This is aimed at optimising and promoting the success of the Company in the long term, whilst providing measures for success, both vital for the benefit of members and stakeholders
The decision to fit solar panels at the Company's head office and warehouse premises at The Ridgeway Trading Estate, Iver.	To save on energy costs in the longer term, a sound business outcome and lessen the Group's operational environmental impact.
The grant of share options to all Group employees with performance criteria in the options for Neil Rodol, Sally Craig and Matthew Goldstein 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.	To retain and incentivise Group employees and to align the awards for Neil Rodol, Sally Craig and Matthew Goldstein with the interests of the members of the Company.
The renewal and extension of the contract with Ward & Hagon Management Consultancy LLP for a period of two years from 1 January 2024, to provide continued assistance and resources to develop and advance the Group's strategic plan.	This appointment will impact employees, customers and suppliers and maintain and enhance the Company's high standards of business conduct and drive the Group's strategic plan for the benefit of members.
The appointments of Indira Thambiah and Sharon Daly as Non-Executive Directors to the board on 1 January 2024 and the subsequent appointment of Indira Thambiah as Chair of the Remuneration Committee from 3 September 2024, in place of Keith Sadler who had held the position since the Company's IPO in November 2016.	These appointments supplement the wide experience and diversity of the board, thereby enhancing the quality of decision making at board level, for the benefit of stakeholders in the long-term. The appointment of Indira Thambiah as Chair of the Remuneration Committee provides enhanced governmental rigour for the benefit of shareholders and other stakeholders.
Declaration of an interim dividend of 3.5p per share, which was paid on 22 November 2024.	To reward all shareholders and to encourage investment in the Company for its long-term success.

Board of Directors

Clive Garston, Independent Non-Executive Chairman I (Chair Insider Committee)
Appointed November 2016. Clive has been a corporate lawyer for over 40 years specialising in corporate finance and mergers and acquisitions and is currently a consultant at Fladgate LLP. He has sat on the boards of a number of public and private companies and has been the deputy chairman of a fully-listed company and chairman of a number of other AIM companies. Clive has significant experience in small and medium quoted companies. He is a fellow of the Chartered Institute for Securities and Investment (CISI).

Skills: Corporate finance, legal, public companies and markets, corporate governance

Sam Bazini, Chief Executive Officer I
On leaving school at 16, Sam started work in a cosmetics warehouse, supplementing his income by selling cosmetics directly to the public at numerous London Street markets which gave Sam an invaluable insight into consumer needs. In 1981 at the age of 18, using £500 he had saved, he set up his own business, buying and selling close-out and end-of-line cosmetics and fragrances. During the course of the next ten years, Sam and Eoin's paths crossed on numerous occasions, working intermittently with each other on a joint venture basis until they formally went into business together in 1992. Together with Eoin Macleod, Sam developed the business which resulted in the formation of W7.

Skills: Co-Founder of W7, entrepreneurship, industry knowledge and experience

Eoin Macleod, Managing Director
Eoin's first introduction to the world of beauty was at the age of 14 through a Saturday job in an indoor market selling cosmetics and perfumes. After leaving college, Eoin decided to set up his own business selling fragrances directly to the public through London street markets as well as selling into the wholesale sector and then expanding into selling cosmetics. In 1992 he formally went into business with Sam, operating initially in the close-out cosmetics and fragrance industry. Together with Sam Bazini, Eoin developed the business which resulted in the formation of W7.

Skills: Co-Founder of W7, entrepreneurship, industry knowledge and experience

Paul Hagon Executive Director
Neil Rodol Chief Financial Officer
Eoin Macleod Managing Director
Sharon Daly Independent Non-executive Director
Clive Garston Independent Non-executive Chairman
Indira Thambiah Independent Non-executive Director
Sam Bazini Chief Executive Officer
Sally Craig Group Counsel & Company Secretary
Keith Sadler Independent Non-executive Director

Neil Rodol, Chief Financial Officer I

Neil joined the Group in August 2015, having previously been an adviser to the business for several years and was appointed to the board as Chief Financial Officer in November 2016. Prior to joining the business, he was involved in several corporate purchases and acquisitions, selling his publishing company in 2006 to a quoted group and becoming the group's licensing director; completing a management buyout in 2014. Neil trained as an accountant at BDO Stoy Hayward and holds an honours degree in Maths and Computer Science.

Skills: Financial skills, industry and public company experience

Sally Craig, Group Counsel & Company Secretary

Sally has been Company Secretary to Warpaint London PLC since February 2017 and was appointed to the board in September 2018. Until early May 2025, she is also the Corporate Finance, Legal and Regulatory Officer, and Company Secretary of AIM quoted Diaceutics plc, a technology and solutions provider to the pharmaceutical industry. Sally is a solicitor and has previously practised as a corporate lawyer, and has many years' experience providing company secretarial services to private and public companies in the UK including then AIM quoted, Osmetech plc. Sally holds an honours degree in law from Manchester Metropolitan University.

Skills: Legal, company secretarial and public company experience

Paul Hagon, Executive Director

Paul joined the Group as a Non-Executive Director in November 2016, subsequently becoming an executive director on 1 January 2021, the effective date of renewal of the Company's strategic consultancy agreement with Ward & Hagon Management LLP. Having worked in the Grocery Sector for over 30 years in both wholesaling and major branded suppliers, Paul is currently providing consultancy services for a number of retail, manufacturing and wholesale businesses to assist with strategies, change programmes and the implementation of practical business plans. Prior to this, Paul has worked in selling, marketing and business management roles with Nestle and more recently, Palmer and Harvey, where his latter role was as Group Strategy and Development Director. Paul has also served as Chairman of the Association of Convenience Stores between 2014-2016, where he has been a board member for 20 years.

Skills: Retail and wholesale business experience and strategic planning

A Audit and Risk Committee
R Remuneration Committee
I Insider Committee

Keith Sadler, Independent Non-Executive Director A R
(Chair Audit and Risk Committee)

Keith joined the Group as a Non-Executive Director in November 2016. He is a non-executive director of 4Global PLC a data driven sports participation company, and Chairman of HR Dept. Limited, a professional services business. Historically, Keith has been CEO or CFO of a number of quoted companies in the marketing services, telecoms and media industries. Keith is a chartered accountant and holds an honours degree in economics from the University of Kent.

Skills: Financial skills, communications and public company experience

Indira Thambiah, Independent Non-Executive Director A R
(Chair Remuneration Committee)

Indira joined the Group as a Non-Executive Director on 1 January 2024, and is an experienced multi-channel retail executive and consultant, with previous roles including Head of Multi-Channel for Home Retail Group (Argos & Homebase). She has successfully managed several private businesses, most recently Roof Maker (CEO, 2018 to 2022). Indira has also been an independent non-executive director and member of the Remuneration Committee at each of Superdry plc (2010 to 2013) and Yorkshire Building Society (2007 to 2010), and is currently an independent non-executive director and Remuneration Committee Chair at Card Factory Plc and Senior Independent Director and Audit Committee Chair at Vivo Barefoot Ltd. Indira is a qualified Chartered Accountant.

Skills: Retail, digital, direct to consumer (D2C) and public company experience.

Sharon Daly, Independent Non-Executive Director A R

Sharon joined the Group as a Non-Executive Director on 1 January 2024 and has more than 25 years of experience within the healthcare industry, predominantly in marketing, international sales and business development roles. Sharon co-founded Venture Life Group in 2010 and made a significant contribution to the growth of the business from inception, until she left in 2023, including its IPO on AIM in 2014. Sharon is an Independent non-executive director at AIM listed Brickability Group Plc, and is also an independent non-executive director at AIM listed Gear4Music Plc, where she is a member of the Audit Committee.

Skills: Marketing, Sales, Entrepreneurship and public company experience.

Corporate Governance Report

Chairman's Introduction

I am pleased to present the Corporate Governance Report for the year ended 31 December 2024. The Warpaint directors recognise and prioritise the importance of sound corporate governance in supporting and delivering the strategy of the Company and its subsidiaries (together the "Group"). This involves managing the Group in an efficient manner for the benefit of its shareholders and other stakeholders (principally employees, customers and suppliers), whilst maintaining a corporate culture which is consistent with our values.

The Company has adopted the QCA Corporate Governance Code ("QCA Code") and is reporting against the QCA Code 2023 ("the 2023 QCA Code") in respect of the Group's financial year ended 31 December 2024. This is ahead of the required adoption and reporting dates which would ordinarily be in respect of the Group's financial year ended 31 December 2025.

The Company's Corporate Governance Statement is available to view on the Company's website at www.warpaintlondonplc.com.

The board of directors is responsible for the long-term success of the Company and, as such, devises the Group strategy and ensures that it is implemented. The board is responsible for governance and is determined that the Company protects and respects the interests of all stakeholders and in particular is focused upon creating the right environment for its employees. We want a happy workplace, and we want our employees to be fully and properly rewarded and to feel that they are an integral part of the Warpaint family. A reward structure is therefore in place, which includes the grant of share options, enabling members of staff to participate in the growth of the Company, as appropriate. We want our suppliers, who are an essential part of the Company to feel part of the Warpaint family and we work closely with them to ensure that this is the case. Above all, the Company wishes to ensure that shareholders obtain a good return on their investment and that the Company is managed for the long-term benefit of all shareholders and other stakeholders. Appropriate corporate governance procedures will ensure that that is the case and reduce the risk of failure. The board also seeks to ensure that there are effective internal controls, risk is properly managed and that the Group strategy is implemented.

Board Composition

It has been a priority to bring more diversity and greater independent non-executive experience and balance to the board of directors. As previously mentioned in the report for 31 December 2023, a comprehensive search was undertaken in Q4 2023 to identify candidates who would fulfil this objective. Reflecting the high calibre and exceptional quality of the shortlisted candidates and the difficulty of narrowing the field down, Indira Thambiah and Sharon Daly were appointed as non-executive directors and members of the Audit and Risk Committee and Remuneration Committee on 1 January 2024. Indira was subsequently appointed as Chair of the Remuneration Committee on 3 September 2024, replacing Keith Sadler who stepped down as Chair but remains a member of the Committee.

These appointments are extremely welcome, and I am pleased that the Company has a such a strong, balanced board comprising three independent non-executive directors, myself as Chairman and five executive directors and which is fully diverse.

This report sets out our approach to governance and provides further information on the operation of the board of directors and its committees and how the Group seeks to comply with the ten principles of the QCA Code.

Clive Garston
Chairman

Principle 1 – Establish a purpose, strategy and business model which promote long term value for shareholders

Purpose and Mission

Warpaint's purpose and mission is to provide access to an extensive range of high-quality cosmetics at an affordable price. It is core to the Company's ethos which resonates throughout the Group and is reflected in its strategy, targets and long-term objectives.

Business Overview

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'stuff, Body Collection and Chit Chat, each targeting a different demographic. In February 2025, Warpaint acquired Brand Architekts Group plc, which has a number of leading health, beauty and personal care brands that complement Warpaint's existing cosmetics brands, including Skin & Tan, Super Facialist, Dirty Works, Root Perfect, Fish Soho and MR Solutions.

Strategy
The Group's strategy is reviewed each year by the board, taking account of relevant market data, the Group's track record, key strengths and experience, along with the Group's aims. The strategy is targeted by year and measured monitored and reviewed as part of the board's on-going business throughout the year.

The strategic plan, which comprises six key pillars, has been updated for 2025 forming the basis of the Group's development through to 2027. It is designed to drive shareholder value and contains defined targets for sales, EBITDA, earnings per share and cash generation, with a particular emphasis on driving incremental EBITDA growth.

Further details of the Group's strategy are set out in the strategy section of the Chief Executive's statement.

Principle 2 – Promote a corporate culture that is based on ethical values and behaviours

The board maintains a corporate culture consistent with the Group's strategic objectives which aims to promote an ethical and responsible business. This is monitored by the Chief Executive Officer who appraises the board of any issues arising.

During 2024 a board meeting was held at Badgequo's offices in Silsden, Yorkshire. This allowed the board to meet and engage fully with other senior management and key staff at the Badgequo subsidiary headquarters to both convey and receive important messaging about the Company, its business and culture directly from these key staff members. The board is planning a similar exercise at Warpaint's headquarters at Iver in 2025.

The board is equally committed to maintaining appropriate standards for all the Company's business activities and ensuring that these standards are set out in written policies and procedures to support these standards. These include policies on Anti-Bribery, Whistleblowing and Modern Slavery details of which are included in the ESG report.

See the ESG and Stakeholder Engagement sections of the Corporate Governance Report for further information on the Group's approach to and activities relating to its environmental responsibilities, key stakeholders and corporate culture.

Principle 3 – Seek to understand and meet shareholder needs and expectations

The Company remains committed to maintaining good communications and constructive dialogue with both its retail and institutional investors. The interests of shareholders are considered paramount to the decision-making process and strategic direction of the Group and good communication allows the Company to convey its strategy, business model and performance to its investors and, to understand and respond to the needs and expectations of shareholders.
The board declared an interim dividend of 3.5p per share which was paid on 22 November 2024. In accordance with the Group's policy to pay appropriate dividends, the board is recommending a final dividend for 2024 of 7.5p per share, making a total dividend for the year of 11.0p per share.

The Chairman is available to engage with shareholders on governance and other matters if requested and the board takes into consideration comments and proxy voting recommendations received on the resolutions and business at the Annual General Meeting each year. The Chief Executive Officer takes part in online conferences and Q and A sessions for retail investors and the Chief Executive Officer, Managing Director and Chief Financial Officer make presentations to institutional shareholders and participate in Investor Roadshows around the time of the announcement of the full-year and half-year results and other conferences throughout the year.

On the Company's IPO in 2016 Samuel Bazini and Eoin Macleod entered into a Relationship agreement dated 24 November 2016 with the Company and Stockdale Securities Limited, the Company's NOMAD, as their aggregate holdings were in excess of 50% of the Company's issued share capital at that time (the "Relationship Agreement"). The Relationship Agreement provided for termination if the shareholdings of each director and his associates went below 20% of the Company's share capital. The shareholdings of Samuel Bazini and Eoin Macleod (and their associates) at 31 December 2024 were 19.82% so these undertakings and the Relationship Agreement have now fallen away. In 2024 Samuel Bazini and Eoin Macleod reaffirmed their agreement to abide by their undertakings given in the Relationship Agreement.

All individual investor queries should be addressed to the Warpaint company secretary at: investors@warpaintlondonplc.com or to the Company's retained investor relations adviser, IFC Advisory Limited at: warpaint@investor-focus.co.uk.

The means by which the Company communicates with its retail and institutional shareholders are set out in Principle 10.

Corporate Governance Report (continued)

Principle 4 – Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success

The Group has strong regard for the importance of its stakeholders including customers, distributors, suppliers, employees, shareholders, the environment and community in which we live.

See the ESG and Stakeholder Engagement sections of the Corporate Governance Report and Principle 10 for further information on the Group's approach to and activities relating to its environmental and social responsibilities, and other key stakeholders and how it garners and responds to feedback from these important stakeholders. The environmental KPIs by which the Company may be measured are set out in the ESG and Directors' Report sections of the Corporate Governance Report.

The Group's workforce is vital to the long-term success of the Company. The Company nurtures its employees and provides an environment and processes which allow for grievances to be raised in confidence via the whistleblowing policy and otherwise.

Principle 5 – Embed effective risk management, internal controls, and assurance activities, considering both opportunities and threats, throughout the organisation

The Company 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 evaluation, identification and effective management of risk are therefore critical to developing and supporting the delivery of the Group's strategic objectives.

Internal Control and Risk Management

The board is responsible for establishing and maintaining the Group's system of internal controls and reviewing its effectiveness. The procedures, which include financial, compliance and risk management, are reviewed on an on-going basis. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The board has considered the need for an internal audit function but does not consider it necessary at the present time with the current controls in place. The board considers that the internal controls in place are appropriate for the size, relative simplicity of the business and the risk profile of the Group.

The assessment and management of risk is primarily the function of the executive officers, most specifically the Chief Executive Officer for strategic and business risk and the Chief Financial Officer for financial risk. The Group maintains a formal risk register which is reviewed periodically and, where appropriate, matters of risk are referred to the board for consideration. The Audit Committee was reconstituted by the board of directors on 3 September 2024 as the Audit and Risk Committee with associated and updated Terms of Reference. An annual assessment of risk matters is undertaken each year by the Audit and Risk Committee.

The principal risks identified by the board are set out in the Risk Management section of the Strategic Report.

Principle 6 – Establish and maintain the board as a well-functioning, balanced team led by the Chair

Composition, Roles and Responsibilities

The board currently comprises of the Chairman, Clive Garston three independent non-executive directors, Keith Sadler, Indira Thambiah and Sharon Daly and five executive directors, Sam Bazini, Eoin Macleod, Neil Rodol, Paul Hagon and Sally Craig, who is also the Company Secretary.

Indira Thambiah was appointed Chair of the Remuneration Committee on 3 September 2024 in place of Keith Sadler who remains on the Committee. The Audit and Risk Committee and the Remuneration Committee are entirely comprised of independent non-executive directors.

The board is responsible for the long-term success of the Company. This includes formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions and, reporting to the shareholders.

The board believes that it is fully diverse and is made up of individuals with varied and different backgrounds and experience. The board does not consider that having a senior independent director is presently appropriate, but this will also remain under review. The board considers that its composition is pertinent at this stage of the Company's evolution, but this will also remain under review. Both Clive Garston and Keith Sadler were appointed as directors on the Company's IPO in November 2016 and in November 2025 will have been board members for nine years. In January 2025 the board gave consideration as to whether, in these circumstances, they should resign from the board in 2026. However, there was unanimous support from the Chief Executive Officer and the rest of the board that they should be asked to remain, and they are very happy to do so.

No single director is dominant in the decision-making process.

Roles of the Chairman, Chief Executive Officer, Managing Director, Chief Financial Officer and General Counsel & Company Secretary

The Chairman is responsible for running the business of the board and for ensuring appropriate strategic focus and direction. The Chief Executive Officer is primarily responsible for implementing and driving the Group strategy once it has been approved, investor relations and overseeing the management of the Company through the executive team. The Managing Director is responsible for driving sales operations and profitability.

The Chief Financial Officer works closely with the Chief Executive Officer and Managing Director and is responsible for all the financial affairs of the Group. In particular, the oversight of cash flow, the provision of monthly financial information to the board, control of working capital, overseeing the audit and preparation of all Group company statutory accounts and Interim Statements along with the overall financial management of the Group and its processes. The executive officers are responsible for formulation of the Group strategy for submission to the board, the day-to-day management of the Group's businesses and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets to be discussed, considered and approved by the board of directors.

The General Counsel & Company Secretary is responsible for the oversight of legal issues and regulatory compliance along with executive share schemes, investor queries, insurances and policy implementation. In addition, she assists the Chairman and other committee chairs in ensuring all meetings of the board and committees are informed and effective.

Board Operation

The board has adopted a formal schedule of matters reserved solely for its consideration. These include reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions, internal controls and reporting to the shareholders.

Board meetings are held in person and online and in 2024 four in person and six online meetings were scheduled. These meetings are supplemented by additional meetings where required for the proper management of the business. For 2025 there are scheduled to be four quarterly meetings and five online meetings that will be supplemented by additional meetings throughout the year as required for the proper oversight and scrutiny of the business and the executives, one of which includes a dedicated focused strategy session.

Board papers are circulated to board and committee members in advance to allow directors adequate time for discussion and consideration.

Dialogue occurs regularly between directors outside of scheduled meetings.

Board Meetings during the year and time committed

The board met 12 times during the financial year ended 31 December 2024 for both scheduled and *ad hoc* meetings and calls.

In the event that directors are unable to attend a meeting, their comments on papers submitted may be discussed in advance with the Chairman enabling their contribution to be included in the wider board discussion.

Corporate Governance Report (continued)

Board and Committee Meeting attendance for the year ended 31 December 2024
The following table shows directors' attendance at scheduled and *ad hoc* board meetings during the year.

	Board	Audit	Remuneration	Insider
Clive Garston	12/12	n/a	n/a	None
Sam Bazini	11/12	n/a	n/a	None
Eoin Macleod	11/12	n/a	n/a	n/a
Neil Rodol	12/12	n/a	n/a	None
Sally Craig	12/12	n/a	n/a	n/a
Paul Hagon	11/12	n/a	n/a	n/a
Keith Sadler	11/12	4/4	4/4	n/a
Indira Thambiah	11/12	4/4	4/4	n/a
Sharon Daly	12/12	4/4	4/4	n/a

The following directors are each required to commit at least the following number of days per week to their roles: The Chief Executive Officer and Managing Director, five days; the Chief Financial Officer, four days and the General Counsel & Company Secretary, three days (26 hours). Effective 1 May 2025, Sally Craig will be required to commit at least four days per week to her role. Paul Hagon, executive director, and the non-executive directors are required to provide such time as is required to fully and diligently perform their duties. All board members are expected to attend all meetings of the board and the committees on which they sit, wherever possible.

Board Rotation
The Articles of Association of the Company (the "Articles") require that one-third of the directors must stand for re-election by shareholders annually in rotation and that any new directors appointed during the year must stand for re-election at the Annual General Meeting ("AGM") immediately following their appointment. There are no directors who have been appointed since the date of the last AGM and, in accordance with the Articles, Samuel Bazini, Neil Rodol and Sally Craig will retire by rotation and stand for re-election at the forthcoming AGM. It is intended that in compliance with the 2023 QCA Code, all directors will retire by rotation and stand for re-election at the 2026 AGM.

Principle 7 – Maintain appropriate governance structures and ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Group's governance structures have been reviewed against the 2023 QCA Code and the board believes them to be in accordance with best practice as adapted to best comply with the Group's circumstances and stage of development.

The board is responsible for implementing the Group's strategy and promoting the long-term success of the Company. The executive directors have overall responsibility for managing the Group's day to day operational, commercial and financial activities supported by senior management. The non-executive directors are responsible for bringing independent and objective judgement to board decisions.

The business reports bi-monthly on its headline performance against its agreed budget, and the board reviews the monthly update on performance and any significant variances are reviewed at each scheduled meeting. The board challenges the executive directors and senior management on performance against budgets, forecasts and key business milestones. Monthly updates on performance are reviewed at each formal board meeting.

At each meeting the board considers directors' conflicts and potential conflicts of interest (if any). The Company's Articles provide for the board to authorise any actual or potential conflicts of interest.

The board is confident that its governance structures and processes are appropriate and fit for purpose consistent with its current size and the relative simplicity of the business. The appropriateness of the Group's governance structures and practices will be reviewed and refined over time to take account of further developments in accepted best practice and the development of the Company.

The matters reserved for the board and the directors' roles and responsibilities are outlined in Principle 6.

The committees of the board of directors are described below.

Audit and Risk, Remuneration and Insider Committees

The board has established the Audit and Risk Committee, Remuneration Committee and Insider Committee with formally delegated duties and responsibilities and with written terms of reference. The full terms of reference of each committee are available on the Company's website at www.warpaintlondonplc.com.

The Audit and Risk Committee and the Remuneration Committee each comprises three independent non-executive directors: Keith Sadler (Chair of the Audit and Risk Committee), Indira Thambiah (Chair of the Remuneration Committee since 3 September 2024) and Sharon Daly. The Insider Committee comprises one non-executive director and two executive directors: Clive Garston (Chairman), Sam Bazini and Neil Rodol.

During the financial year ended 31 December 2024, the Audit Committee met four times, the Remuneration Committee four times and the Insider Committee did not meet. From time to time, separate committees are set up by the board to consider specific issues when the need arises.

The board retains a range of financial, commercial and entrepreneurial experience and there is a good balance of skills, independence, diversity and knowledge of both the Company and the sectors in which it operates including cosmetics, retailing, finance, legal, computing, innovation, international trading, e-commerce, marketing and public markets. Non-executive directors are appointed on merit and for their specific areas of expertise and knowledge. This enables them to bring independent judgement on issues of strategy and performance and to debate matters constructively.

The biographies of each of the directors, including the committees on which they serve, and chair and the skills brought to the board, are shown in the section headed Board of Directors.

The board is satisfied that, between the directors, it has an effective and appropriate balance of skills, knowledge, experience and time committed to enable it to deliver the strategy of the Group, it is nevertheless mindful of the need to continually review the needs of the business to ensure that this remains true. Involvement with a variety of other boards allows directors to witness alternative approaches to similar business issues and to benefit from the advice of more than just the Group's advisers.

From time to time, directors attend seminars and trade events where appropriate to ensure that their knowledge and industry sector contacts remain current and may attend such courses or training, as they feel appropriate, to keep their knowledge up to date.

External and Internal Advice

The board seeks external advice from time to time to enable it to effectively perform its duties including from its lawyers, accountants, nominated adviser and corporate broker, financial PR advisers, remuneration consultants and insurance brokers.

In the latter part of 2024, the board engaged extensively with its advisers and others in connection with offer by the Company to acquire the entire issued share capital of Brand Architekts Group PLC ("Brand Architekts") which was announced on 5 December 2024. The offer was a cash offer at 48 pence per share, with a share consideration alternative of 0.0916 new Warpaint shares for each Brand Architeckt share. In connection with the acquisition the Company raised gross proceeds of £15 million via a Placing and a Retail Offer of shares at a price of 510p, which was also announced on 5 December 2024.

The Remuneration Committee received advice in 2024 from h2g Remuneration Advisory LLP and Fladgate LLP to assist them in connection with the grant of options.

All directors have access to the advice and services of the General Counsel & Company Secretary, who is responsible for ensuring that board procedures are followed and that the Company complies with applicable rules, regulations and obligations.

Principle 8 – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Group's performance is reported bi-monthly against headline performance and agreed budgets and reviewed by the board (as a minimum) at each monthly board meeting. The board challenges the executive directors and senior management on performance against budgets, forecasts and key business milestones and have adopted a set of KPI's against which the performance of the Company and therefore the board, may be measured.

The Company is yet to adopt a formal performance evaluation procedure for the board and directors individually. This will remain under review and the board will consider the implementation of performance evaluations facilitated by external advisers for the board, both individually and as a group, to ensure the efficient and productive operation of the board.

Corporate Governance Report (continued)

As the business of the Group grows, the expertise required at management level is expanded and developed although there are no prescribed procedures for succession planning at board level. Nevertheless, the board gives due consideration to succession planning.

Due to the size of the Group, issues concerning the nomination of directors have traditionally been dealt with by the board, aided by an *ad hoc* Nomination Committee if deemed appropriate. An *ad hoc* Nomination Committee comprising of Clive Garston (Chair), Sam Bazini and Keith Sadler, was constituted most recently in relation to the recruitment of Indira and Sharon on 1 January 2024. Since the year end the board have resolved that a Nomination Committee comprising of these individuals will be formally constituted in 2025. The Nomination Committee will assist with any succession process if deemed appropriate.

Principle 9 – Establish a Remuneration Policy which is supportive of long-term value creation and the Company's purpose, strategy and culture

The board has adopted a remuneration policy that takes into account both Group and individual performance, market value and sector conditions in determining director and senior employee remuneration. Remuneration packages are constructed to provide a balance between fixed and variable rewards and for the vast majority of employees includes basic salary, pension, death in service benefit, discretionary annual bonus and long-term incentive awards. The board believes that this policy is aligned with the Company's purpose, strategy and culture at this stage of its development.

Compensation reflects the role and the experience of the individual and is benchmarked against the market and the annual bonus and LTIP is intended to align the interests of the executive directors and certain senior management with the interests of shareholders and stakeholders in the long term. Bonuses are paid in cash, based on Group performance and individual director contributions, and are discretionary. LTIPs are also granted at the discretion of the Remuneration Committee. Share option awards to executive directors and certain senior management have a minimum vesting period of three years and are subject to three-year objective group performance conditions.

In formulating the policy, pay and conditions across throughout the Group are taken into consideration and the board (via the Remuneration Committee) has consulted with external remuneration consultant h2g Remuneration Advisory LLP. The Committee's policy is to consult with major shareholders in respect of significant decisions on executive remuneration and the Chair of the Remuneration Committee, Indira Thambiah, is available for contact with investors concerning the Company's approach to remuneration.

Consideration is also given to the feedback from Proxy Advisers which in respect of the AGM in 2024 noted that options had been granted to executive directors during 2023 without performance conditions. In response to this the Company consulted its advisers and in December 2024, the share options granted to three senior executives, including Neil Rodol and Sally Craig were subject to certain performance conditions being met, including CAGR in the Company's adjusted basic earnings per share exceeding 10% over the three years commencing 1 January 2025.

The Company's remuneration policy is set out in the Remuneration Committee Report and will continue to be monitored and developed throughout the coming year.

In line with previous practice, the Remuneration Report (excluding the Remuneration policy) will be put to an advisory resolution at the 2025 AGM. Throughout 2025, consideration will continue to be given to the guidance contained in the 2023 QCA Code.

Principle 10 – Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders

The Company's principal means of communication with shareholders is through the Annual Report and Financial Statements, the full-year and half-year announcements and the AGM. The board receives regular updates on the views of shareholders through briefings and reports from the executive directors, the Company's brokers and PR advisers and responds to and will take account, wherever possible, of recommendations made by proxy adviser companies.

Retail Investors

The board recognises that the AGM is an important opportunity to meet retail shareholders. Each substantially separate issue is the subject of a separate resolution at the AGM and all shareholders have the opportunity to put questions to the Board. All board members endeavour to attend AGMs and answer questions put to them which may be relevant to their responsibilities. In addition, the directors are available to listen informally to the views of shareholders immediately following the AGM, allowing all shareholders an opportunity to ask questions or represent their views.

For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The Company releases the voting results for the AGM and other General Meetings by RNS and the results of the AGM are published on the Company's website.

The Chief Executive Officer takes part in online conferences and Q and A sessions for retail investors.

Corporate information, including Company announcements and presentations, are also available to shareholders, investors and the public on the Group's website www.warpaintlondonplc.com. The Company's contact details and email address for investor queries, and correspondence address are listed on the website and the website offers a facility to sign up for email alert notifications of the Company's news and regulatory announcements

Institutional Shareholders

The Chief Executive Officer, the Managing Director and the Chief Financial Officer make presentations to institutional shareholders and participate in Investor Roadshows and conferences both following the announcement of the full-year and half-year results and, at other times throughout the year. Not every executive officer participates in every investor presentation. A summary of investor sentiment is regularly circulated to the board. The Chairman participates in these presentations where appropriate and is available to speak with shareholders. The Chief Executive Officer takes part in additional online conferences and dialogue with individual institutional shareholders also takes place in order to understand and work with these investors to seek to comply with their investor principles where practicable.

Investor queries may be addressed to the Company Secretary at investors@warpaintlondonplc.com. A range of corporate information (including all Company announcements) is also available to shareholders, investors and the public on the Company's website www.warpaintlondonplc.com.

Other Key Stakeholders

The Company's means of communicating with its other stakeholders are set out in the Stakeholder Engagement and ESG sections of the Strategic Report and the Section 172 report.

The Reports of the Audit and Remuneration Committee and the Remuneration Committee describe the responsibilities of those committees and the work undertaken throughout the year.

Audit and Risk Committee Report

On behalf of the board, I am pleased to present the Audit and Risk Committee Report for the year ended 31 December 2024. The Audit Committee was reconstituted by the board of directors on 3 September 2024 as the Audit and Risk Committee with associated and updated Terms of Reference.

The Audit and Risk Committee is responsible for ensuring that the financial performance of the Group is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Group (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, reviewing findings of an audit with the auditors, meeting regularly with the auditors and advising on the appointment of external auditors. It is further responsible for reviewing and monitoring the effectiveness of internal financial controls, risk management systems and overall risk framework and processes, considering appropriate risk appetite and strategy across all major activities, overseeing current and prospective risks faced by the Company and its strategy in relation to future risks, ensuring that risk management is properly considered in board decisions, and that the risk management function is adequately resourced.

During the year the Committee consisted of three non-executive directors: me (as Chairman), Indira Thambiah and Sharon Daly both of whom were appointed to the board and to the Committee on 1 January 2024 and both of whom are independent non-executive directors. Clive Garston stepped down from the Committee on 1 January 2024.

The Audit and Risk Committee is convened as required and met three times during the year ended 31 December 2024 to discharge its responsibilities *inter alia* in connection with the Group's Financial Statements for the year ended 31 December 2023 and the Interim Financial Statements for the six months ended 30 June 2024. A further planning meeting took place with the external auditor BDO LLP ("BDO") during the year. The Chief Financial Officer and the external auditor normally attend Committee meetings. The Committee met with the external auditor without management present during the year.

The board is satisfied that I, as Chairman of the Committee, have recent and relevant financial experience. I am a Chartered Accountant and, over the past 29 years have served on the board of a number of public limited companies in finance roles including as chief financial officer, group finance director and treasurer.

Whilst the board as a whole has a duty to act in the best interests of the Company, the Committee has a particular role, acting independently of management, to ensure that the interests of shareholders are properly protected in relation to financial reporting and the effectiveness of the Group's systems of financial internal controls.

The key responsibilities of the Committee are to:

- Monitor the integrity of the Group's financial statements and other statements and announcements relating to its financial performance, reviewing and challenging the methodology and assumptions used where necessary;
- Consider the Group's accounting policies and practices along with its application of accounting standards and significant judgements;
- Review and monitor the effectiveness of the Group's system of internal controls, including financial reporting and controls and risk management systems and overall risk framework and processes;
- Consider and oversee the Group's appetite and strategy for risk across all major activities, oversee current and prospective risks and the management thereof, ensure the proper consideration of risk by the board and adequate resourcing of the risk management function;
- Review the adequacy and security of the Group's procedures and controls for whistleblowing, the detection of fraud and the prevention of bribery;
- Consider and make recommendations to the board on the appointment, reappointment, removal or resignation and remuneration of the external auditor; and
- Oversee the relationship with the Group's external auditor including consideration of the objectivity and independence of the external audit process.

The full terms of reference for the Committee can be found on the Company's website at www.warpaintlondonplc.com.

Key Activities during the Year

During the year ended 31 December 2024, the Audit and Risk Committee has:

- Received and reviewed statements from management regarding their approach to key accounting considerations, estimates and judgements in the financial statements for the year ended 31 December 2023, in particular revenue recognition, valuation of inventory recorded on the statement of financial position, impairment assessments on the carrying value of goodwill and other intangible and tangible assets, debtor recoverability, management's assessment of going concern;

- Discussed the report received from the external auditor regarding its audit in respect of the year ended 31 December 2023;
- Reviewed and discussed with the external auditor the key accounting considerations, estimates and judgements reflected in the Group's financial statements for the year ended 31 December 2023;
- Reviewed the half-year results to 30 June 2024 and full-year financial statements to 31 December 2023;
- Discussed with the external auditor their review of the half-year results to 30 June 2024;
- Reviewed and approved the Group's viability/going concern statement for 2024, including the approach and assumptions taken, giving consideration to key risks;
- Reviewed and agreed the external auditors audit strategy memorandum in advance of its audit for the year ended 31 December 2024, including a statement on its independence and objectivity; and
- Agreed the terms of engagement and fees to be paid to the external auditor for the audit of the 2024 financial statements.

An overview of the Company's approach to risk and risk management through 2024, together with a summary of the principal risks facing the Group, is provided in the risk management section.

External auditor

The Committee oversees the Group's relationship with BDO and formally reviews the relationship, policies and procedures to ensure its independence. BDO also reports to the Committee on the steps it has taken through the year to safeguard its independence and to comply with the relevant professional and regulatory requirements. The BDO partner in charge of the audit is Hannah Pop who has held the role for two years. The maximum term for which a partner in charge can perform the role is five years.

BDO has been auditor to the Group for nine years since its appointment in respect of the 2016 year end, with the lead audit partner being rotated on a regular basis, most recently in 2023 in respect of the audit for the year ended 31 December 2023. The last tender for the audit of Warpaint London PLC and its subsidiaries occurred in 2016. The board is satisfied that BDO's appointment as auditor remains appropriate for the size and complexity of the Group, but consideration is given to the tendering for auditors from time to time and this will remain under review. There are no contractual obligations that restrict the Committee's choice of external auditor.

BDO LLP was appointed by the board as the Company's external auditor on 26 June 2024 for the 2024 reporting period and it is their intention to put themselves forward at the AGM to stand as auditors for the next financial period.

The Group paid £333,000 to BDO for audit services in 2024, relating to the statutory audit of the Group and Company financial statements, the audit of Group subsidiaries, and audit-related assurance services. In addition, the Group paid £5,000 to BDO in 2024 for tax advice.

Independence

During the year it was identified that BDO Ireland, a separate BDO Member Firm, had provided VAT Compliance Services to Warpaint Cosmetics (ROI) Limited, which is a controlled undertaking of Warpaint London PLC. As such, this constitutes a service which is not permitted to be provided to Other Entities of Public Interest and their controlled undertakings under paragraph 5.40 and 5.42 of the FRC Ethical Standard (2019). The service was provided during the financial year ended 31 December 2024 but concerned matters in relation to the previous financial year and had fees of less than £1,770. The services were provided in January 2024 to meet a statutory reporting deadline in Ireland, following which they were immediately terminated. The services had no material effect on Warpaint London PLC's Consolidated Financial Statements. BDO have assessed the threats to independence arising from the provision of this non-audit service and, in its professional judgment, have confirmed that based on its assessment of the breach, BDO's integrity and objectivity as Auditor has not been compromised and BDO believes that an Objective, Reasonable and Informed Third Party would conclude that the provision of this service would not impair their integrity or objectivity for any of the impacted financial years. Those Charged With Governance at the entity have concurred with this view. Other than the matter noted above, no other non-audit services prohibited by the FRC's Ethical Standard (2019) were provided to the entity.

Committee performance and effectiveness

The Company is yet to adopt a formal performance evaluation procedure for the board, its committees and directors individually.

Audit and Risk Committee Report

This Audit and Risk Committee Report was reviewed and approved by the board on 28 April 2025.

Keith Sadler
Chair Audit and Risk Committee

Remuneration Committee Report

On behalf of the board of directors, I am pleased to present the Remuneration Committee Report for the year ended 31 December 2024.

The main objectives of the Remuneration Committee are to develop and implement compensation packages designed to attract, incentivise and retain staff, creating opportunities for senior management and employees to participate in share option schemes and develop bonus arrangements which reward performance and increase shareholder value over the long term.

The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Group's policy on the remuneration packages of the Company's Chairman, and the executive directors and such other members of the senior management as it is designated to consider. The Remuneration Committee also has responsibility for determining (within the terms of the Group's policy and in consultation with the Chairman of the board and/or the Chief Executive Officer) the total individual remuneration package for each executive director and other senior managers (including bonuses, incentive payments and share options or other share awards). The remuneration of non-executive directors will be a matter for the board as a whole. No director or manager will be allowed to partake in any discussions as to their own remuneration. In exercising this role, the directors shall have regard to the recommendations put forward in the relevant QCA Guidelines.

I joined the board and was appointed to the Remuneration Committee on 1 January 2024. I became Chair of the Remuneration Committee on 3 September 2024, replacing Keith Sadler who stepped down as Chair on that date. During the financial year ended 31 December 2024, the Committee consisted of three independent non-executive directors: me (as Chair), Keith Sadler, and Sharon Daly who was appointed to the board and the Committee on 1 January 2024. Clive Garston stepped down from the Committee on 1 January 2024.

The Remuneration Committee is convened not less than twice a year and otherwise as required. The Committee met four times during the year ended 31 December 2024.

The full terms of reference for the Committee can be found on the Company's website at www.warpaintlondonplc.com.

Key Activities during the Year

During the year ended 31 December 2024, the Remuneration Committee:

- Reviewed the share option award proposals for the grant of options under the Warpaint London PLC Company Share Option Plan and the Enterprise Management Incentive Scheme (as amended and restated on 21 September 2018) to employees in October 2024;
- Undertook a review and made recommendations regarding the performance criteria for the share options to be granted under the Warpaint London PLC Company Share Option Plan and the EMI Scheme to senior employees on 5 December 2024; and
- Reviewed the salary and bonus proposals for the executive directors and senior management at or above the Committee's review threshold.

Business performance in year and key decisions

In 2024, Warpaint London PLC reported strong financial performance with revenue increasing to £101.6m (2023: £89.6m) and profit before tax £23.8m (2023: £18.1m).

In the light of this performance, bonuses were paid to Sam Bazini (CEO) of £175,000, Eoin Macleod (MD) of £175,000, Neil Rodol (CFO) of £150,000 and Sally Craig (General Counsel & Company Secretary) of £8,000.

On 5 December 2024, Warpaint London PLC granted 205,000 share options to three senior executives, including CFO Neil Rodol (120,000) and General Counsel & Company Secretary Sally Craig (10,000). The options are exercisable at 490p from 5 December 2027 to 5 December 2034, are subject to performance conditions.

2024 and 2025 AGM

At the Company's Annual General Meeting ("AGM") on 26 June 2024, 92.7% of votes were cast in favour of the resolution to approve the director's remuneration report with 7.3% of votes against. One proxy adviser noted in its report in respect of the 2024 AGM that options had been granted to executive directors during 2023 without performance conditions.

In response to this, the Company consulted its advisers in respect of options to be granted to senior team members, including Neil Rodol and Sally Craig, both directors, on 5 December 2024, and the Remuneration Committee recommended that these options be exercisable subject to performance conditions as detailed later in this report.

In line with our previous practice, we will put this Remuneration Report (excluding the Remuneration policy) to an advisory resolution at our 2025 AGM. During 2025, the Remuneration Committee will continue to consider the guidance on remuneration contained in the new QCA Corporate Governance Code which applies to Warpaint from its financial year commencing 1 January 2025.

External Advice

The Remuneration Committee received advice from h2g Remuneration Advisory LLP and Fladgate LLP in the year to assist them in connection with the grant of options.

Directors Remuneration Policy

The Group takes into account both Group and individual performance, market value and sector conditions in determining director and senior employee remuneration. The remuneration packages are constructed to provide a balance between fixed and variable rewards. Therefore, remuneration packages for executive directors may include basic salary, pension, benefits, discretionary annual bonus and long-term incentive awards.

Salary, pension and benefits

The Company uses base salary as well as benefits, including pensions, to recruit and retain high quality executives. Compensation reflects the role and the experience of the individual and is benchmarked against the market. The individual's performance is reviewed on an annual basis with any salary changes effective 1 January. Pension benefits for senior executives are in line with the wider workforce. Benefits also include a death in service benefit for executive directors.

Annual bonus and LTIP

The annual bonus and LTIP is intended to align the interests of the executive directors with the shareholders and stakeholders in the long term. Bonuses are paid in cash, based on Group performance and individual director contributions, and are discretionary. Share options, which may be granted under CSOP when under HMRC limits, are also granted at the Committee's discretion. Share option awards to executive directors have a minimum vesting period of three years and are subject to three-year objective Group performance conditions.

Non-executive director remuneration

Remuneration is set having regard for the need to attract and retain high quality individuals with the skills, experience and time to excel in their role. Fees are paid in cash and are set based on market rates in comparative companies.

Service Contracts and non-executive directors' Letters of Appointment

The executive directors have rolling contracts that are terminable on 12 months' notice, in the case of Sam Bazini and Eoin Macleod (the Chief Executive Officer and the Managing Director) and six months' notice, in the case of Neil Rodol (Chief Financial Officer) and Sally Craig (General Counsel & Company Secretary). Paul Hagon (executive director), Clive Garston (Chairman), Keith Sadler, (non-executive director), Indira Thambiah (non-executive director) and Sharon Daly (non-executive director) have each entered into a letter of appointment which is terminable on three months' notice. Paul Hagon provides services to the Group through Ward & Hagon Management Consulting LLP, of which Paul Hagon is a partner and which is owned by an entity in which Paul Hagon has a material interest ("Ward & Hagon").

Remuneration of employees below the Group board

Employees below the Group board receive base salary, death in service benefit, annual bonus and are invited to participate in the option scheme as well as being eligible to participate in the CSOP on the same terms as other eligible employees. Pay and conditions throughout the Group are taken into consideration when setting remuneration policy. The Committee does not consult other employees when setting executive remuneration.

Shareholder consultation

The Committee's policy is to consult with major shareholders in respect of significant decisions on executive remuneration. The Chair of the Remuneration Committee is available for contact with investors concerning the Company's approach to remuneration.

Consideration of new executive directors or senior executives

When recruiting or promoting any senior executive, we seek to apply consistent policies on fixed and variable remuneration components in line with the remuneration policy set out above.

Remuneration Committee Report (continued)

Directors' Remuneration for the year ended 31 December 2024

	Salary £'000	Pension £'000	Benefits £'000	Bonus £'000	Total Remuneration 2024 £'000	Fair Value of Options £'000	Total Remuneration 2023 £'000
S Bazini	275	–	13	175	463	–	390
E Macleod	275	–	15	175	465	–	387
N Rodol	223	1	–	150	374	304	299
S Craig	68	1	–	8	77	37	69
C Garston	75	–	–	–	75	–	69
P Hagon	42	–	–	–	42	*71	42
K Sadler	50	–	–	–	50	–	46
****S Daly**	50	1	–	–	51	–	–
****I Thambiah**	50	1	–	–	51	–	–

* Shares granted to consultancy company Ward & Hagon Management Consulting LLP, of which director Paul Hagon is a member
** Appointed as directors 1 January 2024

Salaries
As at 1 January 2024, the salary of Sam Bazini (CEO) was £275,000, the salary of Eoin Macleod was £275,000, the salary of the Neil Rodol (CFO) was £223,000, the salary of Sally Craig (General Counsel & Company Secretary) was £67,500 and the salary of Paul Hagon (executive director) was £42,000.

Paul Hagon, an executive director, is a member of Ward & Hagon. In addition to the salary paid to Paul Hagon, Ward & Hagon were paid consulting fees of £225,000 (2023: £190,000), £101,504 commission (2023: £116,763) and expenses of £8,487 in 2024 (2023: £9,346).

The fee of Clive Garston, our Chairman, was £75,000 and the base fee of our non-executive directors was £50,000.

Bonus in year
Bonuses for the year to 31 December 2024 were based primarily on the achievement of the Company's budget for the financial year. In the light of performance against these targets, both the CEO and MD were paid a bonus at 64% of salary, the CFO was paid a bonus at 67% of salary and the General Counsel & Company Secretary was paid a bonus of 12% of salary, all as detailed in the table above.

Long term incentives
On 5 December 2024, Warpaint London PLC granted share options over a total of 205,000 ordinary shares of 25p each to three senior executives, including Neil Rodol (CFO): 120,000 and Sally Craig (General Counsel & Company Secretary): 10,000. The options are exercisable at 490p from 5 December 2027 until 5 December 2034, subject to certain performance conditions being met, including CAGR in the Company's adjusted basic earnings per share exceeding 10% over the three years commencing 1 January 2025.

On 30 May 2024, Neil Rodol (CFO), exercised 250,000 options over ordinary shares of 25p each at an exercise price of 122 pence per share (granted in May 2021), subsequently selling them at 485 pence per share.

Directors' interests in share options for year ended 31 December 2024

As at 31 December 2024 the following directors held the following performance related share awards (Enterprise Management Incentive Scheme Options or CSOPs) over ordinary shares of 25p each under the Warpaint London plc Enterprise Management Incentive Scheme and the Warpaint London plc Company Share Option Plan. For details of the share option schemes see Note 21 in the Consolidated Financial Statements.

	Type of Share Award	Date of Grant	Number of options at 31 December 2024	Exercise Price	End of Performance Period/First Exercise Date	Number of options at 31 December 2023
S Bazini	–	–	–	–	–	–
E Macleod	–	–	–	–	–	–
N Rodol	EMI (Non-Qualifying)	24.05.2021	–	122.0p	24.05.2024	225,410
	CSOP	24.05.2021	–	122.0p	24.05.2024	24,590
	CSOP	24.11.2023	9,230	325.0p	24.11.2026	9,230
	EMI (Non-Qualifying)	24.11.2023	110,770	325.0p	24.11.2026	110,770
	EMI (Non-Qualifying)	5.12.2024	120,000	490.0p	5.12.2027	–
S Craig	EMI	29.06.2017	10,000	237.5p	29.06.2020	10,000
	CSOP	20.05.2020	10,000	49.5p	20.05.2024	10,000
	CSOP	24.11.2023	10,000	325.0p	24.11.2026	10,000
	EMI (Non-Qualifying)	5.12.2024	10,000	490.0p	5.12.2027	–
P Hagon	EMI (Non-Qualifying)	01.03.2023	*200,000	127.5p	01.03.2025	*200,000
C Garston	–	–	–	–	–	–
K Sadler	–	–	–	–	–	–
****S Daly**	–	–	–	–	–	–
****I Thambiah**	–	–	–	–	–	–

* Shares granted to consultancy company Ward & Hagon Management Consulting LLP, of which director Paul Hagon is a member Further details of this award are disclosed in Note 21

** Appointed as directors 1 January 2024

Remuneration Committee Report (continued)

The directors, who held office at 31 December 2024, had the following interests in the ordinary shares of 25p each in the capital of the Company:

	Number of share options held at 31 December 2024	Number of Ordinary Shares held at 31 December 2024	Ordinary Shares as % of issued share capital	Number of Ordinary Shares held at 31 December 2023
S Bazini (a)	–	15,994,227	19.82	15,195,208
E Macleod (b)	–	15,994,227	19.82	15,195,208
N Rodol	240,000	105,921	0.13	103,961
S Craig	40,000	980	0.00	–
P Hagon	*200,000	32,615	0.04	31,145
C Garston	–	132,197	0.16	126,315
K Sadler	–	42,399	0.05	40,439
**** S Daly**	–	6,040	0.01	–
**** I Thambiah**	–	1,960	0.00	–

* Shares granted to consultancy company Ward & Hagon Management Consulting LLP, of which director Paul Hagon is a member.
** Appointed as directors 1 January 2024

The above holdings:
(a) include 4,250,000 (2023: 4,250,000) shares are held by the wife of Sam Bazini
(b) include 4,250,000 (2023: 4,250,000) shares are held by the wife of Eoin Macleod

For details of the share option schemes see Note 21 in the Consolidated Financial Statements.

On 12 February 2025 Keith Sadler purchased 2,500 ordinary shares at a price of 400p per share. Other than this there were no changes in the shareholdings of the directors between 31 December 2024 and the date of this report.

Remuneration in 2025

Executive remuneration will be operated in 2025 as set out below.

Salaries and fees

Effective 1 January 2025, the salaries of the CEO, MD, CFO, Sally Craig (General Counsel & Company Secretary) and Paul Hagon, executive director are £288,750; £288,750; £234,150, £70,875 and £44,100, respectively. Paul Hagon will continue to provide services through Ward & Hagon.

Effective 1 May 2025, the General Counsel & Company Secretary will receive a salary of £94,500, which is a reflection of a 25% increase in time commitment which is required in 2025, as the Company grows. Effective 1 January 2025, the annual fees of the Chairman and each of the non-executive directors are £90,000 and £52,500, respectively.

Annual bonus plan

Annual bonus will operate in 2025 in a similar way to its operation in 2024.

Long term incentives

It is anticipated that share options will be made in 2025 in a similar manner to those in 2024. Awards to executive directors will have objective three-year performance conditions attached.

I hope that you have found this report helpful and informative. We would welcome any feedback you have on this report and our remuneration, and I can be contacted through the Company Secretary.

Indira Thambiah
Chair Remuneration Committee

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report for the year ended 31 December 2024. The Corporate Governance statement forms part of this report.

Going concern

The Company's going concern statement can be found in Note 1 Material Accounting Policies in the Consolidated Financial Statements.

Results and dividends

The directors recommend a final dividend of 7.5 pence per ordinary share to be paid on 5 July 2025 for the year ended 31 December 2024 which, when added to the interim dividend of 3.5 pence per share gives a total dividend for the year of 11.0 pence per share. In the year ended 31 December 2023 the final dividend per ordinary share was 6.0 pence per share and the interim dividend 3.0 pence per share, giving a total dividend for the year ended 31 December 2023 of 9 pence per share.

Directors

The following directors who held office during the year are as follows:

Non-executive Chairman
C Garston

Executive directors
S Bazini
E Macleod
N Rodol
S Craig
P Hagon

Non-executive directors
K Sadler
I Thambiah*
S Daly*

*Appointed to the board on 1 January 2024

In accordance with the Articles Samuel Bazini, Neil Rodol and Sally Craig will retire by rotation and stand for re-election at the forthcoming AGM. It is intended that in compliance with the 2023 QCA Code, all directors will retire by rotation and stand for re-election at the 2026 AGM.

Likely Future developments

Details of the Group's future developments are contained in the Strategic report.

Substantial shareholdings

The Group is aware of the following shareholdings of 3% or more in the share capital as at 31 December 2024:

Shareholder	Number of Shares	%
S Bazini (including connected parties)	15,994,227	19.82
E Macleod (including connected parties)	15,994,227	19.82
Schroder plc	8,745,030	10.84
JP Morgan Asset Management (UK) Limited	7,095,738	9.13

Governance

Directors' Report (continued)

Financial instruments
The Group's financial risk management objectives and policies are discussed in Note 23 to the Consolidated Financial Statements.

Auditors
In accordance with section 485 of the Companies Act 2006, a resolution proposing that BDO LLP be re-appointed as auditors of the Group will be put to the Annual General Meeting.

Indemnity of Directors
The Company has purchased and maintained directors' and officers' liability insurance for the board.

Website publication
The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Employees
It is the Company's policy not to discriminate between employees or potential employees on any grounds. Full and fair consideration is given to the recruitment, training and promotion of disabled people and, should staff become disabled during the course of their employment, efforts are made to provide appropriate re-training. Further information about the Company's engagement with its employees is set out in the ESG report and the Stakeholder and Section 172 section.

Engagement with Key Stakeholders
The Company believes that engagement with its principal stakeholders is vital to enhancing the Group's value and promoting its long-term success. Details of the identity of and engagement with key stakeholders are set out in the ESG report and the Stakeholder and Section 172 section.

Streamline Energy and Carbon Reporting ("SECR")
Our SECR covers the energy consumption and Greenhouse Gas ("GHG") emissions for the period 1 January 2024 to 31 December 2024 (with comparatives shown for the same period in 2023). The tables below show for the financial years 2023 and 2024, the energy and GHG emissions from business activities involving the combustion of gas, and the purchase of electricity in both kWh and tCO_2e.

Financial Year 2024	**Energy Usage in kWh**	**GHG Emissions in tCO2e**
Scope 1	232,131	42,457
Scope 2	293,723	60,815
Total for 2024	**525,854**	**103,272**
Intensity ratio (tCO2e per £mil)		**1.02**

Financial Year 2023	**Energy Usage in kWh**	**GHG Emissions in tCO2e**
Scope 1	170,099	31,116
Scope 2	352,823	73,061
Total for 2023	**522,922**	**104,177**
Intensity ratio (tCO2e per £mil)		**1.16**

We have selected an intensity metric based on Group sales and this is 1.02 tCO_2/£mil in the year (2023: 1.16 tCO_2/£mil). We will use this sales-driven ratio to monitor our energy efficiency performance over time.

The Group includes energy efficiency measures whenever possible in carrying out its business, and when making operational decisions. In 2024, the Group completed the upgrade of internal and external lighting to LED units throughout all its sites. In 2024 Warpaint completed the installation of solar panels to the roof at its largest warehouse site, to provide electricity throughout the year and to return any surplus energy back to the grid. The Group did not benefit from the return of energy in 2024, this will start in 2025 when new energy supply tariffs are signed up to. The number of electric cars provided to Group employees was increased in 2024.

New technologies continue to be considered in order to improve the environmental performance of the Group's sites, to reduce energy consumption and improve overall energy efficiency throughout the business.

SECR METHODOLOGY
The figures quoted include meter readings for electricity and gas. Conversion factors used are taken from the GOV.UK website www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024 and www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023 to calculate emissions for Scope 1 and 2.

SECR MATERIALITY

The data provided by the Group has been determined as accurate and complete and covers the Group's operations in the United Kingdom, specifically the operations of the two UK subsidiaries, Warpaint Cosmetics (2014) Limited and Badgequo Limited.

Research and Development

The Company did not carry out any research and development in the year (2023: £nil).

Post Balance Sheet Events

Details of the Group's post balance sheet events are discussed in Note 28 to the Consolidated Financial Statements.

Corporate Governance

The corporate governance statement set out earlier in this document forms part of this report.

Statement of disclosure to the auditors

So far as the directors are aware:

(a) there is no relevant audit information of which the Company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with UK adopted international accounting standards, and the Company financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard in the United Kingdom and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards or United Kingdom Generally Accepted Accounting Practice; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

On behalf of the board

Neil Rodol
Chief Financial Officer
28 April 2025

Independent Auditor's Report

to the members of Warpaint London PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Warpaint London PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity and notes to the financial statements, including a summary of material and significant accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

During the year it was identified that BDO Ireland, a separate BDO Member Firm, had provided VAT Compliance Services to Warpaint Cosmetics (ROI) Limited, which is a controlled undertaking of Warpaint London PLC. As such, this constitutes a service which is not permitted to be provided to Other Entities of Public Interest and their controlled undertakings under paragraph 5.40 and 5.42 of the FRC Ethical Standard (2019). The service was provided during the financial year ending 31 December 2024 ("FY24") but concerned matters in relation to the previous financial year and had fees of less than £1,770. The services were provided in January FY24 to meet a statutory reporting deadline in Ireland, following which they were immediately terminated. The services had no material effect on Warpaint London PLC's Consolidated Financial Statements. We have assessed the threats to independence arising from the provision of this non-audit service and, in our professional judgment, we confirm that based on our assessment of the breach, our integrity and objectivity as Auditor has not been compromised and we believe that an Objective, Reasonable and Informed Third Party would conclude that the provision of this service would not impair our integrity or objectivity for any of the impacted financial years. Those Charged With Governance at the entity have concurred with this view.

Other than the matter noted above, no other non-audit services prohibited by the FRC's Ethical Standard (2019) were provided to the entity.

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the process the Directors followed to make their assessment, including checking if the assessment and underlying projections were prepared by appropriate individuals with sufficient knowledge of the detailed figures as well as an understanding of the Group's markets, strategies and risks;
- Understanding, challenging and corroborating the key assumptions included in their cash flow forecasts against prior year, our knowledge of the business and independent market data, along with the findings from other areas of our audit;
- Comparison of the post year end trading results to the forecasts so as to evaluate the accuracy, and reasonability of the forecasts prepared;
- Evaluating via inquiry with the Directors, review of board minutes and review of external resources the potential impact of any a) macroeconomic influences (including inflationary pressures) and b) one-off cash outflows that may have been omitted from cash flow forecasts and assessing the impact these could have on future cash flows and cash reserves;
- Assessing appropriateness of stress test scenarios, and challenging whether other reasonably possible scenarios could occur and considering whether the assumptions included within these were appropriate. In doing so we also challenged the mitigations provided by the Directors in the event of a reasonable downside scenario occurring; and
- Considering the adequacy of the disclosures relating to going concern included within the annual report against the requirements of the accounting standards and consistency of the disclosures against the forecasts and going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

		2024	2023
Key audit matters	Revenue recognition	√	√
Materiality	*Group financial statements as a whole* £1,050,000 (2023: £650,000) based on 4.3% (2023: 5%) of Profit before tax adjusted for acquisition related expenses, amortisation of acquired intangibles and shared based payments		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

From the above risk assessment and planning procedures, we determined which of the Group's components were likely to include risks of material misstatement relevant to the Group's financial statements. We then determined the type of procedures to be performed at these components.

The total number of components within the scope of our work was as follows:

	Number of components	
	FY 2024	FY 2023
Audit procedures on entire financial information of the Component (2023: Significant component due to size) [Scope 1]	**2**	2
Audit procedures on one or more account balances, classes of transactions or disclosures (2023: Significant component due to risk) [Scope 2]	**2**	2
Specific audit procedures (2023: Specific audit procedures) [Scope 3]	**1**	0
	5	4

As part of performing our Group audit, we have determined the components in scope as follows:

Scope 1: Warpaint Cosmetics (2014) Limited and Badgequo Limited

Scope 2: Marvin Leeds Marketing Services Inc and Warpaint London PLC

Scope 3: Warpaint Cosmetics (ROI) Limited

In determining components, we have considered how components are organised within the Group, and the commonality of control environments, legal and regulatory framework, and level of aggregation associated with individual entities. Lack of commonality of controls across the Group, differences in jurisdictional risk, and the legal and regulatory frameworks under which the entities operate, prevent the aggregation of components.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component;
- procedures on one or more classes of transactions, account balances or disclosures; and
- specific audit procedures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

to the members of Warpaint London PLC

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition Refer to Note 2 and relevant accounting policy in Note 1	The Group has recorded revenues of £101.6m in the year, representing an increase on the prior year amount of £89.5m. Revenue is measured net of any rebates or discounts granted to customers. The Group records revenues at the point in time when goods have been delivered to the customers; for overseas sales however the performance obligation is considered fulfilled upon delivery to either the port of departure or according to the terms of sale agreed with the customer. Overseas sales are also recognised on collection by customers from one of the Group's distribution warehouses, where appropriate. We identified a significant risk around the inappropriate recognition of revenues in the correct period as there may be an incentive to accelerate revenue to further improve the Group's performance. We believe that revenue could be overstated either by posting unusual manual journals in revenue or by recording revenue before fulfilling performance obligations as defined by IFRS 15 by the year end. As a result of the above, we considered revenue recognition to be a key audit matter.	We assessed and evaluated management's accounting policy for revenue recognition in accordance with IFRS 15. We reviewed the key terms of material contracts entered during the year to check that revenue has been recognised in accordance with the contract and the requirements of IFRS 15. For a sample of sales transactions accounted for pre year end and credit notes accounted for post year end, we inspected the underlying documents to check that revenue and credit notes were recorded in the correct period. We updated our understanding of the nature of journal entries posted into revenue throughout the year. These journals are mainly transactional in nature. We set our journal testing criteria based on the risk that we identified. For each of the journals identified within our criteria, we performed the following: • We enquired of management as to the rationale for the journal posted. • We traced the journal to the appropriate corresponding entry and checked that postings were made to correct account. • We also obtained and agreed the journal entries selected to supporting documentation to check if postings made had valid business reasons and were in the correct accounting period. **Key observations:** We have not identified any issues on the work we have performed regarding the Group's recognition of revenue that would indicate that revenue is materially misstated.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2024 £	2023 £	**2024 £**	2023 £
Materiality	**1,050,000**	650,000	**825,000**	585,000
Basis for determining materiality	4.3% of profit before tax adjusted for acquisition related expenses, amortisation of acquired intangibles and shared based payments (2022: 5% of profit before tax adjusted for exceptional items).		1.50% of gross assets capped at 78% of Group materiality (2023: 1.50% of gross assets capped at 90% of Group materiality)	
Rationale for the benchmark applied	We considered adjusted profit before tax to be the most appropriate measure for the basis of materiality given the importance of underlying trading profit as a measure for users of the financial statements in assessing the performance of the Group.		The component materiality used is lower of the materiality determined using a benchmark of 1.50% of gross assets and 78% (FY 2023: 90%) of the Group materiality.	
Performance materiality	**735,000**	455,000	**577,500**	410,000
Basis for determining performance materiality **Rationale for the percentage applied for performance materiality**	70% (2023: 70%) of Group materiality, based on our overall risk assessment. In setting the level of performance materiality, we considered a number of factors including the control environment, our testing strategy, the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments		70% (2023: 70%) of Parent Company materiality, based on our overall risk assessment. In setting the level of performance materiality, we considered a number of factors including the control environment, our testing strategy, the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.	

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, based on a percentage of between 41% and 90% (2023: 46% and 98%) of Group performance materiality dependent on a number of factors including size of component and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £302,400 to £661,500 (2023: £300,000 to £640,000).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £42,000 (2023: £32,500). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (continued)

to the members of Warpaint London PLC

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations; and

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates and considered the risk of fraud and non-compliance with applicable laws and regulations. These included but were not limited to the Companies Act 2006 (including section 172 and SECR), AIM listing rules, Corporate tax and VAT legislation in the jurisdictions in which the Group operates.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety at work Act, employment legislation, data protection legislation, VAT regulations and Customs Act.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of corporate tax and indirect tax experts in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred;
- Confirmation with external legal counsel of current claims; and
- Review of the Group's internal summary of claims and litigations and consultation with the Group's internal legal counsel

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these; and

Based on our risk assessment, we considered the areas most susceptible to fraud to be management's capability to override controls and, as noted in our key audit matter, the appropriateness of revenue recognition around the year end where incentive might exist to accelerate earnings.

Our procedures in respect of the above included:

- We performed a detailed walkthrough of the financial reporting process flow and tested design and implementation of controls around posting of journal entries;
- Testing a sample of journal entries throughout the year, which met defined risk criteria, by agreeing the sample to supporting documentation;
- Introducing an element of unpredictability into our audit work, we tested an additional on a random basis, samples outside of our defined risk criteria, by agreeing the sample to supporting documentation;
- Performing a detailed review of the Group's year end adjusting entries and investigated any that appeared unusual as to nature or amount and agreed these entries to supporting documentation;
- For significant and unusual transactions, particularly those occurring at or near year end, we obtained evidence for the rationale of these transactions and evidence supporting the transactions;
- We considered management's estimates and judgements applied in the preparation of the financial statements throughout the audit, individually and in aggregate, to evaluate whether there were any indications of bias in the application of these judgements;
- In response to the risk of fraud in revenue recognition we have performed the procedures set out in the key audit matters section of our report.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hannah Pop

(Senior Statutory Auditor)
For and on behalf of BDO LLP,
Statutory Auditor
London, UK
28 April 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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:			
Item that will or may be reclassified to profit or loss:			
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 on pages 61 to 88 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2024

		As at 31 December	
		2024	2023
	Note	**£'000**	£'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 on pages 61 to 88 form part of these financial statements.

Consolidated Statement of Financial Position (continued)

As at 31 December 2024

	Note	As at 31 December 2024 £'000	2023 £'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
28 April 2025

The notes on pages 61 to 88 form part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2024

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Foreign exchange reserve £'000	Share option reserve £'000	Retained Earnings £'000	Total Equity £'000
As at 31 December 2022	19,188	19,360	(16,100)	(50)	2,003	13,378	37,779
Comprehensive Income for the year							
Profit for the year	–	–	–	–	–	13,899	13,899
Other comprehensive income:							
Exchange gain arising on translation of foreign subsidiaries	–	–	–	72	–	–	72
Total comprehensive income for the year	**–**	**–**	**–**	**72**	**–**	**13,899**	**13,971**
Contributions by and distributions to owners							
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**
Comprehensive Income for the year							
Profit for the year	–	–	–	–	–	18,233	18,233
Other comprehensive income:							
Exchange gain arising on translation of foreign subsidiaries	–	–	–	11	–	–	11
Total comprehensive income for the year	**–**	**–**	**–**	**11**	**–**	**18,233**	**18,244**
Contributions by and distributions to owners							
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 on pages 61 to 88 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
Non-cash items:			
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)
Other adjustments:			
Acquisition related costs		**418**	–
Working capital adjustments:			
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 on pages 61 to 88 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.

Notes to the Consolidated Financial Statements (continued)

as at ended 31 December 2024

1. Material accounting policies (continued)

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: £8.7 million, 2023: £7.3 million). 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 my 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.

Notes to the Consolidated Financial Statements (continued)
as at ended 31 December 2024

1. Material accounting policies (continued)

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

Financial Statements

Notes to the Consolidated Financial Statements (continued)

as at ended 31 December 2024

1. Material accounting policies (continued)

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.

Notes to the Consolidated Financial Statements (continued)

as at ended 31 December 2024

1. Material accounting policies (continued)

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-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.

Notes to the Consolidated Financial Statements (continued)

as at ended 31 December 2024

1. Material accounting policies (continued)

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 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.

Notes to the Consolidated Financial Statements (continued)

as at ended 31 December 2024

1. Material accounting policies (continued)

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.

Notes to the Consolidated Financial Statements (continued)

as at ended 31 December 2024

1. Material accounting policies (continued)

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.

Notes to the Consolidated Financial Statements (continued)
as at ended 31 December 2024

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 Branded £'000	2024 Close-out £'000	2024 Total £'000	2023 Branded £'000	2023 Close-out £'000	2023 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 UK £'000	2024 USA £'000	2024 Total £'000	2023 UK £'000	2023 USA £'000	2023 Total £'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

Notes to the Consolidated Financial Statements (continued)
as at ended 31 December 2024

2. Segmental information (continued)

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:

	Year ended 31 December	
	2024	2023
Sales Type	£'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	2023
	£'000	£'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

Notes to the Consolidated Financial Statements (continued)
as at ended 31 December 2024

4. Staff costs

	Year ended 31 December	
	2024	2023
	£'000	£'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	2023
	No.	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
	1,722	1,377

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
	465	390

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.

Notes to the Consolidated Financial Statements (continued)

as at ended 31 December 2024

5. Finance income and finance expenses

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

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)**	–
	5,263	4,245
Deferred tax expense		
Origination and reversal of temporary differences	**265**	(26)
Total tax expense	**5,528**	4,219

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)**	–
Total tax expense	**5,528**	4,219

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%).

Notes to the Consolidated Financial Statements (continued)
as at ended 31 December 2024

7. Subsidiaries

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

Subsidiary name	Nature of business	Place of incorporation	Percentage owned
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

	£'000
Cost	
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.

Notes to the Consolidated Financial Statements (continued)
as at ended 31 December 2024

8. Goodwill (continued)

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

Notes to the Consolidated Financial Statements (continued)

as at ended 31 December 2024

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 £'000	Computer equipment £'000	Total £'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.

Notes to the Consolidated Financial Statements (continued)

as at ended 31 December 2024

12. Inventories

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

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	**13,477**	10,868
Other receivables	**465**	397
Prepayments	**2,394**	2,264
Total	**16,336**	13,529

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).

Notes to the Consolidated Financial Statements (continued)
as at ended 31 December 2024

15. Trade and other payables

	As at 31 December 2024 £'000	2023 £'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 £'000	2023 £'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
	4,245	5,449

Undiscounted lease payments

	As at 31 December 2024 £'000	2023 £'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
Total	**4,770**	6,163

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	5,449	5,449
Lease additions	66	66
Interest expense	206	206
Lease payments	(1,476)	(1,476)
As at 31 December 2024	**4,245**	**4,245**

Financial Statements

Notes to the Consolidated Financial Statements (continued)
as at ended 31 December 2024

16. Lease liabilities (continued)

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]

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 Year ended 31 December		Deferred tax asset Year ended 31 December	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Opening balance	**(180)**	(180)	**592**	429
Foreign exchange adjustment		–		–
Recognised in profit and loss:				
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	**(391)**	(180)	**568**	592

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

Notes to the Consolidated Financial Statements (continued)

as at ended 31 December 2024

19. Called up share capital

	No. of shares '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.

Notes to the Consolidated Financial Statements (continued)
as at ended 31 December 2024

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	**–**	**–**	–	–

Notes to the Consolidated Financial Statements (continued)

as at ended 31 December 2024

21. Share-based payments (continued)

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.

Notes to the Consolidated Financial Statements (continued)

as at ended 31 December 2024

22. Related party transactions (continued)

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 29 November 2024, and repaid in full on the 10 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.

Notes to the Consolidated Financial Statements (continued)

as at ended 31 December 2024

23. Financial instruments (continued)

	Year ended 31 December 2024 £'000	2023 £'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.

Notes to the Consolidated Financial Statements (continued)
as at ended 31 December 2024

23. Financial instruments (continued)

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)
Total trade receivables – net	**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 2024			As at 31 December 2023		
	£'000	**%**	**£'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
Trade receivables, gross (note 13):	**£'000**	£'000
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).

Notes to the Consolidated Financial Statements (continued)
as at ended 31 December 2024

23. Financial instruments (continued)

Past due but not impaired:	As at 31 December 2024 £'000	2023 £'000
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 is 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 £'000	Between 6 months and 1 year £'000	Between 1 and 5 years £'000	Over 5 years £'000	Total £'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
	7,267	**738**	**2,605**	**689**	**11,299**

Year ended 31 December 2023	Less than 6 months £'000	Between 6 months and 1 year £'000	Between 1 and 5 years £'000	Over 5 years £'000	Total £'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
	8,950	**730**	**3,673**	**1,031**	**14,384**

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.

Notes to the Consolidated Financial Statements (continued)
as at ended 31 December 2024

23. Financial instruments (continued)

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:

	Liabilities		Assets	
Currency	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)

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

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

Notes to the Consolidated Financial Statements (continued)
as at ended 31 December 2024

23. Financial instruments (continued)

b) Contract value	2024 £/$ £'000	2023 £/$ £'000	2024 £/€ £'000	2023 £/€ £'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 $'000	2023 $'000	2024 €'000	2023 €'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)	23.34	17.98

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

Earnings	2024 £'000	2023 £'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	78,124,762	77,308,754

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.

Notes to the Consolidated Financial Statements (continued)
as at ended 31 December 2024

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	**4,190**	**1,259**	**5,449**
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 Skin & Tan, Super Facialist 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.

Company Statement of Financial Position
for the year ended 31 December 2024

Company number: 10261717

	Note	2024 £'000	2023 £'000
Fixed assets			
Investments	3	**34,493**	34,493
		34,493	34,493
Current assets			
Trade and other receivables	4	**21,566**	16,893
Other current assets	5	**14,021**	–
Cash at bank and in hand	5	**1,009**	4,625
Total current assets		**36,596**	21,518
Creditors: amounts falling due within one year	6	**(1,565)**	(1,849)
NET ASSETS		**69,524**	54,162
Capital and reserves			
Share capital	7	**20,171**	19,314
Share premium	8	**34,114**	19,726
Merger reserve	9	**1,895**	1,895
Share option reserve		**408**	380
Retained earnings		**12,936**	12,847
Shareholders' funds		**69,524**	54,162

As permitted by section 408 of the Companies Act 2006, the profit and loss account is not presented. The profit for the year amounted to £7,146,724 (2023: £8,804,799).

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

Neil Rodol
Chief Financial Officer
Date: 28 April 2025

The notes on pages 91 to 93 form part of these financial statements.

Company Statement of Changes in Equity
for the year ended 31 December 2024

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Share Option Reserve £'000	Retained Earnings £'000	Total Equity £'000
As at 31 December 2022	**19,188**	**19,360**	**1,895**	**2,003**	**8,070**	**50,516**
Comprehensive Income for the year						
Profit for the year	–	–	–	–	8,805	8,805
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**8,805**	**8,805**
Contributions by and distributions to owners						
Equity shares issued	126	366	–	–	–	492
Share based payment charge	–	–	–	134	–	134
Transfer to retained earnings for exercised share options	–	–	–	(130)	130	–
Transfer to retained earnings for expired and lapsed share options	–	–	–	(1,627)	1,627	–
Dividends paid	–	–	–	–	(5,785)	(5,785)
Total contributions by and distributions to owners	**126**	**366**	**–**	**(1,623)**	**(4,028)**	**(5,159)**
As at 31 December 2023	**19,314**	**19,726**	**1,895**	**380**	**12,847**	**54,162**
Comprehensive Income for the year						
Profit for the year	–	–	–	–	7,147	7,147
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**7,147**	**7,147**
Contributions by and distributions to owners						
Equity shares issued	857	14,835	–	–	–	15,692
Share issue costs	–	(447)	–	–	–	(447)
Share based payment charge	–	–	–	349	–	349
Fair value of exercised share options	–	–	–	(321)	321	–
Dividends paid	–	–	–	–	(7,379)	(7,379)
Total contributions by and distributions to owners	**857**	**14,388**	**–**	**28**	**(7,058)**	**8,215**
As at 31 December 2024	**20,171**	**34,114**	**1,895**	**408**	**12,936**	**69,524**

The notes on pages 91 to 93 form part of these financial statements.

Notes to the Company Financial Statements

for the year ended 31 December 2024

1. Significant accounting policies

Basis of preparation

These separate financial statements of Warpaint London PLC have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland (FRS 102), and with the Companies Act 2006.

The Company's financial statements are presented in GBP.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical.
- no cash flow statement or net debt reconciliation has been presented for the parent company.
- disclosures in respect of the parent company's income, expense, net gains, and net losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the group as a whole.
- disclosures in respect of the parent company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as set out below.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are considered by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also considers non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

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 profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of goods and services received.

Where share options are granted by the Company to employees of one or more group entities the Company makes a reasonable recharge of the expense to subsidiary for the group expense calculated in accordance with accounting standards.

Going Concern

Going concern for the company has been considered along with the Group by the directors. The consideration is set out in note 1 of the consolidated financial statements.

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.

Critical accounting estimates and judgements

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

Financial instruments

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's Balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Notes to the Company Financial Statements (continued)

for the year ended 31 December 2024

1. Significant accounting policies (continued)

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instruments any contract that evidences a residual interest in the assets of the company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as creditors amounts falling due within one year:. If not, they represent creditors falling due after more than one year. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

2. Staff costs

	Year ended 31 December	
	2024	2023
	£'000	£'000
Salaries	**1,616**	1,273
Share based payments	**74**	75
Benefits	**28**	27
Pension costs	**4**	2
	1,722	1,377

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

	Year ended 31 December	
	2024	2023
	No.	No.
Directors	**9**	7
	9	7

	2024	2023
Directors' remuneration, included in staff costs	**£'000**	£'000
Salaries	**1,616**	1,273
Share based payments	**74**	75
	1,690	1,348

The directors are the only key management personnel.

3. Investments

	At 31 December 2024
	£'000
Cost	
At January 2024 and 31 December 2024	**34,493**
Impairment	
At January 2024 and 31 December 2024	–
Net book value	**–**
At 31 December 2024	**34,493**
At 31 December 2023	34,493

Details of subsidiaries are shown in note 7 of the Consolidated Financial Statements.

Investments represents the cost of the Company's investment in its subsidiaries as detailed in Note 7 to the consolidated financial statements.

Notes to the Company Financial Statements (continued)

for the year ended 31 December 2024

4. Debtors

	2024 £'000	2023 £'000
Due from group undertakings	**20,397**	16,782
Other receivables	**208**	42
Prepayments	**421**	69
	21,026	16,893

Amounts due from related undertakings are unsecured, non-interest bearing and payable on demand. The directors do not consider there to be any expected credit loss relating to group companies having assessed their underlying profitability and financial position.

5. Cash at bank and in hand and other current assets

Cash and cash equivalents include the following:

	As at 31 December	
	2024 £'000	2023 £'000
Cash at bank and in hand	**1,009**	4,625
Restricted cash	**14,021**	–
	15,030	4,625

Restricted cash refers to the cash held under escrow and could only be used for the acquisition that took place in February 2025 (see note 28 of the consolidated financial statements).

6. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Trade payables	**745**	22
Other taxation and social security	**52**	38
Due from group undertakings	**–**	1,207
Accruals	**768**	582
	1,565	1,849

7. Called up share capital

	No of shares '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 £4.90 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.

8. Share premium

	2024 £'000	2023 £'000
Share premium	**34,114**	19,726

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

9. Other reserves

The movement in merger reserve represents the difference between the issue price and the nominal value of shares issued as consideration for the acquisition of subsidiary undertaking.

The share option represents share-based payment charges on the share options that were in issue.

10. Related party transactions

The Company has taken advantage of the disclosure of related party transactions with wholly owned fellow group companies. Related party transactions with key management personnel (including directors) are shown in Note 22 of the Consolidated Financial Statements.

11. Share based payments

The Group has taken advantage of the exemption to not disclose details of the parent company's share-based payment arrangements.

Disclosure of the Group's share-based payment arrangements has been made in Note 21, of the Group accounts.

Officers and Professional Advisers

Directors	C Garston	Chairman
	S Bazini	Chief Executive Officer
	E Macleod	Managing Director
	N Rodol	Chief Financial Officer
	S Craig	General Counsel & Company Secretary
	P Hagon	Executive Director
	K Sadler	Non-Executive Director
	S Daly	Non-Executive Director
	I Thambiah	Non-Executive Director
Registered Office	Units B&C Orbital Forty Six The Ridgeway Trading Estate Iver, Buckinghamshire, SL0 9HW	
Company Number	10261717	
Nominated Adviser	Shore Capital and Corporate Limited Cassini House 57-58 St James's Street London, SW1A 1LD	
Broker	Shore Capital Stockbrokers Limited Cassini House 57-58 St James's Street London, SW1A 1LD	
Auditors	BDO LLP 55 Baker Street London, W1U 7EU	
Registrars	Neville Registrars Limited Neville House Steel Park Road Halesowen West Midlands, B62 8HD	
Financial PR and IR	IFC Advisory Limited Birchin Court, 20 Birchin Lane London, EC3V 9DU	

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