Company registration number SC331521 (Scotland)

VEGWARE LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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VEGWARE LIMITED

COMPANY INFORMATION

Directors	S Bikulege D Norman
Secretary	Burness Paull LLP
Company number	SC331521
Registered office	39 Melville Street Edinburgh EH3 7JF
Auditor	RSM UK Audit LLP Chartered Accountants Third Floor 2 Semple Street Edinburgh EH3 8BL
Solicitors	Burness Paull LLP 50 Lothian Road Festival Square Edinburgh EH3 9WJ

VEGWARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

The directors present the strategic report for the year ended 31 December 2025.

Vegware is a trusted brand of plant-based compostable food packaging and its end-of-life solutions and is widely recognised as a global specialist in its field, with operational bases in the UK and Netherlands.

Vegware is part of the Novolex Group, a US-based portfolio company with significant manufacturing capabilities encompassing a diverse family of packaging brands. Among them is Eco-Products, a US category leader in sustainable food service packaging. Novolex provides the platform for us to continue to develop our product portfolio, value proposition and waste management solutions.

Vegware's plant-based catering disposables are made from renewable or recycled materials and are all suitable for commercial composting with food waste through our Close the Loop collections that manage end of life for our product range.

Vegware has a proven ability to leverage very strong relationships across the industry, including major contract caterers, national and regional distributors, and blue-chip end-users. Vegware embraces a strategic partnership approach to its clients, with a strong focus on R&D and innovation to ensure regular product refresh to meet client demand. This includes regular strategic discussion with clients to understand their expected product evolution to ensure product supply meets product demand as well as providing full creative consultancy and custom printing services.

Vegware's engagement with the waste sector is one of its key strategic advantages and is actively increasing access to commercial composting and offering clients full environmental support. Vegware continues to focus not only on the development and supply of compostable packaging but is a market leader in ensuring that the disposal of used product to composting facilities is maximised, and its own trade waste collection initiative, Close the Loop, is an important part of its offering to clients.

Vegware's combination of innovative products and services, exceptional relationships, knowledge capital, growing global presence and consumer environment, has created the platform to enable Vegware to become one of the world's foremost brands of eco catering disposables.

Financial key performance indicators (KPIs)
The board monitors the progress of the company by reference to the following KPIs:

	31 Dec 25	31 Dec 24
UK sales contraction	(12%)	(11%)
Export sales contraction	(18%)	(24%)
Gross margin pre fulfilment	36%	35%
EBTDA	£3,885,754	£4,759,388

EBTDA has been calculated as profit before tax adjusted for depreciation and amortisation.

Business review
Vegware achieved EBTDA for the year of £3,885,754 (2024: £4,759,388).

Total sales of £42.1m represent a 13% decrease from the previous year. UK sales of £31.9m fell by 12% (2024: £36.1m) with volume adversely affected by aggressive pricing strategies by our competitors. Export sales of £10.2m (2024: £12.4m) fell by 18% with customers seeking lower priced goods from non-compostable materials and European sales continuing to be challenging due to the SUPD regulations in place in the EU and the impact of US tariffs driving increased Asian direct supply at low cost into the market.

Gross margin over the whole year is in line with 2024 despite the pressures on prices and ongoing cost inflation. The Red Sea crisis had a significant effect on ocean freight charges, with costs increasing from Q2 2024 onwards and impacting profitability into early 2025 before steadying and lowering as the year continued. 2025 also included the introduction of EPR ("Extended Producer Responsibility") fees.

Profit for the year was £68,556 (2024: £4,711,661), the fall in the year is attributable to utilising tax losses from a fellow subsidiary for which a charge is recognised.

Business review (continued)
Cash as at the current year-end is lower than at the previous year-end due to a dividend payment of £7.8m made in the year.

Principal risks and uncertainties
Legislation continues to be a significant challenge for the business both in Europe and the UK, with single use products continuing to be the focus. EPR fees came into force in the UK from 1 April 2025, with further developments and changes being implemented from 1 April 2026 and beyond. EPR continues to cause uncertainty and confusion across the sector as modulated fees, based on materials assessed through RAM ("Recyclability Assessment Methodology"), become applicable. The SUPD ("Single Use Plastics Directive") and PPWR ("Packaging and Packaging Waste Regulation") restrictions remain a key risk in Europe.

The economic environment over the last few years has proven challenging with the cost-of-living crisis in particular impacting demand in the sector, driving customers to be more price sensitive and seeking cheaper, non-compostable alternative products. We regularly monitor competitor landscapes to ensure we continue to offer compelling propositions to our customers.

The business is structurally well set-up and efficient whilst the additional support from Eco-Products and the wider Novolex group provides us access to high levels of regulatory and compliance support. Novolex is supportive of Vegware's growth and development, and the backing of a larger enterprise means we are well placed to adapt to any upcoming market and external changes.

Future developments
2026 will see similar challenges to those that the business has faced over the last few years of legislation, competition and cost volatility. However, management and the wider team are experienced and well equipped to meet these challenges.

Cost volatility, as seen over the last number of years, continues into 2026 with the Iran War impacting on inbound and outbound freight costs and driving up costs of goods due to increasing fuel prices and the impact on manufacturing costs.

Vegware trades in a wide array of geographies, markets and channels and very strong relationships with clients and suppliers continue to provide resilience and a strong basis with which to continue to develop our markets.

The trading outlook for 2026 is strong with an ongoing focus on volume growth and cost control.

Section 172(1) Statement
The directors aim to act in a way that promotes the long-term success of the business, for the benefit of all its stakeholders. Section 172 matters are considered in our strategy development and significant decisions across all aspects of our business.

Section 172 requires directors to have regard to:
- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly between members of the company.

The directors are aware of their responsibilities under section 172 to ensure the company acts fairly in all its dealings and communications with key stakeholder groups and to consider the impact of the company's operations on the wider community and environment. They take consideration of a range of factors including the section 172 duties as noted above in making decisions. Decisions taken in the year included the approval of a budget for 2026 and pricing decisions due to key customer tenders and the cost impacts of EPR.

Engagement with employees
The health and wellbeing of our employees is a top priority for the company and our employees are key to our continued growth, strength and innovation as a business. We have a safe, dynamic and diversified workplace that creates the conditions for our team to grow and develop while promoting dedication, honesty, teamwork and integrity.

Employees are informed by Directors and management of the performance and progress of the company on a regular basis via monthly whole team meetings, monthly management meetings, other formal and informal meetings as well as other regular communication including monthly Newsletters.

Engagement with suppliers, customer and others
We communicate with customers and suppliers to create long-term value for our stakeholders by providing industry-leading expertise, solutions, and products. We gather regular, structured feedback from our customers on products and ranges, engaging them in the development of items and categories that will enhance our value proposition. We have established routines of regular contact with our supplier base and Novolex colleagues to ensure product and materials development allow us to stay ahead of changing legislation.

B-Corp Certification
In 2023, Vegware Limited became a Certified B-Corporation showing our commitment to being a business that is a force for good. The B-Corporation assessment measures our approach to supplier sourcing, impact on community, and holds us to the highest standards of social and environmental performance. This rigorous assessment ensures transparency and accountability through our business practices.

On behalf of the board

.....
D Norman
Director
Date: 28/09/26

VEGWARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

The directors present their annual report and financial statements for the year ended 31 December 2025.

Principal activities
The principal activity of the company continued to be that of the development, importation and distribution of eco friendly catering disposables and food packaging.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Bikulege
D Norman

Results and dividends
The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £7,800,000. The directors do not recommend payment of a further dividend.

Qualifying third party indemnity provisions
The company has made qualifying third-party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial risk management
The company is subject to risk factors both internal and external to its business.

The Board regularly reviews the process of identifying, evaluating and managing the significant risks that it faces and considers the acceptance of appropriate risk to be an integral part of business. The Board aims to ensure that unacceptable levels of risk are avoided or reduced to an acceptable level.

The company does not consider it necessary to employ derivatives to manage risk based on the current activities of the group.

Auditor
RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic report
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to take as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Energy and carbon reporting
As a large unquoted company with UK energy usage of over 40,000kWh, we are required to disclose associated UK GHG energy emissions from energy use. Vegware Limited's energy and carbon reporting disclosures are presented in the group accounts of our parent company, Novolex UK Holdings Limited, and therefore do not require separate disclosure here.

On behalf of the board

.....
D Norman
Director
Date: 28/09/26

VEGWARE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEGWARE LIMITED

Opinion

We have audited the financial statements of Vegware Limited (the 'company') for the year ended 31 December 2025 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 set out on page 6, 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 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 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business. Substantive testing was performed over the revenue balance, including the use of data analytics software to map elements of the revenue cycle and investigation of outliers to source documentation, and performing cut-off procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://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.

Claire Monaghan

Claire Monaghan (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

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28/09/26

VEGWARE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 £	2024 £
Turnover	**3**	42,113,452	48,509,518
Cost of sales		(32,950,561)	(38,156,721)
Gross profit		9,162,891	10,352,797
Administrative expenses		(5,476,395)	(5,807,191)
Other operating income		88,368	106,179
Operating profit	**6**	3,774,864	4,651,785
Interest receivable and similar income	**8**	3,117	45,881
Profit before taxation		3,777,981	4,697,666
Tax on profit	**9**	(3,709,425)	13,995
Profit for the financial year		68,556	4,711,661

Company Registration No. SC331521

VEGWARE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Fixed assets					
Intangible assets	**11**		-		-
Tangible assets	**12**		201,082		249,078
			201,082		249,078
Current assets					
Stocks	**13**	6,049,263		6,817,713	
Debtors	**14**	8,102,466		8,616,064	
Cash at bank and in hand		4,105,844		7,854,751	
		18,257,573		23,288,528	
Creditors: amounts falling due within one year	**15**	(10,308,917)		(7,693,958)	
Net current assets			7,948,656		15,594,570
Total assets less current liabilities			8,149,738		15,843,648
Provisions for liabilities	**16**		(238,000)		(200,466)
Net assets			7,911,738		15,643,182
Capital and reserves					
Called up share capital	**19**		270		270
Share premium account	**20**		446,454		446,454
Profit and loss reserves	**20**		7,465,014		15,196,458
Total equity			7,911,738		15,643,182

The financial statements were approved by the board of directors and authorised for issue on 28/09/26 and are signed on its behalf by:

D. E. N.

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D Norman

Director

VEGWARE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2024		270	446,454	11,984,797	12,431,521
Year ended 31 December 2024:					
Profit and total comprehensive income for the year		-	-	4,711,661	4,711,661
Dividends	**10**	-	-	(1,500,000)	(1,500,000)
Balance at 31 December 2024		270	446,454	15,196,458	15,643,182
Year ended 31 December 2025:					
Profit and total comprehensive income for the year		-	-	68,556	68,556
Dividends	**10**	-	-	(7,800,000)	(7,800,000)
Balance at 31 December 2025		270	446,454	7,465,014	7,911,738

1 Accounting policies

Company information

Vegware Limited is a private company limited by shares and is registered and incorporated in Scotland (SC331521). The registered office is 39 Melville Street, Edinburgh, EH3 7JF.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Novolex UK Holdings Limited. The consolidated accounts of Novolex UK Holdings Limited are available from the Registrar of Companies at Companies House.

Going concern

The directors are of the opinion that the company can meet its obligations as they fall due for the foreseeable future. The directors have prepared budgets and cash flow projections that show the company will be profitable for the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. In making their assessment, the directors have considered a period of at least 12 months from the date of approval of these financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1 **Accounting policies (Continued)**

Where income is received in advance, this is included in deferred income, and only recognised within turnover on the dispatch of goods to the buyer.

Other operating income represents management time recharged to group entities, government grant income and rental income.

Research and development expenditure
Research expenditure is written off against profits in the year in which it is incurred.

Intangible fixed assets other than goodwill
Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	33% on cost

Any upgrades to the original software are processed as additions to intangible fixed assets, and subsequently amortised over the remaining useful life of the original software.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Property improvements	25% on cost
Plant and machinery	33% on cost
Equipment, fixtures and fittings	33% on cost
Computer equipment	25% on cost

Assets under construction are not depreciated until they are in the location and condition necessary to be capable of operating in the manner intended by management.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Stocks
Stocks are stated at the lower of cost, including shipping costs, and net realisable value.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1 **Accounting policies (Continued)**

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

1 **Accounting policies (Continued)**

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 **Accounting policies (Continued)**

Retirement benefits
For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases
Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Government grants
Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable.

Foreign exchange
Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

2 **Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Stock
In preparing these financial statements, the directors have determined whether stock values are appropriate, taking into consideration the impact of slow-moving and obsolete stock and providing accordingly. The accounts include a provision against stock of £261,971 (2024: £309,749).

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2025	2024
	£	£
Turnover analysed by class of business		
Sale of goods	42,113,452	48,509,518

	2025	2024
	£	£
Turnover analysed by geographical market		
United Kingdom	31,910,631	36,075,647
Ireland	4,683,362	6,432,807
Rest of Europe	4,872,207	5,354,447
Rest of the World	647,252	646,617
	42,113,452	48,509,518

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2025	2024
	Number	Number
Management	24	26
Admin	47	51
Total	71	77

Their aggregate remuneration comprised:

	2025	2024
	£	£
Wages and salaries	3,055,835	3,485,828
Social security costs	374,979	391,373
Pension costs	406,894	195,137
	3,837,708	4,072,338

5 Directors' remuneration

The directors received no remuneration from this company during the year as they were remunerated higher up the group and the company was not recharged for any services provided by these directors.

6 Operating profit

Operating profit for the year is stated after charging/(crediting):	2025 £	2024 £
Exchange (gains)/losses	(98,131)	111,870
Research and development costs	21,842	50,874
Government grants	(452)	(16,396)
Depreciation of owned tangible fixed assets	107,773	61,722
Profit on disposal of tangible fixed assets	(1,818)	-
Operating lease charges	249,664	216,542

Government grants consists of amounts received from UK Research and Innovation grants. Government grant income is included within other operating income.

7 Auditor's remuneration

Fees payable to the company's auditor and its associates:	2025 £	2024 £
For audit services		
Audit of the financial statements of the company	50,000	48,000
For other services		
All other non-audit services	6,825	5,950

8 Interest receivable and similar income

	2025 £	2024 £
Interest income		
Other interest income	3,117	45,881

9 Taxation

	2025 £	2024 £
Current tax		
Group tax relief	3,787,117	-
Deferred tax		
Origination and reversal of timing differences	(32,015)	24,990
Adjustment in respect of prior periods	(45,677)	(38,985)
Total deferred tax	(77,692)	(13,995)
Total tax charge/(credit)	3,709,425	(13,995)

9 Taxation (Continued)

The UK corporation tax rate for the current year is 25% (2024: 25%).

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2025 £	2024 £
Profit before taxation	3,777,981	4,697,666
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2024: 25.00%)	944,495	1,174,417
Tax effect of expenses that are not deductible in determining taxable profit	3,974	33,026
Group relief claimed	(984,567)	(1,182,467)
Permanent capital allowances in excess of depreciation	4,083	14
Deferred tax adjustments in respect of prior years	(45,677)	(38,985)
Payment for group relief	3,787,117	-
Taxation charge/(credit) for the year	3,709,425	(13,995)

10 Dividends

	2025 £	2024 £
Final paid	7,800,000	1,500,000

11 Intangible fixed assets

	Software £
Cost	
At 1 January 2025 and 31 December 2025	225,027
Amortisation and impairment	
At 1 January 2025 and 31 December 2025	225,027
Carrying amount	
At 31 December 2025	-
At 31 December 2024	-

12 Tangible fixed assets

	Property improvements	Assets under construction	Plant and machinery	Equipment, fixtures and fittings	Computer equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2025	30,740	12,560	962,745	63,249	112,165	1,181,459
Additions	-	66,143	-	-	-	66,143
Disposals	-	-	(7,879)	-	-	(7,879)
Transfers	-	(30,970)	30,970	-	-	-
At 31 December 2025	30,740	47,733	985,836	63,249	112,165	1,239,723
Depreciation and impairment						
At 1 January 2025	22,388	-	735,204	63,249	111,540	932,381
Depreciation charged in the year	3,424	-	103,724	-	625	107,773
Eliminated in respect of disposals	-	-	(1,513)	-	-	(1,513)
At 31 December 2025	25,812	-	837,415	63,249	112,165	1,038,641
Carrying amount						
At 31 December 2025	4,928	47,733	148,421	-	-	201,082
At 31 December 2024	8,352	12,560	227,541	-	625	249,078

13 Stocks

	2025	2024
	£	£
Finished goods and goods for resale	6,049,263	6,817,713

Stock impairment losses recognised in the statement of comprehensive income in the year amounted to £180,199 (2024: £69,080).

14 Debtors

Amounts falling due within one year:	2025 £	2024 £
Trade debtors	4,119,794	5,101,005
Corporation tax recoverable	1,310,000	1,310,000
Amounts owed by group undertakings	82,037	63,682
Prepayments and accrued income	2,523,409	2,141,377
	8,035,240	8,616,064
Deferred tax asset (note 17)	67,226	-
	8,102,466	8,616,064

Included in prepayments and accrued income is stock in transit of £2,113,136 (2024: £1,990,541).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

15 Creditors: amounts falling due within one year

	2025 £	2024 £
Trade creditors	3,520,876	4,510,211
Amounts owed to group undertakings	3,814,998	5,800
Taxation and social security	326,605	343,039
Other creditors	38,484	37,710
Accruals and deferred income	2,607,954	2,797,198
	10,308,917	7,693,958

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

16 Provisions for liabilities

	Notes	2025 £	2024 £
Dilapidations provision		238,000	190,000
Deferred tax liabilities	17	-	10,466
		238,000	200,466

19 Share capital

Ordinary share capital	2025 Number	2024 Number	2025 £	2024 £
Issued and fully paid				
Ordinary shares of 0.1p each	270,466	270,466	270	270

The company has one class of ordinary shares which have full voting and dividend rights.

20 Reserves

Share premium account
Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves
Cumulative profit and loss net of distributions to owners.

21 Operating lease commitments

Lessee
At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2025 £	2024 £
Within one year	249,223	247,018
Between one and five years	215,113	470,027
	464,336	717,045

22 Ultimate controlling party

Vegware Holdings Limited is the company's immediate parent. The company's ultimate parent entity is AP IX Clydesdale Holdings LP, an American limited partnership.

Novolex UK Holdings Limited, registered at 6 Lloyds Avenue, Unit 4CL, London, England, EC3N 3AX, heads up the smallest and largest group for which consolidated accounts including Vegware Limited are prepared. The consolidated accounts of Novolex UK Holdings Limited are available from the Registrar of Companies at Companies House.

16 Provisions for liabilities (Continued)

Movements on provisions apart from deferred tax liabilities:

	Dilapidations provision £
At 1 January 2025	190,000
Additional provisions in the year	48,000
At 31 December 2025	238,000

The provision relates to dilapidations for a lease for the company's current premises, with the lease expiring on 27 November 2027.

17 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

Balances:	Liabilities 2025 £	Liabilities 2024 £	Assets 2025 £	Assets 2024 £
Accelerated capital allowances	-	57,966	(40,656)	-
Short term timing differences	-	(47,500)	107,882	-
	-	10,466	67,226	-

Movements in the year:	2025 £
Liability at 1 January 2025	10,466
Credit to profit or loss	(77,692)
Asset at 31 December 2025	(67,226)

18 Retirement benefit schemes

Defined contribution schemes	2025 £	2024 £
Charge to profit or loss in respect of defined contribution schemes	406,894	195,137

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the period end contributions amounting to £38,484 (2024: £37,710) were payable to the fund and are included in other creditors (see note 15).