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This Document comprises an admission document drawn up in compliance with the requirements of the AQSE Growth Market Access Rulebook, December 2021 ("**AQSE Rules**") and is being issued in connection with the proposed admission of the Ordinary Shares of Silverwood Brands PLC ("**Silverwood**" or the "**Company**") to trading on the Access segment of the Aquis Stock Exchange ("**AQSE**") Growth Market ("**AQSE Growth Market**"). This Document does not constitute a prospectus, and the Company is not making, an offer to the public within the meaning of sections 85 and 102B of FSMA. This Document is not an approved prospectus for the purposes of, and as defined in, section 85 of FSMA, has not been prepared in accordance with the Prospectus Rules and its contents have not been approved by the Financial Conduct Authority ("**FCA**") or any other authority which could be a competent authority for the purposes of the Prospectus Regulation. Further, the contents of this document have not been approved by an authorised person for the purposes of section 21 of FSMA. This Document will not be filed with, or approved by, the FCA or any other government or regulatory authority in the United Kingdom.

The Company and the Directors of the Company, whose names are set out on page 13 of this Document, accept full responsibility, collectively and individually for the information contained in this Document-(including expressions of opinion), save for the information in relation to the Concert Party contained in this Document, for which each member of the Concert Party takes responsibility for. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and there is no other material information the omission of which is likely to affect the import of such information.

Each member of the Concert Party, whose names are set out on paragraph 7 of Part I of this Document accept responsibility for information contained in this Document (including expressions of opinion) about themselves only. To the best of the knowledge and belief of each member of the Concert Party (who have taken all reasonable care to ensure that such is the case), the information contained in this Document pertaining to themselves is in accordance with the facts and there is no other material information the omission of which is likely to affect the import of such information.

Application will be made for the issued, and to be issued, ordinary share capital of the Company to be traded on the AQSE Growth Market. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on the AQSE Growth Market on 15 June 2022.

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## **SILVERWOOD BRANDS PLC**

*(Incorporated in England and Wales with company number 13557318)*

### **Proposed acquisition of Balmonds Skincare Ltd**

### **Approval of waiver of obligations under Rule 9 of the City Code on Takeovers and Mergers**

### **Admission of the Enlarged Ordinary Share Capital to trading on the Access segment of the AQSE Growth Market**

### **Notice of General Meeting**

### **Aquis Stock Exchange Corporate Adviser and Broker**

VSA Capital Limited



The AQSE Growth Market, which is operated by Aquis Stock Exchange Limited, a recognised investment exchange under Part XVIII of the Financial Services and Markets Act 2000, is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies.

It is not classified as a regulated market under Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, and AQSE Growth Market securities are not admitted to the Official List of the FCA. Investment in an unlisted company is speculative and tends to involve a higher degree of risk than an investment in a listed company. The value of investments can go down as well as up and investors may not get back the full amount originally invested. An investment should therefore only be considered by those persons who are prepared to sustain a loss on their investment. A prospective investor should be aware of the risks of investing in AQSE Growth Market securities and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

Silverwood Brands plc is required by AQSE to appoint an Aquis Stock Exchange Corporate Adviser ("AQSE Corporate Adviser") to apply on its behalf for admission to the Access Segment of the AQSE Growth Market and must retain an AQSE Corporate Adviser at all times. The requirements for an AQSE Corporate Adviser are set out in the AQSE Corporate Adviser Handbook, and the AQSE Corporate Adviser is required to make a declaration to AQSE in the form prescribed by Appendix B to the AQSE Corporate Adviser Handbook.

This admission document has not been approved or reviewed by the Aquis Stock Exchange or the Financial Conduct Authority.

VSA Capital Limited ("VSA Capital"), which is authorised and regulated by the FCA, is the Company's AQSE Corporate Adviser for the purposes of Admission. VSA Capital has not made its own enquiries except as to matters which have come to its attention and on which it considered it necessary to satisfy itself and accepts no liability whatsoever for the accuracy of any information or opinions contained in this Document, or for the omission of any material information, for which the Directors are solely responsible. VSA Capital is acting for the Company and no one else in relation to the arrangements proposed in this Document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice to any other person on the content of this Document.

The whole text of this Document should be read. An investment in the Company involves a high degree of risk and may not be suitable for all recipients of this Document. Prospective investors should consider carefully whether an investment in the company is suitable for them in the light of their personal circumstances and the financial resources available to them.

#### OVERSEAS SHAREHOLDERS

This Document does not constitute an offer to sell, or a solicitation to buy Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Document is not for distribution in or into the United States, Canada, Australia, the Republic of South Africa or Japan. The Ordinary Shares have not been nor will be registered under the United States Securities Act of 1993, as amended, nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of South Africa or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States, Canada, Australia, the Republic of South Africa or Japan or to any national, citizen or resident of the United States, Canada, Australia, the Republic of South Africa or Japan. The distribution of this Document in certain jurisdictions may be restricted by law. No action has been taken by the Company or VSA Capital that would permit a public offer of Ordinary Shares or possession or distribution of this Document where action of that purpose is required. Persons into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Holding Ordinary Shares may have implications for overseas Shareholders under the laws of the relevant overseas jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

**UNDER NO CIRCUMSTANCES SHOULD THIS DOCUMENT BE COMMUNICATED, TRANSMITTED OR OTHERWISE SHARED WITH PERSONS DOMICILED, RESIDENT OR BASED IN THE UNITED STATES OF AMERICA ITS TERRITORIES OR POSSESSIONS OR WHO MAY OTHERWISE BE CONSIDERED AS UNITED STATES PERSONS, INCLUDING REPRESENTATIVES OF UNITED STATES COMPANIES OR NON-UNITED STATES SUBSIDIARIES OF UNITED STATES COMPANIES UNLESS THEY HAVE RECEIVED INDEPENDENT LEGAL ADVICE FROM THEIR OWN ADVISERS THAT THEY ARE ENTITLED TO RECEIVE THIS DOCUMENT.**

This Document contains "forward-looking statements". These statements relate to the Company's future prospects, developments and business strategies. Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "estimate", "aim", "intend", "may", "plan", "will", "can", "may", "expect", "forecast", "anticipate", "would", "should", "could" expressions or the negative of those variations or comparable expressions, including references to assumptions. These statements are primarily contained in Part I of this Document. The forward-looking statements in this Document are based on current expectations and are subject to risk and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. Certain risks to and uncertainties for the Company are specifically described in Part III of this Document headed "Risk Factors". If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated, or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements. These forward-looking statements are made only as at the date of this Document. Neither the Directors, nor the Company undertake any obligation to update forward-looking statements or Risk Factors other than as required by law or the AQSE Growth Market Rules whether as a result of new information, future events or otherwise. However, nothing in this Document will be effective to limit or exclude liability for fraud or which, by law or regulation, cannot otherwise be so limited or excluded.

#### THIRD PARTY INFORMATION

To the extent that information has been sourced from a third party, this information has been accurately reproduced and, so far as the Directors and the Company are aware and able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading.

**INFORMATION ON THE COMPANY'S WEBSITE**

The information on the Company's website does not form part of the admission document unless that information is incorporated by reference into the admission document.

## **IMPORTANT INFORMATION**

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this Document are based on the law and practice currently in force in the UK and are subject to change. This Document should be read in its entirety. All holders of Ordinary Shares are entitled to the benefit of and are bound by and are deemed to have notice of the provisions of the Articles.

The delivery of this Document or any subscriptions or purchases made hereunder and at any time subsequent to the date of this Document shall not, under any circumstances, create an impression that there has been no change in the affairs of the company since the date of this Document or that the information in this Document is correct.

**PROSPECTIVE INVESTORS SHOULD READ THE WHOLE TEXT OF THIS DOCUMENT AND SHOULD BE AWARE THAT AN INVESTMENT IN THE COMPANY IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS ARE ADVISED TO READ, IN PARTICULAR, THE INFORMATION ON THE COMPANY SET OUT IN PART I AND THE RISK FACTORS SET OUT IN PART III OF THIS DOCUMENT.**

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## DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise:

<b>“Act”</b>	the Companies Act 2006, as amended
<b>“Admission”</b>	admission of the Enlarged Share Capital to trading on the AQSE Growth Market becoming effective in accordance with the AQSE Growth Market Rules
<b>“Admission Document”</b>	the admission document, and its contents, dated 29 October 2021, related to the initial public offering
<b>“Articles” or “Articles of Association”</b>	the articles of association of the Company from time to time
<b>“Aquis Exchange”</b>	Aquis Stock Exchange PLC, a recognised investmentexchange under section 290 of FSMA
<b>“AQSE Growth Market”</b>	the primary market for unlisted securities operated by AquisExchange
<b>“AQSE Growth Market Rules”</b>	the AQSE Growth Market Rules for Issuers, which set out the admission requirements and continuing obligations of companies seeking admission to and whose shares are admitted to trading on the AQSE Growth Market
<b>“Balmonds”</b>	Balmonds Skincare Limited, a company registered in England & Wales with company number 11181014 under the Companies Act 2006, and its registered office address is at Unit 7 Westergate Business Centre, Westergate Road, Brighton, BN2 4QN, United Kingdom.
<b>“Balmonds Group”</b>	Balmonds and its subsidiary, Scarlett
<b>“Balmonds Group Financial Information”</b>	the audited historical financial information of the Balmonds Group for the two years ended 31 December 2020 and 31 December 2021
<b>“Balmond Loan Holders”</b>	Andrew Gerrie & Alison Hawksley
<b>“Balmond Shareholder Loan”</b>	A shareholder loan advanced by the Balmond Loan Holders pursuant to an agreement dated 28 February 2021, details of which are summarized in paragraph 10.9 of Part XI of this document.
<b>“Board” or “Directors”</b>	the directors of the Company, whose names are set out on page 13 of this Document
<b>“Business Day”</b>	a day other than Saturday or Sunday or a public holiday in England and Wales
<b>“Code” or “Takeover Code”</b>	the City Code on Takeovers and Mergers

<b>“Company”</b>	Silverwood Brands PLC, a company registered in England and Wales with company number 13557318 and whose registered office is at 200 Strand, London, United Kingdom WC2R 1DJ
<b>“Company Financial Information”</b>	the audited historical financial information of the Company for the period from incorporation on 10 August 2021 to 14 October 2021
<b>“Concert Party”</b>	the members of the concert party for the purpose of the Takeover Code as set out in paragraph 7 of Part I of this Document
<b>“Consideration Price”</b>	85 pence (being the weighted average price of the share trades from the 20 days immediately preceding the date of publication of this Document)
<b>“Consideration Shares”</b>	Initial Consideration Shares and the Deferred Consideration Shares.
<b>“CREST”</b>	the computerised settlement system (as defined in the CREST Regulations) to facilitate the transfer of title in shares and the holding of shares in uncertificated form which is operated by Euroclear UK & International Limited
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI2001/3755) (as amended from time to time)
<b>“Deferred Consideration Shares”</b>	up to 3,205,360 new Ordinary Shares to be allotted and issued to the Vendors.
<b>“Document”</b>	this document and its contents
<b>“Enlarged Group”</b>	the Company and its investments and subsidiaries immediately following Admission
<b>“Enlarged Share Capital”</b>	the Existing Ordinary Shares together with the Initial Consideration Shares and the Loan Shares
<b>“Enterprise Company”</b>	an issuer whose predominant purpose or objective is to undertake an acquisition or merger, or a series of acquisitions or mergers, or to finance and/or invest in securities and businesses
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, a company incorporated in England and Wales and the operator of CREST
<b>“Existing Ordinary Shares”</b>	the 5,324,942 Ordinary Shares of 10 pence each in issue as at the date of this Document
<b>“EPOS”</b>	Electronic Point of Sale Solutions
<b>“EU”</b>	The European Union

<b>“FCA”</b>	the Financial Conduct Authority of the United Kingdom
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“Form of Proxy”</b>	the form of proxy for use at the General Meeting
<b>“General Meeting”</b>	the general meeting of the Company convened pursuant to the Notice and to be held at VSA Capital’s office, at Park House, 16-18 Finsbury Circus, London, EC2M 7EB, at 09.00 a.m. on 14 June 2022
<b>“Ginger”</b>	Ginger Teleporter Limited, a company incorporated in England under company number 11456609 and whose registered office address is at Hartlepower Energy Hub, 81 Stranton, Hartlepool TS24 7QT
<b>“GP”</b>	General Practitioner
<b>“HMRC”</b>	HM Revenue and Customs
<b>“IFRS”</b>	UK-adopted international financial reporting standards
<b>“Independent Shareholders”</b>	shareholders who are independent of a person who would otherwise be required to make a Rule 9 Offer and any person acting in concert with him or her, who are capable of voting on the Whitewash Resolution pursuant to the Takeover Code, being all of the shareholders of the Company other than the members of the Concert Parties
<b>“Initial Consideration Shares”</b>	4,808,039 new Ordinary Shares to be allotted and issued to the Vendors.
<b>“Investment Committee”</b>	the investment committee established by the Company and as described in paragraph 5 of Part I of this Document.
<b>“Issued Share Capital”</b>	the Existing Ordinary Shares together with the Initial Consideration Shares and the Loan Shares, being the issued ordinary share capital of the Company immediately following Admission
<b>“Letter”</b>	the letter received by the Company from VSA Capital regarding the Proposed Acquisition of Balmonds Skincare Limited by Silverwood Brands PLC as included in Part II of this Document
<b>“Loan Shares”</b>	1,398,365 new ordinary shares to be issued to the Balmond Loan Holders at a price equivalent to the Consideration Price pursuant to the deed of novation, details of which are summarized in paragraph 10.2 of Part XI.
<b>“Lock-In Agreement”</b>	the lock-in agreement between the Company and the Persons Discharging Managerial Responsibility, further details of which are set out in paragraph 10.5 of Part VIII of this



Document

<b>“Lock-In Period”</b>	as defined in paragraph 10.5 of Part XI of this Document
<b>“MAR” or “Market Abuse Regulation”</b>	EU Regulation 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse as it applies in the UK by virtue of the European Union (Withdrawal) Act 2018, as may be amended from time to time
<b>“Material Contracts”</b>	material contracts entered into either by the Company or Balmonds, summaries of which are set out in paragraph 10 of Part IX of this Document
<b>“Minority Vendors”</b>	the shareholders of Balmonds excluding the Principal Vendors
<b>“Notice”</b>	the notice of General Meeting set out at the end of this Document
<b>“Official List”</b>	the Official List of the UK Listing Authority
<b>“Ordinary Shares”</b>	ordinary shares of 10p each in the capital of the Company
<b>“Panel”</b>	the Panel on Takeovers and Mergers as defined in paragraph 7 of Part I of this Document
<b>“Persons Discharging Managerial Responsibility”</b>	as defined in MAR, as may be amended from time to time, and refers to any person fulfilling such function for the Company or any of its subsidiaries from time to time and as at the date of this Document
<b>“Principal Vendors”</b>	Andrew Gerrie & Alison Hawksley
<b>“Portfolio Companies”</b>	the subsidiaries owned by the Enlarged Group
<b>“Pro Forma Financial Information”</b>	the unaudited pro forma Statement of Financial Position of the Company as at 14 October 2021
<b>“Proposals”</b>	together, they are the issue of the Consideration Shares and the Loan Shares, the Proposed Acquisition and the Waiver Resolution, with each being a <b>“Proposal”</b>
<b>“Prospectus Regulation”</b>	Prospectus Regulation EU (2017/1129) as it applies in the UK by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time

<b>“Proposed Acquisition”</b>	the proposed acquisition of the entire issued share capital of Balmonds by Silverwood Brands plc.
<b>“QCA Code”</b>	the Corporate Governance Code for Small and Mid-sized Quoted Companies 2018, published in April 2018 by the Quoted Companies Alliance
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting which are set out in the Notice
<b>“Reverse Takeover”</b>	an acquisition by the Company which constitutes a reverse takeover as defined in Rule 3.6 of the Aquis Exchange Rules
<b>“Rule 9”</b>	Rule 9 of the Takeover Code
<b>“Scarlett”</b>	上海施佳莉品牌管理有限公司 (referred to in English as Shanghai Scarlett Brand Management Limited)
<b>“Shareholders”</b>	the persons who are registered as the holders of Ordinary Shares from time to time
<b>“Share Purchase Agreement”</b>	the sale and purchase agreement in connection with the proposed acquisition of Balmonds, further details of which are summarized in paragraph 10.1 of the Part IX of this Document.
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Legislation”</b>	the laws that are in force in England and Wales, Scotland and Northern Ireland from time to time
<b>“UK Listing Authority”</b>	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“US”</b>	the United States of America
<b>“uncertificated” or “in uncertificated form”</b>	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which by virtue of the CREST Regulations may be transferred by means of CREST
<b>“Vendors”</b>	the existing shareholders of Balmonds
<b>“VSA Capital”</b>	VSA Capital Limited, AQSE Growth Market Corporate Adviser to the Company, which is authorised and regulated by the FCA
<b>“Waiver”</b>	the waiver (further details of which are set out in paragraph 7 of Part I of this Document) of the obligations on the Concert Parties to make a general offer under Rule 9 of the Takeover Code which may arise as a consequence of the issue of the Consideration Shares and the Loan Shares to the Concert Parties, granted by the Panel conditional upon the approval of the

Shareholders by the passing of the Waiver Resolution

**“Waiver Resolution”**

the Resolution numbered 2 set out in the notice of General Meeting at the end of this Document which, if passed, will approve the Waiver

References to a “**company**” in this Document shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	20 May 2022
Posting of this Document and the Form of Proxy	23 May 2022
Latest time and date for receipt of Forms of Proxy for the General Meeting	9.00 a.m. on 10 June 2022
General Meeting	9.00 a.m. on 14 June 2022
Announcement of the result of the General Meeting	14 June 2022
Admission of Enlarged Share Capital	15 June 2022
Ordinary Shares credited to CREST accounts (where applicable)	15 June 2022
Despatch of share certificates (where applicable)	Within 10 Business Days of Admission

*All references to time in this Document are to London, UK time unless otherwise stated and each of the times and dates are indicative only and may be subject to change.*

### SHARE ADMISSION STATISTICS

Ordinary Shares in issue at the date of this Document	5,324,942
Total Consideration Shares and the Loan Shares to be issued pursuant to the Acquisition	9,411,764
Initial Consideration Shares to be issued pursuant to the Acquisition	4,808,039
Deferred Consideration Shares to be issued pursuant to the Acquisition	3,205,360
Loan Shares	1,398,365
Consideration Price	85 pence
Initial Consideration Shares and the Loan Shares as a percentage of the Existing Issued Share Capital	116.6%
Enlarged Share Capital on Admission	11,531,346
Expected market capitalisation of the Company on Admission	£9.80 million
AQSE Growth Market symbol (TIDM)	SLWD
ISIN	GB00BNRRGD95
SEDOL	BNRRGD9
LEI	213800MOKU1KYZUFYZ40

## DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	Andrew Gerrie Andrew Tone Paul Hodgins James Wilson	<i>(Executive Director)</i> <i>(Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i>
Board Adviser	Angus Thirlwell	<i>(Board Adviser)</i>
Company Secretary	Indigo Corporate Secretary Limited Monometer House Rectory Grove Leigh-On-Sea United Kingdom SS9 2HL	
Registered Office	200 Strand London United Kingdom WC2R 1DJ	
Website	<a href="http://www.silverwoodbrands.com">www.silverwoodbrands.com</a>	
AQSE Corporate Adviser	VSA Capital Limited Park House 16-18 Finsbury Circus London EC2M 7EB	
Legal Advisers to the Company	Armstrong Teasdale Ltd 200 Strand Temple London WC2R 1DJ	
Auditors and Reporting Accountants	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW	
Registrar	Neville Registrars Limited Neville House Steelpark Rd Halesowen B62 8HD	
Principal Bankers	Metro Bank One Southampton Row London WC1B 5HA	

PART I  
LETTER FROM THE DIRECTOR OF SILVERWOOD BRANDS PLC

*Directors:*

Andrew Gerrie  
Paul Hodgins  
Andrew Tone  
James Wilson

*Registered Office:*

200 Strand  
London  
United Kingdom WC2R 1DJ

20 May 2022

Dear Shareholder

**Proposed acquisition of Balmonds Skincare Ltd**  
**Approval of waiver of obligations under Rule 9 of the City Code on Takeovers  
and Mergers**  
**Admission of Enlarged Ordinary Share Capital to trading on the Access segment  
of the AQSE Growth Market**  
**Notice of General Meeting**

**1. Introduction**

I am writing to you with details of the General Meeting of the Company which will be held on 14 June 2022 at 9.00 a.m. (UK time).

The Company has today entered into a conditional sale and purchase agreement with the Principal Vendors to acquire their respective shareholdings in Balmonds Skincare Ltd ("**Balmonds**") for a consideration of up to 6,811,389 new Ordinary Shares with a deemed price of 85p per share. The combined shareholdings of the Principal Vendors in Balmonds is equal to 85 per cent. of the issued share capital. The Company is entitled to acquire the remaining 15 per cent. of the issued share capital of Balmonds from the Minority Vendors on the same terms pursuant to "drag along provisions" in the articles of association of Balmonds except the Company may choose to expedite the acquisition process by agreement with the Minority Vendors. The total consideration payable to the Minority Vendors will be up to 1,202,010 new Ordinary Shares with a deemed price of 85p per share.

The total consideration for the Proposed Acquisition amounts to up to approximately £8,000,000 and will be satisfied via the issue and allotment of up to 8,013,399 new Ordinary Shares ("**Consideration Shares**") to the Vendors *pro rata* to their holdings in Balmonds at the Consideration Price. The Consideration Shares comprise the Initial Consideration Shares and the Deferred Consideration Shares.

It is expected that the Initial Consideration Shares shall be issued and allotted to the Vendors on Admission *pro rata* to their respective holdings in Balmonds. The Deferred Consideration Shares shall be issued on or around the third anniversary of Admission subject to certain conditions including the applicable Vendors remaining employed by Balmonds and certain performance targets being satisfied. The number of Deferred Consideration Shares to be issued to the Vendors will be calculated on a straight line basis and agreed formula.

In view of the size of the Proposed Acquisition relative to the Company and voting control of the Company, the Proposed Acquisition constitutes a reverse takeover under the AQSE Growth Market Rules and is therefore conditional, amongst other things, on the approval by Shareholders.

As part of the Proposed Acquisition, the Company conditionally acquired the Balmond Shareholder Loan. In consideration of the Balmond Loan Holders agreeing to novate the Balmond Shareholder Loan to the Company, the Loan Shares will be issued to the Balmonds Loan Holders on or around Admission subject to Admission and completion of the Proposed Acquisition.

On completion of the Proposed Acquisition, the Concert Party will hold 8,445,140 Ordinary Shares on Admission, representing approximately 73.2 per cent. of the Enlarged Share Capital. Details of the Concert Party are set out in paragraph 7 of Part I of this Document. Under Rule 9 of the Takeover Code, the Concert Party would normally then be obliged to make a general offer to all Shareholders (other than the Concert Party) to acquire all the Ordinary Shares not owned by the Concert Party. The Panel has agreed to waive this obligation subject to the approval by Independent Shareholders of the Waiver Resolution (on a poll) at the General Meeting. The Proposed Acquisition is therefore also subject to the approval of the Waiver Resolution by the Independent Shareholders. Your attention is drawn to paragraph 7 of this Part I and Part V which contains further information on the Takeover Code and Waiver Resolution.

Approval of the Proposals by the Shareholders will be sought at a General Meeting convened for 09.00 a.m. on 14 June 2022 at VSA Capital's office at Park House, 16-18 Finsbury Circus, London, EC2M 7EB. The notice of General Meeting is set out at the end of this Document. The Resolutions are described in more detail at paragraph 14 of this Part I.

**The purpose of this Document is to explain the background to and reasons for the Proposed Acquisition and to explain why the Directors consider it to be in the best interests of the Company and Shareholders as a whole and to seek Shareholders' approval for the Resolutions being proposed at the General Meeting.**

## **2. Background to and reasons for the Proposed Acquisition**

The Company was incorporated as an Enterprise Company on 10 August 2021 to identify investment opportunities and acquisitions of consumer-facing brands including, but not limited to, in the food, organic food, wellness, lifestyle and leisure sectors.

On 11 May 2022, the Company announced that it had made an investment in Ginger Teleporter Limited by way of subscription for an unsecured convertible loan note for a total amount of £200,000 with a term of 2 years at an interest rate of 15 per cent. per annum. Ginger is a leading UK e-mobility company that is licenced to operate e-scooters and e-bikes in locations across England. This transaction is considered a minor investment while it is reviewing a number of other opportunities to build a portfolio of consumer brands.

On or about the date of this Document, the Company announced that it had conditionally agreed to acquire the entire share capital of Balmonds. The Company has identified Balmonds as an advantageous and complementary acquisition for the Company, being a cosmetics company. Whilst the Proposed Acquisition results in considerable dilution as highlighted in paragraphs 5 and 7 below, nevertheless, the Directors believe that Balmonds is an attractive acquisition and a good platform upon which to grow the Group both organically and by further acquisition.

## **3. Principal terms of the Proposed Acquisition**

On or about the date of this Document, the Company signed a conditional share purchase agreement relating to the acquisition of 85 per cent. of the issued share capital of Balmonds from the Principal Vendors in consideration for the issue and allotment of the Consideration Shares. The remaining 15 per cent. of the issued share capital of Balmonds is intended to be acquired by the Company on the same terms pursuant to the "drag along" provisions of the articles of association of Balmonds except the Company may choose to expedite the acquisition process by agreement with the Minority Vendors. The Consideration for the Proposed Acquisition shall be satisfied by the issue of the Initial Consideration Shares and the Deferred Consideration Shares.

The Proposed Acquisition is conditional, *inter alia*, on:

- I. the grant of a waiver of Rule 9 of the Takeover Code by the Panel;
- II. the passing of the Resolutions proposed at the General Meeting of the shareholders of the Buyer;
- III. the passing of the Waiver Resolution at the general meeting by Independent Shareholders; and;
- IV. Admission of the Enlarged Share Capital to trading on the AQSE Growth Market.

Subject to the conditions being satisfied on or before 30 June 2022, the Company will issue and allot to the Vendors *pro rata* to the shares held by them in the issued share capital of Balmonds as at 20 May 2022:

- the Initial Consideration at the Consideration Price. Application will be made for the Initial Consideration Shares to be admitted to the AQSE Growth Market on 15 June 2022.
- such number of Deferred Consideration Shares on or around the third anniversary of Admission calculated in accordance with the agreed formula in the Share Purchase Agreement and subject to the satisfaction of the agreed performance criteria.

As part of the Proposed Acquisition, the Company conditionally acquired the Balmond Shareholder Loan. Pursuant to a deed of novation dated 20 May 2022, the Balmonds Shareholder Loan will be novated to the Company with effect from Admission. In consideration of the Balmond Loan Holders agreeing to novate the Balmond Shareholder Loan to the Company, the Loan Shares will be issued to the Balmond Loan Holders on or around Admission subject to Admission and completion of the Proposed Acquisition.

The Initial Consideration Shares will represent approximately 41.7 per cent. of the Enlarged Share Capital on Admission and will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including all rights to all dividends and other distributions declared, made or paid following Admission.

If the total number of the Consideration Shares are issued and allotted pursuant to the terms of the Proposed Acquisition, the Consideration Shares will represent approximately 54.4 per cent. of the Enlarged Share Capital on Admission and will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including all rights to all dividends and other distributions declared, made or paid following Admission.

#### **Director's conflict of interest**

Andrew Gerrie, being a Director of the Company, is also one of the majority shareholders of Balmonds, and Andrew Tone, being a Director of the Company, is a director of Scarlett, the subsidiary company of Balmonds. Accordingly, the Proposed Acquisition constitutes a related party transaction under the AQSE Growth Market Access Rulebook. Pursuant to the Conflict Procedures Agreement the Company has entered into with the Directors, in the event that the Company intends to acquire an entity that is an affiliate of any of the Directors, such Director shall not take part in any decision relating to the acquisition.

#### **4. Information on Balmonds Skincare Ltd**

Balmonds is a UK based skincare company that manufactures cosmetic skincare products primarily for consumers who suffer from skin conditions such as eczema, psoriasis and dermatitis. Balmonds' product line is made completely from natural ingredients that work to protect and hydrate sore and inflamed skin.

Balmonds has a subsidiary, Scarlett, who has entered into arrangements with a third party entity in China to sell Balmonds' products in China. Further details of relating to such arrangements are set out in paragraph 3.5 of Part IX of this Document.

#### **5. Dilutive impact of the Proposed Acquisition**

The proposed issue of all the Consideration Shares and the Loan Shares pursuant to the Proposed Acquisition will dilute existing shareholdings of Shareholders. The maximum dilution which a Shareholder will suffer as a result of completion of the Proposed Acquisition is 63.9 per cent.



## 6. Directors

The profiles of the Directors of the Company, are set out below:

### **Andrew Gerrie** (*Executive Director*)

In 1994 Andrew co-founded Lush and then co-managed the business alongside the other founders.

Today Lush generates just under £1bn in retail sales from approx. 1,000 stores and online channels, supported by 8 manufacturing facilities across the globe.

Andrew has been Non-Executive Chairman of Hotel Chocolat plc since 2015.

Andrew holds stakes in a number of consumer businesses, including Balmonds, Mambo, Greenback Recycling & Ginger Teleporter.

Andrew holds a B.Com degree from Auckland University, New Zealand.

### **Andrew Tone** (*Executive Director*)

Andrew has been based in Japan since 1995 where he has built numerous businesses. In 1998 he co-founded and grew Lush Japan to \$160M turnover and 160 stores, as well as building local manufacturing that also supported most of Lush's Asian business. Additionally, under the Lush group Andrew created a buying business in Hong Kong that sourced and provided material logistics for the Lush Group.

In 2005, Andrew created a brand incubation business in Hong Kong to focus on building consumer brand concepts. Through that venture he co-founded the skincare brand Steamcream, which he runs today, as well as several other brands, some of which went on to be sold.

In addition to the beauty industry, Andrew has built and sold a marketing technologies business he founded in 1999 and sold in 2004.

### **Paul Hodgins** (*Non-Executive Director*)

Paul is CEO and co-founder of Ginger, the leading British micro e-mobility operator. Prior to Ginger, he spent 12 years in large scale telecoms, with wide ranging lead roles in product development, operations, customer experience, and marketing in Virgin Media. Paul led major organisational transformation in customer installations, introduction of wi-fi, voice of the customer, and B2B commercial analytics.

At the same time, Paul has been a local government councillor for over 15 years, and was former Leader and Cabinet Member of the London Borough of Richmond upon Thames.

Paul is an experienced entrepreneur with a proven ability to identify and develop disruptive technologies at an early stage, having founded and sold one of the first UK internet streaming companies well before the emergence of today's major streaming services.

Paul started his career in Sony's R&D labs in Tokyo, following his Masters in Electrical Engineering from the University of Toronto and a Bachelors from Queen's University. Paul also has an MBA from the London Business School.

### **James Wilson** (*Non-Executive Director*)

Shortly after gaining his master's degree in engineering from Durham University, James joined for the pan-european equity team at Aviva Investors. He gained the CFA designation at Aviva and covered multiple sectors including a focus on the power of consumer brands and habitual products.

James joined Phoenix Asset Management in 2013 and became a partner shortly after. He has represented Phoenix on the board of Hornby PLC and Dignity PLC. He now manages The Huginn Fund which is a global unconstrained strategy.

### **Angus Thirlwell** (*Board Adviser*)

Angus co-founded Hotel Chocolat in 1993 and serves as CEO for the company. He has a particular focus on brand strategy, product and channel models, marketing and creative.

Angus attended Cranfield School of Management Business Growth Programme and is a committee member for the Academy of Chocolate.

## 7. The Code and dispensation from general offer

The Takeover Code (the “**Code**”) applies to Silverwood Brands PLC (the “**Company**”). Under Rule 9 of the Code, any person who acquires an interest in shares which, taken together with shares in which that person or any person acting in concert with that person is interested, carry 30% or more of the voting rights of a company which is subject to the Code is normally required to make an offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30per cent. of the voting rights of such a company but does not hold shares carrying more than 50per cent. of the voting rights of the company, an offer will normally be required if any further interests in shares carrying voting rights are acquired by such person or any person acting in concert with that person.

An offer under Rule 9 must be made in cash at the highest price paid by the person required to make the offer, or any person acting in concert with such person, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

The Company has agreed with the Panel that the following persons are acting in concert in relation to the Company:

- Andrew Gerrie (Age: 59):  
Is a director of Silverwood and, together with his wife, Alison Hawksley, shares a number of business interests with the other directors of Silverwood and the individuals set out below. Additional biographical information on Mr Gerrie can be found in paragraph 6 of Part I of this Document.
- Andrew Tone (Age: 49):  
Is the co-founder of Lush Japan, a subsidiary of Lush Cosmetics which Andrew Gerrie co-founded, and has historically worked closely together with Andrew Gerrie. Additional biographical information on Mr Tone can be found in paragraph 6 of Part I of this Document.
- Paul Hodgins (Age: 51):  
Is a director of Silverwood and also has a directorship in Ginger Teleporter Limited together with Andrew Gerrie. They are both shareholders in Ginger Teleporter Limited. Additional biographical information on Mr Hodgins can be found in paragraph 6 of Part I of this Document.
- James Wilson (Age: 36):  
Is a director of Silverwood and also is a partner at Phoenix Asset Management Partners Limited, of which Andrew Gerrie is a non-executive director. Additional biographical information on Mr Wilson can be found in paragraph 6 of Part I of this Document.
- Angus Thirlwell (Age: 59):  
Angus is the co-founder and CEO of Hotel Chocolat, an AIM quoted company. Although Andrew Gerrie is the Non-Executive Chairman of Hotel Chocolat, and Angus is a board adviser to Silverwood (due to his specialist brands expertise). Additional biographical information on Mr Thirlwell can be found in paragraph 6 of Part I of this Document.
- Alison Hawksley (Age: 55):  
Is co-owner of Balmonds and CEO/Trustee of MAD 4 AFRICA charity. She is also Mr Andrew Gerrie’s wife. She is not a director, officer, employee and/or representative of Balmonds or the Company.
- Hu Yu (also known as Harry Yu) (Age: 27):  
Is a shareholder of Silverwood, in addition to being the 20% owner of a subsidiary of Balmonds.

He also advises Balmonds on the Chinese market. He is not a director, officer, employee and/or representative of Balmonds or the Company.

- **Fushia Investments PTE LTD**  
Is a family office investment company based in Singapore and a subsidiary of GKG Investment Holdings Pte Ltd, which is controlled by the Goh family. The company participated in Silverwood's pre-IPO fundraise round. The company is registered in Singapore with Unique Entity Number 199901064M and its registered office is at 11 North Buona Vista Drive, #08-08, The Metropolis, Singapore 138589. Its directors are Mr Goh Geok Khim and So Madeline Mrs. Goh Madeline.
- **Silver Americum Ltd:**  
Is a private investment company and registered in England and Wales with company number 12701954. The company's registered office address is at 14 Laurel Road, Barnes SW13 0EE, United Kingdom. Its director is Mr Andrew Gerrie and it is controlled by Mr Andrew Gerrie and Mrs Alison Hawksley.
- **Andrew Monk and Andrew Raca, both directors of VSA Capital Limited, and Jane Raca (the wife of Andrew Raca) hold in aggregate 212,500 shares representing 4.0% of Silverwood's share capital. VSA Capital, the Company's AQSE Corporate Adviser and Broker, however does not hold any shares in Silverwood.**

Following Admission, the members of the concert party will be interested in a maximum of 8,445,140 Ordinary Shares, representing approximately 73.2 per cent. of the Enlarged Share Capital. A table showing the respective individual interests in shares of the members of the concert party on Admission is set out below:

<i>Shareholder</i>	<i>Maximum Ordinary Shares held immediately following Admission</i>	<i>Ordinary Shares interested in following Admission as a percentage of the Enlarged Share Capital</i>
Andrew Gerrie & Alison Hawksley		
Alison Hawksley & Andrew Gerrie	2,112,651	18.3%
Alison Hawksley	2,043,417	17.7%
Silver Americum Ltd *	714,286	6.2%
Andrew Gerrie	2,043,421	17.7%
Angus Thirlwell	571,429	5.0%
Fushia Investments PTE LTD	571,429	5.0%
Andrew Monk	200,000	1.7%
Andrew Tone	104,572	0.9%
Paul Hodgins	28,577	0.2%
James Wilson	28,572	0.2%
Hu Yu **	14,286	0.1%
Jane Raca	7,500	0.1%
Andrew Raca	5,000	0.0%
<b>Total</b>	<b>8,445,140</b>	<b>73.2%</b>

\* Mr Andrew Gerrie holds a 20% stake in the company, Mrs Alison Hawksley holds a 20% stake in the company

\*\* Also known as Harry Yu

**Following Admission, the members of the Concert Party will hold shares carrying more than 50% of the voting rights of the Company and (for so long as they continue to be acting in concert) may accordingly increase their aggregate interests in shares without incurring any obligation to make an offer under Rule 9, although individual members of the concert party will not be able to increase their percentage interests in shares though or between a Rule 9 threshold without Panel consent.**

**The Panel has agreed, however, to waive the obligation for the Concert Party to make a general offer that will otherwise arise as a result of the issue of the Consideration Shares, subject to the approval of**

the Independent Shareholders, all of whom are independent of the Concert Party. Accordingly, Resolution 2 is being proposed at the General Meeting and will be taken on a poll.

Following the issue of the Loan Shares and all of the Consideration Shares, increasing the Concert Party's shareholding in the Company to 75.8 per cent. of the Company's voting rights, for so long as the Concert Party hold more than 50 per cent. of the Company's voting share capital and its members are presumed to be acting in concert by the Panel, they may increase their aggregate interests in the Ordinary Shares in the Company without incurring any obligation under Rule 9 to make a general offer for the remaining shares, although individual members of the Concert Party would not be able to increase their percentage interest in the Ordinary Shares of the Company through, or between, a Rule 9 threshold without the consent of the Panel.

Shareholders should also note that in the event the Waiver Resolution is approved at the General Meeting, the Concert Party will not be restricted from making an offer for Silverwood should it choose to do so.

#### **8. Further Growth Opportunities and strategy for the Enlarged Group**

The Directors believe that the Enlarged Group is well positioned to continue to build a portfolio of consumer brands in accordance with its stated strategy. The Company are in a number of early stage discussions with a number of potential targets which may or may not lead to an investment or acquisition as they are subject to a number of factors such as valuation, due diligence, synergies and ability to add value. The Directors will continue to consider selective growth opportunities where there is potential to invest in, or acquire, quality, complementary businesses operating within the sector. If any of these opportunities advance, the Directors will consider all funding options including, without limit, equity fundraisings. In addition, the Directors may consider investments in the Company if one or more strategic investors can offer complement the network and/or experience of the Company to build its portfolio of consumer brands.

#### **9. Lock-In Agreement and Orderly Market Agreements**

On Admission, the Directors of the Company will, in aggregate, hold 6,361,210 Ordinary Shares, representing 55.2 per cent. of the Enlarged Share Capital. The Directors have agreed with the Company and VSA Capital, save for certain standard exceptions as well as certain considerations prescribed by the Code, not to dispose of any interest in the Ordinary Shares held by them for a period of 12 months following Admission ("Lock-In Period") and then for the following 12 months not to dispose of their Ordinary Shares without first consulting the Company and VSA Capital in order to maintain an orderly market for the Shares.

#### **10. Corporate Governance**

The Directors are committed to maintaining high standards of corporate governance, and propose, so far as is practicable given the Company's size and nature, to comply with the QCA Code. The Company has established an Audit & Risk Committee with formally delegated duties and responsibilities. The Audit & Risk Committee will, on Admission, comprise the non-executive directors, with Paul Hodgins as chairman.

The composition of this committee may change over time as the composition of the board changes.

The Audit & Risk Committee will determine the terms of engagement of the Company's auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit & Risk Committee will receive and review reports from management and the Company's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee will have unrestricted access to the Company's auditors.

The main Board will ensure that procedures, resources and controls are in place to ensure that AQSE Growth Market Rules compliance by the Company is operating effectively at all times and that the executive directors are communicating effectively with the Company's nominated adviser regarding the Company's ongoing compliance with the AQSE Rules and in relation to all announcements and notifications and potential transactions. Due to the size and nature of the Company the Board do not believe a

remuneration committee is suitable, however, the Board will continue to assess the need for such a committee taking into account the principles of good governance.

The Company has adopted a share dealing code for dealings in securities of the Company by the Directors and Persons Discharging Managerial Responsibility which is appropriate for a company whose shares are traded on the AQSE Growth Market. This will constitute the Company's share dealing policy for the purpose of compliance with UK Legislation including the Market Abuse Regulation and the AQSE Growth Market Rules. It should be noted that the insider dealing legislation set out in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, will apply to the Company and dealings in Ordinary Shares.

The Company has implemented an anti-bribery and corruption policy and has also implemented appropriate procedures to ensure that the Board, employees and consultants comply with the UK Bribery Act 2010.

The Directors have established financial controls and reporting procedures, which are considered appropriate given the size of and structure of the Company. These controls will be reviewed in the light of an investment or acquisition and adjusted accordingly.

The Directors may in the future be subject to conflicts of interest with the Company. Potential areas for conflicts of interest in relation to the Company include:

- The Directors are not required to commit any specified amount of time to the Company's affairs. Accordingly, the Directors may have conflicts of interest in allocating management time among various business activities.
- The Directors have, or may come to have, other fiduciary obligations, including to other companies on whose board of directors they presently sit or to other companies whose board of directors they may join in the future. To the extent that they identify business opportunities that may be suitable for the Company or other companies on whose board of directors they may sit, the Directors will honour any pre-existing fiduciary obligations ahead of their obligations to the Company. Accordingly, they may refrain from presenting certain opportunities to the Company that come to their attention in the performance of their duties as directors of such other entities unless the other companies have declined to accept such opportunities or clearly lack the resources to take advantage of such opportunities.
- The Directors may in the future become affiliated with entities, including other special purpose acquisition companies, engaged in business activities similar to those intended to be conducted by the Company, which may include entities with a focus on target companies or businesses similar to those being sought by the Company.
- The Directors may have a conflict of interest with respect to evaluating a particular acquisition opportunity if the retention or resignation of any of the Directors were included by a target company or business as a condition to any agreement with respect to the future acquisitions.

To minimise potential conflicts of interest, the Company has entered into the Conflict Procedures Agreement with the Directors, pursuant to which in the event that the Company intends to acquire an entity that is an affiliate of any of the Directors (for example, an entity of which any Director is a director or shareholder holding such number of shares which the Board considers presents a conflict of interest), such Director shall not take part in any decision relating to the acquisition. Notwithstanding the provisions of the Articles, such Director shall not vote on any board decisions in relation to the acquisition (nor shall they form part of the quorum required for any such board meetings).

The Directors are free to become affiliated with other entities engaged in similar business activities prior to its identifying and acquiring a target company or business.

Each of the Directors have agreed that if any of them becomes involved following this date of this Document and prior to the completion of an acquisition by the Company with entities with similar

acquisition criteria to the Company's, any potential opportunities that fit such criteria would first be presented to the Company.

#### **11. Intentions of the Concert Party**

The Directors', being members of Concert Party, long-term commercial justification for the transaction is that they believe in the potential for significant revenue growth in Balmonds and the potential to realise substantial synergies with any additional portfolio companies, should further companies be acquired by the Company. No member of the Concert Party is currently proposing any changes to the management of the Company. The members of the Concert Party have confirmed their intention that, following any increase in their holdings of Ordinary Shares as a result of the issue to them of the Consideration Shares, the business of the Enlarged Group would continue in substantially the same manner as the business of Balmonds and the Company immediately prior to passing of the Resolutions. The members of the Concert Party have no intention of relocating the business or redeploying the fixed assets of the Company or Balmonds. The members of the Concert Party are not restricted from making an offer for the Company.

The members of the Concert Party have confirmed that, if the Waiver Resolution is passed by the Independent Shareholders on a poll, there is no agreement, arrangement or understanding for the transfer of their Ordinary Shares (including any Consideration or Loan Conversion Shares) to any third party.

The Concert Party is not intending to seek any changes in respect of:

- a) The future of the Company's business;
- b) Any planned investment in research and development;
- c) The continued employment of the Company's employees and management, including any material change in conditions of employment or balance of skills and functions;
- d) The location of the Company's places of business, headquarters and headquarter functions;
- e) Employer contributions into the Company's pension schemes, the accrual of benefits for existing members and the admission of new members and the Concert Party is not seeking any redeployment of fixed assets of the Company; and
- f) The maintenance of any existing trading facilities for the relevant securities of the Company.

The Directors, who are part of the Concert Party, note that the Concert Party does not intend to change any matter referred to in this paragraph 11 of Part I and have no comment.

#### **12. Share Options and Incentives**

The Directors believe that it is important for the success and growth of the Company to employ and engage highly motivated personnel and that equity incentives are available to attract, retain and reward employees, directors and consultants. In order to achieve that objective the Company intends to adopt an appropriate incentive plan under which it may award new Ordinary Shares to directors, employees and consultants pursuant to share option and incentive schemes approved by the Board. It is intended that any individual awards under any such scheme will be subject to vesting and/or performance conditions.

#### **13. Application to the AQSE Growth Market**

Application will be made for the Initial Consideration Shares and the Loan Shares to be admitted to trading on the AQSE Growth Market. Dealings in the Ordinary Shares are expected to commence on 15 June 2022.

The Initial Consideration Shares and the Loan Shares will, on Admission, rank *pari passu* in all respects with the existing Ordinary Shares and will rank in full for all dividends and other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

## 14. CREST

The Company's Articles of Association are consistent with the transfer of Ordinary Shares in dematerialised form in CREST under the CREST Regulations. Application has been made for the Ordinary Shares to be admitted to CREST on Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if relevant Shareholders so wish.

CREST is a voluntary system and Shareholders who wish to receive and retain certificates in respect of their Ordinary Shares will be able to do so.

## 15. General Meeting

Set out at the end of this Document is the Notice of General Meeting, convening the General Meeting to be held at 9.00 a.m. (UK time) on 14 June 2022 at VSA Capital's office at Park House, 16-18 Finsbury Circus, London, EC2M 7EB, at which the following Resolutions will be proposed:

### **Resolution 1: the approval of the Proposed Acquisition**

The Proposed Acquisition will constitute a reverse takeover pursuant to the AQSE Growth Market Rules and as such will require the approval of the Shareholders. Resolution 1 is an ordinary resolution seeking shareholder approval of the Proposed Acquisition.

### **Resolution 2: Approval of the Waiver Resolution**

The Proposed Acquisition and the issuance of the Consideration Shares and the Loan Shares to members of the Concert Party would trigger a mandatory takeover pursuant to Rule 9 of the Takeover Code. Therefore, the waiver granted by the Takeover Panel of the obligation that would otherwise arise on the members of the Concert party, both individually and collectively, to make an offer to the shareholders of the Company pursuant to Rule 9 of the Takeover Code as a result of the Proposed Acquisition, as described in this Document of which this notice forms part, will require the approval of Independent Shareholders.

Resolution 2 will be taken in accordance with the requirements of the Takeover Code, and be taken on a poll of Independent Shareholders present and by proxy voting at the General Meeting.

### **Resolution 3: Authority to allot Ordinary Shares**

The Directors are seeking authority to issue the Consideration Shares and the Loan Shares for the purpose of the Proposed Acquisition. In addition, it is seeking an additional authority of up to £5,000,000 to allot and issued new Ordinary Shares to expire at the conclusion of the next Annual General Meeting. This additional authority is to provide the Directors with the flexibility to act quickly if any opportunities may arise for it to, amongst other matters, acquire targets or carry out equity fundraisings. Resolution 3 is an ordinary resolution.

### **Resolution 4: Disapplication of statutory pre-emption rights**

Subject to the passing of Resolution 3, the Directors seek authority to disapply statutory pre-emption rights. Resolution 4 is proposed as a special resolution.

### **Resolution 5: Amendment to the Articles**

That, the Articles be amended to allow for simultaneous attendance and participation by electronic facilities. Resolution 5 is proposed as a special resolution.

## 16. Action to be taken

Voting on all of the proposed resolutions set out in the Notice of General Meeting will be conducted on a poll which reflects shareholders' voting intentions in respect of shares held and votes tendered. Only Independent Shareholders may vote in relation to Resolution 2.

We encourage Shareholders to appoint the Executive Director as their proxy with their voting instructions rather than attend the General Meeting in person.

Shareholders will find enclosed with this letter a Form of Proxy for use at the General Meeting. Proxies may be appointed by either:

- Completing and returning the enclosed Form of Proxy; or
- Using the CREST electronic proxy appointment service (for CREST members only).

In either case, the notice of appointment of a proxy should reach Neville Registrars Limited at Neville House, Steelpark Road, Halesowen B62 8HD, as soon as possible but in any event so as to arrive not later than 9.00 a.m. (UK time) on 10 June 2022.

#### **17. Further Information**

Your attention is drawn to the further information set out in the remainder of this Document and, in particular, to the Risk Factors set out in Part III of this Document. The Proposals are expected to have a material effect on the Concert Party's earnings, assets, and liabilities as shown in the unaudited pro-forma financial information on the Enlarged Group in Part VII of this Document. The principal business activities of the Company will, however, continue substantially unchanged.

It should also be noted that VSA Capital is the Rule 3 advisor for this transaction. There are no personal, financial, or commercial relationships between the controller and the Rule 3 advisor or any person who is, or presumed to be, acting in concert with the Rule 3 advisor.

#### **18. Recommendation**

As the Directors are members of the Concert Party and therefore not independent, they are unable to give a recommendation as to how Shareholders should vote at the General Meeting.

The Directors would like to draw shareholders attention to the letter received from VSA Capital regarding the Proposed Acquisition of Balmonds Skincare Limited by Silverwood Brands PLC (the "**Letter**") as included in Part II of this Document. The Directors advise Shareholders to take note of the Letter and in particular VSA Capital's consideration of the Proposals and Resolutions, set out in the notice of General Meeting, and that VSA Capital has provided an opinion that they are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The Directors have irrevocably undertaken to vote, in their capacity as shareholders in the Company, in favour of Resolution 1 to approve the Proposed Transaction in respect of their aggregate beneficial holdings of 6,361,210 Ordinary Shares, representing 55.2 per cent. Of the total number of issued Ordinary Shares in the Company.

Yours faithfully

Paul Hodgins

Non-Executive Director



PART II  
LETTER FROM VSA CAPITAL LIMITED TO THE DIRECTORS



Park House, 16-18 Finsbury Circus, London EC2M 7EB  
Tel +44 (0)20 3005 5000 | Email mail@vsacapital.com

The Directors  
Silverwood Brands plc  
200 Strand,  
London,  
WC2R 1DJ

20 May 2022

Dear Sirs

**Acquisition of Balmonds Skincare Limited by Silverwood Brands PLC**

VSA Capital Limited acts as Aquis Corporate Adviser, Financial Adviser and Broker to Silverwood Brands PLC (“Silverwood”).

We refer to the proposed acquisition by the Company of the entire issued share capital of Balmonds Skincare Limited (“Proposed Acquisition”). Details of the Proposed Acquisition have been included in an Admission Document dated 20 May 2022 of which this letter comprises part.

The Proposed Acquisition constitutes a reverse takeover under the Rules of the Access segment of the Aquis Growth Market and requires approval of Shareholders in General Meeting. Accordingly, Resolution 1 is being proposed at the General Meeting and will be taken on a poll.

**Shareholders should be aware that following completion of the Proposed Acquisition and issue of all Consideration Shares, the members of the Concert Party will be interested in a maximum of 11,169,695 Ordinary Shares, representing approximately 75.8 per cent. of the Enlarged Share Capital. Full details are provided in paragraph 7 on page 18 of this document. As a consequence, because the members of the Concert Party will hold shares carrying more than 50% of the voting rights of the Company they may (for so long as they continue to be acting in concert) accordingly increase their aggregate interests in shares without incurring any obligation to make an offer under Rule 9, although individual members of the concert party will not be able to increase their percentage interests in shares though or between a Rule 9 threshold without Panel consent.**

The Panel has agreed to waive the obligation for the Concert Party to make a general offer that would otherwise arise as a result of the issue of all the Consideration Shares, subject to the approval of the Independent Shareholders, all of whom are independent of the Concert Party. Accordingly, Resolution 2 is being proposed at the General Meeting and will be taken on a poll of Independent Shareholders.

We are taking into account the controlling position which the Concert Party will obtain, and the effect which this will have on shareholders generally, we confirm that in VSA Capital’s view, we consider the Proposed Acquisition and the Resolutions to be fair and reasonable and in the best interests of the shareholders as a whole. In reaching this opinion, we have taken into account the Directors’ commercial assessments, notwithstanding the Directors’ lack of independence as members of the Concert Party.

Yours faithfully

**Andrew Raca**  
**Head of Corporate Finance**

## PART III RISK FACTORS

An investment in the Ordinary Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risks set out below in addition to all of the other information set out in this Document before investing in the Ordinary Shares. The investment offered in this Document may not be suitable for all of its recipients. Before making any final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities in the UK or another appropriate financial adviser in the jurisdiction in which such investor is located who specialises in advising on the acquisition of shares and other security. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her.

The Board believes the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all of those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Board, or which the Board currently deems immaterial, may also have an adverse effect on the Company and the information set out below does not purport to be an exhaustive summary of the risks affecting the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements.

If any of the following risks were to materialise, the Company's business, financial condition, results or future operations could be materially adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his or her investment.

### **RISKS RELATING TO THE COMPANY AND THE ENLARGED GROUP**

#### *Speculative Nature of Investment Risk*

An investment in the Enlarged Group carries a degree of risk and should be considered a speculative investment. The Enlarged Group has a limited history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and are unlikely to pay dividends in the immediate or near future. An adverse development regarding any of the subsequent subject matter could have a material adverse effect on the business, results of operations and financial condition of the Enlarged Group. Although Balmonds has been generating revenue since 2018, there can be no assurance that the Enlarged Group will be successful in their efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution.

#### *Development Risks*

There can be no guarantee that the Company will be able to manage effectively the expansion of its operations or that the Company's current personnel, systems, procedures and controls will be adequate to support the Company's operations. Any failure of the Board to effectively manage the Company's growth and development may have material adverse effects on the Company's business, financial condition, results and/or future operations. There is no certainty that all, or indeed any, of the elements of the Company's current strategy will develop as anticipated and that the Company will be profitable.

### **RISKS RELATING TO THE COMPANY'S STRATEGY**

#### *Operations and Financing*

The Company will devote financial and other resources to developing its Portfolio Companies' products range, expanding distribution channels and improving marketing and sales. As a result, the Enlarged Group will need to consistently grow sales in order to improve revenue and profitability. If the Enlarged Group fails to achieve revenue

and profitability growth within the time frame expected by investors, it may adversely affect the market price of the Enlarged Group's Ordinary Shares. It cannot be assured that the Enlarged Group or any portfolio Companies will be able to achieve and/or maintain profitability.

Balmonds expects to derive most of its revenue from its existing product range, however it will also be introducing new products to the market. The rate at which orders come in for Balmonds' products can be variable and difficult to predict as a result of many factors beyond the firm's control. These include:

- Demand for products and services and the timing, repetitiveness and size of orders;
- The recommendation and prescription of Balmonds' products by doctors and pharmacists.
- Competitive pressures; and
- General economic conditions.

Volatility in purchasing practices and adverse economic conditions could result in the Enlarged Group not meeting its revenue growth objectives, and/or may have a material adverse effect on the financial conditions, results of operations, and/or cash of it and its Portfolio companies. Furthermore, factors adversely affecting the pricing of, or availability to provide, products and/or services, such as supply shortages, treatment issues, contract restrictions, law changes, may harm the business and operating results, including operating margins and revenue and may result in loss of market share.

The nature of the market for the products of the Enlarged Group requires that that it continually improve or at least maintain the effectiveness, safety and reliability of its products, as well as introducing new offerings. To be competitive, the Enlarged Group must successfully develop new products and/or expand its distribution channels. Any delays or failure to develop and introduce new products and/or expand its distribution channels may have an adverse effect on the business and operating results, including an adverse effect on revenue growth, loss of market share, injury to its reputation or damage to its efforts to build brand awareness.

#### *The Company's Strategy*

The implementation of the Company's strategy will have a significant effect on the success of the Company. While the Directors believe from their collective experience that they will be in a position to grow the Company and be in a position to identify and attract opportunities and investment in line with the Company strategy, there is no guarantee that such opportunities will present themselves or present themselves within adequate timeframes.

The Company's ability to implement their strategy within envisaged timeframes may be impacted as a result of the following:

- the Company may need to raise further capital to make investments and/or fund the assets or business invested in;
- the Company may be required to conduct extensive negotiations in order to secure and facilitate an investment;
- the necessitation of certain structures in order to facilitate an investment;
- the Company's intention to conduct rigorous due diligence prior to investment;
- market conditions, competition from other investors, or other factors may limit the Company in respective of identify suitable investments or such investments may not be available at the rate the Company currently envisages.

All of these factors may have a material effect on the business, financial conditions, results of operations and prospects of the company.

#### *Global Expansion*

There can be no guarantee that any market for the Company's future products (if any) will develop where the Company targets for investment. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including, changes in laws, economic instability, changes to regulations

and the effects of competition. These factors may hamper the Company's capability to successfully expand its operations. This may have material adverse effects on the Company's business, financial condition, results and/or future operations.

*Management of growth and factors which may prevent realization of growth objectives:*

The Enlarged Group may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Enlarged Group to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Enlarged Group to deal with this growth may have a material adverse effect on the business, financial condition, results of operations and prospects of the Enlarged Group and/or its Portfolio Companies.

*Dependence on Directors*

The Company is reliant on the performance of the Directors to achieve its strategy. The failure of the Directors in their roles as they relate to identifying, acquiring, managing, growing and disposals as they relate to the Company's strategy could have material adverse effects on the Company's short term and future success as it relates to the business, financial condition, and results.

*Attraction and retention of key employees and personnel*

The Company's success will depend on its current and future management team, future key employees, as well as key personnel of any companies that the Company may invest in in the future following such investment. As the Company's business grows in size, the Company will need to continue to recruit additional personnel with the appropriate skills to support its business development. In addition, the Company will need to retain and incentivise existing key personnel in order to achieve its business objectives.

If any key individuals resign, there is a risk that no suitable replacement with the requisite skills, contacts, knowledge and experience will be found to replace them. If key personnel were to leave the Company or any company that the Company has invested in and/or the Company or any company that the Company has invested in fails to attract or retain suitably qualified individuals, this may have material adverse effects on the business, financial condition, results and/or future operations of the Company.

*Competition*

The Enlarged Group faces competition in the market in which it operates. The ability of the Enlarged Group to remain competitive relies upon the continued high quality of the product lines, the expansion of distribution channels, and an increased awareness amongst consumers of the comparative advantages of the Enlarged Groups Portfolio Companies' products.

The ability of the Portfolio Companies to compete effectively requires them to be able to consistently meet client demand. As such, ensuring there is enough stock with third party distributors and within the Portfolio Companies' own storage areas is critical. Any decrease in the quality of the Enlarged Group's end products, the ingredients they use in their manufacturing process, or delays in the supply of said ingredients could adversely affect the business and operating results of Silverwood Brands.

*Success of the strategy not guaranteed*

The Company's level of profit will be reliant upon the performance of the assets acquired and the strategy (in both its current form and as amended from time to time). The success of the strategy depends on the Investment Committee's ability to identify investments in accordance with the Company's investment objectives and to interpret market data correctly. No assurance can be given that the strategy to be followed will be successful under all or any market conditions, that the Company will be able to identify opportunities meeting the Company's investment criteria, that the Company will be able to invest its capital on attractive terms or that the Company will be able to generate positive returns for Shareholders. If the strategy is not successfully implemented, this may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

### *Potential loss on investments*

The Company's strategy carries inherent risks and there can be no guarantee that any appreciation in the value of an investment or acquisition will occur or that the objectives of the Company will be achieved. For example (i) trading difficulties may occur following investment by the Company; or (ii) the Company may not be able to conduct a full investigation of a target prior to investment/ acquisition and adverse matters may only come to light after an investment has been made.

- Material acquisitions, dispositions and other strategic transactions involve a number of risks, including:
- potential disruption of the Company's on-going investments;
- distraction of management and key personnel;
- the Company may become more financially leveraged;
- the anticipated benefits and costs savings of those transactions may not be realised fully or at all or may take longer to realise than expected;
- increasing the scope and complexity of the Company's investment strategy; and
- loss or reduction of control over certain of the Company's investments.

### *Investment in private companies*

The Company may invest in or acquire companies held privately. These may be highly leveraged and have significant debt obligations, stringent operational and financial covenants and be at risk of defaulting under financing and contractual arrangements. Private companies may have little or no operating history upon which the Company may assess their likely performance. They may have smaller market shares than larger businesses, making them more vulnerable to changes in market conditions or the activities of competitors. Private Companies may also be more dependent on a limited number of management and operational personnel, increasing the impact of the loss of any one or more individuals. This may have material adverse effects on the business, financial condition, results and/or future operations of the Company.

### *Joint Ventures*

The Company or a business that in which it invests may enter into joint ventures. There is no guarantee that their joint venture partners will meet their obligations under the applicable joint venture agreement. This may lead to the Company suffering costs and/or other related losses. There is potential for a difference in the objectives of the Company and the respective joint venture partner. This may result in additional costs and/or other related losses and delays to the project. The Company may only have minority interests in the joint venture partnership or vehicle or project and therefore unable to exercise control over the operations. This may have material adverse effects on the business, financial condition, results and/or future operations of the Company.

### *Risks relating to Enlarged Group Portfolio Companies, Targets and Opportunities*

Future success of target companies will depend on their continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand and target companies may incur significant costs to attract and retain them. In addition, loss of any senior management or key employees could materially adversely affect a target company's ability to execute its business plan and strategy, and it may not be able to find an adequate replacement on a timely basis, or at all.

### *Research and development and product obsolescence*

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products will characterise a target company's business. The introduction of new products embodying new technologies, including

new manufacturing processes, and the emergence of new industry standards may render a target company's products obsolete, less competitive or less marketable.

The process of product development is complex and requires significant continuing costs, development efforts and third party commitments. A target company's failure to develop new technologies and products and the obsolescence of existing technologies could adversely affect the business, financial condition and operating results of a target company, and therefore have a material adverse effect on the Company's return on investment.

A target company may be unable to anticipate changes in its potential customer requirements that could make its existing technology obsolete. A target company's success will depend, in part, on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. A target company may not be successful in using its new technologies or exploiting its niche markets effectively or adapting its business to evolving customer or medical requirements or preferences or emerging industry standards.

Although the Enlarged Group is committed to the development of cosmeceuticals there can be no assurances that such research and development activities will prove profitable or that the resulting discoveries and products/treatments, if any, will be commercially viable or successfully produced and marketed.

#### *Product Liability*

As a manufacturer and distributor of products designed to be used on humans, the Enlarged Group faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of the products of the Enlarged Group involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human use of natural cosmetic products alone or in combination with other medications or substances could occur. The Enlarged Group may be subject to various product liability claims, including, among others, that the cosmetic products of the Portfolio Companies' cause injury or illness, include inadequate instructions for use, or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Enlarged Group could result in increased costs, could adversely affect the reputation of the Enlarged Group and Portfolio Companies with clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Enlarged Group.

#### *Product recalls*

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the products of the Portfolio Companies of the Enlarged Group are recalled due to an alleged product defect or for any other reason, the Enlarged Group could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Enlarged Group may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, or even at all. In addition, a product recall may require significant management attention. Although the Portfolio Companies have procedures for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if the Enlarged Group's products are subject to recall, the image of the Enlarged Group could be harmed. Subsequently, this could have a material effect on the operations and financial condition of Silverwood Brands.

#### *Material facts or circumstances not revealed in the due diligence process*

Prior to making or proposing any investment, the Company will undertake legal, financial and commercial due diligence on potential investments to a level considered reasonable and appropriate by the Company on a case-by-case basis. However, these efforts may not reveal all material facts or circumstances that would have a material adverse effect upon the value of the investment. In undertaking due diligence, the Company will need to utilise its own resources and may be required to rely upon third parties to conduct certain aspects of the due diligence

process. Further, the Company may not have the ability to review all documents relating to the investee company and assets. Any due diligence process involves subjective analysis and there can be no assurance that due diligence will reveal all material issues related to a potential investment. Any failure to reveal all material facts or circumstances relating to a potential investment may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

#### *Aborted investments*

There can be no guarantee that the Company will successfully effect an investment where there is an identified opportunity and, as a result, resources may be expended on investigative work and due diligence without the investment being completed.

#### *Difficulties integrating investments*

The success of an investment will depend upon the ability of the Directors to integrate the investment in a timely and cost-effective manner. Any difficulties in the integration process may result in increased expense, loss of sales and a decline in profitability. The process of integration may require a disproportionate amount of time and attention of the Company's management, which may distract management's attention from its day-to-day responsibilities. In addition, any interruption or deterioration in service resulting from an investment may result in a customer's decision to stop dealing with the Company or a target. For these reasons the Company may not realise the anticipated benefits of an investment, either at all or in a timely manner. If that happens and the Company incurs significant costs, it could have a material adverse impact on the profits and the business of the Company. Similarly, getting added value for an investment may prove to be difficult and limit returns.

### **RISKS ASSOCIATED WITH MAKING INVESTMENTS GEOGRAPHICALLY**

#### *Restrictions on Foreign Investments*

Some countries may prohibit or impose substantial restrictions on investments by foreign entities such as the Company. Certain countries may require governmental approval prior to investment by foreign persons or limit the amount of investment by foreign persons in a particular company or limit the investment by foreign persons in a company to only a specific class of securities which may have less advantageous terms than securities of the company available for purchase by nationals. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. The manner in which foreign investors may invest in companies in certain countries, as well as limitations on such investments, may have material adverse effects on the business, financial condition, results and future operations of the Company.

#### *Currency Risks*

The Company may operate and make investments in currencies other than the currency of the country that it is incorporated under the laws of. The Company does not currently intend to hedge against exchange rate fluctuations. Accordingly, the value of such operations and investments may be adversely affected by changes in currency exchange rates, which may have material adverse effects on the business, financial condition, results and future operations of the Company.

#### *War in Ukraine*

On 24 February 2022 Russia launched an invasion of Ukraine. Since then, thousands of people have died and Russia has faced unprecedented economic sanctions. In an escalating war of words between Russia and the West, President Putin has threatened foreign powers with grave consequences if they were to intervene in the conflict and warned that he may stop supplying natural gas to Europe. The war has led to instability in global financial markets and raised the prospect of higher inflation and an economic downturn. The macroeconomic environment caused by the war could have a substantial effect on the performance of the Enlarged Group.

### *Brexit*

Following the withdrawal of the United Kingdom from the European Union, Balmonds may find it more difficult to conduct business with the EU. This could have a detrimental impact on the cost of goods sold, revenue, and profit of both Balmonds and the Enlarged Group.

### *China*

China poses a geopolitical risk to Balmonds and the Enlarged Group. The imposition of new laws affecting Balmonds' supply chain and/or any other actions taken by the Chinese government affecting Balmonds' operations could have a detrimental impact on the cost of goods sold, revenue, and profit of both Balmonds and the Enlarged Group.

## **RISKS RELATING TO DIRECTORS' CONFLICTS OF INTEREST**

*The Company is dependent on the Directors to identify potential acquisition opportunities and to execute any acquisition and the loss of the service of the Directors could materially adversely affect it*

The Company is dependent upon the Directors to identify potential acquisition opportunities and to execute an Acquisition. The low-risk event of an unexpected loss of the services of the Directors could have a material adverse effect on the Company's ability to identify potential acquisition opportunities and to execute any acquisition.

*The Directors will not devote their full time and attention to the Company*

None of the Directors are required to commit their full time to the Company's affairs when allocating their time between the Company's operations and their other commitments. If the Directors' other business affairs require them to devote more substantial amounts to such affairs, it could limit their ability to devote time to the Company's affairs and could have a negative impact on the Company's ability to carry out its strategy. However, even though the Directors are engaged in other businesses endeavours, they are obligated to devote at least a specific number of hours to the Company's affairs per month and increase this amount of time based on the Company's requirements.

*The Directors and/or their affiliates may in the future enter into related party transactions with the Company, which may give rise to conflicts of interest between the Company and some or all of the Directors.*

The Directors and/or one or more of their affiliates may in the future enter into other agreements with the Company that are not currently under contemplation. There is risk that the Company enters into such an agreement which may raise conflicts of interest between the Company and some or all of the Directors.

The Company has adopted a comprehensive corporate governance policy in order to establish within the Company a framework for corporate governance expected of a publicly listed company on the AQSE Growth Market. Whilst such duties and framework are in place, there is a medium level of risk that these may not be adequate to ensure corporate governance issues do not arise.

## **RISKS RELATING TO THE ORDINARY SHARES**

*Fluctuations in the price of Ordinary Shares*

The market price of Ordinary Shares may be subject to fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets, additions or departures of the Company's management and/or key personnel and factors outside the Company's control, including, but not limited to, general economic conditions, the performance of the overall stock market, other Shareholders buying or selling large numbers of Ordinary Shares and changes in legislations or regulations.

Stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for Ordinary Shares.



The value of Ordinary Shares may go down as well as up. Investors may therefore realise less than, or lose all of, their original investment.

#### *Realisation of Investment*

The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets. Potential investors should be aware that the value of Ordinary Shares can rise or fall and that there may not be proper information available for determining the market value of an investment in the Company at all times.

Admission should not be taken as implying that there will be a liquid market in the Ordinary Shares. An investment in the Ordinary Shares may be difficult to realise.

### **RISKS RELATING TO FINANCIAL MATTERS**

#### *Financing Risks and Requirements for Further Funds*

It is likely that the Company will be required to seek further equity financing at a future date and in any event after the period covered by the working capital statement. The Company's ability to raise further funds will depend on the success of its strategy and operations. The Company may not be successful in procuring the requisite funds on terms that are acceptable to it, or at all. If such funding is unavailable, the Company may be required to reduce the scope of its operations and investments or anticipated expansion, abandon its strategy, forfeit its interest in some or all of its assets, incur financial penalties or miss certain acquisition opportunities.

If additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to Ordinary Shares. The Company may issue Ordinary Shares as consideration for acquisitions or investments, which would result in a dilution of Shareholders' respective shareholdings. Equity issues may result in a change of control of the Company.

#### *Tax Risks*

The Company may undertake operations or make investments or acquisitions that will subject the Company to withholding taxes in various jurisdictions. In the event that withholding taxes are imposed with respect to any of the Company's operations, investments or acquisitions, the effect will generally be to reduce the income received by the Company on such investments or acquisitions. Such withholding taxes may be imposed on income, gains, issue of securities or supporting documents, including the contracts governing the terms of any financial instrument and such taxes may be confiscatory in nature. The Company may make investments in jurisdictions where the tax regime is not fully developed or is not certain.

There can be no certainty that the current taxation regime in England and Wales or in other jurisdictions within which the Company may operate will remain in force or that the current levels of corporation taxation will remain unchanged. Any change in the tax status or tax legislation may have material adverse effects on the financial position of the Company.

### **RISKS RELATING TO TRADING ON THE AQSE GROWTH MARKET**

#### *Investment in unlisted securities*

Investment in shares traded on the AQSE Growth Market is perceived to involve a higher degree of risk and be less liquid than investments in companies whose shares are listed on the Official List or AIM. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of Ordinary Shares may go down as well as up and that the market price of Ordinary Shares may not reflect the underlying value of the Enlarged Group. Investors may therefore realise less than, or lose all of, their investment.

### *Suitability*

An investment in Ordinary Shares may not be suitable for all recipients of this Document. Investors are accordingly advised to consult an appropriate person authorised under FSMA, or its equivalent in another jurisdiction, before making their decision.

### *Share price volatility and Liquidity*

The share price of early stage companies can be highly volatile and shareholdings illiquid. Once listed on the Exchange, such volatility in the price of Ordinary Shares and shareholdings illiquidity could cause Investors to lose all or part of their investment because they may not be able to sell their Ordinary Shares at or above the price they paid. The price at which the Ordinary Shares are traded and the price which investors may realise on their Ordinary Shares will be influenced by a large number of factors, some specific to the Enlarged Group Company and its (and Balmonds) operations and some which may affect quoted companies generally. These factors could include the performance of the Enlarged Group and/or Balmonds, large purchases or sales of the Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

### *Market risks*

Notwithstanding the fact that application has been made for the Ordinary Shares to be admitted to trading on the AQSE Growth Market, this should not be taken as implying that there will be a “liquid” market in the Ordinary Shares. Continued admission to the AQSE Growth Market is entirely at the discretion of the Aquis Stock Exchange.

### *Legal remedies*

The laws of the country where holder of Ordinary Shares is subject, as well as the laws where the Company is subject, can affect whether an investor has, and where an investor can pursue, legal remedies against the Company or any other person or entity involved in a transaction. Investors should be mindful of this when either buying or selling securities, especially those located outside of the United Kingdom. In these situations, investors may not have the ability to seek certain legal remedies in the courts of their home country as private plaintiffs. Moreover, even if investors sue successfully in such other courts, they may not be able to collect on a judgment against the Company, or another entity or person, not subject to the laws, or not having a presence, in that plaintiff's home country. Investors may have to rely on legal remedies that are available in the United Kingdom, if any.

### *Facts, statistics and projections may not be accurate.*

Certain information and statistics in this Document, such as statistics relating to certain industries, are derived from various public and private publications. Such information has not been independently verified by the Enlarged Group or the Directors and may not be accurate, complete or up-to-date. Neither the Enlarged Group nor the Directors make any representations as to the correctness or accuracy of such statements and, accordingly, such information should not be unduly relied upon. Additionally, the past year results and the operating budget and revenue forecast for the Company (the “**Projections**”) compiled by management are included in the Document solely for purposes of illustrating the potential operating results of the Enlarged Group and although the Projections are based upon preliminary data, assumptions, estimates and hypotheses which are believed to be reasonable, such data and these assumptions, estimates and hypotheses are based in part upon facts and events that are extremely difficult to estimate accurately or predict and over which the Enlarged Group and Directors may have little or no control. The Projections represent targets that management hopes to achieve but cannot and does not represent what will in fact be achieved. No assurance can be given that the Enlarged Group will achieve revenues or operating results equal or similar to the Projections. Variances in actual results from those projected are inevitable, and such variances could be material. Each prospective investor should carefully review the assumptions upon which the projections are based, and the projections must be read together with the risk factors set forth in this Document. Additionally, the Projections must be considered in light of the absence of significant historical performance by the members of the Enlarged Group and the financial resources required to attempt to achieve the goals of the Enlarged Group. The investment opportunity offered in this Document may not be suitable for all recipients of this Document. Investors are therefore strongly recommended to consult a professional adviser authorised under FSMA, who specialise in investments of this nature, before making their decision to invest.

PART IV  
INFORMATION ON BALMONDS SKINCARE LTD

**1. Business overview**

Balmonds is a private limited company incorporated and registered in England & Wales with company number 11181014 under the Companies Act 2006, and its registered office address is at Unit 7 Westergate Business Centre, Westergate Road, Brighton, BN2 4QN, United Kingdom. Balmonds’ directors are Andrew Martin Gerrie and Francesca Louise McIntosh and there have not been any previous directors of the company. Andrew Tone and Andrew Gerrie are directors of Scarlett, the subsidiary of Balmonds.

Balmonds is a manufacturer of cosmetic skincare products primarily aimed at consumers who suffer from skin conditions such as eczema, psoriasis and dermatitis. Balmonds’ product line is made completely from natural ingredients that work to protect, nourish, and hydrate sore, inflamed or itchy skin. All merchandise is non-steroidal, no-nut, and unperfumed. Balmonds has a diversified product line suitable for all, but especially helpful to those with sensitive, allergy-prone skin.

*Product Range*

Product	Use
Skin Salvation	Balmonds’ ‘Hero’ product has had extraordinary results for eczema and psoriasis sufferers. It is prescribed by GPs and dermatologists for dry skin but can also be used for tattoo aftercare, insect bites, and burns.
Intensive Lip Balm	An essential purpose lip balm for all skin types. Works as an exceptionally rich emollient to keep lips soft.
Daily Moisturizing Cream	The same quality as the Skin Salvation but with a shea butter base for a smoother application. Applicable to all skin types but especially those with skin conditions. Vegan Friendly.
Intensive Hand Cream	A deeply nourishing cream to keep hands healthy and hydrated. It can also be used as an intensive face cream. Vegan Friendly
Cooling Cream	A soothing moisturizing lotion designed to cool down hot or flushed skin. Lighter than both the Daily Moisturizing Cream and Skin Salvation.
Scalp Oil	A natural alternative to synthetic treatments and shampoos. Balmonds’ scalp oil helps prevent dandruff and can be used as an antimicrobial topical rescue oil anywhere on the body.
Bath & Body Oil	A natural emollient oil formulated with nourishing hemp seed to counter the drying effects of bathing. It can also be used as a facial cleansing oil and shaving balm.
Intensive Facial Oil	Developed specifically to hydrate and rejuvenate the delicate skin on the face. Can also be used on stretch marks and wrinkles around the eyes and forehead.
Omega -Rich Cleaning Oil	A natural facial cleanser made with a combination of rich and effective oils for daily use, to condition, cleanse, and moisturize the face. This product can be used as a natural alternative to soap-based cleansers or synthetic make-up removers.
Rosehip Scar Oil	This is a highly natural regenerative oil particularly suitable for scars, stretch marks or ageing skin.
Tea Tree/Lavender Salve	Rich, deeply-nourishing salves with antibacterial, cleansing and hydrating properties.
Hand Sanitizer Gel	A gentler hand sanitizer that kills bacteria and viruses whilst also containing powerfully hydrating essential oils.

### *Quality Control*

Balmonds take the upmost care in manufacturing, packaging, and shipping products to consumers. For every product, except the Skin Salvation, all batches produced are sent to a laboratory for testing and are certified before being passed to Balmonds' various distribution channels. Previously, every batch of the Skin Salvation was tested and certified. Due to continuous accreditations over the course of many years and the fact that Skin Salvation does not contain water and therefore has no expiry date, Balmonds has moved to one in every five batches of the Skin Salvation being tested instead. Balmonds' quality control practices are above industry requirements.

### *Manufacturing & Supply Chain Management*

Balmonds' primary manufacturing and warehousing facilities are based in the same location as its registered address. The principal ingredients used in Balmonds' products are:

- Beeswax
- Natural Oils
- Herbal Tinctures
- Shea Butter

Balmonds has a single supplier of unrefined beeswax, the principal ingredient used in Skin Salvation and other products, however it can obtain more from other sources. It also has one supplier of natural oils and another two in reserve (as the primary supplier cannot always supply all the natural oils at one time). Furthermore, Balmonds' herbal tinctures are specially grown in England, and it sources its shea butter from a women's collective in Burkina Faso. It can normally obtain additional ingredients within a two-week period, however, Balmonds' hemp comes from China which poses a geopolitical risk to its operations. Balmonds holds at least one month's stock of finished products on shelves, as well as another two months additional stock in drawdown facilities and warehouses.

Balmonds uses a combination of machinery and labour to manufacture its products. Much of the equipment has been recently acquired and is under warranty whilst some has been leased. If any machine were to break down it would normally take around two to three days to fix. In the meantime labour and the re-introduction of old equipment on-site would ensure production continued, albeit at a slower rate.

The current manufacturing facility has the capacity to increase output between 3x-4x given the introduction of more machinery and labour. At the moment, Balmonds employs one person full-time solely to manufacture its products, however, it also uses temporary staff and other team members as needed. If the maximum productive capacity of the current site were to be reached, Balmonds would need to acquire more storage facilities to house its products.

The supply chain management system is thorough. Balmonds keeps a record of its entire stock. At the end of each day a dispatch is sent out to all members of staff detailing what goods have gone in and out of the building. This enables a live daily inventory control. The records are backed up and provides the management team with a warning about low stock levels. At the end of each month an inventory check is completed and this is reconciled with the live daily inventory control. No stock is kept in Balmonds' warehouse for more than a month and any stock that is not sold or placed with distributors after this time is used as part of a marketing strategy to increase consumer awareness of the brand.

Balmonds manages its own inventory for Amazon and Holland & Barrett, its two largest distributors. Amazon have their own proprietary software, whilst Balmonds employs an EPOS inventory management system for Holland & Barrett.

Balmonds uses numerous suppliers to procure its packaging materials and incorporates recyclable and bio-degradable materials wherever possible.

## *Operations & Sales*

All of Balmonds' products are ethically sourced, sustainable, and natural. As such, it has trading operations across the globe.



Balmonds is currently selling its products in three primary markets; the UK, US, and EU. Sales in the US and EU are predominantly driven through Amazon, whilst in the UK the company website, various independent retailers, prescriptions from GPs, as well as Holland & Barrett channel the majority of sales.

## *Management Team*

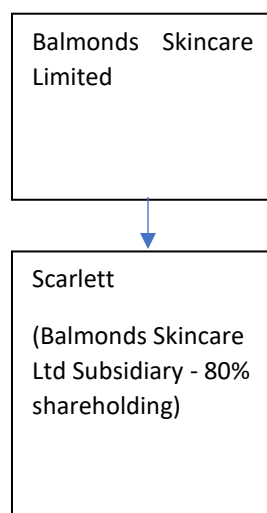
Andrew Martin Gerrie is one of the co-founders of Lush, a multi-billion Pound cosmetic company with operations around the world. He is also a director of Silverwood Brands plc, an Enterprise Company incorporated in August 2021 to identify investment opportunities of consumer-facing brands in the food, organic food, wellness, lifestyle and leisure sectors. He also serves as a director of Hotel Chocolat amongst others.

Francesca Louise McIntosh is a director of Balmonds and is responsible for managing the Company's daily operations. She was previously one of the Co-Founders of PurePotions Skincare Limited and has over 15 years of experience in the cosmetic skincare industry.

## *Strategy*

Balmonds' business strategy is dual focused. The management team has identified the need to expand Balmonds distribution channels and sales into the US market, where there is the potential for significant amounts of revenue growth, whilst simultaneously targeting groups such as the National Pharmacy Association, the National Eczema Society, and Allergy UK in the United Kingdom. These organisations advise a significant amount of people with sensitive skin issues and, if recommended, Balmonds could see a dramatic rise in its UK revenues. The operating activities of Balmonds, its position and potential for future growth in a dynamic market, and its potential for synergies with other companies are the reasons for the Company's long-term commercial justification for the transaction. All of the assets being acquired by Silverwood Brands Plc are held by Balmonds.

## 2. Current Corporate Structure



## 3. The beauty market

### Overview:

Since 2017, cosmetic retail in the UK has had a compound annual growth rate of 3.8 percent and is estimated to generate £2.4 billion in turnover during 2022<sup>1</sup>. The industry has, however, been severely affected by Covid-19 which caused total revenues of the cosmetic sector to fall by £430 million between 2019 and 2021 as successive lockdowns impacted consumer demand.<sup>2</sup>

Although growth is expected to peak by the end of the year, the pandemic has already accelerated several important changes in buying habits. A growing awareness of environmental and ethical issues associated with cosmetics has led to more consumers preferring to purchase sustainable or eco-friendly products. Similarly, online shopping has seen substantial growth, especially amongst younger people, as has the demand for premium or luxury product lines.<sup>3</sup>

A longer-term trend that has also expanded significantly is the number of people seeking treatment for sensitive skin conditions. Over the last 20 years, the number of women being diagnosed with sensitive skin has increased by over 50 percent in the West.<sup>4</sup> This in turn has led to more demand from consumers seeking products that are free from potential irritants like perfume, alcohol, or synthetic components. According to Vogue, skincare products that are anti-inflammatory and use simple, natural ingredients will continue to boom in the coming years and more established, mainstream cosmetic companies have already started entering the market.<sup>5</sup>

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<sup>1</sup> Gaetana, Mark, (2021)., 'Cosmetics Retailers in the UK', *IbisWorld*, p.7.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*

<sup>4</sup> Hilton, (2020)., 'The Science Behind Skin Care for Sensitive Skin', *Dermatology Times*, [The science behind skin care for sensitive skin \(dermatologytimes.com\)](https://www.dermatologytimes.com).

<sup>5</sup> Weinstock, Tish, (2022)., 'The Skin Care Trends to Know in 2022, According to the Experts', *Vogue*, [The Skin-Care Trends to Know in 2022, According to the Experts | Vogue](https://www.vogue.com).

**Competition:**

The UK cosmetics industry is highly competitive with no one company having a share of more than 5.2 per cent of the market.<sup>6</sup> In recent years, the rise in popularity of organic beauty and wellness has allowed artisan brands to enter the industry and challenge larger conglomerates for consumer demand.



5.2% Estee Lauder Cosmetics Ltd  
5.0% Space NK  
89.8% Other

Cosmetics Retailers  
Source: IBISWorld

Competition has been further intensified by the shift away from the high-street to online retail. Small businesses have particularly benefitted as they can sell products through their website or by using distribution channels without having the need for bricks and mortar premises. In 2020, the UK cosmetics e-commerce market increased by 42 per cent, making it the second-largest distribution channel after supermarkets, who held a 30 percent share value.<sup>7</sup> In the future, firms are likely to find competition even tougher as many of the large distribution platforms such as Amazon and Boots are expanding and heavily marketing their own cosmetic product ranges.<sup>8</sup>

**SWOT Analysis**

The UK cosmetics market can be understood using a SWOT analysis.

Strengths	Opportunities
<ol style="list-style-type: none"> <li>1. Steady Revenue Growth- both actual and forecasted.</li> <li>2. Will continue to benefit significantly from the growth of e-commerce.</li> </ol>	<ol style="list-style-type: none"> <li>1. Male spending on cosmetic products is due to increase by billions of Pounds in the next decade.</li> <li>2. In the UK there is a demographic shift towards an ageing population who wish to maintain a youthful appearance.</li> </ol>
Weakness	Threats
<ol style="list-style-type: none"> <li>1. High competition</li> <li>2. High capital requirements</li> <li>3. Relatively low barriers to entry.</li> </ol>	<ol style="list-style-type: none"> <li>1. A drop in real household disposable income</li> <li>2. International supply chains could be susceptible to disruption.</li> </ol>

**Outlook:**

The UK cosmetic industry is projected to have a compound annual rate of growth of 3.6 percent between 2022 and 2027.<sup>9</sup> Much of this growth is due to changing demographic trends driven by an ageing population, as well as more men taking an interest in using cosmetic products.<sup>10</sup> Brands like Warpaint and Bulldog for example, have already

<sup>6</sup> Gaetana, ‘Cosmetic Retailers in the UK’, p.8.

<sup>7</sup> Culliney, Kacey, (2021)., ‘Electric Growth: UK Beauty and Grooming E-Commerce Surged 42% IN 2020 - Global Data’, *Cosmetics design Europe*, [UK beauty and grooming e-commerce surged during COVID and will hit €2.45bn by 2025 says GlobalData \(cosmeticsdesign-europe.com\)](https://www.cosmeticsdesign-europe.com/news/uk-beauty-and-grooming-e-commerce-surged-during-covid-and-will-hit-2.45bn-by-2025-says-globaldata).

<sup>8</sup> Whitehouse, Lucy, (2019)., ‘Amazon Launches Skin Care Range: Can Data Insights Create Aldeal Beauty Products?’, *Cosmetics Design Europe*, [Amazon launches skin care range: can data insights create ideal beauty products? \(cosmeticsdesign-europe.com\)](https://www.cosmeticsdesign-europe.com/news/amazon-launches-skin-care-range-can-data-insights-create-ideal-beauty-products/).

<sup>9</sup> Gaetana, ‘Cosmetic Retailers in the UK’, p.9.

<sup>10</sup> *Ibid.*

enjoyed considerable growth in recent years and this is expected to continue into the future. The market for sensitive skin solutions is also projected to see a large expansion as more people seek treatment for skin conditions. Companies that already cater to this demographic by manufacturing goods using natural, allergy-free ingredients could see sales boosted even further by new consumers demanding organic products.<sup>11</sup>

A risk to the industry as a whole, however, is a drop in real household disposable income.<sup>12</sup> This is an especially large threat for operators in the premium cosmetics market who could be hardest hit should inflation or geopolitical risk factors force the cost of living to increase. If, however, the global economy continues its post-Covid recovery, luxury cosmetic brands are more likely to generate higher profits than other market segments whose margins could suffer due to competitive pressure.<sup>13</sup>

Between 2022 and 2027 facial skincare products are the subsection of the cosmetics industry expected to see the greatest increase in consumer demand and could account for as much as 57.5 percent of total market revenues.<sup>14</sup> This growth has been forecasted to come at the expense of colour cosmetics (including make-up) and body-care, whilst sales of hair and styling products are also set to increase. Other consumption trends advanced during the Covid pandemic are also likely to be expedited over the next five years. This includes online retail and subscription-based purchasing, which are set to increase in popularity, as well as the burgeoning demand for products that contain primarily natural ingredients. Cosmetics for men are also set for a marked increase in sales as consumers spend more on anti-ageing products and make-up.<sup>15</sup> Between 2021 and 2022, men's skincare ranges globally have increased the number of units sold by 7 percent, and nearly 40 percent of males aged 18-22 have shown interest in gender-neutral beauty.<sup>16</sup> Male cosmetics is currently still in its infancy but is already developing into a serious sub-market for retailers.

In a more competitive environment, branding and companies' marketing strategies will take on greater importance as operators seek to distinguish themselves from rivals. The use of celebrities and influencers to advertise products is likely to grow exponentially in an effort to target audiences on social media platforms. Estée Lauder already uses 75 percent of its advertising budget on digital promotions, with the majority of its funds spent marketing on Instagram, Facebook, and Tik Tok.<sup>17</sup> Influencer marketing on Instagram alone in 2022 was valued at \$15.2 billion and is set to increase to \$22 billion in 2025.<sup>18</sup> Given that 62 percent of women say that they follow beauty influencers on social media, and also describe them as the most important determinant of whether or not they buy a good, cosmetic companies are doubtlessly more heavily going to target this medium as a way of reaching potential customers.<sup>19</sup>

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<sup>11</sup> Jacobs, Bel, (2022)., 'Inside the Ethical Beauty Boom', *BBC News*, [Inside the ethical beauty boom - BBC Culture](#).

<sup>12</sup> Gaetana, 'Cosmetic Retailers in the UK', p.9.

<sup>13</sup> *Ibid*.

<sup>14</sup> *Ibid*, p.21.

<sup>15</sup> *Ibid*, p.23.

<sup>16</sup> Warfield, Nia, (2019)., 'Men are a multibillion dollar growth opportunity for the beauty industry', *CNBC*, [Men are a multibillion dollar growth opportunity for the beauty industry \(cnbc.com\)](#).

<sup>17</sup> Pearl, Diana, (2019)., '75% of Estée Lauder's marketing budget is going to digital and influencers', *Adweek*, [75% of Estée Lauder's Marketing Budget Is Going to Digital—and Influencers \(adweek.com\)](#).

<sup>18</sup> YouGov, (2022)., 'Global Instagram influencer marketing market could reach \$15.2 billion in 2022', [Global Instagram influencer marketing market could reach \\$15.2 billion in 2022 | YouGov](#).

<sup>19</sup> Gerdeman, Dina, (2019)., 'How Influencers Are Making Over Beauty Market', *Forbes*, [How Influencers Are Making Over Beauty Marketing \(forbes.com\)](#)



PART V  
TAKEOVER CODE DISCLOSURES AND ADDITIONAL INFORMATION

**1. Principal activities of the Company**

1.1 The Company was incorporated as an Enterprise Company on 10 August 2021 to identify investment opportunities and acquisitions of consumer-facing brands including, but not limited to, in the food, organic food, wellness, lifestyle and leisure sectors.

**1.2 Skincare**

Balmonds is a UK based skincare company that manufactures cosmetic skincare products primarily for consumers who suffer from skin conditions such as eczema, psoriasis and dermatitis. Balmonds' product line is made completely from natural ingredients that work to protect and hydrate sore and inflamed skin.

Balmonds has a subsidiary, Scarlett, who has entered into arrangements with a third party entity in China to sell Balmonds' products in China. The Directors of Balmonds Skincare Limited are Andrew Gerrie and Francesca Louise McIntosh. The Directors of Scarlett are Andrew Gerrie and Andrew Tone.

**2. Responsibility**

2.1 Except as otherwise expressly stated in this Document, and for the purposes of Rule 19.2 of the Takeover Code, the Directors accept responsibility for the information contained in this Document (including any expressions of opinion), other than that relating to background and relationship of each member of the Concert Party, including individual and collective responsibility for compliance with the AQSE Growth Market Rules. To the best of the knowledge and belief of the Directors as applicable herein, who have taken reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and does not knowingly omit anything likely to affect the import of such information.

2.2 Each member of the Concert Party accepts responsibility for the information contained in paragraph 7 of Part I of this document (including any expressions of opinion) relating to such concert Party. To the best of the knowledge and belief of a member of the Concert Party (who have each taken all reasonable care to ensure that such is the case), the information contained in this Document about such member of the Concert Party for which he/she accepts responsibility is in accordance with the facts and contains no omission likely to affect its import.

**3. Material contracts of the Company**

3.1 Besides the agreement in respect of the Acquisition entered into on 20 May 2022 and the contracts set out in paragraph 10 of Part IX of this Document, there are no contracts that have been entered into by the Company or any member of the Concert Party within the period of two years preceding the date of this Document that are or may be material (not being contracts entered into in the ordinary course of business).

**4. Interests and dealings**

4.1 As at the close of business on 19 May 2022 (being the latest practicable date prior to the posting of this Document), the total issued share capital of the Company was 5,324,942 Existing Ordinary Shares.

4.2 As at the close of business on 19 May 2022 (being the latest practicable date prior to the posting of this Document) the interests of the Directors and their families and the interests of persons connected with them, within the meaning of Part 22 of the UK Companies Act 2006, in the issued share capital of the Company were as follows:

	Ordinary Shares	Percentage of Existing Ordinary Shares
Andrew Gerrie	1,428,577	26.8%
Andrew Tone	104,572	2.0%
Paul Hodgins	28,577	0.5%
James Wilson	28,572	0.5%

4.3 As at the close of business on 19 May 2022 (being the latest practicable date prior to the posting of this Document) and save as disclosed in paragraph 4.2 above, none of (i) the Company; (ii) the Directors; (iii) the Directors' close relatives or the related trusts of any of them; (iv) the pension funds of the Company or its subsidiary undertakings; (v) any employee benefit trust of the Company or its subsidiary undertakings; (vi) any connected adviser to the Company or its subsidiary undertakings; (vii) any person controlling, controlled by or under the same control as any connected adviser falling within (vi) above (except for an exempt principal trader or an exempt fund manager); nor (viii) any other person acting in concert with the Company owns or controls, has a short position, or has borrowed or lent (or entered into any financial collateral arrangement of the kind referred to in Note 4 on Rule 4.6 of the Code), or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any relevant securities of the Company.

4.4 Save for the participation of the Directors in the Company's IPO fundraising, during the 12-month period prior to 19 May 2022 (being the latest practicable date prior to the posting of this Document), the Directors have not undertaken any dealings for value in the Existing Ordinary Shares.

4.5 As at the close of business on 19 May 2022 (being the latest practicable date prior to the posting of this Document) and save as disclosed in this Document, neither the Company nor any of the Directors, save for Andrew Gerrie (as set out in paragraph 3 of Part I), their close relatives or the related trusts of any of them or any of their other Connected Persons, owns or controls or is interested, directly or indirectly, in or has any short position in, any relevant securities of any member of either Concert Party or any securities convertible into, or exchangeable for, rights to subscribe for and options (including traded options) in respect of, and derivatives referenced to, any relevant securities of any member of the Concert Party.

4.6 Save for the Share Purchase Agreement, Andrew Gerrie's conflict of interest (as set out in paragraph 3 of Part I) and the other arrangements expressly referenced in this Document, no agreement, arrangement or understanding (including any compensation arrangement) exists between the Concert Party (or any person acting in concert with them) and the Directors, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Proposals set out in this Document. Further, with the exception of Andrew Gerrie, there are no arrangements for transfer of securities acquired pursuant to the Proposals.

4.7 On 19 May 2022 (being the latest practicable date prior to the posting of this Document, and save as disclosed in this Document):

- a) no member of the Concert Party, nor any person acting in concert with them has any interest in, right to subscribe, in respect of or short position, in relation to any relevant securities;
- b) no member of the Concert Party, nor any person acting in concert with them has dealt in relevant securities, save for the Directors' participation in the IPO fundraising of the Company, during the

12 months ended on 19 May 2022 (being the latest practicable date prior to the publication of this Document);

- c) there are no relevant securities which the concert Party, or any person acting in concert with them has borrowed or lent;
- d) no management incentivisation arrangements have been entered into or discussed with any member of the Concert Party;
- e) none of:
  - i. the Directors or any of their close relatives or related trusts; or
  - ii. any other person acting in concert with the Company,

has as at 19 May 2022 (being the latest practicable date prior to the publication of this Document) any interests in, right to subscribe in respect of or short position in relation to any relevant securities;

- f) none of: (i) the members of the Concert Party; (ii) the directors of any member of the Concert Party or any of their close relatives, related trusts and any Connected Persons; nor (iv) any person with whom any member of the Concert Party has any arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Takeover code (so far as the Directors are aware having made due enquiry) had interests, rights to subscribe for or short positions in the relevant securities of the Company nor, save for any borrowed share which have either been on-lent or sold, had borrowed or lent any relevant Company securities (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code);
- g) there are no relevant securities which the Company or any person acting in concert with the Directors has borrowed or lent (excluding any borrowed relevant securities which have either been on lent or sold);
- h) save for the fact that some of the Directors have the relationships expressly identified in paragraph 7 of Part I and paragraph 4 of Part V of this Document, there are no relationships (personal, financial or commercial), arrangements or understandings between any member of the Concert Party and any of the Shareholders of the Company or any person who is, or is presumed to be, acting in concert with any such Shareholder;
- i) no member of the Concert Party has entered into any agreement, arrangement or understanding with any of the Directors which has any connection with or dependence upon the Waiver Resolution. In addition, there is no agreement, arrangement or understanding having any connection with or dependence upon the Waiver Resolution between any member of the Concert Party and any person interested or recently interested in shares in the Company, or any other recent director of the Company. Neither the Company nor any person acting in concert with the Company has any arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Takeover Code with any person.
- j) there has been no other agreement to transfer any shares that are subject to the Proposals except as expressly stated in the Share Purchase Agreement.

In this paragraph 4, reference to:

- a) “relevant securities” means Ordinary Shares and securities carrying conversion or subscription rights into Ordinary Shares;
- b) “derivatives” includes any financial product, whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- c) “short position” means a short position, whether conditional or absolute and whether in the money or otherwise, and includes any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery;
- d) “associated company” means in relation to any company, that company’s parent subsidiaries and fellow subsidiaries and their associated companies and companies of which such companies are associated companies. For these purposes, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status;
- e) “connected adviser” means:
  - i. In relation to the Company, (i) an organisation which is advising the Company in relation to the disapplication of the application of Rule 9; and (ii) a corporate broker to the Company;
  - ii. In relation to a person who is acting in concert with the Concert party or with the Directors, an organisation (if any) which is advising that person either (i) in relation to the disapplication of the application of Rule 9; or (ii) in relation to the matter which is the reason for that person being a member of the relevant concert party; and
  - iii. In relation to a person who is an associated company of the Concert Party or the Company, an organisation (if any) which is advising that person in relation to the disapplication of the application of Rule 9;
- f) “control” means an interest, or aggregate interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control; and
- g) “dealing” or “dealt” includes the following:
  - i. the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
  - ii. the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
  - iii. subscribing or agreeing to subscribe for securities;
  - iv. the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;
  - v. the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
  - vi. the entering into, terminating or varying the terms of any agreement to purchase or sell securities; and

- vii. any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position.

For the purposes of this paragraph 4, a person is treated as “interested” in securities if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as “interested” in securities if:

- he owns them;
- he has the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attaching to them or has general control of them;
- by virtue of any agreement to purchase, option or derivative, he:
  - i. has the right or option to acquire them or call for their deliver; or
  - ii. is under an obligation to take delivery of them;
- whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- he is party to any derivative:
  - i. whose value is determined by reference to their price; and
  - ii. which results, or may result, in his having a long position in them.

## 5. Directors’ service contracts

5.1 A summary of the Directors’ service contracts and letters of appointment are set out in paragraph 8 of Part V of this Document.

5.2 Other than as set out above, there are no other service contracts or letters of appointment between the Directors and the Company and no service contracts or letters of appointment have been entered into or amended during the period of six months prior to the date of this Document.

## 6. Middle market quotations

6.1 The closing middle market quotations for an Ordinary Share for the first business day in each of the six months immediately preceding the date of this Document are:

<i>Date</i>	<i>Price per Ordinary Share (pence)</i>
1 December 2021	77.5
3 January 2022	110.0
1 February 2022	102.5
1 March 2022	102.5
1 April 2022	105.0
Disclosure Date	70

## 7. Documents available for inspection

Copies of the following documents will be available for inspection:

- a) a copy of this Document and accompanying Notice of General Meeting;
- b) the articles of association of Balmonds;
- c) the existing articles of association of the Company;
- d) the certificate of incorporation of Balmonds;
- e) the consent letters from VSA Capital and Crowe;

- f) copies of the Material Contracts referred in paragraphs 10 of Part IX of this Document. Available at <https://www.silverwoodbrands.com/publications-presentations-and-supporting-documents/>;
- g) a copy of the Share Purchase Agreement;
- h) the audited accounts of the Company for the period from incorporation to 14 October 2021;
- i) the audited accounts of Balmonds for the financial years ended December 2020 and December 2021; and
- j) the unaudited pro forma statement of net assets of the Enlarged Group referred to in Part VII.

The documents will be available at (i) the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) until the conclusion of the General Meeting; (ii) at the place of the meeting for at least 15 minutes prior to the General Meeting until its conclusion; and (iii) for inspection on: [www.silverwoodbrands.com](http://www.silverwoodbrands.com) .

PART VI  
HISTORICAL FINANCIAL INFORMATION

**SECTION A – HISTORICAL FINANCIAL INFORMATION OF THE COMPANY**

The Company has published its audited financial information for the period from the date of incorporation on 10 August 2021 to 14 October 2021 (the “Company Financial Information”).

The Company Financial Information is available free of charge from the Company’s website at <https://www.silverwoodbrands.com/investors/> and also from the Company’s registered office at 200 Strand, London, WC2R 1DJ, United Kingdom, up to and including the date of Admission and therefore has not been reproduced in this Document, instead being incorporated by reference.

Any non-incorporated parts of the document detailed below are either not relevant for the investor or the relevant information is included elsewhere in this Document. Any documents themselves incorporated by reference or referred or cross-referred to in the documents referred to below shall not form part of this Document.

The Company Financial Information was prepared in accordance with IFRS and includes, on the pages specified below, the following information:

**Audited financial information for the period from the date of incorporation on 10 August 2021 to 14 October 2021**

The Company’s audited financial information for the period from the date of incorporation on 10 August 2021 to 14 October 2021 can be viewed on the Company’s website at <https://www.silverwoodbrands.com/investors/>.

The audited financial information for the period from the date of incorporation on 10 August 2021 to 14 October 2021 includes the following:

- Accountant’s Report on the Financial Information of the Company (pages 26 to 27);
- Statement of Comprehensive Income (page 28);
- Statement of Financial Position (pages 28);
- Statement of Changes in Equity (page 29);
- Statement of Cash Flows (page 29); and
- Notes to the Company Financial Information (pages 30 to 32).

***Audit report***

The Independent Auditor’s Report included on pages 26 to 27 of the Company’s audited financial information incorporated by reference above concluded that the financial statements have been properly prepared in accordance with IFRS and give a true and fair view of the state of the Company’s affairs as at 14 October 2021.

**SECTION B – ACCOUNTANT’S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE BALMONDS GROUP**



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www.crowe.co.uk

20 May 2022

The Directors  
Silverwood Brands Plc  
200 Strand  
London WC2R 1DJ

The Directors  
VSA Capital Limited  
New Liverpool House  
15-17 Eldon Street  
London EC2M 7LD

Dear Sirs,

**Introduction**

We report on the audited historical financial information of Balmonds Skincare Limited (“Balmonds”) and its subsidiary, Shanghai Scarlett Brand Management Limited (together, the “Balmonds Group”), for the two years ended 31 December 2020 and 31 December 2021 (the “Balmonds Group Financial Information”).

**Opinion on financial information**

In our opinion, the Balmonds Group Financial Information gives, for the purposes of Silverwood Brands Plc’s (the “Company”) AQSE Growth Market admission document dated 20 May 2022 (the “Document”), a true and fair view of the state of affairs of the Balmonds Group as at 31 December 2020 and 31 December 2021 and of its results, cash flows and changes in equity for the years then ended, in accordance with UK-adopted international accounting standards (“IFRS”).

**Responsibilities**

The directors of the Company (the “Directors”) are responsible for preparing the Balmonds Group Financial Information in accordance with IFRS.

It is our responsibility to form an opinion on the Balmonds Group Financial Information and to report our opinion to you.

**Basis of preparation**

The Balmonds Group Financial Information has been prepared for inclusion in Section C “*Historical Financial Information of the Balmonds Group*” of Part VI “*Historical Financial Information*” of the Document, on the basis of the accounting policies set out in note 3 to the Balmonds Group Financial Information. This report is given for the purpose of complying with paragraph 6.3.1 of Table A “*Share Admission Document*” of Annex 1 “*Information for an Admission Document*” to the AQSE Growth Market Access Rulebook and is given for the purpose of complying with that requirement and for no other purpose.



**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company and Balmonds in accordance with the Financial Reporting Council's Revised Ethical Standard 2019, as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Balmonds Group Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Balmonds Group Financial Information and whether the accounting policies are appropriate to Balmonds' circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Balmonds Group Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

**Going Concern**

We have not identified a material uncertainty related to events or conditions that, individually or collectively, may cast doubt on the ability of Balmonds to continue as a going concern for a period of at least 12 months from the date of this report. We therefore conclude that the Directors' use of the going concern basis of accounting in the preparation of the Balmonds Group Financial Information is appropriate.

**Declaration**

For the purposes of paragraph 1.2 of Table A "*Share Admission Document*" of Annex 1 "*Information for an Admission Document*" to the AQSE Growth Market Access Rulebook, we are responsible for this report as part of this Document and we declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Document in compliance with paragraph 1.2 of Table A "*Share Admission Document*" of Annex 1 "*Information for an Admission Document*" to the AQSE Growth Market Access Rulebook.

Yours faithfully,

**Crowe U.K. LLP**

*Chartered Accountants*

**SECTION C – HISTORICAL FINANCIAL INFORMATION OF THE BALMONDS GROUP**

**STATEMENTS OF COMPREHENSIVE INCOME**

The audited Statements of Comprehensive Income of the Balmonds Group for the years ended 31 December 2020 and 31 December 2021 are set out below:

	<b>Notes</b>	<b><i>Audited</i> Year ended 31 December 2020 £</b>	<b><i>Audited</i> Year ended 31 December 2021 £</b>
Revenue		1,420,500	1,408,905
Cost of sales		(627,970)	(623,868)
<b>Gross profit</b>		<b>792,530</b>	<b>785,037</b>
Other operating income	7	35,056	34,606
Administrative expenses		(913,366)	(1,113,632)
<b>Operating loss</b>		<b>(85,780)</b>	<b>(293,989)</b>
Finance costs	8	(3,475)	(2,711)
<b>Loss before tax</b>	9	<b>(89,255)</b>	<b>(296,700)</b>
Income tax	10	-	-
<b>Loss for the year</b>		<b>(89,255)</b>	<b>(296,700)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(89,255)</b>	<b>(296,700)</b>

## STATEMENTS OF FINANCIAL POSITION

The audited Statements of Financial Position of the Balmonds Group as at 31 December 2020 and 31 December 2021 are presented below:

	Notes	<i>Audited</i> As at 31 December 2020 £	<i>Audited</i> As at 31 December 2021 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	11	5,000	5,000
Intangible assets	12	39,587	28,238
Property, plant and equipment	13	57,038	28,911
Right-of-use assets	13, 20	55,648	39,867
<b>Total non-current assets</b>		<b>157,273</b>	<b>102,016</b>
<b>CURRENT ASSETS</b>			
Inventories	14	95,589	121,704
Trade and other receivables	15	260,099	222,133
Cash and cash equivalents	16	29,661	32,980
<b>Total current assets</b>		<b>385,349</b>	<b>376,817</b>
<b>Total assets</b>		<b>542,622</b>	<b>478,833</b>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	17	2	2
Retained earnings		(442,648)	(739,348)
<b>TOTAL EQUITY</b>		<b>(442,646)</b>	<b>(739,346)</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Right-of-use lease liabilities	19	47,149	30,616
<b>Total non-current liabilities</b>		<b>47,149</b>	<b>30,616</b>

**CURRENT LIABILITIES**

Trade and other payables	18	922,390	1,171,029
Right-of-use lease liabilities	19	15,729	16,534
<b>Total current liabilities</b>		<b>938,119</b>	<b>1,187,563</b>
<b>Total liabilities</b>		<b>985,268</b>	<b>1,218,179</b>
<b>Total equity and liabilities</b>		<b>542,622</b>	<b>478,833</b>

## STATEMENTS OF CHANGES IN EQUITY

The audited Statements of Changes in Equity of the Balmonds Group for the years ended 31 December 2020 and 31 December 2021 are set out below:

	Share capital	Retained earnings	Total equity
	£	£	£
<b>As at 1 January 2020</b>	2	(353,393)	(353,391)
<b>Changes in equity</b>			
Total comprehensive income	-	(89,255)	(89,255)
<b>As at 31 December 2020 (audited)</b>	<b>2</b>	<b>(442,648)</b>	<b>(442,646)</b>
<b>Changes in equity</b>			
Total comprehensive income	-	(296,700)	(296,700)
<b>As at 31 December 2021 (audited)</b>	<b>2</b>	<b>(739,348)</b>	<b>(739,346)</b>

## STATEMENTS OF CASH FLOWS

The audited Statements of Cash Flows of the Balmonds Group for the years ended 31 December 2020 and 31 December 2021 are set out below:

	<i>Audited</i> Year ended 31 December 2020 £	<i>Audited</i> Year ended 31 December 2021 £
<b>Cash flows from operating activities</b>		
Loss before income tax	(89,255)	(296,700)
Depreciation charges	53,929	55,604
Loss on disposal of fixed assets	-	13,406
Government grants	(25,025)	-
Finance costs	3,475	2,711
<i>Working capital adjustments:</i>		
Decrease/(increase) in inventories	16,806	(26,115)
(Increase)/decrease in trade and other receivables	(136,101)	37,966
Increase/(decrease) in trade and other payables	81,367	(6,161)
<b>Cash generated from operations</b>	<b>(94,804)</b>	<b>(219,289)</b>
Lease interest paid	(3,475)	(2,711)
Government grants	25,025	-
<b>Net cash from operating activities</b>	<b>(73,254)</b>	<b>(222,000)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(6,838)	(5,928)
Purchase of tangible fixed assets	(29,915)	(7,825)
<b>Net cash from investing activities</b>	<b>(36,753)</b>	<b>(13,753)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(14,964)	(15,728)
Amount introduced by directors	120,000	254,800
<b>Net cash from financing activities</b>	<b>105,036</b>	<b>239,072</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(4,971)</b>	<b>3,319</b>
Cash and cash equivalents at beginning of year	34,632	29,661

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Cash and cash equivalents at end of year	29,661	32,980
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## NOTES TO THE BALMONDS GROUP FINANCIAL INFORMATION

### 1. General information

Balmonds is a private company, limited by shares, registered in England and Wales. Balmonds' registered number is 11181014 and registered office address is Unit 7, Westergate Business Centre, Westergate Road, Brighton, BN2 4QN.

The principal activity is that of the sale and distribution of skincare products.

### 2. Basis of preparation

The Balmonds Group Financial Information has been prepared in accordance with UK-adopted international accounting standards ("IFRS"), for the purpose of inclusion in the Company's Admission Document.

Unless otherwise stated, the Balmonds Group Financial Information is presented in Pounds Sterling (£) which is the currency of the primary economic environment in which the Balmonds Group operates.

The Balmonds Group Financial Information has been prepared under the historical cost convention.

#### Basis of consolidation

The Balmonds Group Financial Information includes the financial information of Balmonds only, because, as stated at Note 5, the Balmonds Group's only subsidiary in the reporting period, Shanghai Scarlett Brand Management Limited, was dormant and had de minimis net assets throughout the period.

Subsidiaries are entities over which the Balmonds Group has control. The Balmonds Group controls an investee if the Balmonds Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability 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.

Subsidiaries are consolidated from the date on which the Balmonds Group obtains control over the investee and cease from consolidation when the control is lost.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

#### Going concern assessment

The Balmonds Group Financial Information has been prepared on a going concern basis on the assessment of the Balmonds Directors. One of Balmonds shareholders has indicated his intention to support the Balmonds Group financially for the foreseeable future.

#### Standards and interpretations issued but not yet effective

At the date of authorisation of the Balmonds Group Financial Information, the Balmonds Group has not early adopted the following amendments to Standards and Interpretations that have been issued but are not yet effective:

<b>Standard or Interpretation</b>	<b>Effective for annual periods commencing on or after</b>
Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	1 January 2022



### 3. Accounting policies

#### Revenue recognition

Revenue relating to the sale of skincare products to web customers, retail customers and wholesalers is recognised on the date of despatch from the Balmonds Group's warehouse. Revenue relating to the sale of skincare products to web wholesalers is recognised on the date of despatch from the web retailers' warehouses.

Revenue is measured at the transaction price, being the fair value of the consideration received or receivable excluding discounts, rebates, value added tax and other sales taxes.

#### Goodwill

Goodwill is measured at the difference between:

- the aggregate of (i) the value of the consideration transferred (generally at fair value), (ii) the amount of any non-controlling interest, and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, and
- the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

The carrying amount of goodwill is tested for impairment annually.

#### Intangible asset

Intangible assets not measured at fair value are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Trademarks are being amortised evenly over their estimated useful life of ten years.

Intellectual property is being amortised evenly over its estimated useful life of five years.

#### Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- over the lease term
Improvements to property	- 25% on cost
Plant and machinery	- 25% on cost
Computer equipment	- 20% on cost

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss (cost model).

#### Financial instruments

Cash and cash equivalents comprise cash at bank and on hand.

Trade and other receivables where payment is due within one year do not constitute a financing transaction and are recorded at the undiscounted amount expected to be received, less attributable transaction costs. Any subsequent impairment is recognised as an expense in profit or loss. All trade and other receivables are subsequently measured at amortised cost, net of impairment.

Trade and other payables are initially recognised at fair value less attributable transaction costs. They are subsequently measured at amortised cost.

### **Inventories**

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Cost comprises of direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out cost method.

The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### **Taxation**

The income tax expense or credit for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current taxes are based on the results shown in the Balmonds Group Financial Information and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the reporting date.

### **Deferred taxes**

Deferred income tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Balmonds Group Financial Information. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the accounting period and are expected to apply when the related deferred income asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities.

Under UK law, the tax treatment of deductible amounts relating to leased assets follows the accounting treatment hence and no timing differences arise. On the basis of this no deferred tax is recognised in relation to right of use assets capitalised and the corresponding liabilities.

### **Foreign currency transactions and translation**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing as at the end of the reporting period.

### **Leases**

Lease liabilities are initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

### **Employee benefit costs**

The Balmonds Group operates a defined contribution pension scheme. Contributions payable to the Balmonds Group's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

### **Government grants**

Government grants are recognised when the Balmonds Group has reasonable assurance that conditions attached to the grant will be complied with and that the grant will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Balmonds Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Balmonds Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are measured at fair value, being the amount of cash receivable.

All government grants received during the prior year related to the Coronavirus Job Retention Scheme and COVID 19 Small Business Support, which are recognised in the same period of the related costs for which the grants are intended to compensate. No government grants were received during the current year.

### **Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each reporting date. If such indication exists, the recoverable amount of the asset or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

## **4. Critical accounting judgements and key sources of estimation uncertainty**

In applying the Balmonds Group's accounting policies, which are described in note 3 "*Accounting Policies*", the Directors are required to make:

- judgements (other than those involving estimations) that have a significant impact on the amounts recognised; and
- estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and in future periods if the revision affects both current and future periods.

No critical judgements were identified. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the Balmonds Group Financial Information are described below.

### **Sources of estimation uncertainty**

The operating lease for the premises has been capitalised as a right-of-use asset in accordance with IFRS 16 "*Leases*". It has been considered that the premises is essential for the continuing operation of the Balmonds Group's activities. The lease liability for the right-of-use asset required the determination of an appropriate discount rate. The rate implicit in the lease could not be determined and the Balmonds Group had no previous or existing borrowings to be able to determine its incremental borrowing rate. The discount rate was based on the UK base rate plus 1% on late payments.

## 5. Subsidiaries

Details of the Balmonds Group's subsidiary are as follows:

Company	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held by Company
Shanghai Scarlett Brand Management Limited	People's Republic of China	Dormant	80%

As at 31 December 2021 the subsidiary was dormant and its net assets were de-minimus, consequently no non-controlling interest amount has been recognised.

## 6. Employees and Directors

	<i>Audited</i> Year ended 31 December 2020 £	<i>Audited</i> Year ended 31 December 2021 £
Wages and salaries	315,451	245,802
Social security costs	22,926	20,254
Other pension costs	6,189	7,442
<b>Total employment costs</b>	<b>344,566</b>	<b>273,498</b>

The average number of employees during the year was as follows:

	<i>Audited</i> Year ended 31 December 2020 #	<i>Audited</i> Year ended 31 December 2021 #
<b>Employees</b>	<b>10</b>	<b>9</b>

	<i>Audited</i> Year ended 31 December 2020 £	<i>Audited</i> Year ended 31 December 2021 £
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<b>Directors' remuneration</b>	-	53,000
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## 7. Other operating income

	<i>Audited</i> Year ended 31 December 2020	<i>Audited</i> Year ended 31 December 2021
	£	£
Discounts received	31	-
Small business grant	10,000	-
Research and development tax claim	-	34,606
Government grants	25,025	-
<b>Total other operating income</b>	<b>35,056</b>	<b>34,606</b>

## 8. Net finance costs

	<i>Audited</i> Year ended 31 December 2020	<i>Audited</i> Year ended 31 December 2021
	£	£
Finance costs:		
Interest on lease liabilities - right-of-use assets	3,475	2,711

## 9. Loss before income tax

The loss before income tax is stated after charging:

	<i>Audited</i> Year ended 31 December 2020	<i>Audited</i> Year ended 31 December 2021
	£	£
Cost of inventories recognised as expense	627,970	623,868
Depreciation - owned assets	21,464	22,546
Depreciation – Right-of-use assets	15,781	15,781
Loss on disposal of fixed assets	-	13,406
Patents and licences amortisation	16,000	16,000
Trademarks amortisation	684	1,277

Foreign exchange differences

2,151

607

**10. Income tax****Analysis of tax expense**

For the taxable year ended 31 December 2021, the Balmonds Group had a tax credit of £34,606 (year ended 31 December 2020: expense of £Nil). The effective tax rate was Nil% for the period ending 31 December 2021 (year ended 31 December 2020: Nil%). The effective tax rate was primarily impacted by loss carryovers for which no deferred tax asset was recognised, and other deferred tax and permanent differences, such as disallowable expenditure.

The components of the provision for taxation on income included in the “*Statements of Comprehensive Income*” for the periods presented are summarised below:

	<b>Audited</b> <b>Year ended</b> <b>31 December</b> <b>2020</b>	<b>Audited</b> <b>Year ended</b> <b>31 December</b> <b>2021</b>
	<b>£</b>	<b>£</b>
<b>Current income tax (credit) / expense</b>		
Research and development tax credit	-	(34,606)
Presented in other operating income	-	34,606
<b>Total current income tax expense / (credit)</b>	-	-
<b>Deferred income tax expense</b>		
Deferred tax expense	-	-
<b>Total deferred income tax (credit) / expense</b>	-	-
<b>Total income tax (credit) / expense</b>	-	-

The differences between the statutory income tax rate and the effective tax rates are summarised as follows:

	<b>Audited</b> <b>Year ended</b> <b>31 December</b> <b>2021</b>	
	<b>£</b>	<b>%</b>
Expected tax at statutory UK income tax rate of 19%	(56,373)	19
Increase/(decrease) in tax resulting from:		
Tax losses / (utilised) carried forward	47,378	19

Capital allowances less depreciation	8,817	19
Non-deductible expenditure	178	19
	-	-

	<b>Audited Year ended 31 December 2020</b>	
	<b>£</b>	<b>%</b>
Expected tax at statutory UK income tax rate of 19%	(16,958)	19
Increase/(decrease) in tax resulting from:		
Tax losses / (utilised) carried forward	15,736	19
Capital allowances less depreciation	1,662	19
Non-deductible expenditure	(440)	19
	-	-

The Balmonds Group had a deferred tax liability of £Nil as at 31 December 2021 (31 December 2020: £Nil) The deferred tax liabilities relate to taxable temporary differences.

The movements in deferred tax liabilities are summarised as follows:

	<b>Audited As at 31 December 2020</b>	<b>Audited As at 31 December 2021</b>
	<b>£</b>	<b>£</b>
Balance brought forward	-	-
Deferred tax expense	-	-
<b>Balance carried forward</b>	<b>-</b>	<b>-</b>

As at 31 December 2021, the Balmonds Group had £684,843 of tax losses available to be carried forward against future profits, (31 December 2020: £435,483).

## 11. Goodwill

	£
<b>Cost</b>	
As at 31 December 2020 and 31 December 2021 ( <i>Audited</i> )	5,000
<b>Net book value</b>	
<b>As at 31 December 2021 (<i>Audited</i>)</b>	<b>5,000</b>
<b>As at 31 December 2020 (<i>Audited</i>)</b>	<b>5,000</b>

## 12. Intangible assets

	Patents and licences	Trademarks	Totals
	£	£	£
<b>Cost</b>			
As at 1 January 2020	80,000	-	80,000
Additions	-	6,838	6,838
<b>As at 31 December 2020 (<i>Audited</i>)</b>	<b>80,000</b>	<b>6,838</b>	<b>86,838</b>
Additions	-	5,928	5,928
<b>As at 31 December 2021 (<i>Audited</i>)</b>	<b>80,000</b>	<b>12,766</b>	<b>92,766</b>
<b>Amortisation</b>			
As at 1 January 2020	30,567	-	30,567
Amortisation for the year	16,000	684	16,684
<b>As at 31 December 2020 (<i>Audited</i>)</b>	<b>46,567</b>	<b>684</b>	<b>47,251</b>
Amortisation for the year	16,000	1,277	17,277
<b>As at 31 December 2021 (<i>Audited</i>)</b>	<b>62,567</b>	<b>1,961</b>	<b>64,528</b>
<b>Net book value</b>			
<b>As at 31 December 2021 (<i>Audited</i>)</b>	<b>17,433</b>	<b>10,805</b>	<b>28,238</b>
<b>As at 31 December 2020 (<i>Audited</i>)</b>	<b>33,433</b>	<b>6,154</b>	<b>39,587</b>



### 13. Property, plant and equipment

	Short leasehold	Improvements to property	Plant and machinery	Computer equipment	Totals
	£	£	£	£	£
<b>Cost</b>					
As at 1 January 2020	81,316	23,153	45,942	2,500	152,911
Additions	-	2,665	27,250	-	29,915
<b>As at 31 December 2020 (Audited)</b>	<b>81,316</b>	<b>25,818</b>	<b>73,192</b>	<b>2,500</b>	<b>182,826</b>
Additions	-	-	7,075	750	7,825
Disposals	-	-	(24,750)	-	(24,750)
<b>As at 31 December 2021 (Audited)</b>	<b>81,316</b>	<b>25,818</b>	<b>55,517</b>	<b>3,250</b>	<b>165,901</b>
<b>Depreciation</b>					
As at 1 January 2020	16,941	5,460	9,652	842	32,895
Charge for the year	13,553	5,878	17,314	500	37,245
<b>As at 31 December 2020 (Audited)</b>	<b>30,494</b>	<b>11,338</b>	<b>26,966</b>	<b>1,342</b>	<b>70,140</b>
Charge for the year	13,553	6,454	17,783	537	38,327
Disposal	-	-	(11,344)	-	(11,344)
<b>As at 31 December 2021 (Audited)</b>	<b>44,047</b>	<b>17,792</b>	<b>33,405</b>	<b>1,879</b>	<b>97,123</b>
<b>Net book value</b>					
<b>As at 31 December 2021</b>	<b>37,269</b>	<b>8,026</b>	<b>22,112</b>	<b>1,371</b>	<b>68,778</b>
<b>As at 31 December 2020</b>	<b>50,822</b>	<b>14,480</b>	<b>46,226</b>	<b>1,158</b>	<b>112,686</b>

#### 14. Inventory

	<i>Audited</i> As at 31 December 2020 £	<i>Audited</i> As at 31 December 2021 £
Raw materials	68,937	85,629
Finished goods	26,652	36,075
<b>Total inventory</b>	<b>95,589</b>	<b>121,704</b>

#### 15. Trade and other receivables

	<i>Audited</i> As at 31 December 2020 £	<i>Audited</i> As at 31 December 2021 £
Trade receivables	169,116	152,139
Other receivables	60,647	19,271
Prepayments and accrued income	30,336	50,723
<b>Total trade and other receivables</b>	<b>260,099</b>	<b>222,133</b>

#### 16. Cash and cash equivalents

	<i>Audited</i> As at 31 December 2020 £	<i>Audited</i> As at 31 December 2021 £
Cash in hand	202	202
Bank accounts	29,459	32,778
<b>Total cash and cash equivalents</b>	<b>29,661</b>	<b>32,980</b>

## 17. Called up share capital

Number:	Class:	Nominal Value:	<i>Audited</i>	<i>Audited</i>
			As at 31 December 2020	As at 31 December 2021
			£	£
2	Ordinary	£1	2	2

Holders of ordinary shares have full rights to dividends and capital distributions and are entitled to one vote per share at meetings of Balmonds.

## 18. Trade and other payables

	<i>Audited</i>	<i>Audited</i>	
	As at 31 December 2020	As at 31 December 2021	
		£	£
Trade payables	84,380	78,497	
Social security and other taxes	12,308	13,433	
Other payables	2,397	224	
Accruals and deferred income	20,149	17,379	
Balmonds Directors' current accounts	778,811	1,033,611	
VAT	24,345	27,885	
<b>Total trade and other payables</b>	<b>922,390</b>	<b>1,171,029</b>	

## 19. Financial liabilities – Borrowings

	<i>Audited</i> As at 31 December 2020 £	<i>Audited</i> As at 31 December 2021 £
<b>Current:</b>		
Right-of-use lease liabilities (see note 20)	15,729	16,534
<b>Non-current:</b>		
Right-of-use lease liabilities (see note 20)	47,149	30,616

Terms and debt repayment schedule:

	1 year or less £	1-2 years £	2-5 years £	Totals £
Right-of-use lease liabilities	16,534	17,380	13,236	47,150

## 20. Right-of-use assets and liabilities

### Right-of-use assets

	Property, plant and equipment £
<b>Cost</b>	
As at 1 January 2020	90,226
Additions	-
As at 31 December 2020 ( <i>Audited</i> )	90,226
<b>As at 31 December 2021 (<i>Audited</i>)</b>	<b>90,226</b>

### Depreciation

As at 1 January 2020	18,797
Charge for the year	15,781
<b>As at 31 December 2020 (<i>Audited</i>)</b>	<b>34,578</b>
Charge for the year	15,781
<b>As at 31 December 2021 (<i>Audited</i>)</b>	<b>50,359</b>

**Net book value**

<b>As at 31 December 2021 (Audited)</b>	<b>39,867</b>
<b>As at 31 December 2020 (Audited)</b>	<b>55,648</b>

## Lease liabilities

Minimum lease payments fall due as follows:

	<i>Audited</i> As at 31 December 2020 £	<i>Audited</i> As at 31 December 2021 £
Gross obligations repayable:		
Within one year	18,439	18,439
Between one and five years	50,324	31,885
	<b>68,763</b>	<b>50,324</b>
Finance charges repayable:		
Within one year	2,710	1,905
Between one and five years	3,175	1,269
	<b>5,885</b>	<b>3,174</b>
Net obligations repayable:		
Within one year	15,729	16,534
Between one and five years	47,149	30,616
	<b>62,878</b>	<b>47,150</b>

## Amounts recognised in profit or loss

	<i>Audited</i> Year ended 31 December 2020 £	<i>Audited</i> Year ended 31 December 2021 £
Depreciation of right-of-use assets	15,781	15,781
Interest expense on lease liabilities	3,475	2,711

## Cash flows

The total cash outflow for leases amounted to £18,439 (2020: £18,439), analysed as follows:

- cash payments £15,728 (2020: £14,964) for the principal portion of the lease liabilities within financing activities; and
- cash payments of £2,711 (2020: £3,475) for the interest portion of the lease liabilities within operating activities.

## 21. Related party disclosures

### Key management personnel compensation

The key management personnel consist of individuals who have authority and responsibility for planning, directing and controlling the activities of the Balmonds Group.

Remuneration received was as follows:

	<i><b>Audited</b></i> Year ended 31 December 2020 £	<i><b>Audited</b></i> Year ended 31 December 2021 £
Short-term benefits	37,500	53,000
Termination benefits	30,000	-
<b>Total</b>	<b>67,500</b>	<b>53,000</b>

### 22. Events after the reporting period

On 14 February 2022, Balmonds allotted 240,001 (non-voting) shares, with a nominal value of £0.000001.

On 15 February 2022, Balmonds allotted 112,940 (non-voting) shares, with a nominal value of £0.000001.

After their allotment, these shares in total equated to 15% of Balmonds then total issued share capital.

### 23. Nature of the Balmonds Group Financial Information

The Balmonds Group Financial Information presented above does not constitute statutory accounts for the period under review.

PART VII  
UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

**SECTION A: ACCOUNTANT’S REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP**



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20 May 2022

The Directors Silverwood  
Brands PLC 200 Strand  
London WC2R 1DJ

The Directors  
VSA Capital Limited New  
Liverpool House 15-17  
Eldon Street London  
EC2M 7LD

Dear Sirs and Madams,

We report on the unaudited pro forma statement of net assets of Silverwood Brands PLC (the “Company”) as at 14 October 2021 (the “Pro Forma Financial Information”) set out in Section B “*Unaudited Pro Forma Statement of Net Assets of the Enlarged Group*” of Part VII “*Unaudited Pro Forma Financial Information of the Enlarged Group*” of the Company’s AQSE Growth Market admission document dated 20 May 2022 (the “Document”).

**OPINION**

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

**RESPONSIBILITIES**

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Pro Forma Financial Information in accordance with the requirements for pro forma financial information set out in paragraph 6.7.1 of Table A “*Share Admission Document*” of Appendix 1 “*Information for an Admission Document*” to the AQSE Growth Market Access Rulebook.

It is our responsibility to form an opinion, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you in accordance with paragraph 1.2 of Table A “*Share Admission Document*” of Appendix 1 “*Information for an Admission Document*” to the AQSE Growth Market Access Rulebook.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.



## **BASIS OF PREPARATION**

The Pro Forma Financial Information has been prepared on the basis described, for illustrative purposes only, to provide information about how:

- the Company's placing and admission to the Access segment of the AQSE Growth Market on 8 November 2021;
- the acquisition by the Company of Balmonds Skincare Limited ("Balmonds");
- the issue by the Company of ordinary shares to settle certain liabilities of Balmonds;
- the purchase of convertible loan notes in Ginger Teleporter Limited ("Ginger"); and
- the settlement by the Company of Admission costs of £249,443

might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the Company's audited financial information for the period ended 14 October 2021. This report is required by paragraph 1.2 of Table A "*Share Admission Document*" of Appendix 1 "*Information for an Admission Document*" to the AQSE Growth Market Access Rulebook and is given for the purpose of complying with that requirement and for no other purpose.

## **BASIS OF OPINION**

We conducted our work in accordance with Standards of Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company and Balmonds in accordance with relevant ethical requirements. In the United Kingdom this is the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

## **DECLARATION**

For the purpose of paragraph 1.2 of Table A "*Share Admission Document*" of Appendix 1 "*Information for an Admission Document*" to the AQSE Growth Market Access Rulebook, we are responsible for this report and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, the information contained in this report is in accordance with the facts and that this report makes no omission likely to affect its import. This declaration is included in the Document in compliance with paragraph 1.2 of Table A "*Share Admission Document*" of Appendix 1 "*Information for an Admission Document*" to the AQSE Growth Market Access Rulebook.

Yours faithfully,



**CROWE U.K. LLP**

*Chartered Accountants*

## SECTION B: UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Set out below is the unaudited pro forma Statement of Net Assets of the Company as at 14 October 2021 (the “Pro Forma Financial Information”). The Pro Forma Financial Information has been prepared on the basis of the accounting policies adopted by the Company in preparing the audited Company Financial Information for the period ended 14 October 2021 incorporated by reference in Section A “*Historical Financial Information of the Company*” of Part V “*Historical Financial Information*” of this Document and on the basis set out in the notes below, to illustrate the effects of:

- the Company’s placing and admission to the Access segment to the AQSE Growth Market on 8 November 2021;
- the issue of the Consideration Shares;
- the issue of the Loan Shares;
- the purchase of convertible loan notes in Ginger Teleporter Limited (“Ginger”); and
- the settlement by the Company of Admission costs of £249,443

on the net assets of the Company, had the placing and admission of the Company to the AQSE Growth Market, the issue of the Consideration Shares, the issue of the Loan Shares, the purchase of the loan notes in Ginger and settlement of the Admission costs occurred on 14 October 2021. The Pro Forma Financial Information has been prepared for illustrative purposes only. Due of its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Company’s actual financial position at this date. It is based on the schedules used in preparing the Company Financial Information incorporated by reference in Section A “*Historical Financial Information of the Company*” of Part V “*Historical Financial Information*” of this Document.

Users should read the whole of this Document and not rely solely on the Pro Forma Financial Information contained in this Section B: “*Unaudited Pro Forma Statement of Net Assets of the Enlarged Group*” of Part VII “*Unaudited Pro Forma Financial Information of the Enlarged Group*” of this Document.

The accountant’s report on the Pro Forma Financial Information is set out in Section A: “*Accountant’s Report on the Unaudited Pro Forma Statement of Net Assets of the Enlarged Group*” of Part VII “*Unaudited Pro Forma Financial Information of the Enlarged Group*” of this Document.

Pro forma Statement of Net Assets

	<i>(Audited)</i>	<u>Adjustment</u> Placing and admission to the AQSE Growth Market on 8 November 2021 (Note 2)	<u>Adjustment</u> (Audited) Balmonds As at 31 December 2021 (Note 3)	<u>Adjustment</u> Issue of the Consideration Shares and the Loan Shares (Note 4)	<u>Adjustment</u> Convertible loan notes in Ginger (Note 5)	<u>Adjustment</u> Settlement of the Admission costs (Note 6)	<i>(Unaudited)</i> Pro forma balances as at 14 October 2021
	£	£	£	£	£	£	£
<b>ASSETS</b>							
<b>NON-CURRENT ASSETS</b>							
Goodwill	-	-	5,000	7,914,347	-	-	7,919,347
Intangible assets	-	-	28,238	-	-	-	28,238
Property, plant and equipment	-	-	28,911	-	-	-	28,911
Right-of-use assets	-	-	39,867	-	-	-	39,867
<b>Total non-current assets</b>	<b>-</b>	<b>-</b>	<b>102,016</b>	<b>7,914,347</b>	<b>-</b>	<b>-</b>	<b>8,016,363</b>
<b>CURRENT ASSETS</b>							
Inventories	-	-	121,704	-	-	-	121,704
Trade and other receivables	-	-	222,133	-	-	-	222,133
Convertible loan notes receivable	-	-	-	-	200,000	-	200,000
Cash and cash equivalents	961,602	899,415	32,980	-	(200,000)	(249,443)	1,444,554
<b>Total current assets</b>	<b>961,602</b>	<b>899,415</b>	<b>376,817</b>	<b>-</b>	<b>-</b>	<b>(249,443)</b>	<b>1,988,391</b>
<b>Total assets</b>	<b>961,602</b>	<b>899,415</b>	<b>478,833</b>	<b>7,914,347</b>	<b>-</b>	<b>(249,443)</b>	<b>10,004,754</b>
<b>LIABILITIES</b>							
<b>NON-CURRENT LIABILITIES</b>							
Right-of-use asset lease liabilities	-	-	30,616	-	-	-	30,616
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>30,616</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,616</b>
<b>CURRENT LIABILITIES</b>							
Trade and other payables	-	-	1,171,029	(1,150,000)	-	-	21,029
Right-of-use asset lease liabilities	-	-	16,534	-	-	-	16,534
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>1,187,563</b>	<b>(1,150,000)</b>	<b>-</b>	<b>-</b>	<b>37,563</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,218,179</b>	<b>(1,150,000)</b>	<b>-</b>	<b>-</b>	<b>68,179</b>
<b>Net assets</b>	<b>961,602</b>	<b>899,415</b>	<b>(739,346)</b>	<b>9,064,347</b>	<b>-</b>	<b>(249,443)</b>	<b>9,936,575</b>

## Notes

1. The financial information of the Company has been extracted, without adjustment, from the Company Financial Information incorporated in Section A *"Historical Financial Information of the Company"* of Part V *"Historical Financial Information"* of this Document.
2. The adjustment represents the placing of Ordinary Shares to the value of £1,031,000 on the Company's admission to the Access segment to the AQSE Growth Market on 8 November 2021, less settlement of the associated costs of £138,350.
3. The adjustment represents the audited financial information of Balmonds as at 31 December 2021, extracted without material adjustment from the Balmonds Financial Information included in Section C: *"Historical Financial Information of Balmonds"* of Part VI *"Historical Financial Information"* of this Document.
4. The adjustment represents the issue of:
  - the Consideration Shares to the value of £7,175,000 to affect the acquisition of Balmonds; and
  - the Loan Shares to the value of £1,150,000 to Balmonds Loan Holders
5. The adjustment represents the purchase of £200,000 of convertible loan notes in Ginger. This amount will be paid on Admission and is recognised as a convertible loan note receivable.
6. The adjustment represents the settlement in cash of the £249,443 Admission costs which will be paid in cash at Admission.
7. The Pro Forma Financial Information does not reflect any changes in the trading position of the Company since 14 October 2021.

## PART VIII TAXATION

### 1. Taxation in the United Kingdom

The following information is based on UK tax law and HMRC practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

### 2. Tax treatment of UK investors

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent. of any of the Ordinary Shares; or
- who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

### 3. Dividends

Where the Company pays dividends, no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals will have a £2,000 annum dividend tax allowance. From 6 April 2022, dividend receipts in excess of £2,000 will be taxed at 8.75 per cent. for basic rate taxpayers, 33.75 per cent. for higher rate taxpayers, and 39.35 per cent. for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received, but will not be entitled to claim relief in respect of any underlying tax.

### 4. Disposals of Ordinary Shares

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10 per cent. and 20 per cent. for upper rate and additional rate taxpayers.

For Shareholders within the charge to UK corporation tax, indexation allowance up until 1 January 2018 may reduce any chargeable gain arising on disposal of Ordinary Shares, but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 19 per cent. and the rate will increase to 25 per cent. after 1 April 2023 for profits in excess of £250,000. Profits below £50,000 will continue to be taxed at 19 per cent., with profits between these values being subject to a marginal rate. The profit limits are reduced under certain circumstances and the 19 per cent. rate will not apply to close investment-holding companies.

#### ***Further information for Shareholders subject to UK income tax and capital gains tax***

##### **5. “Transactions in securities”**

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel “*tax advantages*” derived from certain prescribed “*transactions in securities*”.

##### **6. Stamp Duty and Stamp Duty Reserve Tax**

The statements below are intended as a general guide to the current position.

No stamp duty or stamp duty reserve tax will generally be payable on the issue of Ordinary Shares.

Neither UK stamp duty nor stamp duty reserve tax should arise on transfers of Ordinary Shares on the AQSE Growth Market (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- the Ordinary Shares are admitted to trading on the AQSE Growth Market, but are not listed on any market (with the term “*listed*” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- the AQSE Growth Market continues to be accepted as a “*recognised growth market*” as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or stamp duty reserve tax may apply to transfers of Ordinary Shares in certain circumstances.

The above comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.

**PART IX**  
**ADDITIONAL INFORMATION**

**1 Responsibility**

- 1.1 The Company and the Directors (whose names appear in page 13 of this Document), accept responsibility, both individually and collectively, for the information contained in this Document (including expressions of opinion) and including individual and collective responsibility for compliance with the AQSE Growth Market Access Rulebook. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and makes no omission likely to affect the import of such information.
- 1.2 Each member of the Concert Party, whose names are set out on paragraph 7 of Part I of this Document accept responsibility for information contained in this Document (including expressions of opinion) about themselves only. To the best of the knowledge and belief of each member of the Concert Party (who have taken all reasonable care to ensure that such is the case), the information contained in this Document pertaining to themselves is in accordance with the facts and there is no other material information the omission of which is likely to affect the import of such information.
- 1.3 In connection with this Document, no person is authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representation must not be relied upon as having been so authorised.

**2 The Company**

- 2.1 The Company was incorporated under the name Silverwood Brands PLC on 10 August 2021 in England and Wales as a public limited company under the Act. On 22 October 2021, the Registrar of Companies issued the Company with a trading certificate under section 761 of the Act.
- 2.2 The Company is a public limited company and accordingly the liability of its members is limited. The Company and its activities and operations are principally regulated by the Act and the regulations made under the Act.
- 2.3 The registered office of the Company is 200 Strand, London WC2R 1DJ.
- 2.4 The Company's accounting reference date is 31 August.

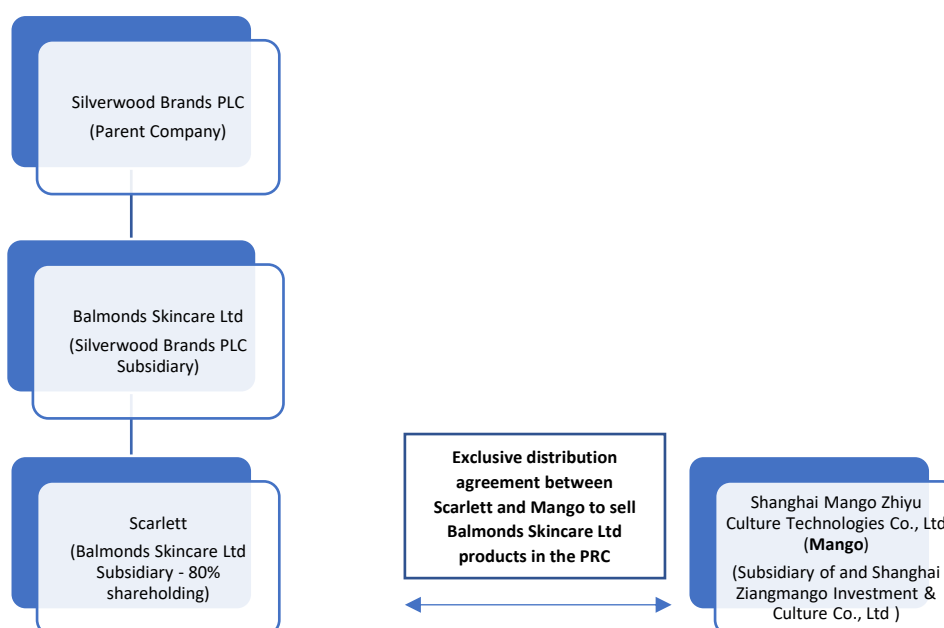
**3 Subsidiary undertakings**

- 3.1 As at the date of this document, the Company is a holding company and has no subsidiaries.
- 3.2 On completion of the Proposed Acquisition and Admission, the Company will be the holding company of the following subsidiaries (held directly or indirectly):

Relationship to the Company	Name	Country of Incorporation	of	Registered Office	Principal Activity	Ownership Interest and/or voting power held
Subsidiary	Balmonds Skincare Ltd	England and Wales	and	Unit 7, Westergate Business Centre, Westergate Road, Brighton, BN2 4QN	Manufacture and sale of cosmetic	100% (direct)
Subsidiary	上海施佳莉品牌管理有限公司 (referred to in English as Shanghai Brand Management Co., Ltd)	People's Republic of China	of	Room 2001, Floor 2, No. 24, Lane 315, Fenggu Road, Xuhai, Shanghai, PRC	Distribution and sale of Balmonds Skincare Ltd products in PRC	80% (indirect)

3.3 Scarlett is party to a distribution agreement with 上海芒果智娱文化科技有限公司 (Shanghai Mango Zhiyu Culture Technology Co., Ltd) (**Mango**) which the Enlarged Group intend to rely on to distribute and sell products in the People's Republic of China (**PRC**).

3.4 Diagram Summary of the Enlarged Group and its contractual arrangements





### 3.5 Summary of the contractual arrangements relating to Scarlett and the Enlarged Group:

#### (a) Distribution Agreement between Balmonds Skincare Ltd (**Balmonds**) and Scarlett:

- (i) Balmonds entered into an exclusive distribution agreement with Scarlett, appointing Scarlett as Balmonds' exclusive distributor for its products in the PRC. The agreement is for a term of 3 years from the effective date of 1 November 2021. Pursuant to the terms of the agreement, Scarlett must use all reasonable endeavours to market, distribute and then sell Balmonds' products in the PRC, including maintaining premises and having adequately trained staff to ensure Scarlett is able to meet its obligations under the agreement.

In accordance with the terms of the agreement, Scarlett, pays to Balmonds, the charges agreed in the distribution agreement. Balmonds has the right to vary any element of the charges by giving 30 days' written notice. The agreement contains customary confidentiality, indemnity and warranties. Each party may terminate the agreement giving the other party 30 days' written notice of termination. In the case of a material breach of the contract, acts of insolvency or ceasing to operate either party may terminate the agreement immediately. Neither party can assign the DA without the written consent of the other party.

The agreement is governed by the laws of England.

#### (b) Distribution Agreement between Scarlett and Mango

Scarlett entered into a distribution agreement with Mango dated 16 November 2021 in connection with the sales of Balmonds' products in the PRC (including mainland China, Hong Kong, Macao and Taiwan) (**distribution territory**). Pursuant to the terms of the agreement, Scarlett authorises Mango to act as the sole agent of Balmonds for all its products in the PRC. The term of the agency is 2 years from 1 December 2021 to 30 November 2023. Scarlett is responsible for the costs for the products to enter the distribution territory, for the production quality of the products and to provide technical support to Mango under the DA.

The terms of the agreement provide Mango with specific sales objectives. If Mango fulfils these objectives and upon expiry of the agreement, it shall enjoy priority of cooperation with brand general agent and Scarlett. Mango has the right to online promotion and advertising in the distribution territory for the term of the agreement. The agreement cannot be assigned or modified without written consent of the other party. Any lawsuit filed, must be filed with Shanghai Xuhui District People's Court. There is no general right to termination for either party, however if there are no sales within the distribution territory for a period of 6 months the agency between the parties is deemed abandoned automatically. Further, if Mango waives the agency on its own initiative, it shall communicate this with Scarlett through video conference and notify in writing to terminate the agency after obtaining Scarlett's consent.

The DA is governed by the laws of the PRC

- 3.6 Other than pursuant to the Proposed Acquisition and the investment in Ginger as announced on 11 May 2022 the Company does not have any investments and has not made any firm commitments with respect to any prospective investments.

## 4 Share Capital of the Company

- 4.1 Since incorporation, there have been the following changes to the issued share capital of the Company:

- 4.1.1 The Company was incorporated with an issued share capital of £0.02 divided into 2 ordinary shares with a nominal value of £0.01 each.
- 4.1.2 On 14 October 2021, the Company issued 98 ordinary shares of £0.01 each in the Company to the initial subscribers.
- 4.1.3 Pursuant to resolutions passed at the Company's General Meeting held on 14 October 2021, the Company resolved, amongst other matters, that:
- (a) the 100 ordinary shares of £0.01 each in the issued share capital of the Company be consolidated and divided into 10 ordinary shares of £0.10 each;
  - (b) the Directors be generally authorised pursuant to section 551 of the Act to issue and allot shares in the Company or grant rights to subscribe for or to convert any security into shares of the Company up to an aggregate nominal amount of £5 million; and
  - (c) in accordance with section 570 of the Act, the Directors be given the general power to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the above authority in paragraph (b) above as if section 561(1) of the Act did not apply to such allotment, up to an aggregate nominal amount of 5 million.
- 4.1.4 On 14 October 2021, 2,747,432 Ordinary Shares were issued at a subscription price of £0.35 per share to the Directors and other subscribers.
- 4.1.5 On 8 November 2021, 2,577,500 Ordinary Shares were issued at a price of £0.40 per share.
- 4.2 The issued share capital of the Company at the date of this Document and on Admission will be as follows:

	<b>Number of Ordinary Shares Allotted</b>	<b>Aggregated nominal value of Ordinary Shares</b>
As at the date of this Document	5,324,942	£532,494.20
On Admission	11,531,346	£1,153,134.60

- 4.3 Prior to Admission, the Company's share capital consists of one class of Ordinary Shares with equal voting rights (subject to the Articles) and the Ordinary Shares are freely transferrable in both certificated and uncertificated form. No Shareholder has any different voting rights from any other Shareholder. The same rights will apply to the Company's Enlarged Share Capital following Admission.
- 4.4 Except as disclosed in Part I of this document and Part IX:
- 4.4.1 no Ordinary Shares of the Company are under option or have been agreed conditionally or unconditionally to be put under option;
  - 4.4.2 no Ordinary Shares or loan capital of the Company has been issued or is now proposed to be issued, fully or partly paid, either for cash or for consideration other than cash;
  - 4.4.3 no commission, discount, brokerage or any other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company;
  - 4.4.4 no persons have preferential subscription rights in respect of any share or loan capital of the Company;
  - 4.4.5 no amount or benefit has been paid or is to be paid or given to any promoter of the Company.

## 5 Summary of the Articles of Association

Pursuant to section 31 of the Act, the objects for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by law.

The rights attaching to the Ordinary Shares, as set out in the Articles contain, amongst others, the following provisions:

### 5.1 *Voting Rights*

On a vote on a resolution on a show of hands at a meeting, every holder of Ordinary Shares who (being an individual) is present in person or by one or more proxies or (being a corporation) is present by one or more duly authorised representatives or proxies shall have one vote, and on a poll every holder of Ordinary Shares shall have one vote for every Ordinary Share he holds.

### 5.2 *Variation of Rights*

Subject to the Act, the rights attached to any class of shares may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the authority of a special resolution passed at a separate class meeting.

The quorum at such a class meeting shall not be less than two persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued share of the class (excluding any shares of that class held as treasury shares).

### 5.3 *Transfer of shares*

An Ordinary Share held in certificated form may be transferred by an instrument of transfer in writing in any usual form or in any form approved by the Board, which shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An Ordinary Share held in uncertificated form may be transferred by means of a relevant system in such manner provided for in the uncertificated securities rules. The transferor shall be deemed to remain the holder of the relevant share until the transferee is entered in the Register in respect of it.

The Board may also refuse to register a transfer of shares held in certificated form unless:

- (a) it is for a share which is fully paid up;
- (b) it is for a share on which the Company has no lien;
- (c) it is only one class of shares;
- (d) it is in favour of a single transferee or not more than four joint transferees;
- (e) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty (if so required); and
- (f) delivered for registration to the registered office of the Company, or such other place as the Board may determine, accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so, provided that such discretion may not be exercised in such a way as to prevent dealings in such shares from taking place on an open and proper basis.

Where a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice under section 793 of the Act ("**section 793 notice**") and has failed in relation to any shares ("**default shares**") to give the Company the information required by the section 793 notice within the prescribed period from the service of the notice, then no transfer, other than an excepted transfer, of any shares held by the member shall be registered unless the member himself is not in default of supplying the required information and the member proves to the satisfaction of the Board that no person in default of supplying such information is interested in any of the shares that are subject to the transfer.

#### 5.4 *Dividends*

Subject to the provisions of the Act and the Articles, the Company may by ordinary resolution declare dividends in accordance with the respective rights and interests of the members, but no dividend shall exceed the amount recommended by the Board. Subject to the provisions of the Act, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution.

The Board may, by ordinary resolution of the Company direct, or in the case of an interim dividend may without the authority of an ordinary resolution direct, that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.

#### 5.5 *Return of capital on a Winding Up*

On a winding up of the Company, the balance of the assets available for distribution will, subject to any sanction required by the Act, be divided equally among the members.

#### 5.6 *Provisions relating to Directors*

Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be less than 2.

Subject to the Articles, the Company may by ordinary resolution appoint a person who is willing to act as a Director, either to fill a vacancy or as an additional Director.

Subject to the Articles, the Board may appoint any person who is willing to act as a Director, either to fill a vacancy or as an additional Director. Any Director so appointed shall retire at the next annual general meeting of the Company following such appointment and shall be eligible for re-appointment thereat but is not taken into account when deciding the number of directors who are to retire by rotation.

Other than a retiring Director, no person may be appointed or re-appointed a Director at a general meeting unless (i) he is recommended by the Board; or (ii) the Company has received notice at least seven but no more than 42 clear days before the date of the general meeting from a member (other than the person proposed) of his intention to propose a resolution of such appointment or reappointment.

Each Director shall retire from office and shall be eligible for reappointment at each annual general meeting if: (i) he has been appointed by the board since the previous annual general meeting; or (ii) it is his third annual general meeting following the annual general meeting at which he was elected or last re-elected; or (iii) he has held office with the Company as a non-executive Director for a continuous period of nine years or more at the date of the meeting.

Subject to the provisions of the Act, the Articles and to any directions given by special resolution, the business of the Company shall be managed by the Board which may exercise all the powers of the Company. The Board may delegate its powers to any committee consisting of one or more Directors and (if thought fit) one or more other persons provided: (i) a majority of the committee shall be Directors; and (ii) no resolution of a committee shall be effective unless a majority of those present when it is passed are Directors or alternate Directors.

## 5.7 General Meetings

All meetings other than annual general meetings shall be called general meetings. The Board may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall proceed to convene a general meeting.

An annual general meeting shall be held once a year at such time (consistent with the terms of the Act) and place as may be determined by the Board.

Every notice of meeting shall specify the place, the day and the time of the meeting and there shall appear with reasonable prominence in every notice a statement that member entitled to attend and vote is entitled to a proxy or (if he has more than one share) proxies to exercise all and any of his rights to attend, speak and vote and that a proxy need not be a member of the Company. In the case of an annual general meeting, the notice shall specify the meeting as such. Two members present in person or by proxy and entitled to vote upon the business to be transacted at the meeting shall be a quorum. A Director (and any other person invited by the chairman to do so) shall be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company, whether or not he is a member.

## 6 Directors' Interests

6.1 On Admission, the interests of the Directors and their respective immediate families and, so far as they are aware having made due and careful enquiries, of persons connected with them (all of which are beneficial, unless otherwise stated) (so far as is known to the Directors, or could with reasonable diligence be ascertained by them) (within the meaning of sections 252 to 254 of the Act) in the Enlarged Share Capital are and will be as follows:

<b>Name</b>	<b>Number of Ordinary Shares on Admission</b>	<b>% of Enlarged Share Capital</b>
Andrew Gerrie*	6,913,775	60.0%
Paul Hodgins	28,577	0.2%
Andrew Tone	104,572	0.9%
James Wilson	28,572	0.2%

\*this holding comprises (i) 2,112,651 Ordinary Shares held in the joint names of Alison Hawksley and Andrew Gerrie; (ii) 2,043,417 Ordinary Shares held in the name of Alison Hawksley, Andrew Gerrie's wife; (iii) 714,286 Ordinary Shares held in the name of Silver Americum Limited, a company of which Mr Gerrie is a person of significant control; and (iv) 2,043,421 Ordinary Shares held in the sole name of Mr Gerrie.

6.2 The Company and the Directors are neither aware of any arrangements or operations which may, at a subsequent date, result in a change in control of the Company, nor, that the Company is owned or controlled directly or indirectly by any entity other than as disclosed in paragraph 5.1.

6.3 Save as disclosed in paragraphs 5.1 above and 6.1 below, as at the date of this Document, the Directors are not aware of any interest which will immediately following Admission represent 3% or more of the Enlarged Share Capital or voting rights of the Company or of any person who, directly or indirectly, jointly or severally, exercises or could exercise control of the Company.

6.4 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors .

6.5 No Director, has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was

effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

## 7 Major Shareholders

7.1 As at 19 May 2022 (being the latest practicable date prior to the publication of this Document), in addition to the interests of the Directors, the Company has been notified or is aware of the following holdings which will, following Admission, represent 3% or more of the Enlarged Share Capital or voting rights of the Company:

7.2

Name	Number of Ordinary Shares prior to Admission	% of Issued Share Capital prior to Admission	Number of Ordinary Shares of Admission	% of Issued Share Capital on Admission
Dowgate Wealth	675,000	12.68	675,000	5.85
Fushia Investments Private Limited	571,429	10.73	571,429	4.96
Angus Thirlwell	571,429	10.73	571,429	4.96
First Equity	462,500	8.69	462,500	4.01
Investec Wealth & Investment Limited	250,000	4.69	295,000	2.56
Angus Warwick Penman	250,000	4.69	250,000	2.17
Canaccord Genuity Wealth	200,000	3.76	200,000	1.73

## 8 Directors' Terms of Appointment

8.1 The Company has entered into letters of appointment as follows:

8.1.1 Messrs. Gerrie, Hodgins and Tone have been appointed as directors of the Company pursuant to letters of appointment dated 29 October 2021 (and as varied on 20 May 2022). Messrs. Gerrie and Hodgins's appointment took effect upon incorporation of the Company. Mr Tone's appointment was effective from 14 October 2021. Their respective appointments will continue until they are terminated by them respectively or by the Company on three months' prior written notice. The directors are required to seek re-election by the shareholders at the next annual general meeting and as required by the Company's articles of association. None of them are entitled to any fees pursuant to their respective letters of appointment until such time as the completion of the Company's first acquisition following Admission, at which time, their respective remuneration shall be reviewed by the Company.

8.2 Mr Wilson was appointed a non-executive director of the Company with effect from Admission pursuant to a letter of appointment dated 8 November 2021. Under the letter of appointment, Mr Wilson is entitled to an annual fee of £20,000 and reimbursement of reasonable expenses. The appointment may be terminated at any time by either party giving three months' prior written notice. Mr Wilson is required to seek re-election by the shareholders at the next annual general meeting and as required by the Company's articles of association

8.3 Save as referred to above, there are no service agreements or letters of appointment in existence between any of the Directors and the Company.

8.4 In the financial period ended 14 October 2021, no remuneration (including any contingent or deferred compensation) was paid and no benefits in kind was granted to the Directors (excluding Mr Wilson as set out above at 8.2).

8.5 Save as set out in this paragraph 8, none of the service contracts or letters of appointment have been replaced or amended.

## 9 Additional Information on the Directors

9.1 In addition to directorships of the Company, the Directors hold or have held the following directorships (including directorships of companies registered outside England and Wales) or have been partners in the following partnerships within the five years prior to the date of this Document:

Director	Current Directorships / Partnerships	Past Directorships / Partnerships
<b>Andrew Gerrie</b>	Kumo Limited Phoenix Asset Management Partners Limited Silver Americum Limited Greenback Recycling Technologies Limited Silverspade LLP Ginger Teleporter Limited Balmonds Skincare Ltd Amador Limited Salako Products Limited Hotel Chocolat Group PLC 上海施佳莉品牌管理有限公司 (referred in English as Shanghai Brand Management Co., Ltd)	Rabot 1745 Limited Mambo Artists Limited Lush Retail Limited Lush Ltd Lush Cosmetics Limited Lush Manufacturing Limited
<b>Paul Hodgins</b>	The Auriga Academy Trust Ginger Teleporter Limited Illuminated Business Ltd	Barnes Fund Trustee Limited
<b>Andrew Tone</b>	Sonotas Limited Sonotas Holdings Limited Cigarro Limited International Brands Management Limited Steam cream Limited Oneallianz Limited 上海施佳莉品牌管理有限公司 (referred in English as Shanghai Brand Management Co., Ltd)	
<b>James Wilson</b>	None	Hornby PLC Dignity PLC Castelnau Group Limited

9.2 None of the Directors has:

- 9.2.1 had any previous names;
  - 9.2.2 any convictions in relation to fraudulent offences;
  - 9.2.3 had any bankruptcy order made against him or entered into any voluntary arrangements;
  - 9.2.4 been a director of a company which has been placed in receivership, insolvent liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
  - 9.2.5 been a partner in any partnership which has been placed in insolvent liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - 9.2.6 been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - 9.2.7 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
  - 9.2.8 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.
- 9.3 None of the Directors has, or has had, any conflict of interest between any duties to the Company and their private interests or any duties they owe. Should the Company make investments which involve related parties, any such investments will comply with the requirements related to such transactions under the AQSE Growth Market Rules.

## **10 Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been: (i) entered into by a member of the Enlarged Group within the two years immediately preceding the date of this document and are, or may be, material; or (ii) entered into by a member of the Enlarged Group and contain a provision under which any member of the Enlarged Group has any obligation or entitlement which is (or may be) material to the Enlarged Group as at the date of this document.

### The Company

#### **Share Purchase Agreement**

- 10.1 The Company and the Principal Vendors entered into the Share Purchase Agreement on 20 May 2022.

Pursuant to the terms of the Share Purchase Agreement, the Company will acquire the entire holdings of the Principal Vendors in Balmonds equal to 85 per cent. of the issued share capital on the satisfaction of certain conditions including Admission and the passing of the Resolutions. In addition, the Proposed Acquisition is conditional on the assignment of the Balmonds loan to the Company and the acquisition of the remaining balance of 15 per cent of the issued share capital of Balmonds from the Minority Vendors.

The initial consideration payable by the Company, on Admission, to the Principal Vendors is, in aggregate 4,086,833 of the Consideration Shares to be issued by the Company at 85 pence per share on Admission, credited as fully paid. The number of Initial Consideration Shares to be issued to the Principal Vendors shall be in proportion to their respective holdings of shares in Balmonds immediately prior to Admission.



The deferred consideration payable by the Company to the Balmonds Sellers is in aggregate up to 2,724,556 of the Consideration Shares subject to certain conditions including but not limited to an agreed performance criteria and the relevant Balmond Seller being engaged or employed by Balmonds. The number of Deferred Consideration Shares to be issued to the Principal Vendors in respect of the deferred consideration shall be in proportion to their respective holdings of shares in Balmonds immediately prior to Admission.

The Share Purchase Agreement contains warranties given by Andrew Gerrie and Alison Hawsley (who are also Principal Vendors) in favour of the Company in relation to the business, assets and taxation of Balmonds.

The Share Purchase Agreement is governed by English law.

#### **Novation of the Balmonds Shareholder Loan**

- 10.2 Pursuant to a deed of novation dated 20 May 2022 entered into by the Company and the Balmond Loan Holders, the Balmonds Shareholder Loan will be novated to the Company with effect from Admission. In consideration of the Balmond Loan Holders agreeing to novate the Balmond Shareholder Loan to the Company, the Loan Shares will be issued to the Balmond Loan Holders on or around Admission subject to Admission and completion of the Proposed Acquisition.

#### **VSA Engagement Letter**

- 10.3 An engagement letter dated 15 March 2022 between the Company and VSA Capital Limited pursuant to which the Company has appointed VSA Capital to act as the corporate adviser to the Company in relation to the proposed reverse takeover. Pursuant to the terms of the engagement letter, VSA shall be paid a M & A advisory fee and a fundraising advisory fee.

#### **AQSE Corporate Adviser Agreement**

- 10.4 An AQSE Corporate Adviser agreement dated 29 October 2021 between the Company and VSA Capital Limited pursuant to which the Company has appointed VSA Capital to act as corporate adviser and broker to the Company on an on-going basis following Admission for which the Company agreed to pay a fee of £20,000 plus VAT per annum payable quarterly in advance. The agreement contains certain undertakings and indemnities given by the Company in respect of, inter alia, compliance with all applicable laws and regulations. The agreement continues for a fixed period of 12 months from the date of Admission and thereafter is subject to termination by either party giving three months' prior written notice. Once the Company undertakes a reverse takeover, the fee payable to VSA Capital will increase to £40,000 per annum.

#### **Lock-In Agreement**

- 10.5 A Lock-in agreement dated 20 May 2022 between (1) the Directors, (2) the Company and (3) VSA Capital, ("**Directors' Lock-In Agreement**") pursuant to which the Directors have agreed with VSA Capital and the Company not to dispose of any Ordinary Shares held by them for a period of 12 months from Admission ("**Lock-In Period**"). In addition, each Director has undertaken to the Company and VSA Capital not to dispose of their Ordinary Shares for a period of 12 months after the end of the Lock-In Period without first consulting the Company and VSA Capital in order to maintain an orderly market for the Ordinary Shares. Certain disposals are excluded from the Directors' Lock-In Agreement including those relating to acceptance of a general offer made to all Shareholders, pursuant to a court order, in the event of the death of a Director or as otherwise agreed to by VSA Capital. The Directors' Lock-In Agreement also contains covenants given by the Directors to use their reasonable endeavors to ensure

that any persons deemed to be connected with them also adhere to the terms of the Lock-In Agreements.

#### **Relationship Agreement**

10.6 A Relationship Agreement dated 29 October 2021 made between (1) the Company, (2) VSA Capital and (3) Andrew Gerrie and others pursuant to which they undertook to the Company and VSA Capital that, for so long as they are entitled to exercise 20 per cent. or more of the rights to vote at general meetings of the Company or control the appointment of directors who are able to exercise a majority of votes at board meetings of the Company, they will, amongst other matters, conduct all business with the Company on arm's length terms and on a normal commercial basis and not take any action which precludes or inhibits the Company from carrying on its business independently from them.

#### **Conflicts Procedures Agreement**

10.7 The Company and the Directors entered into a conflicts procedures agreement on 29 October 2021 pursuant to which in the event that the Company intends to acquire an entity that is an affiliate to any of the Directors, such Director shall not take part in any decision relating to the acquisition. In addition, each Director agrees to present any potential opportunities that fit the acquisition criteria of the Company first in preference to any other company that he may be involved in with similar acquisition criteria to the Company. The obligations of each Director shall lapse upon the termination of his office of director of the Company.

#### **Registrar Agreement**

10.8 The Company and the Registrar have entered into an agreement with the Registrar ("**Registrar Agreement**"), pursuant to which the Registrar has agreed to act as registrar to the Company and to provide registration agency services and certain other administrative services to the Company in relation to its business and affairs. The Registrar is entitled to receive an annual fee for the provision of its services. The annual fee will be calculated on the basis of the number of holders of shares in the Company and the number of transfers of such shares. The Registrar Agreement will continue for an initial period of one year and may be terminated upon the expiry of six weeks' written notice given by either party not to expire before the end of the initial period. In addition, the agreement may be terminated immediately if either party commits a material breach of the agreement which has not been remedied within 30 days of a notice requesting the same, or upon an insolvency event in respect of either party. The Company has agreed to indemnify the Registrar against, and hold it harmless from, any damages, losses, costs, claims or expenses incurred by the Registrar in connection with or arising out of the Registrar's performance of its obligations in accordance with the terms of the Registrar Agreement, except to the extent that the same arises from some act of fraud or willful default on the part of the Registrar.

#### Balmonds

##### **Shareholder Loan**

10.9 On 28 February 2022, Andrew Gerrie & Alison Hawksley (together the **Balmond Loan Holders**) agreed to provide a loan for the benefit of Balmonds. As at the date of this Document, the loan amounts to £1,188,610.50. The loan is interest free and repayable on demand. For the avoidance of doubt, this loan is the Balmonds Shareholder Loan which will be novated to the Company on Admission. Details of the terms of the novation are summarised in paragraph 10.2 of this Part IX.

#### **11 Related Party Transactions**

Save as disclosed in relation to the Proposed acquisition, there are no material related party transactions required to be disclosed under the accounting standards applicable to the Company, to which the Company was a party during the period of twelve months preceding the date of this Document.

## **12 Litigation**

The Company is not involved in any legal, governmental or arbitration proceedings which may have or have had since incorporation a significant effect on the Company's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company.

## **13 Compulsory acquisition rules relating to Ordinary Shares**

- 13.1 Other than as provided by the Code (in respect of which see paragraph 7 of Part I) and Chapter 28 of the Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sellout rules that apply to the Ordinary Shares.
- 13.2 Under the Act, if a "takeover offer" (as defined in section 974 of the Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the Ordinary Shares to which the offer relates and not less than 90% of the voting rights carried by the Ordinary Shares to which the offer relates, it could, within three months of the last day on which its takeover offer can be accepted, compulsorily acquire the remaining 10%. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration for the outstanding Ordinary Shares to the Company, which would hold the consideration on trust for outstanding members. The consideration offered to the minority shareholder whose shares are compulsorily acquired must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.
- 13.3 The Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% in value of the Ordinary Shares and not less than 90% of the voting rights carried by the Ordinary Shares, any holder of Ordinary Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares. The offeror is required to give any member notice of its right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises its rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

## **14 General**

- 14.1 The total costs and expenses in relation to Admission payable by the Company are estimated to amount to approximately £249,443 (excluding VAT).
- 14.2 Except as disclosed in this Document, there has been no significant change in the financial or trading position of the Company since, the date to which the Financial Information in Part VI of this Document was prepared.
- 14.3 Except as disclosed in this Document, there has been no significant change in the financial or trading position of the Balmonds Group since, the date to which the Financial Information in Part VI of this Document was prepared.
- 14.4 Crowe U.K. LLP have been appointed as the auditors of the Company. Crowe U.K. LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. Crowe U.K. LLP's business address is at 55 Ludgate Hill, London EC4M 7JW.

- 14.5 Crowe U.K. LLP has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of their report as set out in Parts VI and VII of this Document and the references thereto. Crowe U.K. LLP also accepts responsibility for its report.
- 14.6 VSA Capital Limited, which is authorized and regulated by the FCA, has given and not withdrawn its written consent to the inclusion in this Document of references to its name in the form and context in which it appears. VSA Capital is acting exclusively for the Company in connection with Admission and not for any other persons. VSA Capital will not be responsible to any other persons other than the Company for providing the protections afforded to customers of VSA Capital or for advising any such person in connection with Admission. VSA Capital Limited is registered in England and Wales under company number: 02405923 and with registered address at New Liverpool House, 15-17 Eldon Street, London EC2M 7LD.
- 14.7 There are no investments in progress and there are no future investments in respect of which the Directors have already made firm commitments which are significant to the Company.
- 14.8 No financial information contained in this Document is intended by the Company to represent nor constitute a forecast of profits by the Enlarged Group nor constitute publication of accounts by it.
- 14.9 The Directors accept responsibility for the financial information contained in Part VI and Part VII of this Document which has been prepared in accordance with the law applicable to the Company.
- 14.10 Save for the Company's website at [www.silverwoodbrands.com](http://www.silverwoodbrands.com) and as set out in this Document, there are no patents or intellectual property rights, licenses or particular contracts, which are of material importance to the Enlarged Group's business or profitability.
- 14.11 Save as disclosed in this Document, as far as the Directors are aware there are no environmental issues that may affect Enlarged Group's utilisation of any tangible fixed assets.
- 14.12 The Shares have not been sold, nor are they available, in whole or in part, to the public in connection with the application for Admission.
- 14.13 Where information in this document has been sourced from a third party, the Company confirms that it has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third- party information has been used in this document, the source of such information has been identified.

## **15 Working Capital**

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Company on Admission will be sufficient for the present requirements of the Enlarged Group, that is, for the period of twelve months following Admission.

## **16 Availability of this Document**

Copies of this Document will be posted to all registered Shareholders at the time of publication of this Document and will be available free of charge to the public during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Company and from the offices of VSA Capital Limited and will remain available for at least one month after the date of Admission. The Document is also available on the Company's website ([www.silverwoodbrands.com](http://www.silverwoodbrands.com)) (please note that information on the website does not form part of the Document unless that information is incorporated by reference into the Document).

Dated: 20 May 2022

PART X  
SILVERWOOD BRANDS PLC

*(Incorporated and registered in England and Wales under Company Number 13557318)*

**Notice of General Meeting**

Notice is hereby given that a General Meeting of the Company will be held at VSA Capital's office at Park House, 16-18 Finsbury Circus, London, EC2M 7EB at 9.00 a.m. on 14 June 2022. You will be asked to consider and vote on the resolutions below. Resolutions 1 to 3 will be proposed as ordinary resolutions and resolutions 4 to 5 will be proposed as special resolutions.

In each of the resolutions below and the notes to this Notice of General Meeting, capitalized terms defined in the Admission Document published by the Company dated 20 May 2022, of which this Notice of General Meeting forms part, shall bear the same meaning unless otherwise defined.

**ORDINARY RESOLUTIONS**

*Approval of Acquisition*

1. That, subject to and conditional on the passing of the resolutions numbered 3 and 4 the proposed acquisition of the entire issued share capital of Balmonds Skincare Limited (**Acquisition**) by the Company substantially on the terms and subject to the conditions contained in the Share Purchase Agreement dated 20 May 2022 (**Share Purchase Agreement**) be and are hereby approved in accordance with Rule 3.6 of the Access Rulebook of the Access Growth Market and that the directors of the Company (the **Directors**) (or any duly constituted committee thereof) be and are hereby authorised to cause the Acquisition and all documents and matters provided in it and related to it be completed and at their discretion amend, waive, vary and/or extend any of the terms of the Share Purchase Agreement, Acquisition and/or any other document referred to in it or connected with it as they may consider necessary, expedient or desirable in relation thereto and to carry the same into effect with such modifications, variations, revisions or amendments (provided such modifications, variations or amendments are not of a material nature in the context of the proposed transaction as a whole) as they shall deem necessary, expedient or desirable.

*Rule 9 Waiver*

2. That the waivers granted by the Takeover Panel of the obligation which may otherwise arise pursuant to Rule 9 of the Takeover Code on any member of Concert Party to make a general offer for the entire issued share capital of the Company as a result of the issue to the Concert Party of 9,411,764 new ordinary shares of £0.10 each in the capital of the Company pursuant to the Share Purchase Agreement and the novation of the Balmonds Shareholder Loan be and is hereby approved.

*Authority to allot Ordinary Shares*

3. That, in accordance with section 551 of the Companies Act 2006 (**CA 2006**), the Directors (or a duly constituted committee thereof) be generally and unconditionally authorised to allot equity securities (as defined by section 560 of the CA 2006) in the Company provided that this authority shall be limited to:
  - (a) the Consideration Shares;
  - (b) the Loan Shares; and
  - (c) up to an aggregate nominal amount of £5,000,000.

## **SPECIAL RESOLUTIONS**

### *Authority to disapply pre-emption rights*

4. That, subject to the passing of resolution 3, in accordance with section 570(1) of the CA 2006, the Directors (or a duly constituted committee thereof) be generally empowered to allot equity securities (as defined by section 560 of the CA 2006) for cash pursuant to the authorities conferred by resolution 3 above as if section 561 of the CA 2006 did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash up to the maximum nominal amount of £5,000,000.

### *Amendment of articles of association*

5. That, the existing articles of association be amended by adopting the articles of association produced to the meeting in substitution for the existing articles of association of the Company.

By order of the Board

Indigo Corporate Secretary Limited

Company Secretary

200 Strand  
London  
WC2R 1DJ

20 May 2022

## **Notes to the Notice of the general meeting**

### **Entitlement to attend and vote**

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company specifies that only Shareholders entered on the register of members of the Company at 9.00 a.m. on 10 June 2022 (or in the event that this meeting is adjourned, on the register of members at the time which is 48 hours (excluding non-business days) before the time appointed for holding the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares of the Company registered in their name at that time. Changes to the register after the relevant time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

### **Appointment of proxies**

2. A Shareholder is entitled to appoint one or more proxies to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a Shareholder of the Company. A Shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder.
3. The appointment of a proxy will not preclude a Shareholder from attending in person at the meeting and voting if he or she wishes to do so. Appointment of proxy using the accompanying proxy form.
4. A proxy form is enclosed. To appoint more than one proxy, please photocopy the form. Please state each proxy's name and the number of shares in relation to which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) in the boxes indicated on the form. Please also indicate if the proxy form is one of multiple forms being returned. All proxy forms must be

signed and should be returned together in the same envelope. In the case of joint Shareholders, the signature of any one of them will suffice, but the names of all joint holders should be stated.

5. To be valid, a duly completed proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be delivered by hand or sent by post to the offices of the Company's registrars, Neville Registrars Limited of Neville House, Steelpark Road, Halesowen B62 8HD so as to be received not less than 48 hours (excluding non-business days) before the time fixed for the holding of the meeting or any adjournment of the meeting (as the case may be).

#### **Appointment of proxy through CREST**

6. CREST members who wish to appoint a proxy or proxies for the meeting, including any adjournments of the meeting, through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Neville Registrars Limited (ID 7RA11) no later than 48 hours (excluding non-business days) before the time fixed for the holding of the meeting or any adjournment of the meeting (as the case may be). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Neville Registrars Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message.
9. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

#### **Changing proxy instructions**

11. To change your proxy instructions, simply submit a new proxy appointment using one of the methods set out above. Note that the cut-off time for receipt of proxy appointments also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If the Company receives more than one appointment of a proxy in respect of any one share, the appointment received last revokes each earlier appointment and the Company's decision as to which appointment was received last is final. Termination of proxy appointments

12. In order to revoke a proxy appointment you must notify the Company of the termination at least three hours before the commencement of the meeting.

#### **Joint Shareholders**

13. In the case of joint Shareholders, the vote of the senior who tenders a vote, whether in person (including by corporate representative) or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members.

#### **Corporate representatives**

14. A corporation which is a Shareholder may, by resolution of its directors or other governing body, authorise one or more persons to act as its representative at the meeting. Corporate representatives should bring with them to the meeting: (i) an original or certified copy of the resolution authorising them; or (ii) an original letter on the Shareholder's letterhead, signed by an authorised signatory, confirming that they are so authorised. Issued shares and total voting rights.
15. As at the date of this notice of general meeting, the Company's issued share capital comprised 5,324,942 ordinary shares of £0.10 each fully paid. The Company does not hold any shares in treasury. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this notice of general meeting is 5,324,942.