



SILVERWOOD*

BRANDS PLC

ANNUAL REPORT AND ACCOUNTS

18 MONTHS ENDED JUNE 2025



 **COSMESCIENCE**
LABORATORY

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A MESSAGE FROM OUR CEO

Silverwood exists to build great brands. Brands that have clear reasons for being in a competitive industry.

Brands where we aim to instil:

- A customer obsession
- A willingness to think long term
- An eagerness to test and learn (with a tolerance for failure)
- Pride in the work

We take pride in the craft of manufacturing our products, pride in carrying out the operational functions of the business (even where no one sees them), and pride in serving our customers.

We would encourage all our stakeholders to use your brands. For those investors yet to do so, we would encourage you to contact us to receive an investor discount code so you may enjoy your brands.

We began the period with four unique beauty brands. Steamcream, Cigarro, Balmonds, and Nailberry. Each with strong positioning in their respective sectors, and we believe, each with great potential for growth over the long term.

In March 2024, we added to the business with the acquisition of Cosme Science Corporation (CS) and its subsidiary, Dr. Baeltz Corporation (DB). This strategic move brings a premier Japanese research and OEM beauty manufacturer with a 40-year legacy into the Silverwood family. This acquisition significantly strengthens our portfolio and provides control over our production needs along with new opportunities for growth and innovation.

At this stage I'm reminded of a quote attributed to J P Getty when discussing the formula for success:

"Rise early, work hard, strike oil"

We have assembled an exciting portfolio of brands where your management teams rise early and work hard - with a dedicated grind that will eventually bring an oil strike.

We have added new distribution, for example with Balmonds entering Boots in 2025. We have increased the strength of our offerings, for example with our new bio-sourced formulas at Nailberry, ensuring we continue to lead the healthy nail market. And we have prepared for further international growth, for example having completed a new brand design and packaging project to enable Steamcream to expand, having been primarily sold in the Japanese market to date.

We have also added key members across the group, to continue to strengthen our teams. We also know that brands do not follow a tidy linear pattern when growing. On a month to month basis, even a year to year basis, there will be bumps.

Most encouragingly, we continue to get positive feedback from our existing customers about our products.

Our reporting period is 18 months as we had different year ends across the business, with our largest functions in Japan working to a June year end. We have, therefore, moved the group to match this year end. This has resulted in some delays to our audit and gives a distortion to the figures within this report which we will provide commentary to clarify.

Our operational reporting on the business is greatly impacted by the Group-level IFRS based accounting adjustments that we are required to use in presenting our accounts.

We present a reconciliation of our underlying trading performance as the management team views it, the various accounting adjustments and our IFRS based result.

For a clearer picture of our operational performance, please also see the brand-by-brand analysis.

I want to extend my sincere gratitude to our customers for their continued loyalty and to our teams for their unwavering commitment and dedication. Your “rise early, work hard” efforts are the foundation of our success.

I also want to extend my gratitude to Sonia Hully, the founder of Nailberry, who did an amazing job in creating a profitable business based on her strong beliefs around customers, product quality and animal welfare. Sonia completed the hand over period we asked her to maintain and will be pursuing new adventures. We wish her well.

Our focus remains on growing our brands.

We are fortunate to receive new acquisition opportunities and we will continue to assess these as they arise.



Andrew Gerrie
Chief Executive

OUR PURPOSE

Our purpose is simple; we exist to build great brands.

Our highly experienced board of directors partners with brand founders and management teams to help them achieve their full potential. We invest in people who are committed to growing their businesses in a responsible, positive, and sustainable way.

Rather than focusing on short-term financial gains, we prioritize long-term growth and customer satisfaction. We believe that genuine customer engagement and loyalty are the most valuable long-term assets. Our current focus is on brands in the health and beauty sector.

We have a portfolio of promising brands, including Balmonds, Nailberry, SteamCream, Cigarro and Dr Baeltz all supported by our production business Cosme Science. While these brands may be small today, we are confident they have the potential for significant growth. Our challenge is to help them get there. With dedicated management teams, focused ambition, and a bit of luck, these should be much larger businesses. We are always on the lookout for new brands to add to our business.

BUSINESS REVIEW

We have a portfolio of high potential brands that we aim to grow significantly over the long term.

We would repeat that we do not expect a simple tidy linear pattern when growing these smaller brands. On a month to month basis, even a year to year basis, we expect a bumpy ride. However, over the longer term we expect a picture of profitable growth as we open up new channels and continue to focus on our execution.

Overall, the group for the eighteen months ended 30 June 2025 shows a loss before tax of £18,297,449. We have offered the view below detailing the adjustments which have distorted the view from how management view the business showing a positive EBITDA of £496,488.

Revenue	23,915,915
Profit/(Loss) Before Tax IFRS Basis	(18,297,449)
Reconciling Items	
Post Combination Remuneration	(6,468,126)
Impairment	22,145,978
Acquisition and legal costs	124,361
Depreciation and Other Fixed Asset Costs	4,305,842
Gain on Bargain Purchase	(2,154,585)
Interest Receivable	(51,201)
Interest Payable	891,668
Management EBITDA View	496,488

Details of the reconciling items are outlined below.

Recognition of Post Combination Remuneration

This year, we have revised our estimate for deferred consideration liabilities to more accurately reflect expected earn-outs. This has resulted in a non-cash reversal of £4.5 million from the previously recognised charge in 2023.

All future payments are contracted to be settled in shares. Further details can be found in note 6.

Balmonds

In the three years following the acquisition of Balmonds in June 2022, the company outperformed the minimum performance targets that were set to June 2025 for an earnout payment. This was the last compensation due for the acquisition of Balmonds.

As a result, 1,049,050 ordinary shares of 10 pence each in Silverwood were allotted as deferred consideration at a deemed price of 85p per share. 85% of those shares totalling 891,692 shares, were allotted to Andrew Gerrie, a director of the Company, and his wife, Alison Hawksley. The shares were admitted to trading on the Access Segment of the Aquis Growth Market on 21 July 2025.

Directors believe there remains significant potential to continue to grow the brand.

Nailberry

Nailberry has continued to grow through 2025, and remains strongly profitable. Nevertheless, in October 2025, the three year earnout period since acquisition expired. No earnout payment was achieved, and the earnouts have now expired.

Impairment

An impairment charge of £22,145,978 has been recognised during the period. This reflects the IFRS requirement to assess impairment based on forecast future cashflows for each subsidiary.

Management considers our brands to be relatively small, early-stage businesses with significant growth potential. We recognise that potential alone does not guarantee future performance. However, under IFRS, impairment testing must rely on conservative and supportable cashflow forecasts, based on the business as it currently operates. These forecasts do not include expansion into new territories or early-stage pipeline opportunities, as these elements are too uncertain to be reliably modelled at this time. In effect, the impairment calculation does not reflect management's ability—or intention—to deliver material growth beyond the existing revenue base.

Using these conservative assumptions, the resulting valuation supports an impairment, which has been recognised in the profit and loss account with a corresponding reduction in group assets.

While we acknowledge that the impairment is required under IFRS, management maintains that the long-term cashflow potential of these businesses may exceed what can currently be forecast with sufficient reliability.

Acquisition Costs

Acquisition costs relate to expenses we incur on acquisition of our subsidiaries as well as ongoing legal fees we incurred relating to the Lush consideration shares which were cancelled during the period. Further details are outlined in the Silverwood company trading review.

Interest Payable

The £311,094 interest payable reflects a non-cash item incurred on our Convertible Loans. £232,996 of this cost relates to Castelnau Group Limited ("Castelnau"). We are fortunate to have Castelnau as a shareholder, and one that shares our long-term view on building businesses.

A further £352,606 of interest relates to a non-cash adjustment arising on the liabilities from the IFRS right-of-use assets.

£226,797 of interest arises from the bank loan which has been taken out in Japan to fund the acquisition of Cosme Science during the period.

Depreciation and Other Fixed Asset Costs

Depreciation and amortisation for the period totalled £4,305,742. Although the underlying entities incur depreciation on the assets they own, £3,572,074 of our total depreciation charge arises from assets which only exist on consolidation or arise as a result of the IFRS adjustment to recognise right-of-use assets.

Gain on Bargain Purchase

The net assets acquired on the purchase of Cosme Science exceeded the consideration transferred. In accordance with IFRS, negative goodwill cannot be recognised on the balance sheet and is instead recorded in the Profit or Loss as a "Gain on Bargain Purchase". As a result, £2,154,585 has been recognised within Exceptional Items in the Profit or Loss.

Other Income

Other income of £43,011 was received as interest from HMRC, resulting from a timing delay in the stamp duty refund following the capital reduction of the Lush shares.

Underlying Brand Performance

The group comprises six individual brands: Balmonds, Nailberry, Steamcream, Cigarro, Cosme Science, and Dr Baeltz. Balmonds, Nailberry, Cosme Science, and Dr Baeltz each operate within their own legal entities, while Steamcream and Cigarro operate as brands within Sonotas.

We have produced the report below to outline the performance of our underlying brands over the eighteen-month period to June 2025.

Balmonds



Balmonds Brand and Mission

Balmonds is a multi-award-winning British skincare brand that creates safe and effective natural skincare. Our mission is to empower people with eczema, psoriasis, and other sensitive skin conditions to live more comfortably. We are committed to a sustainable approach, creating solution-based products that are both exceptionally effective and planet-friendly.

Financial Results

	2025	2023²	<i>Variance¹</i>
	£	£	%
Sales	3,515,194	2,349,175	+0.3%
Net Loss	(282,046)	(131,158)	-43.46

¹ Percentage change based on annualised results

² The prior year results to December 2023 have been restated. An amount of £107,583 which was previously recognised as an administrative expense has been reclassified as a deduction of sales following a review of the underlying nature of this cost. While this change does not affect the overall loss for the year, both sales and administrative expenses have decreased by £107,583.

Recent Developments and Future Prospects

A key milestone for the brand was the launch of our hero product, Skin Salvation, in 300 Boots stores on April 3, 2025. Since then, the product has expanded to a wider range of stores, and an expanded selection of Balmonds products is now available on Boots.com.

In October 2025, we welcomed our new Sales & Marketing Director, Catherine McNamara. Catherine has significant experience in the beauty industry in Europe, North America, and South Africa, including many years at L'Oreal.

Looking ahead to 2026, we have new revenue channels in our pipeline, and will be working to grow our existing distribution, with an additional focus on getting the brand ready for international growth.

Balmonds sales have been consistent, but growth has been flat over the last two periods. Nevertheless, we believe strongly in the quality of Balmonds' products, confirmed by the positive feedback we get from our customers, and the stories they tell about the impact on their lives. We encourage you to look at that feedback online for yourselves, on our website, Holland & Barrett, or Boots' online. Balmonds really is one of those brands in which if we continue to work hard, we will eventually strike oil.

We are excited about the future as we continue to make a real difference in the lives of people with sensitive skin.

Nailberry



Brand and Mission

Nailberry are the pioneers of healthy nails and are on a mission to continue innovating in healthy nail care. Creators of vibrant, timeless and long-lasting hues, encapsulated in breathable, better-for-nails formulas. Nailberry combine premium ingredients with oxygenated technology, add in powerfully strengthening actives for their Apothecary nail treatments, and ultra-rich pigments for their L'Oxygéné polishes. The result is a formula that is a pure pleasure to wear and complete confidence these are your healthiest ever nails.

Financial Results

	2025 £	2023 £	<i>Annualised Variance¹</i> %
Sales	4,363,588	2,933,329	-0.8%
Net Profit ²	775,974	1,093,743	-52.7%

¹ Percentage change based on annualised results

² Net profit is reported after excluding intra-Group transactions

Recent Developments and Future Prospects

A key milestone for the brand was the launch of our new L'Oxygén  Bio-sourced formula, which replaces our original formula. L'Oxygén  Bio-sourced offers the same vibrant colours, the same oxygenated, long-lasting formulas, but is now 75% plant-based and 21-toxin free. This new formula is a testament to our commitment to sustainability, as it comes from renewable natural resources and bio-sourced components such as sugarcane, cotton, and corn.

Looking ahead to 2026, we have an exciting project in the works to further expand our product range, which we hope to announce soon. Additionally, we continue to build our brand presence both in the UK and internationally while developing and expanding our team.

Nailberry's revenue growth levelled off after achieving very strong growth in 2023 post acquisition. As we say, we know that brands at this stage do not grow in a straight line. We have a number of new distribution channels in the pipeline, and we will be working hard through 2026 to develop them as quickly as we can.

Nailberry remains our most profitable business in the group. After a couple of years of exceptional profit margins, as distribution contracts have been renewed and updated, our profit margins have reverted to industry norms. We are working to increase these again through growth.

STEAMCREAM



Brand and Mission

Steamcream exists to make effective skincare refreshingly simple. Instead of overwhelming, multi-step routines, it offers a small collection of high-performance, whole-body products that people genuinely enjoy using.

Powered by its proprietary Pure Steam Process—and refined over more than 15 years of craft—Steamcream delivers lightweight, fast-absorbing formulas that work with the skin’s natural function. Rooted in Japanese craftsmanship and a philosophy of thoughtful restraint, the brand avoids unnecessary complexity, minimises waste, and designs products and packaging—especially its reusable aluminium tins—that people value, keep, and return.

Steamcream proves that great skincare doesn’t require excess. Just well-made, straightforward products that do exactly what they promise

Financial Results

	2025	2023	<i>Annualised Variance¹</i>
	K¥	K¥	%
Sales	1,424,461	959,526	-1.0%
Net Profit	7,713	10,451	-50.8%

¹ Percentage change based on annualised results

Steamcream has spent the past several years strengthening its position in its home market of Japan while preparing for a major international expansion in 2026. Covid had a major impact on Steamcream, as a significant portion of its sales and new customer awareness relied on in-person customer events. Those sales have declined, and we made the decision in 2024 to close a small number of dedicated retail shops. Therefore, up to

June 2025, the brand focused on accelerating DTC growth across Amazon, Rakuten, and its subscription service, Skinple, building a loyal repeat customer base and a stable revenue foundation. We have successfully compensated for those declining event sales, we believe demonstrating the enduring demand for Steamcream products in Japan.

Recent Developments and Future Prospects

To support global expansion, Steamcream has developed a completely new formulation based on its proprietary Pure Steam Process. This modernised formula—paired with new premium boxed packaging—will anchor the brand’s launch into the US market in January 2026. The US is a challenging market, especially now. However, if we put in the work and get it right, and if we catch a J-Beauty wave, a potential oil strike is possible in time.

With Asian beauty trends increasingly influenced by Korean beauty and renewed global interest in Japanese skincare, Steamcream enters this moment with strong momentum. The brand is well positioned for both retail and digital rollout, supported by its heritage of craftsmanship, simplicity, and high-performance whole-body care.

Cigarro



Brand and Mission

Cigarro exists to elevate everyday personal care into something purposeful, pleasurable, and personal. Cigarro creates effective, premium self-care products designed to turn routine moments into small rituals that feel good and mean something. Through rich formulations, distinctive yet approachable fragrances, and thoughtful design, Cigarro brings confidence, clarity, and character to daily self-care. Cigarro believes trust is earned through transparency, quality, and authenticity, and that everyone deserves products made with care, intention, and respect for individuality. Cigarro is about enjoying the small moments between life's bigger demands—and doing them well.

Financial Results

	2025	2023	<i>Annualised</i>
	K¥	K¥	<i>Variance¹</i>
			%
Sales	95,160	68,263	-7.1%
Net Loss	(32,156)	(25,888)	+17.2%

¹ Percentage change based on annualised results

Despite being down in the period vs 2023, this came from a drop off in 2024 due in part to supply issues. In the final quarter of our year ending June 2025, Cigarro sales have increased notably and carried on through December 2025 ending approximately 10% up on prior year. Online sales have jumped with new communication and marketing plans while fresh product creativity have re-invigorated the range.

Recent Developments and Future Prospects

Cigarro continues to expand its fragrance-led offerings with the launch of the first eau de toilette range in late 2025. Customers have received the products well and Cigarro has been able to expand its shelf presence into fragrance retailing, not only skincare. Cigarro is a small, early stage brand. It certainly will not follow a steady growth line. We believe it is an attractive brand, especially as interest in products that appeal to young men continues to grow. We will be working hard through 2026 to secure broader distribution, including internationally.

Cosme Science



Brand and Mission

Cosme Science exists to turn ideas into trusted beauty products by combining Japanese craftsmanship, rigorous science, and disciplined manufacturing.

With more than 40 years of experience as an OEM/ODM partner, Cosme Science supports brands from concept through scale by delivering formulations, packaging, and production that meet the highest standards of quality, safety, and reliability.

Rooted in Japan's culture of precision and continuous improvement, Cosme Science's mission is to help partners build products that earn consumer trust, stand up to global markets, and create long-term value through consistent execution and responsible manufacturing.

Financial Results

	2025¹	2023	Variance
	K¥	K¥	%
Sales	1,443,000	N/A	N/A
Net Loss	(41,851)	N/A	N/A

¹ Covers the period of Silverwood's ownership; Cosme Science was acquired on 28 March 2024

Results to June 2025 were a little below expectations, though we knew there would be a transition period from the previous owners. This was factored into the acquisition price, which was well below 1x sales. As an OEM/ODM business, Cosme Science mirrors the results of its client portfolio, and some long term customers were struggling.

Two of our top four clients, large publicly traded brands, had very difficult years ending March 2025 negatively affecting sales and producing a loss.

Nevertheless, Cosme Science has significant additional capacity. As some brands around the world are finding China more difficult to do business with, Japan is becoming an increasingly attractive country for reliable, cost-effective manufacturing.

Recent Developments and Future Prospects

Throughout 2025 Cosme Science has been developing a new innovative approach to clients through our Idea Labs program. With Idea Labs, clients move quickly through a data driven discovery and prototype process to come up with product ranges that focus on sell-through strategies.

Cosme Science is transforming from a product maker to a broader sales and development partner.

Dr Baeltz



Brand and Mission

Dr. Baeltz is a Japanese skincare brand founded in 1985 on the conviction that sensitive skin deserves products that are both genuinely safe and demonstrably effective. The business was a subsidiary of Cosme Science - a gift with the purchase.

Financial Results

	2025 ¹ K¥	2023 K¥	Variance %
Sales	274,797	N/A	N/A
Net Profit	10,376	N/A	N/A

¹ Covers the period of Silverwood's ownership; Cosme Science was acquired on 28 March 2024

The legacy wholesale and direct-to-consumer channels continued to struggle with an aging customer base. 29% of current sales are driven from an 'Avon' style of selling that is in decline as a business model.

Dr. Baeltz is going through a rebrand and a refocus of its very broad product offering currently, and we are continuing to assess its long term prospects.

Lixirskin



Lixirskin is a premium skincare business. It is not currently a Silverwood owned brand. However, we highlight it here as we have entered into an agreement with Lixirskin. For the provision of management services, we hold an option to acquire 55% of the business should certain performance targets be met, at an agreed valuation calculation.

Lixirskin is a quality brand with experienced management, and we believe it has exciting potential. We are working closely with the Lixirskin team, and we will continue to assess its prospects for “striking oil” over the next couple of years. As with the products of our currently owned companies, we encourage you to try Lixirskin products. We have had very positive feedback from those who have.

Silverwood



Silverwood operates as a parent company and cost centre. We are continually working to run a public company with a lean cost base. Despite an increase in compliance costs, we have successfully achieved cost savings this period.

Financial Results

Overall, the group for the eighteen months ended 30 June 2025 shows a loss before tax of £24,013,966. We have offered the view below detailing the adjustments which have distorted the view from how management view the business showing an EBITDA loss of £742,221.

Reconciliation of Trading Loss to Net Profit

Profit/(Loss) Before Tax IFRS Basis	<u>(24,013,966)</u>
Reconciling Costs	
Exceptional Legal Fees	109,552
Post Combination Renumeration	(4,500,777)
Gain on Reversal of Deferred Consideration	(1,967,349)
Impairment	29,428,802
Acquisition costs	14,809
Interest Payable	311,094
Depreciation and Other Fixed Asset Costs	187
Difference on Foreign Exchange	<u>(79,377)</u>
	23,316,941
Reconciling Income	
Other Income	<u>45,196</u>
	45,196
Management EBITDA View	<u>(742,221)</u>

* Profit/(Loss) Before Tax IFRS Basis is stated after eliminating intra-group transactions

Impairment

An impairment charge of £29,428,802 has been recognised in the period in Silverwood's company profit or loss. This reflects the IFRS requirement to assess impairment based on forecast future cashflows for each subsidiary.

As outlined in our Group trading performance, these impairments have been calculated using conservative forward-looking cashflow assumptions. By contrast, the initial investment values for these businesses were determined using revenue-based valuation multiples, which is consistent with industry practice for transactions of this nature.

While we understand the basis on which the IFRS impairment has been calculated, management continues to believe that the prices paid for these investments remain appropriate and aligned with prevailing market norms. We also consider that these valuations are broadly in line with what we would expect to realise in an orderly sale.

To illustrate this point, the table below shows the movement in revenue multiples since acquisition:

	Balmonds	Nailberry	Steam Cream & Cigarro	Cosme Science & Dr. Baeltz
Guaranteed Purchase Price at time of Deal	£6.2m	£6.0m	JPY3.3bn	JPY1.0bn
Revenue 12 Months Prior to Deal	£2.2m	£2.2m	JPY1.1bn	JPY1.6bn
Net Purchase Price at June 2025 (incl. performance earnouts and cash extracted)	£7.3m	£4.4m	JPY3.3bn	JPY1.0bn
Revenue 12 Months to June 2025	£2.5m	£3.0m	JPY1.0bn	JPY1.4bn
Revenue Multiplier at Acquisition	2.8	2.8	3.0	0.6
Revenue Multiplier at 30 June 2025	2.9	1.5	3.2	0.7

Post Combination Remuneration and Gain on Reversal of Deferred Consideration

As detailed in our Group trading performance, this year, we have revised our estimate for deferred consideration liabilities to more accurately reflect expected earn-outs. This has resulted in a non-cash reversal of £4.5 million and 1.9 million from the previously recognised charge in 2023.

Exceptional Legal Fees

On 9 January 2024 a settlement deed was executed, affective from 31 December 2023, between Andrew Gerrie and Alison Hawksley, Silverwood and Cosmic Circles Limited (Cosmic). Under the terms of the agreement the parties had each concluded that they should not defend the proceedings instigated by Lush and they acknowledged and agreed that, notwithstanding previous actions, Andrew Gerrie and Alison Hawksley remain (and have at all material times been) the owners of the legal and beneficial title to the shares in the Lush companies and that the attempted transfer did not transfer any legal or beneficial interest in the shares in the Lush companies to the Silverwood or Cosmic.

On 20 February 2024 a shareholder circular was issued proposing a reduction of the Silverwood's share capital through the cancellation of the 228,212,632 ordinary shares of 10p each in the Company issued pursuant to the Company's acquisition of a 19.8% stake in each of the Lush companies. On 8 March 2024 Silverwood announced that the resolution to approve the capital reduction was duly passed at a General Meeting held on that date. On 16 April 2024 confirmation was received from the Court of the capital reduction, in the form of the cancellation of the share premium account and the consideration shares, and on 30 April 2024 the capital reduction was registered at Companies House.

Following the share cancellation, Silverwood continued to incur legal costs relating to Lush. We have elected to disclose these as an exceptional item.

The legal proceedings between Silverwood and Lush have now ceased and no fees have been incurred since November 2024.

The provision of £286,282 recognised in the Statement of Financial Position as at 31 December 2023 has been fully utilised. This provision related to the expected settlement arising from the Lush legal proceedings. £250,000 was utilised as expected and the remaining £36,282 has been reversed and recognised in Exceptional Legal Fees in the Profit and Loss.

As a reminder, a settlement agreement between Silverwood and Andrew Gerrie and Alison Hawksley was announced in an RNS on 10 January 2024. The agreement included, but was not limited to:

- An initial cash payment of £300,000 from Andrew Gerrie and Alison Hawksley to Silverwood as a contribution towards costs incurred
 - A cash amount equivalent to 1% of any net cash award
 - An investment or loan of a sum equivalent to at least 5% of any net cash award (provided Andrew Gerrie is still a director of Silverwood)

Acquisition costs

£14,809 has been recognised in the Profit and Loss relating to costs incurred as a result of the Cosme Science and Dr Baeltz acquisition.

Interest Payable

The £311,094 interest payable reflects a non-cash item incurred on our Convertible Loans. £232,996 of this cost relates to Castelnau Group Limited (“Castelnau”). We are fortunate to have Castelnau as a shareholder, and one that shares our long-term view on building businesses.

The remaining £78,128 arises from convertible loans issued to Directors.

Further details of these related party transactions can be found in note 24.

Depreciation and Other Fixed Asset Costs

Depreciation of £187 has been recognised on our tangible fixed assets.

Difference on Foreign Exchange

We experienced a foreign exchange gain of £79,377 on transactions during the year from conversion between Japanese Yen and British Pounds..

Other Income

Other income of £43,011 was received as interest from HMRC, resulting from a timing delay in the stamp duty refund following the capital reduction of the Lush shares. An additional £2,185 was received in bank interest.

KEY PERFORMANCE INDICATORS

For our portfolio of brands, we are focused on financial indicators of:

Revenue

We have identified some exciting smaller brands which we believe can grow to be larger businesses. Obviously, revenue growth is key measurement here.

EBITDA

These businesses need to maintain a profitable business model as they grow. EBITDA will give us a guide for this and should represent a cash generation proxy.

Profit After Tax

Profitable business models don't stop at EBITDA so we will also look for true bottom line profitability.

Cash at year end

We need cash to support our growing businesses, to absorb the bumps we encounter and to cover our central costs.

For our investment positions we will look for similar KPI's within the reported data from the underlying businesses. This will allow us to assess the carrying value of our investment positions.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has overall responsibility for the management of risk within the Group. Principal risks are those that the Board believes may materially affect the future prospects or reputation of the Group, including those that could threaten its business model, future performance, solvency or liquidity.

Identifying these potential risks assists in ensuring risk management procedures and internal controls exist to prevent them from occurring, or to at least mitigate their impact should they occur. Principal risks are categorised into four broad areas:

RISKS

Reliance on key customers / sales channels

A proportion of the Group's revenue continues to be derived from a small number of large customers. The loss of any of these key customer relationships could have a material adverse effect on the Group's business, financial condition and results of operations.

The historic rate of customer / sales channel retention is very high in the components of the group. The Group continues to build on the existing relationships with key sales channels. As we continue to grow we expect the level of reliance on key customers to reduce as additional sales channels develop.

STRATEGIC RISKS

Failure to manage growth

Rapid growth places demand on the Group's management and resources. Suitable facilities are required to support the current personnel and forecast demand of the market. Failure to ensure adequate capability, skills and capacity could result in reduced revenues and/or growth.

The Group has a comprehensive bottom-up annual budgeting process which allows the Board to review the resources needed to support the short and medium-term strategic priorities of the business.

Failure to develop new products

The Group operates in some markets where new and seasonal product offerings and customer demand can evolve over time.

The Group needs to ensure that it continues to develop new products to maintain its competitive advantage in the market. Failure to achieve this could result in reduced revenues or a loss of key customers.

The Group continues to invest in research and development activities and the launch of new products. Our strong relationship with key suppliers also supports this.

The Group has launched several products in the year and has a pipeline of new products currently in development.

REPUTATIONAL RISKS

Dependence on partners

The Group collaborates with partners in a number of markets. Some of these partnerships are relatively new business relationships. There is a risk that the Group mismanages these relationships or that partners decide not to devote significant resources to support the Group's activities.

When the Group enters into a market it ensures that it works with trusted local partners.

OPERATIONAL RISKS

Loss of key personnel

The Group has an executive team whose skills, knowledge, experience and performance make a large contribution to the success of the Group and failure to retain such individuals could have an adverse effect on customer relations, operations and growth strategies.

Long-term incentive plans are in place for various senior team members based on future share payments and option schemes to ensure retention of key personnel.

Product liability

Risk that products supplied by the Group fail in service and result in a claim under product liability.

As the Group develops and launches new products this risk may increase.

The brands adhere to industry standard testing protocols when developing and releasing new products.

FINANCIAL RISKS

Foreign exchange risk

The Group operates internationally and is exposed to both transactional and translational foreign exchange risk. The Group is particularly exposed to the Japanese Yen and Euro.

The risk is enhanced by macroeconomic factors including the Ukraine Russian conflict, inflationary cost pressures and the evolving situation in China

The Group's current profile provides a natural hedge across currencies. Hedging options are available to the Group and will be utilised should the management deem the exposure to be unbalanced.

Cyber security and business interruption

Cyber security risks include risks from malware, accident, statutory and legislative requirements, malicious actions and other unauthorised access by third parties.

The Group employs third party systems which have robust support procedures. The Group has a number of experienced IT advisors that ensure the Group's electronic records and resources remain secure.

CLIMATE CHANGE AND ENVIRONMENT

At Silverwood, we believe great products should never come at the expense of the planet. We know that making and shipping products around the world has an environmental impact, and as a small business we can't eliminate every footprint — but we can take responsibility for the choices we make every day.

Across our group, we're committed to reducing waste, choosing better materials, working with responsible partners, and continually improving the way we operate. Sustainability isn't a single project for us; it's a long-term commitment woven into how we design, manufacture, and deliver our products.

Better Ingredients & Responsible Manufacturing

We work with suppliers who share our values and can demonstrate strong environmental practices. Many of our manufacturing partners hold internationally recognised sustainability certifications, including ISO standards and EcoVadis ratings.

- Our French manufacturer holds a Platinum EcoVadis rating, placing them in the top 1% of companies for sustainability.
- In 2025, Nailberry moved to new Biosource formulas, removing 21 traditional toxic ingredients from our polishes.
- Our Japanese factory holds a Silver EcoVadis Medal and operates a factory equipped with solar panels, helping reduce reliance on non-renewable energy.

We also diversify key suppliers to reduce climate-related risks and ensure continuity of responsible sourcing.

Packaging With Purpose

We're committed to continually improving our packaging, and moving towards sustainable and recycled materials is a key priority for us. Across all our brands, we're upgrading our packaging step by step to reduce waste and increase the use of responsible materials.

We design our packaging to be reused, repurposed, or easily recycled, and we're always looking for ways to use less of it in the first place.

Low-Impact Operations

Our workshop and office spaces were built with low-impact materials and energy-efficient features.

Across the group, we prioritise:

- Reducing energy use
- Minimising waste
- Recycling responsibly
- Choosing digital communication over printed materials

Our Guiding Principles

No matter which of our brands you buy from, the same environmental values apply:

- Use natural materials wherever possible, and choose safe synthetics when they offer a better environmental outcome.
- Reduce waste — less paper, less plastic, less energy.
- Design for a second life, so packaging can be reused or recycled.
- Go digital-first, cutting down on printed materials.
- Focus on quality, not quantity — thoughtful design over unnecessary options.

We know we won't get everything perfect, but we're committed to learning, improving, and being transparent along the way.

Looking Ahead

We'll keep investing in better materials, better processes, and better partnerships. Our mission is simple: create products people love, while doing everything we can to protect the planet we all share.

SECTION 172 STATEMENT

Directors' statement of compliance with duty to promote the success of the Group

The Board recognises that Silverwood Brands plc has a number of stakeholders, including customers, employees, shareholders and suppliers.

The Board of Directors, in line with their duties under section 172 (“s172”) of the Companies Act 2016, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company: are appropriately informed by s172 factors.

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of, stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company’s employees and other stakeholders, the impact of its activities on the community, the environment and the Company’s reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for the benefit of its members as a whole. We explain in this annual report, and below, how the Board engages with members.

Our Approach to Decision-Making

The Board’s decision-making process is designed to be comprehensive and robust, integrating these Section 172 factors into all strategic considerations. Key decisions are made following thorough discussions and consideration of all relevant information, including financial analysis, risk assessments, and a review of the potential impact on our key stakeholder groups. We are supported in this by our governance structure, including regular board meetings and committee reviews.

Stakeholder Engagement and Considerations

The Board recognises that the interests of our stakeholders are interconnected and vital to the long-term success of Silverwood. We maintain an open dialogue with each group through various channels to understand their perspectives and ensure they are given appropriate consideration.

CUSTOMERS

Our customers are at the core of our business strategy, and we believe our commercial success is dependent on their satisfaction. We ensure all business decisions are based on what our customers need. We engage regularly with our end-user customers as well as with our commercial partners to build strong and lasting relationships, provide high-quality products, and uphold the highest standards of product safety and quality.

EMPLOYEES

We are committed to providing rewarding and challenging careers for our teams. We recognise our brand teams as a critical driver of our success. We aim to have performance-based bonus schemes in place for all team members and encourage a growing number of employees to become owners in our businesses, aligning their interests with the company's long-term success.

SHAREHOLDERS

We are committed to delivering sustainable value to our shareholders through transparent communication and a clear focus on long-term growth. We provide timely and transparent communication with our shareholders through official market announcements and are responsive to direct queries.

Recognizing the importance of building trust, particularly in our early stages as a listed company, we remain dedicated to managing shareholder interests. Our core focus remains on ensuring a strong alignment between management and owner agendas to drive long-term, sustainable growth. This is achieved through our disciplined investment decisions, supporting our group companies and by effectively managing our cost base to improve profitability.

SUPPLIERS AND BUSINESS PARTNERS

We recognise the importance of building collaborative and ethical relationships with our key suppliers to ensure the long-term success of our brands. We are actively fostering these partnerships to ensure continuity of supply and operational efficiency. We are also committed to fair and transparent payment practices and partnering with businesses that share our values and commitment to quality and ethical conduct.

COMMUNITY AND ENVIRONMENT

Silverwood is committed to conducting its business in a responsible and sustainable manner. We consider our impact on the communities in which we operate and on the wider environment. We aim to:

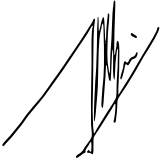
- Minimise our environmental footprint through responsible operational practices.
- Comply with all relevant environmental regulations.
- Support local communities where possible, fostering a positive impact.

OUR REPUTATION

We believe that maintaining a reputation for high standards of business conduct is a core pillar of long-term success. Our Board promotes a culture of integrity, accountability, and ethical behaviour throughout the company. We ensure that our actions are in line with our stated values and comply with all applicable laws and regulations.

CONCLUSION

The Board is confident that it has considered and acted in good faith to balance the interests of all stakeholders when making its key decisions throughout the period. We believe this approach, as evidenced by our strategic and operational actions, will continue to promote the long-term success of Silverwood.



Andrew Gerrie
Chief Executive

17 April 2026

INTRODUCTION

We are pleased to present the governance report of Silverwood Brands PLC for the fiscal period ending 30 June 2025. This report highlights our commitment to maintaining strong corporate governance practices and provides an overview of our governance structure, policies, and initiatives.

Board of Directors

Silverwood Brands PLC is governed by a Board of Directors is guided in its governance and leadership of the business by the principles of the QCA Corporate Governance Code. The Board consists of highly experienced and qualified individuals with diverse backgrounds, skills, and expertise relevant to our business. The Board is responsible for providing strategic guidance, overseeing risk management, and ensuring accountability to our shareholders.

During the reporting period, the Board held regular meetings to review and discuss key matters affecting the company. The Board actively engaged in discussions regarding corporate strategy, risk assessment, financial performance, executive compensation, and compliance with applicable laws and regulations.

Composition and Independence:

The Board of Directors is composed of both executive and non executive directors, ensuring a balance of perspectives and independence in decision making. The Board comprises six directors, including four executive directors and two non executive directors.

The non-executive directors bring valuable independent judgment to the Board's deliberations. They are free from any material relationships that could compromise their independence and have the necessary expertise to carry out their responsibilities effectively. The Board periodically reviews the independence of its non-executive directors and ensures their continued objectivity.

The Board also has access to senior advisors whom provide an additional source of expertise.

MEET OUR BOARD



ANDREW GERRIE*

Chief Executive

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 and built 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 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.

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 was Non-Executive Chairman of Hotel Chocolat plc from 2015 until May 2023.

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



ANDREW TONE*

Executive Director



SONIA HULLY*
Executive Director

Sonia is the founder and CEO of NBY London Limited which was acquired by Silverwood in October 2022 and owns the Nailberry brand. Sonia has extensive experience in the consumer and beauty sectors.

She started Nailberry with the opening of a renowned salon in Chelsea she successfully sold in 2016 and quickly expanded in the products category such as the award-winning breathable Nail polish and Nail care for the last 8 years. She started her career in the capital markets for Societe Generale, Prebon Yamane and Eurobrokers.

Since leaving the financial industry, she has been involved as an interior designer in the development of several luxury properties and as an entrepreneur, philanthropist, and venture capital investor, focusing on energy transition, sustainability, and animal rights. Sonia's experience not only enriches Silverwood's Board of Directors for her knowledge of the consumer sector, but also for her experience in entrepreneurial management and finance and her values.

Sonia resigned as a director of Silverwood on 21 November 2025.

In addition to Silverwood, Paul is an entrepreneur in new e-mobility. Prior to that, he spent 12 years in large scale telecoms with Virgin Media.

Paul was a local government councillor for 16 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.



PAUL HODGINS*
Non-Executive Director



JOEL PALIX*

Non-Executive Director

Joel is a highly experienced beauty executive with 40 years of international experience in both brand and retail management. His previous roles include CEO of Feelunique a leading beauty e-retailer (sold mid-2021 to Sephora), CEO of Clarins Fragrance Group and Mugler (sold in 2019 to l'Oreal), MD Europe of Yves Saint Laurent Beauty. He operates his own consultancy, Palix Unlimited, advising beauty brands and financiers on funding and acquisitions, DTC and e-commerce strategies, innovation and beauty tech.

His clients include General Atlantic, Give Back Beauty and Kresk Developpement. He is on the Board of several beauty companies including Spotlight Oral Care, Les Secrets de Loly, Ieva and BDK Parfums.

After graduating with a degree in electronic engineering in 1996, Mark spent five years with Analog Devices as a senior engineer working in both design and manufacturing.

In 2001, Mark pivoted to a career in investment research first at Merrill Lynch and later as a partner at Redburn. From 2011, Mark worked with Holland Advisors where he helped shape the investment process for its nascent value fund.

Mark is a very keen student of business and value investing and is a start-up business mentor with Enterprise Ireland.



MARK POWER*

Non-Executive Director

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group strategic report, Directors' report and the consolidated financial statements, in accordance with applicable law.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Directors' confirmations

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and provides the information necessary for shareholders to assess the Group and Parent Company's position and performance. Each of the current directors, whose names are listed on pages 44-46, confirm that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- The Parent Company financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Parent Company; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces. On behalf of the Board

CORPORATE GOVERNANCE REPORT

Board Committees

To enhance its effectiveness, the Board has established several committees responsible for specific areas of oversight:

- **Audit and Risk Committee:** The Committee oversees the company's financial reporting process, internal controls, and risk management. It ensures the integrity of financial statements and compliance with applicable accounting standards. The committee also engages the external auditors and reviews their performance. The committee also ensures that risk mitigation controls are in place.
- **Nomination and Governance Committee:** This committee will be responsible for reviewing and recommending candidates for board appointments. It will assess the independence and qualifications of potential directors, oversee succession planning, and evaluate the Board's performance.
- **Remuneration Committee:** The Remuneration Committee will establish executive compensation policies and review performance related pay structures. It will ensure that remuneration packages are fair, competitive, and aligned with the company's long term objectives.

Corporate Policies and Practices

Silverwood Brands PLC is committed to upholding high ethical standards and maintaining transparency in all aspects of its operations. The company has implemented several policies and practices to guide its governance framework, including:

- i. **Code of Conduct:** Our Code of Conduct sets out the ethical principles and standards expected from all employees, directors, and business partners. It outlines guidelines for maintaining integrity, respecting human rights, and complying with applicable laws and regulations.
- ii. **Whistleblower Policy:** We have a comprehensive Whistleblower Policy in place, enabling employees to report any concerns or suspected wrongdoing in a confidential and protected manner. The policy encourages the reporting of illegal, unethical, or fraudulent activities and ensures appropriate investigation and action.
- iii. **Risk Management Framework:** Silverwood Brands PLC has established a robust risk management framework to identify, assess, and manage risks across the organization. Regular risk assessments are conducted, and appropriate mitigation strategies are implemented to safeguard the company's assets and interests.

AUDIT AND RISK COMMITTEE REPORT

This report is intended to give an overview of the role and activities of the Audit and Risk Committee in assisting the board to fulfil its oversight responsibilities in relation to risk management, the independence and effectiveness of the external auditors and the integrity of the Group's financial statements.

The Audit and Risk Committee comprises Paul Hodgins (the Chairperson), Andrew Tone and Mark Power. The Audit and Risk Committee will meet formally twice per year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

The Audit and Risk Committee assists the Board in, amongst other matters, discharging its responsibilities with regard to financial reporting, external audits, including reviewing the Group's annual financial statements, reviewing and monitoring the extent of non audit work undertaken by external auditors, advising on the appointment, reappointment, removal and independence of external auditors, and reviewing the effectiveness of the Group's internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half yearly reports remains with the Board.

The Audit and Risk Committee is also responsible for advising the Board on the Group's risk strategy, risk policies and current exposures. To oversee the implementation and maintenance of the overall risk management framework and systems, and reviewing the Group's risk assessment processes and capability to identify and manage new risks. The Audit and Risk Committee will meet with appropriate employees of the Group at least once annually.

Specific actions taken by the committee since the last annual report include:

- A review of the acquisitions made throughout the period
- A review of the disclosures in the Chairman's Statement, Chief Executive's Review and Strategic Report to ensure that the performance and risks of the Group are adequately described and reported.
- Assess the performance and continuing independence of Crowe U.K. LLP as auditors of the Group

Priorities for the year ended 30 June 2026:

- Continue to develop and review the Group's risk management framework and systems
- Review the effectiveness of the Group's internal controls
- Monitor the progress of any management actions recommended by Crowe U.K. LLP

REMUNERATION AND NOMINATION COMMITTEE REPORT

The Remuneration and Nomination Committee assists the Board in determining its responsibilities in relation to remuneration and nominations, including, amongst other matters, making recommendations to the Board on the Group's policy on executive remuneration, determining the individual remuneration and benefits package of each of the executive directors.

Director's Remuneration

The table sets out the remuneration payable to the Directors for the eighteen months to 30 June 2025:

Name	Fees/Basic Salary
Executive Directors	
Andrew Gerrie	£Nil
Andrew Tone	£155,824
Sonia Hully	£30,000
Non-executive Directors	
Joel Palix	£41,667
Paul Hodgins	£189,000

Director's Interests

As at 30 June 2025 the directors of the company held the following number of shares.

Name	Number of Ordinary Shares	% Holding of the issued share capital
Andrew Tone	9,065,412	21.33%
Andrew Gerrie and Alison Hawksley ¹	8,660,363	20.38%
Paul Hodgins	28,577	0.07%

¹ This holding comprises shares held jointly and individually in the names of Andrew Gerrie and his wife, Alison Hawksley, together with shares held by Silver Americum Limited, a company in which Andrew Gerrie and Alison Hawksley each hold separate 20% stakes.

INTRODUCTION

The directors present their report and the financial statements for the period ended 30 June 2025.

Principal activity

The principal activity of the Group is the sale and distribution of beauty products.

Results and dividends

The loss for the period, after taxation, amounted to £16,757,782 (2023 - loss £6,091,174).

The group has not paid any dividends for 2025 or 2023.

Directors

The directors who served during the period were:

A Tone

J R C Palix

S V Hully (Resigned 21 November 2025)

P C Hodgins

A M Gerrie

Sustainability Statement

Although our various brands have individual focuses on sustainability we have yet to establish a Group level Sustainability Committee.

Our aim is to do this over the next 12 to 24 months and to base this on the practices already established in our underlying trading companies.

Future developments

At this moment, there are no substantial future developments to report.

Research and development activities

At this moment, there are no substantial research and development activities to report.

Going concern

The directors have considered the going concern assumption as a significant judgement given the recent acquisitions, funding considerations, and the covenant breach disclosed below.

Following the year end, the Group's Japanese subsidiary breached three banking covenants relating to the £5.3m loan facility (note 19). Management are in ongoing discussions with the bank to agree a remedy, which are expected to conclude in the near term. At this stage there is no indication that the bank intends to recall the loan in full, and management believe any required early repayment will relate to only part of the outstanding balance. The Group's forecasts also indicate that steps will need to be taken to ensure covenant compliance is maintained over the next 12 months. As a result of the covenant breach, the loan balance of £4,838,461 has been reclassified as a current liability in the financial statements as it is considered repayable on demand.

The directors acknowledge that the circumstances relating to the covenant breach represent a material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern. However, given that ongoing discussions with the bank remain positive, are expected to conclude in the near term, and there is no indication that the bank intends to recall the loan, the directors remain confident in their assessment that the Group has adequate resources to continue as a going concern for the foreseeable future. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Substantial Shareholding

As at 30 June 2025, the following shareholders had notified the Company that they held an interest in 3% or more of its issued ordinary share capital:

Name	Number of Ordinary Shares	% Holding of the issued share capital
Andrew Gerrie and Alison Hawksley*	8,660,363	20.38%
Andrew Tone	9,065,412	21.33%
Nortrust Nominees Limited	12,718,499	29.93%
Pershing Nominees Limited	7,935,828	18.67%

* This holding comprises shares held jointly and individually in the names of Andrew Gerrie and his wife, Alison Hawksley, together with shares held by Silver Americum Limited, a company in which Andrew Gerrie and Alison Hawksley each hold separate 20% stakes.

Notice of Meeting

This, year's General Meeting will be held on 14 May 2026

A separate circular will be sent to shareholders and includes the following:

- notice of meeting;
- Form of Proxy; and
- details and information on the resolutions to be proposed.

Crowe U.K. LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting accordance with Section 489 of the Companies Act 2006. .

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post Balance Sheet Events

- 1,049,050 Ordinary Shares were allotted for the deferred consideration payment for the acquisition of Balmonds. The shares were issued on 21 July 2025 for a total consideration of £891,692. This amount is presented in the Statement of Financial Position as "Shares to be Issued".
- Subsequent to the year end, the Group's Japanese subsidiary, Cosme Science Co., Ltd., breached three covenants under its bank loan facility with Shoko Chukin Bank. Management are in ongoing discussions with the bank to agree a remedy. Further details are provided in note 27.

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This report was approved by the board on 17 April 2026 and signed on its behalf.



Andrew Gerrie
Chief Executive

Independent Auditor's Report to the Members of Silverwood Brands Plc**Opinion**

We have audited the financial statements of Silverwood Brands Plc (the "company") and its subsidiaries (the "group") for the 18 month period ended 30 June 2025 which comprise:

- The consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2025;
- The consolidated and company statements of financial position as at 30 June 2025;
- The consolidated and company statements of changes in equity for the period then ended;
- The consolidated and company statements of cash flows for the period then ended; and
- The notes to the financial statements, including accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2025 and of the group's loss for the year then ended;
- Have been properly prepared in accordance with UK-adopted international accounting standards;
- The company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to going concern

We draw attention to Note 2.2 in the financial statements. *Following the year end, and as disclosed in note 2.2, the Japanese subsidiary of the group breached three banking covenants relating to the £4.8m loan. A waiver in respect of these breaches has not been received and management are still in discussion with the bank over the consequences, this is likely to include an early repayment of part of the loan. Whilst management believe, based on discussions with the bank, that the early repayment will only be for part of the loan balance, this cannot be guaranteed and the group does not have the cash reserves to pay off the loan in its entirety. Additionally future forecasts do not demonstrate with sufficient certainty that a further breach will be avoided in the next 12 months. Based on their future forecasts and the initial discussion with the bank, management have continued to prepare the financial statements on a going concern basis however the circumstances in relation to the covenant breach constitute a material uncertainty which may cast significant doubt on the ability of the group to continue as a going concern.*

Our opinion is not modified in respect of this matter.

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

- Reviewing management's forecasts for the group and company for a period of more than 12 months from the date of approval of the financial statements.
- Checking the numerical accuracy of management's financial projections.
- Challenging management on the assumptions underlying those projections.
- Reviewing and assessing the funding structure and availability of finance.
- Obtaining the latest management results after the reporting date to assess how the group and company are performing compared to forecasts.
- Performing sensitivity analysis on key inputs into the projections by calculating the impact of various downside scenarios.
- Assessing the completeness and accuracy of the matters described in the going concern disclosures set out in Note 2.2.

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the group financial statements as a whole to be £165,000, based on approximately 1% of draft revenue annualised to a 12 month basis at the planning stage. We did not consider it to be necessary to revise that determination during the completion of the audit. In the prior period we determined materiality for the group financial statements as a whole to be £118,000, based on approximately 1% of the revenue of the group. Materiality for the company financial statements as a whole was set at £60,000 based on approximately 0.2% of draft net assets. In the prior period materiality for the company financial statements as a whole was set at £61,000, based on approximately 0.3% of net assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. In the current year this was set at £115,000 for the group and £42,000 for the company and in the prior year this was set at £82,600 for the group and £42,700 for the company.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit and Risk Committee to report to it all identified errors in excess of £8,250 (2023: £6,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

There are three significant components in the Group being: the Company; the UK subsidiary companies forming the Europe reporting segment; the Japanese subsidiary companies forming the Asia reporting segment.

The Company and UK subsidiary companies were subject to full scope audit by ourselves and the Japanese subsidiary companies were audited by component auditors. For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole.

We directed the component auditors regarding the audit approach at the planning stage, issued instructions that detailed the significant risks to be addressed through the audit procedures and indicated the information we required to be reported on. The audit team travelled and met with the component auditor locally to review the component auditors' working papers, discuss key findings and conclude on significant issues.

Key Audit Matters

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

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Combination accounting for the acquisition of Cosme Science Corporation and its subsidiary Dr Baeltz Corporation, (“Cosme”).</p> <p>On 28 March 2024 the Group, through its Japanese subsidiary Sonotas Holdings Corporation, completed the acquisition of of Cosme Science Corporation together with its subsidiary Dr Baeltz Corporation in exchange for consideration of 1JPY and acquiring the outstanding debt of Cosme held by its former owner.</p> <p>The combination accounting for this transaction involved the exercise of significant judgement by management. This was considered to represent a significant audit risk and key audit matter.</p> <p>Notes 2.3 & 26</p>	<p>The acquisition of Cosme by the Company was considered a business combination by management. We considered the appropriateness of the judgement made by management that the acquisitions should be accounted for as a business combination in accordance with IFRS 3.</p> <p>We performed audit procedures on the inputs to the acquisition accounting including:</p> <ul style="list-style-type: none"> • obtaining copies of the share purchase agreements to confirm the purchase price and ensure that the cost of investment is correctly capitalised; • challenging management’s assessment as to the assumptions and methodologies used in arriving at fair values; • challenging the assessment by management’s expert in identifying and valuing separable intangibles and the fair value of consideration as to the assumptions and methodologies used in arriving at fair values; and • reviewing acquisition date balance sheets of Sonotas to ensure the fair value of assets acquired is appropriately considered and also the completeness of liabilities. <p>Where there were differences we obtained explanations for these and ensured the combination has been appropriately recognised in line with IFRS3.</p> <p>We reviewed the disclosure in the financial statements to ensure they are in accordance with IFRS.</p>

Key audit matter

How the scope of our audit addressed the key audit matter

Valuation of goodwill and other intangible assets

The Group's intangible assets comprise goodwill arising on acquisition of subsidiaries, brand assets, designs, trademarks, and customer contracts.

When assessing the carrying value of goodwill and intangible assets, management makes significant judgements and estimates regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these.

We considered the risk that goodwill and other intangible assets could be impaired. This was considered to represent a significant audit risk and key audit matter.

Note 14

We evaluated, having regard to the requirements set out in IAS 36, management's assessment (using discounted cash flow models) as to whether goodwill and/or other intangible assets were impaired for each CGU where carrying values were material.

Our procedures included:

- Assessing the appropriateness of CGU classifications.
- Assessing the completeness of the assets subject to impairment assessment of each CGU.
- Identifying and assessing the Group's key assumptions utilised in the cash flow forecasts.
- Comparing the Group's assumptions to externally derived data in relation to key inputs such as long-term growth rates and pre-tax discount rates. Considering accuracy by performing retrospective review and confirming mathematical accuracy of the forecasts.
- Reviewing management's performed sensitivity on the key assumptions We reviewed the disclosure in the financial statements to ensure they are in accordance with IFRS.

The Group's control environment continues to require significant improvement.

Weaknesses identified in the control environment led to material audit adjustments being identified, alongside significant challenges to obtain sufficient appropriate audit evidence in a timely manner.

Due to the pervasiveness of the control deficiencies and their impact on the financial statements, we consider this to be a key audit matter.

We performed the following procedures:

- We undertook additional procedures over inventory to verify both valuation and existence.
- We extended sample periods where relevant, increasing the number of days included in post-year end cut-off, and after-date cash receipts testing.
- We increased focus and resources into more complex areas of the financial statements, including areas of significant estimate and judgement being; acquisition accounting and associated fair value adjustments, impairment assessments, , and IFRS conversion adjustments recorded in the group consolidation.

Our audit procedures in relation to the above matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement page 37, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

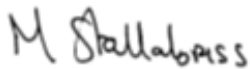
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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



Matthew Stallabrass
Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor
London

17 April 2026

	Note	18 Months Ended 30 June 2025	As Restated: 12 Months Ended 31 December 2023
Revenue	5	23,915,915	11,094,983
Cost of Sales		<u>(9,768,645)</u>	<u>(1,680,488)</u>
Gross Profit		14,147,270	9,414,495
Other Operating Income		16,726	26,799
Selling and Distribution		(2,259,918)	(1,531,628)
Administrative Expenses		(15,713,432)	(9,645,972)
Exceptional Charges			
Non-recurring Costs	6	(109,552)	-
Impairment	6	(22,145,978)	(219,644)
Acquisition costs, acquisition related contingent considerations and earn-outs	6	8,607,902	(3,842,615)
Loss from Operations		(17,456,982)	(5,798,565)
Finance Income	10	51,201	41,649
Finance Expense	10	<u>(891,668)</u>	<u>(805,786)</u>
Loss Before Tax		(18,297,449)	(6,562,702)
Tax Credit	11	<u>1,539,667</u>	<u>471,528</u>
Loss for the period		(16,757,782)	(6,091,174)
Items that are or may be reclassified subsequently to profit or loss.			
Exchange Loss Arising on Translation on Foreign Operations		<u>292,049</u>	<u>(421,716)</u>
		292,049	(421,716)
Other Comprehensive Income for the Period, Net of Tax		292,049	(421,716)
Total Comprehensive Income		(16,465,733)	(6,512,890)

Loss for the period attributable to:

Owners of the Parent	(16,317,712)	(6,040,462)
Non-Controlling Interests	<u>(440,070)</u>	<u>(50,712)</u>
	<u>(16,757,782)</u>	<u>(6,091,174)</u>

Total comprehensive income for the period attributable to:

Owners of the Parent	(16,025,663)	(6,462,178)
Non-Controlling Interests	<u>(440,070)</u>	<u>(50,712)</u>
	<u>(16,465,733)</u>	<u>(6,512,890)</u>

Earnings per share

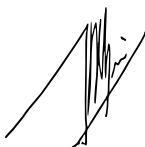
Basic and diluted loss per share (pence)	12	(38.90)	(2.33)
Basic and diluted loss per share - post capital contribution (pence)	12	(38.90)	(19.38)

	Note	30 June 2025	31 December 2023
Assets			
Non-Current Assets			
Property, Plant and Equipment	13	10,480,123	199,306
Intangible Assets	14	1,664,761	23,594,130
Other Non-Current Investments	15	-	80
Trade and Other Receivables	17	341,590	101,943
		12,486,474	23,895,459
Current Assets			
Trade and Other Receivables	17	2,599,813	3,293,618
Inventories	16	2,545,296	1,727,768
Cash and Cash Equivalents		3,071,223	2,799,380
		8,216,332	7,820,766
Total Assets		20,702,806	31,716,225
Liabilities			
Non-Current Liabilities			
Trade and Other Liabilities	18	292,282	1,996,367
Loans and Borrowings	19	7,177,596	1,264,449
Deferred Tax Liability	11	1,405,710	1,799,191
Provisions	20	561,032	-
		9,436,620	5,060,007
Current Liabilities			
Trade and Other Liabilities	18	2,797,321	6,099,082
Loans and Borrowings	19	7,045,187	5,368,149
Provisions	20	-	286,282
		9,842,508	11,753,513
Total Liabilities		19,279,128	16,813,520
Net Assets		1,423,678	14,902,705

**Issued capital and reserves
 attributable to owners of the parent**

Share Capital	21	4,250,018	3,250,018
Share Premium		27,195,826	22,795,826
Shares to be Issued		378,969	831,450
Reverse Takeover Reserve		(4,797,432)	(4,797,432)
Shared Based Payments Reserve		4,149,994	6,110,807
Foreign Exchange Reserve		(129,667)	(421,716)
Retained Earnings		(29,133,248)	(12,815,536)
		1,914,460	14,953,417
Non-Controlling Interests		(490,782)	(50,712)
Total Equity		1,423,678	14,902,705

The financial statements were approved and authorised for issue by the board of directors on 17 April 2026 and were signed on its behalf by



Andrew Gerrie
 Chief Executive

The notes on pages 66 to 119 form part of these financial statements

	Note	30 June 2025	31 December 2023
Assets			
Non-Current Assets			
Property, Plant and Equipment		567	-
Intangible Assets		-	-
Other Non-Current Investments		6,179,806	34,381,407
Trade and Other Receivables		197,922	170,216
		6,378,295	34,551,623
Current Assets			
Trade and Other Receivables		114,135	1,462,557
Cash and Cash Equivalents		27,373	38,027
		141,508	1,500,584
Total Assets		6,519,803	36,052,207
Liabilities			
Non-Current Liabilities			
Trade and Other Liabilities		117,120	1,967,349
		117,120	1,967,349
Current Liabilities			
Trade and Other Liabilities		2,505,255	6,857,301
Loans and Borrowings		1,748,072	5,204,659
Provisions		-	286,282
		4,253,327	12,348,242
Total Liabilities		4,370,447	14,315,591
Net Assets		2,149,356	21,736,616

Issued capital and reserves attributable to owners of the parent

Share Capital	4,250,018	3,250,018
Share Premium	27,195,826	22,795,826
Shares to be Issued	378,969	831,450
Shared Based Payments Reserve	1,484,900	3,445,713
Retained Earnings	<u>(31,160,357)</u>	<u>(8,586,391)</u>
Total Equity	2,149,356	21,736,616

As permitted by s408 Companies Act 2006, the Company has not presented its own income statement and related notes.

The Company's loss for the 18 month period to June 2025 was £22,573,966 (12 month period to December 2023: £6,317,722).

The financial statements were approved and authorised for issue by the board of directors on 17 April 2026 and were signed on its behalf by


Andrew Gerrie
Chief Executive

	Share Capital	Share Premium	Shares to be Issued	Reverse Takeover Reserve	Shared Based Payments Reserve	Foreign Exchange Reserve	Retained Earnings	Non- Controlling Interests	Total Equity
At 1 January 2024	3,250,018	22,795,826	831,450	(4,797,432)	6,110,807	(421,716)	(12,815,536)	(50,712)	14,902,705
Comprehensive Income for the Year									
Profit for the Year	-	-	-	-	-	-	(16,317,712)	(440,070)	(16,757,782)
Exchange Loss Arising on Translation on Foreign Operations	-	-	-	-	-	292,049	-	-	292,049
Total Comprehensive Income for the Year	-	-	-	-	-	292,049	(16,317,712)	(440,070)	(16,465,733)
Issue of Share Capital Shares to be Issued as part of the Consideration in a Business Combination	1,000,000	4,400,000	-	-	-	-	-	-	5,400,000
Post Combination Remuneration - Equity Component	-	-	(452,481)	-	-	-	-	-	(452,481)
Total contributions by and distributions to owners	1,000,000	4,400,000	(452,481)	-	(1,960,813)	-	-	-	2,986,706
At 30 June 2025	4,250,018	27,195,826	378,969	(4,797,432)	4,149,994	(129,667)	(29,133,248)	(490,782)	1,423,678

	Share Capital	Share Premium	Shares to be Issued	Reverse Takeover Reserve	Shared Based Payments Reserve	Foreign Exchange Reserve	Retained Earnings	Non- Controlling Interests	Total Equity
At 1 January 2023	24,202,969	201,467,075	831,450	(4,797,432)	3,257,875	-	(6,775,074)	-	218,186,863
Comprehensive Income for the Year									
Profit for the Year	-	-	-	-	-	-	(6,040,462)	(50,712)	(6,091,174)
Exchange Loss Arising on Translation on Foreign Operations	-	-	-	-	-	(421,716)	-	-	(421,716)
Total Comprehensive Income for the Year	-	-	-	-	-	(421,716)	(6,040,462)	(50,712)	(6,512,890)
Issue of Share Capital	1,868,312	15,309,489	-	-	-	-	-	-	17,177,801
Issue of Share Options	-	-	-	-	33,333	-	-	-	33,333
Capital Reduction	(22,821,263)	(193,980,738)	-	-	-	-	-	-	(216,802,001)
Post Combination Remuneration - Equity Component	-	-	-	-	2,819,599	-	-	-	2,819,599
Total contributions by and distributions to owners	(20,952,951)	(178,671,249)	-	-	2,852,932	-	-	-	(196,771,268)
At 31 December 2023	3,250,018	22,795,826	831,450	(4,797,432)	6,110,807	(421,716)	(12,815,536)	(50,712)	14,902,705

	Share Capital	Share Premium	Shares to be Issued	Share Based Payment Reserve	Retained Earnings	Total Equity
At 1 January 2024	3,250,018	22,795,826	831,450	3,445,713	(8,586,391)	21,736,616
Comprehensive Income for the Year						
Profit for the Year	-	-	-	-	(22,573,966)	(22,573,966)
Total Comprehensive Income for the Year	-	-	-	-	(22,573,966)	(22,573,966)
Issue of share capital	1,000,000	4,400,000	-	-	-	5,400,000
Shares to be Issued as part of the Consideration in a Business Combination	-	-	(452,481)	-	-	(452,481)
Post Combination Remuneration - Equity Component	-	-	-	(1,960,813)	-	(1,960,813)
Total contributions by and distributions to owners	1,000,000	4,400,000	(452,481)	(1,960,813)	-	2,986,706
At 30 June 2025	4,250,018	27,195,826	378,969	1,484,900	(31,160,357)	2,149,356

	Share Capital	Share Premium	Shares to be Issued	Share Based Payment Reserve	Retained Earnings	Total Equity
At 1 January 2023	24,202,969	201,467,075	831,450	592,781	(2,268,669)	224,825,606
Comprehensive Income for the Year	-	-	-	-	-	-
Loss for the Year					(6,317,722)	(6,317,722)
Total Comprehensive Income for the Year	-	-	-	-	(6,317,722)	(6,317,722)
Issue of Share Capital	1,868,312	15,309,489	-	-	-	17,177,801
Capital Reduction	(22,821,263)	(193,980,738)	-	-	-	(216,802,001)
Issue of Share Options	-	-	-	33,333	-	33,333
Post Combination Remuneration - Equity Component	-	-	-	2,819,599	-	2,819,599
Total contributions by and distributions to owners	(20,952,951)	(178,671,249)	-	2,852,932	-	(196,771,268)
At 31 December 2023	3,250,018	22,795,826	831,450	3,445,713	(8,586,391)	21,736,616

	Note	18 Months Ended 30 June 2025	12 Months Ended 31 December 2023
Cash flows from operating activities			
Profit/(Loss) for the period		(16,757,782)	(6,091,174)
Adjustments for			
Acquisition costs, acquisition related contingent consideration and earn outs	6	(6,453,317)	3,560,987
Gain on Bargain Purchase	6	(2,154,585)	-
Finance income	10	(51,201)	(41,649)
Finance expense	10	891,668	805,786
Bad debt charge		11,552	1,977
Depreciation of property, plant and equipment	13	1,328,291	141,565
Amortisation of intangible fixed assets	14	2,952,699	1,856,320
Loss on sale of property, plant and equipment		24,852	15,446
Income tax expense/(credit)	11	(1,539,667)	(471,528)
Share based payments		-	33,333
Impairment		22,145,978	219,644
Net foreign exchange (gain)/loss		66,423	(68,451)
Payment of income tax		-	(188,020)
		464,912	(225,764)
Movements in working capital:			
(Increase)/decrease in inventories		438,767	(367,679)
(Increase)/decrease in trade and other receivables		2,255,565	539,303
Increase/(decrease) in trade and other payables		(1,947,614)	(332,781)
Net working capital movement, of cash generated/used in working capital movements		1,211,630	(386,921)
Net cash generated from/(used in) operating activities		1,211,630	(386,921)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	26	172,862	1,409,157
Purchases of property, plant and equipment		(258,340)	(5,830)
Proceeds from sale of property, plant and equipment		12,579	1,500
Payments to acquire financial assets		-	(77,716)
Payment of debt on acquisition		(5,101,147)	-
Interest Received		51,201	-
Net cash from investing activities		(5,122,844)	1,327,111

Cash flows from financing activities

Issue of ordinary shares	1,000,000	-
Issue of loan note	632,319	-
Proceeds from bank borrowings	5,213,076	-
Repayment of bank loans	(1,130,506)	(87,762)
Payment of lease liabilities	(965,597)	(108,191)

Net cash from financing activities

4,749,292	(195,953)
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Net cash (decrease)/increase in cash and cash equivalents

838,078	744,237
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Foreign Exchange Movements

(566,235)	-
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Cash and cash equivalents at the beginning of period

2,799,380	2,055,143
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Cash and cash equivalents at the end of the period

3,071,223	2,799,380
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	18 Months Ended 30 June 2025	12 Months Ended 31 December 2023
	£	£
Cash flows from operating activities		
Profit/(Loss) for the period	(22,573,966)	(6,317,722)
Adjustments for		
Acquisition costs, acquisition related contingent consideration and earn outs	(6,453,317)	4,617,003
Finance income	(45,196)	-
Finance expense	311,094	747,535
Depreciation	187	-
Impairment	29,428,802	219,644
Net foreign exchange (gain)/loss	(79,377)	220
	588,227	(733,320)
Movements in working capital:		
(Increase)/decrease in trade and other receivables	1,139,573	279,204
Increase/(decrease) in trade and other payables	(2,360,356)	(243,242)
Net working capital movement, of cash generated/used in working capital movements	(632,555)	(697,358)
Net cash generated from/(used in) operating activities	(632,555)	(697,358)
Cash flows from investing activities		
Acquisition of subsidiary	15 (1,054,860)	(435,906)
Purchases of property, plant and equipment	(754)	-
Payments to acquire financial assets	-	(77,716)
Interest Received	45,196	-
Net cash from investing activities	(1,010,418)	(513,622)
Cash flows from financing activities		
Issue of ordinary shares	1,000,000	-
Issue of loan note	632,319	-
Net cash from financing activities	1,632,319	-
Net cash (decrease)/increase in cash and cash equivalents	(10,654)	(1,210,980)
Cash and cash equivalents at the beginning of period	38,027	1,249,007
Cash and cash equivalents at the end of the period	27,373	38,027

1. General Information

Silverwood Brands plc (the Company) is a public company limited by shares and registered in England and Wales with company number 13557318. The Company, which was incorporated on 10 August 2021, is domiciled in the United Kingdom and the registered office is Unit 7 Westergate Business Centre, Westergate Road, Brighton, United Kingdom, BN2 4QN.

The shares of the Company are traded on the Growth Market of the Aquis Stock Exchange with the ticker code SLWD.PL. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”) and are for the eighteen months ended 30 June 2025.

Further details of the basis of preparation of the financial statements are set out in note 3.

The principal activity of the Group is the sale and distribution of beauty products.

These financial statements have been prepared for an extended reporting period of 18 months ending 30 June 2025. The prior year comparative figures relate to a 12-month period ending 31 December 2023.

The UK entities have aligned their year-end to 30 June 2025 in order to bring the group reporting timetable into line with the financial year-ends of the Japanese subsidiaries.

Because the current period is longer than the comparative period, the results presented are not directly comparable, and users of the financial statements should exercise caution when interpreting period-on-period movements.

2. Accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with UK adopted international accounting standards.

The financial statements are presented in Pounds Sterling and all values are rounded to the nearest pound.

These consolidated financial statements have been prepared in accordance with the accounting policies set out below, which have been consistently applied to all the periods presented.

Standards adopted in the period

There have been no standards adopted that have had a material impact on the financial statements and no standards adopted in advance of their implementation date.

Standards, amendments and interpretations to published standards not yet effective

The Directors have considered those standards and interpretations, which have not been applied in the financial statements but are relevant to the Group’s operations, that are in issue but not yet effective and do not consider that they will have a material impact on the future results of the Group.

Audit Exemption for Subsidiary Companies:

Certain subsidiary undertakings of the Group have taken the audit exemption under section 479A of the Companies Act 2006 in respect of the period ended 30 June 2025.

In accordance with section 479C of the Companies Act 2006, the Company, as the parent undertaking, has given a statutory guarantee to the subsidiaries listed below, guaranteeing their outstanding liabilities at the end of the financial year. The subsidiaries that have taken the exemption under section 479A are:

- Balmonds Skincare Ltd
- NBY London Ltd
- Cosmic Circles Limited
- Community Beauty Limited
- Steam Cream Limited

Prior Period Restatement

During the year, management undertook a detailed review of the presentation of expenses within the Consolidated Statement of Profit or Loss and Other Comprehensive Income. This review was prompted by the integration of newly acquired subsidiaries, the expansion of multi-channel distribution activities, and the need to ensure consistent classification of costs across the enlarged Group.

As a result of this review, certain income and expense items previously presented within Revenue, Cost of Sales, Selling and Distribution Expenses and Administrative Expenses have been reclassified to alternative line items. These changes represent presentation reclassifications only and have no impact on the previously reported loss for the year ended 31 December 2023, nor on opening retained earnings.

Management determined that the previous presentation did not fully reflect the nature of certain costs, particularly those relating to fulfilment, platform fees, marketing rebates, and outsourced distribution activities. The revised presentation provides a more faithful representation of the Group's cost structure and enhances comparability with industry peers. It also improves the understandability of gross profit and operating cost categories for users of the financial statements.

Nature of the reclassifications

The principal reclassifications are summarised below:

- £107,583 of customer-related deductions and marketing rebates have been reclassified from Administrative Expenses to be presented as a deduction from Revenue, reflecting their nature as variable consideration under IFRS 15.
- £782,640 of outsourced operational and support costs (including consulting, general consumables and other overhead-type items) have been reclassified from Cost of Sales to Administrative Expenses, as they relate to central and support functions rather than the manufacture or purchase of inventory.
- £599,855 of shipping, despatch and marketplace fulfilment costs have been reclassified from Cost of Sales to Selling and Distribution Expenses, aligning the

presentation with the Group's policy that customer delivery and marketplace fulfilment costs form part of distribution expenses.

- £105,334 of costs previously included within Selling and Distribution Expenses have been reclassified to Administrative Expenses to reflect their nature as general overheads.
- £13,880 of commission-related costs have been reclassified from Administrative Expenses to Selling and Distribution Expenses to align with the Group's policy that sales-linked commissions are distribution costs.
- £219,644 of impairment-related charges have been reclassified from Administrative Expenses to Exceptional Costs to provide clearer visibility of non-recurring items.

The impact of these reclassifications on the previously reported results for the year ended 31 December 2023 is summarised below:

	As Restated: 12 Months Ended 31 December 2023	As Previously Stated: 12 Months Ended 31 December 2023	Impact of Restatement
Revenue	11,094,983	11,202,566	(107,583)
Cost of Sales	<u>(1,680,488)</u>	<u>(3,062,983)</u>	<u>1,382,495</u>
Gross Profit	9,414,495	8,139,583	1,274,912
Other Operating Income	26,799	26,799	-
Selling and Distribution	(1,531,628)	(1,023,227)	(508,401)
Administrative Expenses	(9,645,972)	(9,099,105)	(546,867)
Exceptional Costs	(219,644)	-	(219,644)
Acquisition costs, acquisition related contingent considerations and earn-outs	<u>(3,842,615)</u>	<u>(3,842,615)</u>	<u>-</u>
Profit/(Loss) from Operations	(5,798,565)	(5,798,565)	-
Finance Income	41,649	41,649	-
Finance Expense	<u>(805,786)</u>	<u>(805,786)</u>	<u>-</u>
Profit/(Loss) Before Tax	(6,562,702)	(6,562,702)	-
Tax Credit	<u>471,528</u>	<u>471,528</u>	<u>-</u>
Profit/(Loss) for the period	(6,091,174)	(6,091,174)	-

The reclassifications increase gross profit by £1,274,912, reflecting the removal of outsourced and distribution-related costs from Cost of Sales.

Reason for the restatement

Management considers that the revised presentation:

- more accurately reflects the nature and function of the Group's costs;
- enhances comparability with industry practice and peer companies; and
- provides more relevant and understandable information to users of the financial statements, particularly in relation to gross profit and operating cost categories.

Accordingly, comparative information has been restated to ensure consistent presentation across periods.

2.2 Going concern

The consolidated financial statements have been prepared on a going concern basis. In assessing whether this basis remains appropriate, the Directors have considered the Group's financial position, cash flow forecasts, available facilities and the principal risks and uncertainties facing the business for a period of at least twelve months from the date of approval of these financial statements.

For the 18-month period ended 30 June 2025, the Group reported a loss before tax of £18,297,449, including significant non-cash impairment charges of £22,145,978. The Group reported net assets of £1,423,678, reflecting the impact of these impairment charges.

In forming their assessment, the Directors have considered the following key matters:

Cash resources and liquidity

The Group has access to a combination of cash reserves, operating cash flows and existing borrowing facilities, including a bank loan in Japan used to fund the acquisition of Cosme Science. Interest arising on the Group's Convertible Loan Notes is non-cash in nature and therefore does not impact short-term liquidity.

Settlement of contingent consideration

Contingent consideration obligations are expected to be settled through the issue of equity instruments rather than cash. The settlement of the Balmonds contingent consideration during the period was completed entirely through the issue of shares. The remaining contingent consideration relating to Sonotas is also expected to be settled in equity.

Forecasts and sensitivities

The Directors have prepared detailed cash flow forecasts covering a period of at least twelve months from the date of approval of these financial statements. These forecasts reflect current trading performance, planned cost reductions and the expected timing of new distribution channels and product launches.

The Directors have also modelled downside scenarios, including delays in revenue growth, margin pressure and slower recovery in certain markets. Under these scenarios, the Group

retains the ability to manage its cost base and adjust the timing of discretionary expenditure to preserve liquidity.

Mitigating actions

The Group has the ability to implement a number of mitigating actions if required, including:

- deferring non-essential capital expenditure;
- reducing discretionary operating spend
- adjusting inventory purchasing cycles;
- accessing additional shareholder funding if necessary.

The Directors are confident that these actions are within management's control and can be executed in a timely manner.

Covenant breach

As disclosed in note 27, following the year end the Group's Japanese subsidiary breached three banking covenants relating to the £5.3m loan facility. Management are in ongoing discussions with the bank to agree a remedy, which are expected to conclude in the near term. At this stage, there is no indication that the bank intends to recall the loan in full, and management believe any required repayment will relate to only part of the outstanding balance. As a result of the covenant breach, the loan balance of £4,838,461 has been reclassified as a current liability in the financial statements as it is considered repayable on demand. The Group's forecasts also indicate that steps will need to be taken to ensure covenant compliance is maintained over the next 12 months.

Conclusion

After considering the above factors, the Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis. The Directors acknowledge, however, that the circumstances relating to the covenant breach represent a material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

2.3 Basis of consolidation

2.31 – Business Combinations

The Group applies the acquisition method to account for business combinations. A business combination is recognised when the Group obtains control of an acquired company or trade and the acquired set of activities and assets is capable of being managed as a business. In assessing whether an acquisition meets the definition of a business, the Directors consider whether the acquired set includes inputs and processes that together have the ability to create outputs.

The consideration transferred is measured at fair value at the acquisition date. Identifiable assets and liabilities are recognised at their fair values at that date. Any excess of the consideration transferred over the fair value of the identifiable net assets acquired is recognised as goodwill. Goodwill is not amortised and is tested annually for impairment.

Where the fair value of the identifiable net assets acquired exceeds the consideration transferred, the difference is recognised immediately in profit or loss as a gain on bargain purchase.

Acquisition-related costs are expensed as incurred and presented within Exceptional Costs in the profit or loss.

Contingent consideration is recognised at fair value at the acquisition date. Where the Group expects to settle contingent consideration in equity instruments, the amount is recognised within equity and is not subsequently remeasured. Where settlement is expected in cash, the liability is remeasured at fair value at each reporting date, with changes recognised in profit or loss

2.32 – Subsidiaries

Subsidiaries are entities over which the Group has control. Control comprises an investor having power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

2.33 Non-Controlling Interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

2.34 – Entities within the Group

The Group financial statements consolidate those of the Company and its subsidiaries undertakings drawn up to 30 June 2025. The group subsidiaries and the Company's shareholding is shown in the table below.

Undertaking	Country of Incorporation	Holding	Registered Office	Proportion of voting rights and shares held 2025	Proportion of voting rights and shares held 2023
Balmonds Skincare Ltd	United Kingdom	Ordinary Shares	Unit 7 Westergate Business Centre, Westergate Road, Brighton, BN2 4QN	100%	100%
NBY London Ltd	United Kingdom	Ordinary Shares	5.17 Grand Union Studios 322 Ladbroke Grove, London, England, W10 5AD	100%	100%
Cosmic Circles Ltd	United Kingdom	Ordinary Shares	Unit 7 Westergate Business Centre, Westergate Road, Brighton, United Kingdom, BN2 4QN	100%	100%
Sonotas Holdings	Japan	Ordinary Shares	Sonotas Corporation 1F NSS II Building 2-13-34 Kounan, Minato-ku, Tokyo, Japan, 108-0075	90%	90%
Community Beauty Limited	United Kingdom	Ordinary Shares	Unit 7 Westergate Business Centre, Westergate Road, Brighton, England, BN2 4QN	100%	-

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into GBP at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into GBP at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

2.4 Revenue

Revenue is measured on the consideration specified in a contract with a customer.

Revenue is recognised when the Group's obligations are fulfilled, i.e. when control over goods is transferred to customers. Customers obtain control of the goods when they are delivered to and have been accepted at their premises, or other agreed upon location, or made available for ex works collection, depending on individual customer arrangements.

Invoices are generated at that point in time and are usually payable within 30 days. Revenue is recorded based on the price specified in sales invoices, net of any agreed discounts, and exclusive of value added tax on goods supplied to customers during the period.

There are a variety of discounts and rebates provided to customers, which are assessed on a case by case basis as to whether the resulting payment to customers is for a distinct good or service (such as marketing) or for a promotional discount.

Returns are permitted, but typically these only occur in isolated instances where inaccuracy has been made in the order.

2.5 Right of use assets

A right of use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right of use assets are depreciated on a straight line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

2.6 Property, plant and equipment

All plant and equipment is stated at cost less subsequent depreciation and impairment. The costs of the property, plant and equipment is purchase price plus any incidental costs of acquisition. Depreciation commences at the point the asset is available for use.

If there is any indication that an asset's value is less than its carrying amount an impairment review is carried out. Where impairment is identified an asset's value is reduced to reflect this.

The residual values and useful economic lives of property, plant and equipment are reviewed by management on an annual basis and revised to the extent required.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all plant and equipment equally over their expected useful lives. It is calculated at the following rates:

- Office Equipment at 20% - 33% per annum
- Plant & Machinery at 5% - 25% per annum
- Computer Equipment at 25% - 33% per annum
- Short Term Leasehold Property over the life of the lease
- Freehold Property at 5% - 25% per annum
- Motor Vehicles at 25% per annum

2.7 Intangible assets

All intangible assets, excluding goodwill arising on a business combination, are stated at their amortised cost or value at initial recognition less amortization and/or any provision for impairment.

Acquisition related intangible assets

All assets acquired as part of a business combination include an assessment of the fair value of separately identifiable acquisition related intangible assets in addition to other assets, liabilities and contingent liabilities purchased.

Definite useful life intangibles

- Trademarks amortised at 10% per annum straight line
- Customer relationships amortised at 20% per annum straight line
- Development amortised at 20% per annum straight line
- Patents amortised at 25% - 50% per annum straight line
- Software amortised at 20% per annum straight line
- Other intangible assets amortised at 20% per annum straight line

Indefinite useful life intangibles

Goodwill is allocated to the cash generating unit (CGU) to which it relates and is tested for impairment annually, or more frequently when there is an indication that the unit maybe impaired. The testing takes the form of a discounted cashflow analysis using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. Impairment losses cannot be subsequently reversed.

2.8 Investments

Investments are non-derivative financial assets that cannot be classified as loans and other receivables or cash and cash equivalents. Investments are recognised when the Group becomes party to the contractual arrangements relevant to ownership and de-recognised when it ceases to be party to such arrangements.

Dividends and interest income from investments are included within finance income when the Group's right to receive payments is established. This category includes financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income.

2.9 Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right of use asset, or to profit or loss if the carrying amount of the right of use asset is fully written down.

2.10 Taxation

The tax credit for the period comprises current tax and deferred tax. Current tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short term highly liquid investments (less than three months at inception) that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2.12 Inventories

Inventories are valued on a first in, first out basis at the lower of cost and net realizable value. Cost includes all expenditure incurred during the normal course of business in bringing in inventories to their present location and condition. Net realizable value is based on the estimated useful selling price less any direct sale costs.

2.13 Financial instruments

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ("ECL's") using a lifetime provision for trade receivables. To measure ECL's on a collective basis, trade receivables are grouped basis on similar credit risk and ageing.

Interest bearing borrowings

Interest bearing borrowings are classified as nonderivative financial instruments, measured at amortised cost using the effective interest rate method.

Trade and other payables

Trade and other payables are stated at net payable amounts.

Derivative financial instruments

The Group has no derivative financial instruments.

2.14 Share capital and reserves

“Ordinary Shares” are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

“Share premium” represents the excess over nominal value of the fair value of consideration received for equity shares net of expenses of the share issue.

“Retained earnings” represents retained losses of the group. As a result of the reverse takeover, the consolidated figures include the retained losses of the Group only from the date of the reverse takeover together with the brought forward losses of Balmonds Skincare Ltd.

“Reverse takeover reserve” represents the accounting adjustments required to reflect the reverse takeover upon consolidation.

“Shares to be issued” represents the deferred consideration arising from the acquisition of Balmonds Skincare Ltd which will be recognised as an issue of shares in Silverwood Brands plc.

“Share based payments reserve” represents amounts recognised in equity in relation to share based payments and similar charges.

“Foreign exchange reserve” represents the exchange gains arising on translation on foreign operations.

2.15 Critical judgements and significant accounting estimates

In the application of the Company’s accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not apparent from other sources. The estimates and assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Critical accounting judgements

In applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the consolidated financial statements.

Contingent consideration

The agreements, made in 2022, to acquire Balmonds Skincare Ltd ("Balmonds") and NBY London Ltd ("NBY") and the agreements made in 2023 to acquire Sonotas Holdings and Sonotas Corporation ("Sonotas") include provision for the Group to pay additional consideration to the selling shareholders in future years conditional on the achievement of incremental revenue or other specific growth targets. The Directors have evaluated each agreement in accordance with IFRS 3 to determine whether these payments should be included as part of the business combination or post combination remuneration expensed to the income statement. Where agreements include conditions for continuing employment, therefore we have concluded that these payments should be charged to the income statement in future periods.

The acquisition related contingent consideration and earn out liabilities may include estimates of future financial performance against targets. When estimating the future financial performance, we use Board approved budgets and, if the timeframe goes beyond available budgets, reasonable growth rates are assessed for each business thereafter.

Balmonds

The contingent consideration relating to the acquisition of Balmonds was settled through the issue of equity instruments in Silverwood Brands PLC. On 21 July 2025, the Company issued 1,049,050 Ordinary Shares with a total fair value of £891,692 in full and final settlement of the amount due.

This amount is presented within Equity in the Consolidated Statement of Financial Position. Of the total:

- £378,969 is included within the Shares to be Issued reserve, representing the portion recognised prior to the issue of shares; and
- £512,723 is included within the Share-Based Payments reserve, representing the fair value recognised on settlement.

Nailberry

The contingent consideration period for the Nailberry acquisition ended in October 2025. The performance conditions required for any contingent consideration to become payable were not met, and accordingly no amount became due and no settlement was made.

Sonotas

As at 30 June 2025, the contingent consideration relating to the Sonotas acquisition totalled £918,844. This balance is presented within Equity, included in the Share-Based Payments reserve, reflecting the Group's expectation that settlement will be made through the issue of equity instruments.

Valuation of intangible assets

The determination of the fair value of assets and liabilities including goodwill arising on the acquisition of businesses, the acquisition of industry specific knowledge, branding and customer relationships, whether arising from separate purchases or from the acquisition as part of business combinations, and development expenditure which is expected to generate future economic benefits and the time over which this is expected, are based, to a considerable extent, on management's estimations.

The fair value of these assets and their expected useful economic lives are determined by discounting estimated future net cash flows generated by the asset where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

As at 30 June 2025 the carrying value of other intangible assets was £1,432,309 (2023: £7,345,949). The sensitivity of a one year shortening or lengthening of the useful economic life of Brands and Customer Contracts as at 30 June 2025 is a decrease or increase in the carrying amount of £462,000 and £305,000 respectively.

Key sources of estimation uncertainty

The key areas where estimates and assumptions are significant to the financial statements are described below.

Goodwill

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use. The key assumptions for the value in use calculations are those regarding the discount rates (being the cost of capital), growth rates (based on Board approved forecasts) and future profit margins (based on Board approved forecasts). The Directors are satisfied that recoverable amounts are in excess of the value of the goodwill held. At 30 June 2025, the carrying amount of goodwill was £232,452 (2023: £16,248,181).

At 31 December 2023 shares in the company were suspended pending resolution of the unwinding of the Lush investment. Following the unwinding of the Lush investment and the consequent capital reduction the company's shares resumed trading and the revised market capitalisation of the group is less than the carrying value of goodwill and other intangibles so there is an indicator of impairment.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ('CGUs') that are expected to benefit from that business combination. The carrying amount of the goodwill has been allocated between two CGUs – Nailberry and Sonotas.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations have been individually estimated for each CGU and include the discount rates and expected changes to cash flows during the period for which management has detailed plans.

The budgets for each of the CGU's for the period ending 30 June 2025 as approved by the board have been used as the basis for the future cash flow projections. Management also prepared projections between the next year to five years following 30 June 2025. Beyond the plan period the projections are extrapolated using a terminal value with an estimated conservative long-term growth rate of 0.5% for both CGUs. The Group uses a discount rate based on the weighted average cost of capital ('WACC') of 14.8% for Nailberry and 10% for Sonotas. The WACC is derived using beta values of a comparative companies adjusted for funding structures as appropriate.

Impairment of £22,145,978 has been recognised in the period. The recognition of this impairment is recognised in the profit or loss and has been deducted from tangible and intangible assets..

Further details are outlined in note 14.

3. Functional and presentation currency

These consolidated financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

4. Operating Segments

a. Basis for segmentation

The Group has the following two strategic divisions, which are its reportable segments. Segmentation is based on the geographical location of operations, which management considers to be the primary driver of economic and regulatory differences across the Group.

Reportable Segment	Operations
Asia	Asia based operations are driven by the subsidiaries which are owned by Sonotas Holdings. The segment focuses on the manufacturing, sale and distribution of beauty products, primarily within Japan.
Europe	Europe based operations are driven by the trade Balmonds and Nailberry. The segment focuses on the manufacturing, sale and distribution of beauty products, primarily within United Kingdom.

The Group's Board reviews the internal management reports of each division regularly.

b. Information About Reportable Segmentation

	Asia	Europe	Total
External Revenue	16,036,881	7,879,034	23,915,915
Intersegment Revenue	-	-	
Segment Revenue	16,036,881	7,879,034	23,915,915
Segment Profit/Loss Before Tax	2,665,420	(20,962,869)	(18,297,449)
Interest Received	-	51,201	51,201
Interest Paid	574,874	316,794	891,668
Depreciation and Amortisation	1,483,599	2,797,391	4,280,990
Other Material Items of Income and Expense and Non-Cash Items:			
Acquisition costs, acquisition related contingent considerations and earn-outs	(4,121,934)	(4,485,968)	(8,607,902)
Exceptional Costs	-	22,255,530	22,255,530
Segment Assets	17,151,140	3,551,666	20,702,806
Segment Liabilities	(16,461,144)	(2,817,984)	(19,279,128)
Non-Current Assets	10,704,375	1,782,099	12,486,474

No comparative segment analysis has been presented for the prior year, as this information was not prepared historically and cannot be reliably reconstructed at this stage

c. Major Customer

The Group has a diversified customer base and no single external customer accounts for 10% or more of the company's total revenue

5. Revenue

All revenue is recognised at a point in time. The following is an analysis of the Group's revenue for the period from continuing operations:

	18 Months Ended 30 June 2025	As Restated 12 Months Ended 31 December 2023
	£	£
Sale of Goods	23,915,915	11,094,983
	23,915,915	11,094,983

Analysis of revenue by country of destination:

United Kingdom	5,723,946	3,727,945
Rest of Europe	1,241,505	1,013,334
Japan	15,984,465	6,353,704
Rest of World	965,999	-
	23,915,915	11,094,983

6. Exceptional Charges

	18 Months Ended 30 June 2025	As Restated 12 Months Ended 31 December 2023
	£	£
Acquisition related contingent consideration and earn-outs		
Acquisition related contingent consideration and earn-outs	(6,468,126)	4,583,670
Gain on Bargain Purchase	(2,154,585)	-
Acquisition Costs	14,809	560,772
Exceptional Legal Costs Recoverable	-	(1,335,160)
Share Based Payments	-	33,333
Total Acquisition related contingent consideration and earn-outs	(8,607,902)	3,842,615
Legal Fees	109,552	-
Non-recurring Costs	109,552	-
Impairment	22,145,978	219,644
Impairment Charge	22,145,978	219,644
Total Exceptional Charges	13,647,628	4,062,259

As described in accounting policy 2.1, £219,644 of impairment-related charges have been reclassified from Administrative Expenses to Exceptional Charges to provide clearer visibility of non-recurring items.

Acquisition Related Contingent Consideration and Earn-Outs

Under IFRS 3, contingent consideration arising on a business combination is assessed to determine whether it represents part of the acquisition cost or remuneration for post-combination services. For the acquisitions of NBY London Ltd, Balmonds Skincare Ltd ("Balmonds") and Sonotas ("Sonotas"), certain elements of the contingent consideration require the sellers to remain engaged with the Company. These elements are therefore accounted for as remuneration for post-combination services and recognised within "Acquisition-related contingent consideration and earn-outs" in the Statement of Comprehensive Income over the relevant service periods.

Balmonds

Deferred consideration for Balmonds is recognised in two components:

- Amounts attributable to sellers who are not required to remain engaged are recognised as part of the investment, with a corresponding credit to the Shares to be Issued reserve.
- Amounts conditional on continued engagement are recognised as remuneration for post-combination services over the relevant service period.

A reversal of £1,345,675 (2023: charge of £833,136) has been recognised within Acquisition-related contingent consideration and earn-outs in the current year in respect of the Balmonds contingent consideration.

NBY London Ltd

All contingent consideration for NBY London Ltd is recognised as remuneration for post-combination services. A reversal of £2,087,483 (2023: charge of £1,764,071) has been recognised within Acquisition-related contingent consideration and earn-outs, with a corresponding adjustment to other liabilities.

Sonotas

Sonotas contingent consideration for Sonotas is recognised in two parts:

- Amounts attributable to former shareholders who are not required to remain engaged with the business are recognised as part of the investment. The original entry of £1,967,349 was recorded as an increase in the investment with a corresponding liability. This liability has now been reversed in the current period following updated expectations of the amounts payable.
- Amounts that require individuals to remain engaged with the Company are recognised as remuneration for post-combination services and charged to the profit and loss account over the relevant service period. In the current year, a reversal of £1,067,619 (2023: charge of £1,986,463) has been recognised in respect of this element, with a corresponding adjustment to the Shares to be Issued reserve.

These reversals together total £3,034,968 which is recognised within Acquisition-related contingent consideration and earn-outs.

Maximum Deferred Consideration

- Balmonds: Up to 3,205,360 ordinary shares, payable on or around the third anniversary of the reverse takeover, subject to performance conditions and, in most cases, continued employment.
- Nailberry: Up to £4.0 million, subject to sales and EBITDA performance criteria over the next three years and continued employment.
- Sonotas: Up to £9.0 million, payable on or around the fourth anniversary of the acquisition, subject to revenue-based performance conditions (inside and outside Japan) and continued employment.

Revisions to Estimates

A significant portion of the reversals recognised in the current year reflects the fact that the Group is now 18 months further into the relevant earn-out periods than at the previous reporting date, providing greater visibility over expected performance. As a result, the contingent consideration estimates have been refined and the updated forecasts have been recognised in calculations.

Share Based Payments

No charge has been recognised to recognise the fair value of options as none have vested during the period.

Acquisition Costs

Costs arising as a result of business combinations in the period have been recognised as exceptional items.

Impairment

An impairment charge of £22,145,978 has been recognised in the profit and loss account, with a corresponding reduction in intangible and tangible assets. Further details are outlined in note 14.

Gain on Bargain Purchase

The net assets acquired on the purchase of Cosme Science exceeded the consideration transferred. In accordance with IFRS, negative goodwill cannot be recognised on the balance sheet and is instead recorded in the Profit or Loss as a "Gain on Bargain Purchase". As a result, £2,154,585 has been recognised within Exceptional Items in the Profit or Loss.

Further details are outlined in note 26.

Exceptional Legal Costs Recoverable

Stamp duty of £1,084,010 has been recognised as recoverable as at 31 December 2023 as a result of the capital reduction of Group's investment in Lush Cosmetics Limited and Cosmetic Warriors Limited.

An additional amount of £300,000 has been recognised as recoverable from directors for reimbursement of exceptional fees incurred as a result of the legal proceedings with Lush.

Both amounts were recovered in January 2024.

Legal Fees

On 9 January 2024 a settlement deed was executed, affective from 31 December 2023, between Andrew Gerrie and Alison Hawksley, Silverwood and Cosmic Circles Limited (Cosmic). Under the terms of the agreement the parties had each concluded that they should not defend the proceedings instigated by Lush and they acknowledged and agreed that, notwithstanding previous actions, Andrew Gerrie and Alison Hawksley remain (and have at all material times been) the owners of the legal and beneficial title to

the shares in the Lush companies and that the attempted transfer did not transfer any legal or beneficial interest in the shares in the Lush companies to the Silverwood or Cosmic.

On 20 February 2024 a shareholder circular was issued proposing a reduction of the Silverwood's share capital through the cancellation of the 228,212,632 ordinary shares of 10p each in the Company issued pursuant to the Company's acquisition of a 19.8% stake in each of the Lush companies. On 8 March 2024 Silverwood announced that the resolution to approve the capital reduction was duly passed at a General Meeting held on that date. On 16 April 2024 confirmation was received from the Court of the capital reduction, in the form of the cancellation of the share premium account and the consideration shares, and on 30 April 2024 the capital reduction was registered at Companies House.

Following the share cancellation, Silverwood continued to incur legal costs relating to Lush. We have elected to disclose these as an exceptional item.

The legal proceedings between Silverwood and Lush have now ceased and no fees have been incurred since November 2024.

The provision of £286,282 recognised in the Statement of Financial Position as at 31 December 2023 has been fully utilised. This provision related to the expected settlement arising from the Lush legal proceedings. £250,000 was utilised as expected and the remaining £36,282 has been reversed and recognised in Exceptional Legal Fees in the Profit and Loss.

7. Auditor's Remuneration

	18 Months Ended 30 June 2025	12 Months Ended 31 December 2023
	£	£
Fees payable to the auditors for the audit of the consolidated and parent Company's financial statements	<u>120,000</u>	<u>105,000</u>

8. Employee Benefit Expense
Group

	18 Months Ended 30 June 2025	12 Months Ended 31 December 2023
	£	£
Employee benefit expenses (including directors) comprise:		
Wages and salaries	4,326,741	2,825,680
National insurance	77,102	53,050
Defined contribution pension cost	26,768	17,542
	4,430,611	2,896,272

Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company

	18 Months Ended 30 June 2025	12 Months Ended 31 December 2023
	£	£
Salary	311,254	198,750
	311,254	198,750

The monthly average number of persons, including the directors, employed by the Group during the period was as follows:

	2025	2023
	No.	No.
Executive Directors	15	10
Sales	43	32
Marketing	21	12
Admin	18	9
Despatch	24	6
Production	65	7
	186	76

9. Directors' remuneration

	18 Months Ended 30 June 2025	12 Months Ended 31 December 2023
	£	£
Directors' emoluments	<u>311,254</u>	<u>198,750</u>
	311,254	198,750

The remuneration recognised above relates to directors of Balmonds Skincare Ltd, NBY London Ltd and Sonotas. Details of the director's remuneration for Silverwood Brands plc is detailed in the governance report.

No retirement benefits are accruing to Company Directors under a defined contribution scheme (2023: none).

10. Finance income and expense

Recognised in profit or loss

	18 Months Ended 30 June 2025	12 Months Ended 31 December 2023
	£	£
Finance Income		
Other interest receivable	43,011	38,767
Interest on bank deposits	8,190	2,882
Total Finance Income	<u>51,201</u>	<u>41,649</u>
Finance Expense		
Interest portion of lease payments	352,606	52,231
Other loan interest payable	311,094	753,555
Other Interest Payable	1,171	-
Bank Interest Payable	226,797	-
Total Finance Expense	<u>891,668</u>	<u>805,786</u>
Net finance expense recognised in profit or loss	(840,467)	(764,137)

11. Tax Credit

Income tax recognised in profit or loss

	18 Months Ended 30 June 2025	12 Months Ended 31 December 2023
	£	£
Current Tax		
Adjustments in respect of prior years	-	(22,302)
Japanese corporate taxes	46,903	6,389
Total Current Tax	46,903	(15,913)
Deferred Tax		
Origination and reversal of timing differences	(1,586,570)	(455,615)
Total Deferred Tax	(1,586,570)	(455,615)
Total tax credit	(1,539,667)	(471,528)
	(1,539,667)	(471,528)

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to losses for the period are as follows:

Loss for the period	(16,757,782)	(6,091,174)
Income tax credit	(1,539,667)	(471,528)
Loss before Income Taxes	(18,297,449)	(6,562,702)
Tax using the Company's blended domestic tax rate of 23.5% (2023:23.5%)	(4,299,901)	(1,542,235)
Non-deductible expenses	22,280,386	1,252,906
Non-taxable income	(45,196)	(243,470)
Origination and reversal of timing differences	(1,539,667)	(471,528)
Tax at standard rate other than UK corporation tax rate	46,903	
Unrelieved tax losses carried forward	(17,982,192)	532,799
Total tax credit	(1,539,667)	(471,528)

Changes in tax rates and factors affecting the future tax charges

At 30 June 2025, the group had unutilised UK trading tax losses of £2,247,013 (2023: £1,231,833). The related deferred tax asset of approximately £561,753 (2023: £307,958) has not been recognised on the basis that there is insufficient certainty of future profits in the subsequent financial year to warrant recognition at this stage.

Tax at standard rate other than UK corporation tax rate represents the tax charge incurred in Japan. The standard tax rate of the Tokyo Metropolitan Government as at 30 June 2025 was 34.6%. Total unutilised Japanese tax losses amounted to £2,334,191. Similarly, the deferred tax asset of £807,630 has not been recognised at this stage.

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	2025	2023
	£	£
Deferred Tax Liabilities	<u>(1,405,710)</u>	<u>(1,799,191)</u>
	(1,405,710)	(1,799,191)

	Opening Balance	Recognised in profit or loss	Acquisitions/ disposals	Utilised in the period	Closing Balance
2025					
Property, plant and equipment	(464)	464	(1,131,053)	65,597	(1,065,456)
Other timing differences	716	(716)	-	-	-
Intangible assets	(1,799,443)	-	(62,037)	1,521,225	(340,255)
	<u>(1,799,191)</u>	<u>(252)</u>	<u>(1,193,089)</u>	<u>1,586,822</u>	<u>(1,405,710)</u>
2023					
Property, plant and equipment	(237)	(227)	-	-	(464)
Other timing differences	-	716	-	-	716
Intangible assets	(657,298)	-	(1,597,271)	455,126	(1,799,443)
	<u>(657,535)</u>	<u>489</u>	<u>(1,597,271)</u>	<u>455,126</u>	<u>(1,799,191)</u>

12. Earnings per Share

During the prior period, the Group derecognised its investment in Lush. Although the investment was removed from the financial statements in 2023, the associated legal share capital was only cancelled on 22 April 2024 through a reduction of 228,212,632 Ordinary shares.

To assist users of the financial statements in understanding the impact of this transaction, the directors have presented two earnings per share (EPS) calculations for the comparative period. The first reflects the actual weighted average number of shares legally in issue during 2023. The second presents an adjusted EPS calculated on the basis that the capital reduction had taken effect on 1 January 2023. The directors consider this adjusted presentation to provide more meaningful comparability between reporting periods, given that the investment had already been derecognised in the 2023 financial statements.

EPS Reflective of Capital Reduction

This assumes the 228,212,632 ordinary shares cancelled in April 2024 had already been cancelled in January 2023.

	2025 Pence	2023 Pence
Basic Earnings Per Share - Reflective of Capital Reduction		
From continuing operations attributable to the ordinary equity holders of the Company	(38.90)	(19.38)
Total basic earnings per share attributable to the ordinary equity holders of the Company	<u>(38.90)</u>	<u>(19.38)</u>
Reconciliation of earnings used in calculating earnings per share		
Total comprehensive income attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	(16,317,712)	(6,040,462)
	<u>(16,317,712)</u>	<u>(6,040,462)</u>
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>41,950,725</u>	<u>31,170,569</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>41,950,725</u>	<u>31,170,569</u>

EPS on an Actual Legal Basis

This uses the real number of shares legally in issue during 2023, before the capital reduction.

	2025	2023
	Pence	Pence
Basic Earnings Per Share		
From continuing operations attributable to the ordinary equity holders of the Company	(38.90)	(2.33)
Total basic earnings per share attributable to the ordinary equity holders of the Company	<u>(38.90)</u>	<u>(2.33)</u>
Reconciliation of earnings used in calculating earnings per share		
Total comprehensive income attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	<u>(16,317,712)</u>	<u>(6,040,462)</u>
	<u>(16,317,712)</u>	<u>(6,040,462)</u>
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>41,950,725</u>	<u>259,383,201</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>41,950,725</u>	<u>259,383,201</u>

13. Property, Plant and Equipment

Cost	Freehold Property	Short-Term Leasehold Property	Plant and Machinery	Motor Vehicles	Office Equipment	Computer Equipment	Total
At 1 January 2023	25,818	81,316	65,344	-	339	4,291	177,108
Additions	-	999	2,405	-	-	2,645	6,049
Acquisition of Subsidiary	-	264,869	8,376	32,604	-	-	305,849
Disposals	-	(15,586)	(2,650)	-	-	-	(18,236)
At 31 December 2023	25,818	331,598	73,475	32,604	339	6,936	470,770
Additions	320,144	9,830	17,960	39,092	86,367	50,808	524,201
Acquisition of Subsidiary	11,972,518	-	1,962,939	18,611	52,044	27,228	14,033,340
Disposals	(347)	(4,130)	-	(12,579)	(8,222)	(1,076)	(26,354)
At 30 June 2025	12,318,133	337,298	2,054,374	77,728	130,528	83,896	15,001,957

Depreciation

At 1 January 2023	23,409	57,600	47,822	-	75	2,712	131,618
Charge on owned assets	1,673	16,077	13,579	10,857	112	767	43,065
Charge on financed assets	-	98,130	370	-	-	-	98,500
Depreciation on Disposals	-	-	(1,719)	-	-	-	(1,719)

At 31 December 2023	25,082	171,807	60,052	10,857	187	3,479	271,464
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Charge on owned assets	403,227	35,095	198,034	19,545	34,050	30,900	720,851
Charge on financed assets	606,954	-	486	-	-	-	607,440
Impairment for the period	2,930,457	-	-	-	-	-	2,930,457
Depreciation on Disposals	-	-	-	-	(7,302)	(1,076)	(8,378)

At 30 June 2025	3,965,720	206,902	258,572	30,402	26,935	33,303	4,521,834
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Net Book Value

Net Book Value 1 January 2023	2,409	23,716	17,522	-	264	1,579	45,490
Net Book Value 31 December 2023	736	159,791	13,423	21,747	152	3,457	199,306
Net Book Value 30 June 2025	8,352,413	130,396	1,795,802	47,326	103,593	50,593	10,480,123

Assets Held Under Leases

The net book value of owned and leased assets included as "Property, plant and equipment" in the Consolidated statement of financial position is as follows:

	30-Jun-25	31-Dec-23
Property Plant and Equipment owned	6,670,888	62,278
Right-of-use Assets	3,809,235	137,028
	10,480,123	199,306

	30-Jun-25	31-Dec-23
Property	3,809,235	137,028
	3,809,235	137,028

	30-Jun-25	31-Dec-23
Property	606,954	98,130
Plant and Machinery	486	370
	607,440	98,500

14. Intangible Assets

Cost	Goodwill	Development Expenditure	Patents	Trademarks	Brands	Customer Contracts and Designs	Computer Software	Total
At 1 January 2023	3,197,356	2,064	80,000	15,626	1,319,726	1,548,916	-	6,163,688
Additions	-	-	-	-	-	-	-	-
Acquisition of Subsidiary	13,050,825	-	-	-	5,068,548	1,320,535	45,745	19,485,653
At 31 December 2023	16,248,181	2,064	80,000	15,626	6,388,274	2,869,451	45,745	25,649,341
Additions	-	5,000	-	-	-	-	6,263	11,263
Acquisition of Subsidiary	-	179,297	-	-	-	-	48,292	227,589
Disposals	-	-	(80,000)	-	-	-	-	80,000
At 30 June 2025	16,248,181	186,361	-	15,626	6,388,274	2,869,451	100,300	25,808,193

Amortisation

At 1 January 2023	-	516	78,567	3,922	101,495	5,391	-	189,891
Charge on owned assets	-	516	1,433	1,961	1,819,106	28,937	13,367	1,865,320
At 31 December 2023	-	1,032	80,000	5,883	1,920,601	34,328	13,367	2,055,211
Charge on owned assets	-	114,484	-	2,346	1,914,732	860,049	61,088	2,952,699
Disposal on Amortisation	-	-	(80,000)	-	-	-	-	(80,000)
Impairment for the period	16,015,729	-	-	-	2,538,440	661,353	-	19,215,522
	16,015,729	115,516	-	8,229	6,373,773	1,555,730	74,455	24,143,432
Net Book Value								
Net Book Value 1 January 2023	3,197,356	1,548	1,433	11,704	1,218,231	1,543,525	-	5,973,797
Net Book Value 31 December 2023	16,248,181	1,032	-	9,743	4,467,673	2,835,123	32,378	23,594,130
Net Book Value 30 June 2025	232,452	70,845	-	7,397	14,501	1,313,721	25,845	1,664,761

Impairment of Intangible Assets

The Group assesses impairment at the level of its Cash Generating Units (CGUs). Balmonds, Nailberry and the Sonotas Group entities are each treated as separate CGUs. On acquisition, the purchase consideration is allocated to the identifiable tangible and intangible assets and liabilities of the acquired business at fair value, with any residual amount recognised as goodwill.

Intangible assets, including goodwill, have been tested for impairment by estimating the value in use of each CGU. Value in use calculations are based on management's cash flow projections for the relevant subsidiaries. The key assumptions applied in the impairment assessments are summarised below.

Balmonds

As Balmonds has no material assets, no group level impairment assessment is required for this CGU.

Nailberry

Cash flow projections for Nailberry are based on management's latest five-year forecasts, reflecting current trading conditions and the brand's existing distribution footprint. A terminal value has been calculated using a long-term terminal growth rate of 0.5%, consistent with a UK beauty brand operating in a stable market. Future cash flows have been discounted using a WACC of 14.8% (pre-tax WACC of 19.9%) which reflects the Group's assessment of the risks specific to the CGU.

Based on these assumptions, an impairment charge of £2,964,904 has been recognised, reducing the carrying amount of goodwill with a corresponding charge to profit or loss.

The table below shows the sensitivity of the impairment charge to changes in the discount rate and terminal growth rate:

		Terminal Growth Rate	
		0.50%	1%
WACC	17.5%	3,288,079	3,259,343
	14.8%	2,964,904	2,920,078
	12.5%	2,571,870	2,502,363

Forecast sales for Nailberry increase on average by 14% over the next 5 years. If forecast sales were to fall by 10%, using the central assumptions of a 14.8% WACC and 0.5% terminal growth rate, the impairment charge would increase to £3,947,683.

Sonotas

Cash flow projections for the Sonotas CGU incorporate management's expectations for Sonotas Corporation, Sonotas Holdings, Cosme Science and Dr Baeltz. Forecast periods range from two to four years after the balance sheet date, with management estimates extending to year five, after which a terminal value is applied. Cash flows have been explicitly forecast for the next three years; for the remaining two years of the five-year period, management has assumed cash flows remain flat, reflecting the conservative nature of the underlying projections. A terminal growth rate of 0.5% has been applied, consistent with the long-term stability of the Japanese beauty and personal care market.

Future cash flows have been discounted using a WACC of 10% (pre-tax WACC of 13%), which reflects the lower risk profile and cost of capital applicable to the Japanese operations. Using these assumptions, an impairment charge of £19,181,075 has been recognised, reducing the carrying amount of intangible and tangible assets with a corresponding charge to profit or loss

The table below shows the sensitivity of the impairment charge to changes in the discount rate and terminal growth rate:

WACC		Terminal Growth Rate	
		1%	0.50%
	12.50%	20,037,725	20,134,134
	10.00%	19,010,832	19,181,075
	7.50%	17,219,313	17,570,032

If forecast cashflows were to fall 10% below where cashflow positions are currently forecast, the impairment would increase to £19,684,491.

The assumptions used in the impairment review are inherently subjective and represent key sources of estimation uncertainty, particularly in relation to growth expectations, future cash flows and the determination of discount rates. Actual results may differ from these estimates, and such differences may result in adjustments to the Group's valuation in future periods.

Management notes that reasonably possible changes in key assumptions—particularly discount rate, terminal growth rate or near-term revenue performance—could result in a further impairment.

15. Other Non-Current Investments
Group

	2025	2023
	£	£
Group		
Other Fixed Asset Investments	-	80
	<u>-</u>	<u>80</u>

During the period, Balmonds disposed of its 80% owned subsidiary domiciled in Hong Kong. The company was dormant and no funds were received for the disposal of the subsidiary.

Company

	At 1 January 2023	Additions	Disposals	Impairment	At 31 December 2023
Investments in Subsidiaries	14,254,164	20,127,243	-	-	34,381,407
Other Fixed Asset Investments	216,802,001	-	(216,802,001)	-	-
	<u>231,056,165</u>	<u>20,127,243</u>	<u>(216,802,001)</u>	<u>-</u>	<u>34,381,407</u>
	At 1 January 2024	Additions	Disposals	Impairment	At 30 June 2025
Investments in Subsidiaries	34,381,407	1,054,860	-	(29,256,461)	6,179,805
Other Fixed Asset Investments	-	-	-	-	-
	<u>34,381,407</u>	<u>1,054,860</u>	<u>-</u>	<u>(29,256,461)</u>	<u>6,179,805</u>

Company

Additions

On 18 March 2024, Silverwood purchased 74,075 shares of Sonotas Corporation Ordinary shares for 2,700Yen per share, for a total consideration of 200,002,500 Yen. This purchase increased Silverwood's holding of its Japanese subsidiary from 47.1% to 55%.

Impairment

The Company has assessed its investments for impairment in accordance with IAS 36. Balmonds, Nailberry and the Sonotas Group entities were identified as investments requiring detailed impairment testing.

Impairment testing has been performed by estimating the recoverable amount of each investment based on the discounted value of future cash flows derived from management's forecasts for the relevant subsidiaries. Key assumptions for Nailberry and Sonotas are disclosed in note 14. The assumptions applied to Balmonds are set out below.

Balmonds

Cash flow projections for Balmonds are based on management's latest five-year forecasts, which reflect current trading performance and the brand's established distribution channels. A terminal value has been calculated using a long-term growth rate of 0.5%, considered appropriate for a UK beauty brand operating in a mature and stable market.

Future cash flows have been discounted using a WACC of 14.8% (pre-tax WACC 18.7%), representing the Company's assessment of the risks specific to this investment. Based on these assumptions, an impairment charge of £3,675,486 has been recognised.

Forecast sales for Balmonds increase on average by 29% over the five-year forecast period. If forecast sales were to reduce by 10%, and applying the central assumptions of a 14.8% WACC and 0.5% terminal growth rate, the impairment charge would increase to £4,987,564.

Total impairment of £29,256,461 has been recognised in respect of Silverwood's subsidiaries.

16. Inventories
Group

	2025	2023
	£	£
Raw Materials	70,271	1,176,166
Finished Goods and Goods for Resale	2,444,588	551,602
Work in Progress	30,437	-
	2,545,296	1,727,768

17. Trade and Other Receivables
Group

	2025	2023
	£	£
Trade Receivables	1,922,903	1,346,873
Prepayments and Accrued Income	482,741	423,853
Tax Recoverable	1,410	1,410
Other Receivables	534,349	1,623,425
Total Trade and Other Receivables	2,941,403	3,395,561
Less Current Portion - Trade Receivables	(1,922,904)	(1,346,873)
Less Current Portion - Prepayments and Accrued Income	(482,248)	(422,760)
Less Current Portion - Other Receivables	(193,252)	(1,522,575)
Less Current Portion - Tax Recoverable	(1,410)	(1,410)
Total Current Portion	2,599,813	3,293,618
Total Non-Current Portion	341,589	101,943

Company

	2025	2023
	£	£
Trade Receivables	-	2,690
Prepayments and Accrued Income	17,542	15,772
Receivables from related parties	87,000	31,000
Loans to related parties	197,922	170,216
Other Receivables	9,593	1,413,095
	<hr/>	<hr/>
Total Trade and Other Receivables	312,057	1,632,773
Less Current Portion - Trade Receivables	-	(2,690)
Less Current Portion - Prepayments and Accrued Income	(17,542)	(15,772)
Less Current Portion - Receivables from related parties	(87,000)	(31,000)
Less Current Portion - Other Receivables	(9,593)	(1,413,095)
	<hr/>	<hr/>
Total Current Portion	114,135	1,462,557
	<hr/>	<hr/>
Total Non-Current Portion	197,922	170,216
	<hr/> <hr/>	<hr/> <hr/>

18. Trade and Other Payables
Group

	2025	2023
	£	£
Trade Payables	130,684	209,425
Other Payables	2,256,167	6,749,040
Accruals	668,903	1,135,714
	<hr/>	<hr/>
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	3,055,754	8,094,179
Deferred Income	33,849	1,270
	<hr/>	<hr/>
Total Trade and Other Payables	3,089,603	8,095,449
Less Current Portion - Trade Payables	(130,684)	(209,425)
Less Current Portion - Other Payables	(1,963,885)	(4,752,673)
Less Current Portion - Accruals	(668,903)	(1,135,714)
Less Current Portion - Deferred Income	(33,849)	(1,270)
	<hr/>	<hr/>
Total Current Portion	2,797,321	6,099,082
	<hr/>	<hr/>
Total Non-Current Portion	292,282	1,996,367
	<hr/> <hr/>	<hr/> <hr/>

Company

	2025	2023
	£	£
Trade Payables	28,375	153,272
Payables to related parties	2,448,649	2,331,529
Other Payables	3,684	6,200,266
Accruals	141,667	139,583
	<hr/>	<hr/>
Total Trade and Other Payables	2,622,375	8,824,650
Less Current Portion - Trade Payables	(28,375)	(153,272)
Less Current Portion - Payables to related parties	(2,331,529)	(2,331,529)
Less Current Portion - Other payables	(3,684)	(4,232,917)
Less Current Portion - Accruals	(141,667)	(139,583)
	<hr/>	<hr/>
Total Current Portion	2,505,255	6,857,301
	<hr/>	<hr/>
Total Non-Current Portion	117,120	1,967,349

19. Loans and Borrowings
Group

	2025	2023
	£	£
Non-Current		
Bank Loans - secured	663,172	1,215,910
Lease liabilities	6,514,424	48,539
	<hr/>	<hr/>
	7,177,596	1,264,449
Current		
Bank Loans - secured	5,006,972	60,903
Lease liabilities	290,143	102,587
Convertible Debt	1,748,072	5,204,659
	<hr/>	<hr/>
	7,045,187	5,368,149

Changes in the Group's liabilities arising from financing activities can be classified as follows:

	Bank Loans	Lease Liabilities	Convertible Debt	Total
1 January 2024	1,215,910	151,126	5,204,659	6,571,695
Cashflows				
Repayment	(1,130,506)	(965,597)		(2,096,103)
Proceeds	5,213,076		632,319	5,845,395
Non-Cash Movement				
Interest	226,797	352,606	311,094	890,497
Acquired on business combination		7,062,748		7,062,748
Additions		283,898		283,898
Conversion			(4,400,000)	(4,400,000)
Foreign Exchange Movement	144,867	(80,214)		64,653
30 June 2025	5,670,144	6,804,567	1,748,072	14,222,783

Bank Loans

As part of the acquisition of Cosme Science, Sonotas Corporation acquired the outstanding debt of 1,000,000,000 Yen (approximately £5.3 million between Cosme Science and its former owner, Hokkan Holdings). The acquisition is funded via a bank loan in Japan.

The loan was taken out in April 2024 and will be repaid in full by March 2029. Interest on the loan is calculated at Tokyo InterBank Offered Rate (TIBOR) + 2%. TIBOR is calculated on average at 0.6%.

Subsequent to the year end, three covenants under this facility were breached. As a result, the full loan balance of £4,838,461 has been reclassified as a current liability in these financial statements as it is considered repayable on demand. Management are in ongoing discussions with the bank to agree a remedy, which are expected to conclude in the near term. Further details are provided in note 27.

As a condition of the loan, the bank established a floating charge over the freehold property of Cosme.

The financing arrangements with Shoko Chukin Bank include a number of financial and non-financial covenants that could affect the classification of the related borrowings as current or non-current under IAS 1.76ZA. The principal covenants are summarised below.

The agreements require the borrower (Cosme Science Co., Ltd.) and its subsidiary to maintain non-negative net assets at each financial year-end and to avoid two consecutive years of ordinary losses on a simple-combined basis. The Sonotas Group is also required to provide periodic financial information to the lender, including annual financial statements and tax filings within four months of year-end, and quarterly financial information within two months of each quarter-end. The Cosme Science Group must also notify the lender immediately of specified events, including significant litigation, regulatory actions, loss of key licences, material adverse changes, or any circumstances that could give rise to a default.

The agreements impose restrictions on dividends and other equity distributions, the incurrence of new financial indebtedness, the provision of guarantees, capital expenditure, investments, related-party payments, changes to the Group's business or ownership structure, and the granting of security interests other than those already agreed. The Sonotas Group is also required to maintain all necessary licences, comply with applicable laws, preserve the validity of security interests, and ensure that the borrowings rank at least pari passu with other unsecured obligations.

Breach of any of these covenants may result in the lender demanding immediate repayment of all outstanding amounts.

Company

	2025	2023
	£	£
Current		
Convertible Debt	<u>1,748,072</u>	<u>5,204,659</u>
	1,748,072	5,204,659

Convertible Debt

On 12 October 2022, £4.4m was loaned to Silverwood Brands plc from Castelnaud for the acquisition of NBY London Ltd. The loan has an interest rate of 15% p.a, which is non compounding and was due to be repaid by 12 October 2023. The principal loan amount of £4.4M was converted into equity 31 January 2024 for 54p per Ordinary share. The interest continues to accumulate.

The Lendor has the option to convert the loan to equity. The balance is expected to be converted into equity before June 2026.

£710,448 of convertible debt relates to loans made by the directors Andrew Gerrie and Andrew Tone. Details of these loans can be found in note 24.

20. Provisions

	Provision for legal fees	Dismantling Provision	Total
At 1 January 2024	286,282	-	286,282
On Acquisition of Subsidiary	-	561,032	561,032
Utilised during the period	(250,000)	-	(250,000)
Recognised in the profit or loss	(36,282)	-	(36,282)
At 30 June 2025	-	561,032	561,032

Provision for Legal Fees

During the prior year, the group has recognised a provision of £286,282 relating to legal fees. This provision has been fully utilised during the period via payment of £250,000 and a reversal in the profit or loss of £36,282.

Dismantling Provision

As part of acquisition of Cosme, tangible assets of £14,033,340 were acquired into the Group. This value primarily represents the factory owned by Cosme Science. The factory is built on land which Cosme leases.

The lease agreement which was signed in 2015 has a condition stating Cosme must restore the land to its original condition by decommissioning the factory. The estimate for this work 167 million Yen, around £791,000.

The end date of the lease for when the provision will be utilised is 2045.

21. Share Capital

	2025 Number	2025 £	2023 Number	2023 £
Ordinary Shares of £0.10 Each				
At 1 January	32,500,176	3,250,018	24,202,969	24,202,969
Shares Issued	9,999,999	1,000,000	18,683,115	1,868,312
Capital Reduction	-	-	(228,212,632)	(22,821,263)
At 30 June (Prior Period: 31 December)	42,500,175	4,250,018	32,500,176	3,250,018

On 31 January 2024, the Company allotted 9,999,999 Ordinary shares of £0.10 each at a price of £0.54 for total consideration of £5,400,000.

The consideration was in two parts; £4,400,000 was the conversion of the Convertible Loan Note detailed in Note 19. The remaining £1,000,000 was from of a cash injection from Andrew Gerrie.

22. Leases

The Group applies IFRS 16 Leases as the standard to which it recognises and accounts for its leasing arrangements. Leases of land, buildings and machinery under long term rental and hire agreements are recognised as right of use assets, depreciated over the term of the lease and corresponding lease liabilities recognised for the present value of future payments due under the lease.

The details of the right of use assets can be found in note 13.

	2025
Within one year	561,781
In two to five years	2,085,597
In over five years	7,206,541
Total undiscounted liabilities	9,853,919
Less future finance charges and effect of discounting	(3,049,352)
Lease liabilities in the financial statements	6,804,567

Lease liabilities are due as follows:

	2025	2023
	£	£
Not later than one year	290,143	102,587
Between one and five years	1,122,190	48,539
Later than five years	5,392,234	-
	6,804,567	151,126
Non-Current	6,514,424	48,539
Current	290,143	102,587

The following amounts in respect of leases have been recognised in the profit or loss

Interest expense on lease liabilities	352,606	52,231
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23. Financial Instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by senior executives ("executives") under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits.

	2025	2023
	£	£
Carrying amount of financial assets Measured at amortised cost		
Trade Receivables	1,922,903	1,346,873
Prepayments and Accrued Income	482,741	423,853
Tax Recoverable	1,410	1,410
Other Receivables	534,349	1,623,425
	2,941,403	3,395,561
Carrying amount of financial Liabilities Measured at amortised cost		
Trade Payables	130,684	209,425
Other Payables	2,290,016	2,636,257
Bank loans	5,670,144	1,276,813
Lease liabilities	6,804,567	151,126
Convertible Debt	1,748,072	5,204,659
	16,643,483	9,478,280
Measured at fair value through profit or loss		
Other Payables	-	4,112,783
	-	4,112,783

Other payables measured at fair value represents contingent consideration payable on earn-outs on subsidiaries.

Market risk

Although not currently material to the financial statements, the Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Price risk

The Group is exposed to changes in price of its equity investments.

Interest rate risk

The Group's main interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value risk

At present the directors do not believe that the Group has significant interest rate risk and consequently does not hedge against such risk. Cash balances earn interest at variable rates.

The Group's interest generating financial assets as at 30 June 2025 comprised cash at bank of £3,071,223 (2023: £2,799,380) Interest is paid on cash at bank at floating rates in line with prevailing market rates.

The Group's interest generating financial liabilities as at 30 June 2025 included terms loans and convertible loan agreements totalling £14,222,783.

Credit risk

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

The Group considers its exposure to credit risk which the directors determine as being the risk that trade receivables are not recoverable from the counterparty. As such, management has established a framework for the Group to operate in to mitigate and minimise exposure to credit risk. This is achieved by a series of controls and systems to assess the credit worthiness of customers, establish appropriate credit limits and operate an efficient ongoing credit control process. The Group can cease supplies to customers where required but aims to work closely with its customers and maintain open and regular communication to avoid the need to any enforcement action to collect debts past due.

No significant receivable balances are impaired at the reporting end date.

At 30 June 2025, trade receivables are shown net of an allowance for doubtful debts of £68,864 (2023: £49,285).

Management have elected not to provide for any expected credit losses arising against trade receivables and accrued income outstanding at the year end. The directors have considered the historic bad debt record of the Group been immaterial to the Group's operations and the directors have confidence in the credit control processes placed on customer accounts being effective to the extent that the chance of material future bad debts is considered to be remote.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

As at 30 June 2025, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 years
Japanese Yen Loans	5,179,816	103,743	735,760	216,846
Trade and Other Payables	2,463,319	121,098	29,859	475,327
	7,643,135	224,841	765,619	692,173

Following the covenant breach disclosed in note 19 and note 27, the Cosme's loan has been reclassified as repayable on demand and is reflected in the maturity analysis above accordingly.

Capital risk management

The Group is not subject to any external capital requirements. The Group's management objectives are to ensure the Group is appropriately funded to continue as a going concern and to provide an adequate return to shareholders commensurate with risk. The Group defines shareholder's equity as share capital and equity reserves. The Group has external debt finance in the form of leases and overdrafts, gearing is not measured. The Group's structure is periodically reviewed and, if appropriate, adjustments are made in the light of expected future funding needs, changes in economic conditions, financial performance and changes in Group structure.

The Group adheres to the maintenance requirements as set out in the Companies Act 2006.

24. Related Party Transactions

Loans from Castelnau Group Limited

Castelnau Group Limited (“Castelnau”) is a public company traded on the London Stock Exchange which was formed by Phoenix Asset Management Partners Limited (“Phoenix”) in 2020. Andrew Gerrie is a non-executive director at Phoenix.

On 12 October 2022, £4.4m was loaned to Silverwood Brands plc from Castelnau for the acquisition of NBY London Ltd. The loan has an interest rate of 15% p.a, which is non compounding and was due to be repaid by 12 October 2023.

The principal loan amount of £4.4M was converted into equity 31 January 2024 for 54p per Ordinary share. The interest continues to accumulate and is expected to be converted into equity before June 2026.

Loan from Silver Americium Limited

Silver Americium Limited (“Silver”) is a private company incorporated and registered in England and Wales. Andrew Gerrie is a director of Silver.

On 22 February 2024, £500,000 was loaned to Silverwood Brands plc from Silver.

The loan has an interest rate of 9% p.a, which is non compounding and is expected to be converted into equity before June 2026.

Loan from Andrew Tone

Andrew Tone is a director of Silverwood Brands plc and Sonotas Holdings. On 12 March 2024, £132,319 was loaned to Silverwood Brands plc from Andrew Tone.

The loan has an interest rate of 9% p.a, which is non compounding and is expected to be converted into equity before June 2026.

Property Rented from Andrew Tone

During the period, Sonotas Corporation rented a property in which Andrew Tone is the lessor. The property is used for residential purposes for Sonotas employees.

Rental costs of £12,475 were paid to Andrew Tone during the eighteen months to June 2025.

Directors

Directors' remuneration for the period is detailed in the director's report.

25. Controlling party

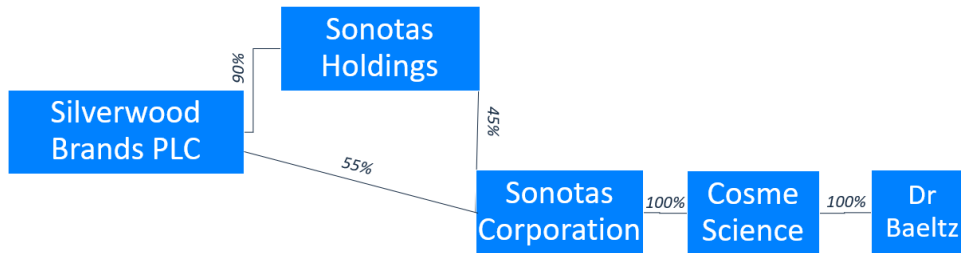
Following the capital reduction and cancellation of the Lush consideration shares, it is considered that there is no controlling party.

26. Business combinations during the period

Subsidiaries acquired

During the period, Sonotas Corporation, a subsidiary of Silverwood acquired 100% of Cosme Science Corporation and its 100% owned subsidiary; Dr Baeltz Corporation. Both companies are established in Japan.

To help understand how this acquisition impacts the group structure, we have offered the illustration below.



For the disclosure below, the group is collectively referred to as “Cosme”.

Name	Principal Activity	Date of Acquisition	Portion of voting equity right acquired	Consideration transferred
			%	£
Cosme	Production and distribution of skincare products	28 March 2024	100	-

Consideration transferred

Cash consideration of 1 Yen was paid to acquire the Cosme Science Group.

Assets acquired and liabilities recognised at the date of acquisition

Cosme
£
Non-Current Assets

Property Plant and Equipment	14,033,340
Intangible Assets	227,589
Investments	277,717

Current Assets

Inventories	1,256,295
Trade + other receivables	1,801,407
Cash and Cash Equivalents	172,862

Non-Current Liabilities

Loans + borrowings	11,811,072
Trade + other receivables	812,997
Deferred tax	1,203,292

Current Liabilities

Trade + other liabilities	1,229,918
Loans + borrowings	525,372

2,186,559

Goodwill arising on acquisition

Consideration Transferred	-
Fair value of identifiable net assets acquired	(2,186,559)
Negative Goodwill arising on acquisition	(2,186,559)
Foreign Exchange Differences*	31,974
Negative Goodwill in Statement of Profit or Loss	(2,154,585)

Net cash outflow on acquisition

Consideration paid in cash	-
Less: cash and cash equivalent balances acquired	(172,862)
	(172,862)

Acquisition of Cosme Science

On 28 March 2024, the group acquired 100% of the share capital of Cosme Science ("Cosme") for a total consideration of 1 Yen.

As part of the acquisition, Sonotas Corporation acquired the outstanding debt of 1,000,000,000 Yen (approximately £5.3 million between Cosme Science and its former owner, Hokkan Holdings). The debt was paid off in full using a bank loan taken out in Japan.

The acquisition brings two companies into the group; Cosme Science and Dr Baeltz. This strategic acquisition marks a significant step for Silverwood Brands and Sonotas in enhancing their R&D and manufacturing capabilities within the Japanese market, renowned for its leadership in high-quality health and beauty product development and manufacture. Cosme Science, with its over 40 years of excellence in the beauty industry, brings an extensive portfolio of skincare, haircare, and a broad range of self-care products developed by its in-house R&D team and laboratory. Dr. Baeltz, with more than 35 years of creating clean, safe, and effective products suitable for sensitive skin, represents an exceptional opportunity for market expansion.

Negative Goodwill of £2,154,585 is recognised in relation to the acquisition of Cosme's assets. This has been expensed as a Gain on Bargain Purchase in the Statement of Comprehensive Income.

Post acquisition revenue of £8,145,645 and a loss of £770,944 have been recognised in respect of Cosme.

**As the acquisition was translated into the Group's functional currency at the acquisition date, the identifiable assets and liabilities acquired were translated using the Yen/GBP exchange rate applicable on that date. The resulting Gain on Bargain Purchase is, however, translated at the average exchange rate for the period. This difference in translation methodology gives rise to an exchange variance of £31,974.*

27. Events after the reporting date

Balmonds Deferred Consideration Shares

1,049,050 Ordinary Shares were allotted for the deferred consideration payment for the acquisition of Balmonds. The shares were issued on 21 July 2025 for a total consideration of £891,692. This amount is presented in the Statement of Financial Position as “Shares to be Issued”.

Covenant Breach

Covenant breaches – Shoko Chukin Bank loan facility

Subsequent to the year end, the directors identified that Cosme Science Co., Ltd. had breached three covenants under the bank loan facility with Shoko Chukin Bank, as described in note 19 — relating to two consecutive periods of ordinary loss, the timely submission of financial statements, and the assignment of receivables as collateral without prior written consent. As a result of the breaches, the full loan balance of £4,838,461 has been reclassified as a current liability in these financial statements as it is considered repayable on demand.

Management's response and going concern

Management are in ongoing discussions with Shoko Chukin Bank to agree a remedy in respect of the breaches, which are expected to conclude in the near term. The discussions to date have been positive and there is no indication that the bank intends to recall the loan in full. Management believe that any early repayment, if required, will relate to only part of the outstanding balance. The directors remain confident in their assessment that the Group has adequate resources to continue as a going concern, as set out in the going concern accounting policy.