Science in Sport plc

Annual report and financial statements
For the year ended 31 December 2020

Company number 08535116

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STRATEGIC REPORT

HIGHLIGHTS

During a challenging year, the Group performed well, delivering an underlying EBITDA[1] profit of £1.1m (2019: loss of £0.2m) as we strengthened the critical building blocks of long-term profitable growth.

Revenue of £50.4m was in line with the prior year (2019: £50.6m), as Online grew 39% year on year and increased to 50% of total Group sales.

Gross margin improved to 49% (2019: 44%) due to Supply Chain efficiencies, together with sales channel shift to our Digital platform and improved pricing. 50% gross margin was achieved for the second half, reflecting further benefits flowing through.

Key SiS growth markets of Australia, Football, Italy and the USA contributed 28% of total SiS revenue at £7.2m. The USA made good progress with 33% revenue growth to £3.5m and significantly reduced cash burn.

UK Retail was adversely affected by COVID-19 delivering revenues of £16.1m (2019: £21.8m). The £9.3m of International Retail revenue was 14% behind last year (2019: £10.8m). We saw a good recovery in several markets and a resilient rate of sale in key UK product lines in Q4.

While we held some Innovation back given the pandemic, sales from new products still contributed well at £2.2m, some 4% of total Group revenues. The 2021 new product pipeline is extremely strong.

The balance sheet remained strong, with £10.5m of cash (2019: £5.4m) and an £8m unused flexible credit facility. We raised £4.2m net in April 2020 to strengthen the balance sheet, given the COVID-19 pandemic.

Announced a new 160,000 sq. ft. Supply Chain site, together with a new gel processing and packing line. The site will open in Q1 2022 and will support growth to around £150m in revenue.

CURRENT TRADING AND OUTLOOK

Trading for January and February is in line with the same period in 2020, despite the current COVID-19 lockdown in the UK and other key markets. We have continued to make gross margin improvements, and this will underpin EBITDA progress.

Our Online business continues to perform very well with strong growth of 65% versus the same period in 2020, representing 54% of group sales and offsetting the adverse effect of COVID-19 on UK Retail. We continue to see good recovery in our International Retail business.

Trading in March is in line with plan, and we are well placed for growth as lockdown lifts in our key markets.

“Delivering a robust underlying EBITDA profit was a key goal for 2020, and this was achieved through a focus on developing our fundamental building blocks of long-term profitable growth. We realised all expected synergies from the PhD acquisition and saw strong performance across the whole supply chain. Together with our strategic shift to online, this underpinned a step change in gross margin.

The very strong momentum in our online business continues into 2021 with growth in all markets. We see recovery in international retail, and the US business is well ahead of last year. Revenue is on track for the first half, despite continued lockdown restrictions in many key markets. We are well-positioned to accelerate as restrictions are lifted.

Our long-term and proven profitable growth strategy remains unchanged. We have demonstrated the business's resilience in 2020 and are continuing to invest for growth in the key strategic areas of online and technology. This year will see us roll out our premium brands to several key European and Asian markets.

HIGHLIGHTS (continued)

Whilst it is too early to reinstate market guidance, given the current COVID-19 lockdown, we are well funded and remain very optimistic about the long-term growth prospects for the Group".

STEPHEN MOON

Chief Executive Officer

16 March 2021

[1] excludes depreciation, amortisation, non-cash share-based payments, costs relating to the acquisition and integration of PhD Nutrition and foreign exchange variances on intercompany balances (see Note 1.9)

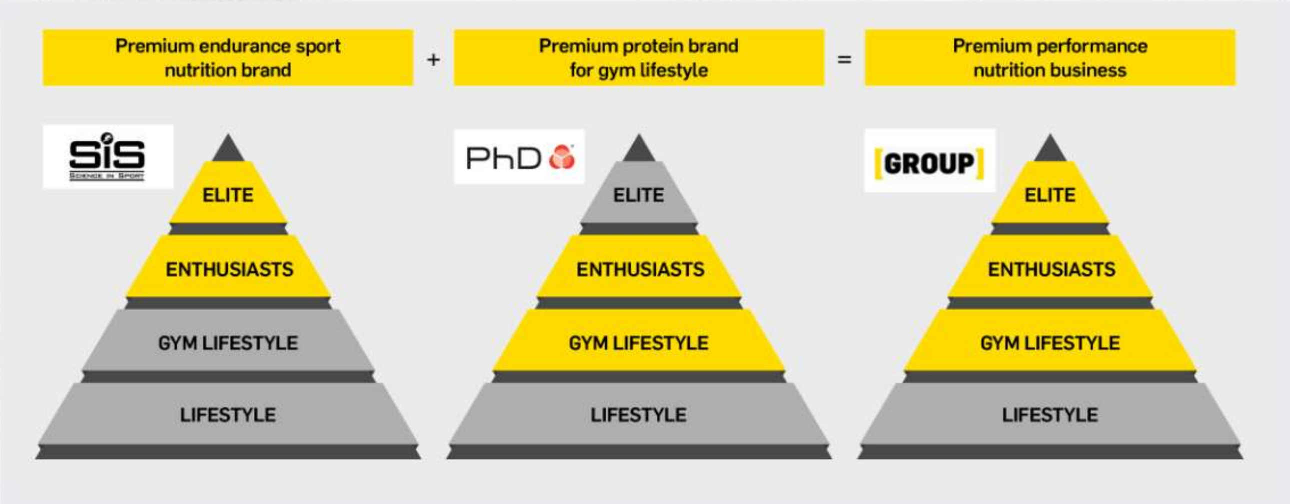
STRATEGIC MODEL

Science in Sport plc is a leading sports nutrition business that develops, manufactures and markets innovative nutrition products for professional athletes, sports and fitness enthusiasts and the gym lifestyle community. The Company has two highly regarded brands: PhD Nutrition, a premium protein brand targeting gym lifestyle and sports enthusiasts, and SiS, a leading brand among elite athletes and professional sports teams.

The two brands are sold internationally through multiple retail channels, both traditional and online, including major supermarkets and high street chains, specialist sports retailers and e-commerce sites including Amazon and the brands' own websites. They enable the Company to address the full breadth of the performance nutrition market currently estimated at approximately £11 billion worldwide.

Customer segments

PhD and SiS have highly complementary products ranges, operations and sales channels, and unrivalled expertise in differing categories and geographies. Combined, these leading brands create significant synergies, and the opportunity to leverage each other's existing markets, and together further penetrate existing markets and conquer new markets. Our brands offer consumers an extended range of unbeatable products, helping to drive forward our ambition to be the world's #1 premium performance nutrition business.



Brands

SiS Science in Sport is a premium endurance sports nutrition brand. But above all else, it represents constant progression. A desire to continually improve, push boundaries, translate science to performance.

- Premium endurance sport nutrition brand for professional athletes and sports enthusiasts;
- Unrivalled reputation of scientific innovation and banned substance control;
- Established presence internationally including strategic markets of the UK, USA, Italy, Australia, Russia and China;
- Strong online growth through own digital platforms; and
- Growing international online marketplace partnerships including Amazon and TMall.

PhD is a premium performance nutrition brand with a wide range of protein products and formats. Delivering performance nutrition that inspires and enables you to achieve your goals.

- Premium protein brand for gym lifestyle;
- Exceptional reputation for innovation and portfolio extension through sub brands;
- Established internationally with strong retail network;
- Strong UK retail presence through key retail partners;
- Own fast-growing PhD.com websites; and
- Growing international online marketplace partnerships including Amazon and TMall.

STRATEGIC MODEL (continued)

Sales channels

The group operates four primary sales channels:

- Digital – own online platforms;
- Marketplace – third party partnerships such as Amazon and Tmall;
- UK Retail – major grocers, high street, convenience and discounters; and
- International Retail – wholesalers, retailers and distributors outside the UK

Products for enhanced performance

SiS:

The SIS energy gel is the world's first isotonic energy gel, delivering energy fast, clinically proven to be absorbed more quickly in the gut, and with no need for added water. Using fully patented technology and manufactured in-house, the gels are our most profitable product. The gel range makes up 42% of SiS revenue (2019: 42%).

The range of SiS products includes:

- **Energy** – Bars, shots, gels and powders to give athletes energy;
- **Hydration** – Gels, tablets and powders to keep athletes energised and hydrated;
- **Recovery** – Powder range to aid athletes' recovery post-exercise;
- **Rebuild** – Powders, gels and bars to build and maintain lean muscle mass; and
- **Athlete health** – Vitamins and supplements range designed to support and maintain immune function, digestive health and bone health amongst athletes.

PhD:

The PhD Smart Range is made up of great tasting high protein, low sugar foods, bars and snacks. This includes the Smart Bar, an on-the-go protein hit, the multi-use Smart Protein suitable for cooking with, a ready-to-drink Smart Protein shake, and an oven-baked high protein flapjack, Smartjack.

The range of PhD products includes:

- **Fat loss** High protein products like Diet Whey with additional ingredients such as CLA, green tea and L Carnitine;
- **Muscle** Protein quality is vital to ensure muscle isn't lost during exercise; PhD performance nutrition has a superior range with delicious flavours;
- **Strength & performance** Ingredients such as creatine, BCAAs, glutamine, caffeine, electrolytes, protein variants and vitamins and minerals, amongst many others are targeted towards naturally and safely enhancing your performance;
- **Energy** Explosive energy or endurance. You decide your goals and PhD have the products to make the difference;
- **Recovery** Protein, branch chain amino acids and various other active performance ingredients play a vital role in optimising recovery after exercise and throughout the day so you can go harder, faster and better the next day;
- **Food & drink** PhD have a market leading range of protein and performance bars, ready-to-drink formulas and brand-new single serve squeezy smoothies, all developed with the serious athlete in mind, but equally ideal for the beginner;
- **Natural Plant** proteins, superfoods, greens, wholefoods, naturally sourced polyphenols, nitrates and vitamins and minerals all play a huge part in optimising performance, which is why PhD have dedicated an entire range to them; and
- **Accessories** From hoodies to shakers, making life that bit easier.

STRATEGIC MODEL (continued)

Our proven strategic model drives long-term value

We invest in our proven strategic model to drive growth across both our PhD and SiS brands. The 5 strategic goals are illustrated below including details of how we drive them, and the impact in 2020:

1. **Performance Innovation**

- Strong science and innovation-led product development;
- Research laboratory and partnership with Liverpool John Moores University, a world recognised sports research centre of excellence;
- Performance solutions support to England Women's Football Teams, INEOS Grenadiers Cycling and Team INEOS UK, Britain's entry in the 36th America's Cup yacht race; and
- £2.2m revenue in 2020 from new product innovation.

2. **Premium Brand**

- Market leading brand equity measures underpinning consistent, multi-year improvement in brand awareness, consideration and usage;
- SiS is the official sports nutrition supplier to many professional teams and organisations including INEOS Grenadiers Cycling Team, Team INEOS UK (America's Cup Team) and Manchester United Football Club;
- PhD brand ambassadors include leading fitness influencers Ross Edgley and Obi Vincent. The PhD brand is an official partner to the Tough Mudder Challenge and Race Series;
- SiS supplies more than 100 professional football clubs in the UK, Europe and USA, and is Performance Research Partner to the English Football Association; and
- Marketing investment over 16% of sales, and up 3% year on year to £8.1m in 2020.

3. **World Class Customer Experience**

- New E-Commerce fulfilment facility with increased operational efficiency
- Extended delivery reach and cut-off times plus enhanced customer service capability
- New US logistics provider with improved delivery solutions options
- 'Excellent' Trustpilot Scores for both PhD and SiS brands

4. **Global Online Scale**

- PhD.com platform is a strategic priority given global scale of protein product sector.
- Global Marketplace growth across Amazon, TMall and eBay platforms.
- Significant investment in people capability across digital marketing, trading and platform development
- New own websites roll-out to develop new territories for both brands
- Online revenue, a key strategic focus for the Group, grew strongly up 39% in 2020 to £25million, half of total sales.

5. **Efficient supply chain**

- Patented gel manufacturing technology with world's only isotonic energy gel
- World class approach to banned substance testing with both Informed-Sport and Informed-Choice accreditations in place on our certified Nelson site.
- Ongoing delivery of supply chain efficiencies, cost savings and shift to in-house production.
- New single site supply chain facility planned in Blackburn opening Q1 2022.

CHAIRMAN'S REPORT

In an unprecedented year for the Group, we demonstrated the resilience of the business. Despite COVID-19 related disruption, we delivered positive underlying EBITDA[1] and positive free cash flow. The company adapted at speed and maintained a focus on delivering the strategic plan during a year of significant disruption and change.

Given the progress made, we exited 2020 with an agile and leaner business, underpinned by a robust balance sheet. We enhanced our people and technology capabilities, ready for the next stage of our Online and International growth ambition.

COVID-19

Our priority during the pandemic continues to be the health and safety of our employees. In the factory, we rapidly introduced additional safety and hygiene measures, including segregating facilities, breaks between shifts and increased cleaning routines. Operations have continued uninterrupted throughout the period.

Our office employees moved to remote working well ahead of government lockdown guidance, supported by our technology team. Whilst uncertainty remains as to the overall duration and impact of COVID-19, we continue to work closely with our customers, suppliers and partners to manage effectively through this period.

Overview

We are delighted to announce a robust set of results for the year ended 31 December 2020. Group revenue was £50.4m, in line with £50.6m revenue in 2019, in spite of the considerable disruption caused by COVID-19.

Underlying EBITDA[1] was £1.1m net of one-off costs of £0.3m related to COVID-19 (2019: loss of £0.2m). This reflected gross margin improvement from Supply Chain efficiencies and Online growth. The reported loss before tax was £2.3m (2019: £5.1m loss).

Our cash position remains strong with a year-end balance of £10.5m, of which £4.2m net was from the April equity raise. The business was cashflow positive, generating £0.9m of cash in the period. Our HSBC invoice credit facility of £8.0m remains unused.

We demonstrated our business's resilience during a year of disruption and made good progress in delivering our strategic objectives.

Our proven growth strategy remains unchanged, focusing on science-led product innovation, building brand equity, driving global Online scale supported with world-class customer service, through an efficient Supply Chain.

Our People

During this challenging year, the continued high performance of the Group is due to the resilience, energy, and focus of all the people who work for our PhD and SiS brands. Their leadership and ability to navigate change have ensured we have come through this stronger together as a business.

I would especially like to extend my gratitude to the team at our Nelson manufacturing and fulfilment facility, which continued to produce, pack and ship product to our customers during this challenging time without disruption.

We continued to strengthen the executive and senior leadership teams during this period with a new Chief Technology Officer, Asia Online Director and Head of Customer Experience to drive the next stage of our Online, International growth.

CHAIRMAN'S REPORT (continued)

Development of the Board

It is the Board's duty to ensure the Group is managed for the long-term benefit of all shareholders, with effective and efficient decision-making. Corporate governance is an essential part of that role, reducing risk and adding value to our business.

During the period, the Company has appointed Roger Mather to the Board and nominated him as Chair of the Audit Committee. Tim Wright, an existing Board member, has been nominated as Chair of the Remuneration Committee.

John Clarke

Non-Executive Chairman

16 March 2021

[1] excludes depreciation, amortisation, non-cash share-based payments, costs relating to the acquisition and integration of PhD Nutrition and foreign exchange variances on intercompany balances (see Note 1.9)

CEO REPORT

Strategic intent

We see a significant opportunity ahead with the global sports nutrition category growing consistently and forecast to be worth £13 billion by 2023. The COVID-19 pandemic has driven an increased focus on wellbeing and nutrition. Customers are exercising more and shopping online more frequently. Ethical consumption and plant-based diets are of growing importance in the sector.

We remain well-positioned to benefit from these trends, and the key drivers of our proven growth strategy remain unchanged.

- Performance Innovation: a robust new product pipeline based on science-led technology
- Premium Brand: investment in brand awareness, driving conversion and usage with the highly engaged consumers in the category
- World-Class Customer Experience: supporting our customers in all channels and markets whilst creating brand loyalty
- Global Online Scale: growth led by our Digital platform and underpinned by Marketplace, based on an agile technology platform that delivers deep consumer insight
- Efficient Supply Chain: simpler, more cost-effective, scalable and increasingly in-house, with a new single site planned

Supporting these strategic pillars is investment in technology and people, underpinned by a strong balance sheet.

Online

Online channels performed strongly during the year, with total Online sales growing 39% year on year. Online sales mix reached 50% of total revenue through our Digital platform and Marketplace channels.

We see the switch to Online continuing and in line with our strategy. Key growth drivers are a strengthened Online team, diverting over 60% of marketing investment to Online in 2021, launching a new scalable website platform to drive International roll-out, and acquiring a new leading-edge customer data platform.

We continue to expand the reach of our Marketplace offering, opening new stores for both brands on Amazon across Germany, Spain and the Netherlands.

In the last quarter, we saw strong momentum and launched new PhD websites in Germany, Italy and Europe. The rate of launch of new websites for both brands will accelerate further in 2021, with our new commercial and technology teams in place to drive this.

UK Retail

UK Retail was adversely affected by the extended UK lockdown restrictions, delivering £16.1m of revenue, versus £21.8m in 2019. We will continue developing and growing the channel in the future, which we see as a critical brand awareness and product trial driver, with a positive cash contribution.

We see opportunities in targeted growth areas: retailers with a developed online presence, such as Holland & Barrett; the Convenience sector, where we recently secured listings with the UK’s largest independent forecourt operator; and the growing Discounter segment.

International

In line with our strategy, we streamlined the International retail business, focussing on selected key accounts in scale markets to drive profitable growth. As a result, we exited over 60 sub-scale accounts in late 2020. International retail sales were £9.3m, 14% less than the prior year, as COVID-19 restrictions impacted consumer behaviour in many of our markets.

CEO REPORT (continued)

Product Innovation

Revenue from new products was £2.2m for the period, although we decided to delay some launches into 2021 to maximise their impact. We continued to invest in new product development during the economic downturn. 2020 key product launches included PhD Smart Plant bars and protein powder and PhD high protein, low sugar Smart Cake. July saw the launch of SiS Turbo+, the world's first endurance nutrition range designed for indoor training. PhD relaunched the best-selling Diet Whey range at the end of the year in an industry-first recyclable pouch.

2021 sees PhD Diet Whey Clear, Keto and Diet Plant and SiS Whey 20 launching in Q1, with a very strong pipeline of new products in the balance of the year.

Supply Chain

The new protein powder filling line, part of the PhD integration, delivered cost savings and production efficiencies ahead of plan in 2020, increasing in-house production and Supply Chain control.

We streamlined our Supply Chain by removing over half of our product line count during the year, removing significant complexity and cost, and focussing inventory on our best-selling lines.

A strong focus on improved buying, cost-saving initiatives, production efficiencies and increased in-house production drove an improved gross margin of 49% (2019: 44%) supported by favourable channel and product mix benefits. These improvements are considered structural and sustainable, and indeed we saw further progress in the second half of the year.

We have committed to a new leased Supply Chain facility, which we will take possession of in December 2021. We expect it to be fully operational in Q1 2022. The 160,000 square foot facility will consolidate the Group’s operations into one site and give us the headroom to grow to more than £150m in revenue. We are to install a new 8-lane gel manufacturing plant in the facility to meet the continued strong growth in this highly profitable product line.

Of the £4.3m total new factory and gel machine cost, £2.1m will be funded from cash reserves, together with £2.2m of equipment leasing finance. The project is expected to contribute to EBITDA in FY22 and deliver cash payback in FY23 through increased operating efficiencies.

Outlook

As our strong performance in 2020 demonstrates, this year was an inflexion point for the business, as we shifted to profitable growth and cash generation. We emerged from the year a more resilient and agile company, having made good progress delivering our strategic objectives and are well-positioned to return to strong growth once the COVID-19 restrictions ease.

We have confidence in our proven strategic growth model and remain committed to our vision of becoming the world’s number one premium performance nutrition business.

Stephen Moon

Stephen Moon

Chief Executive Officer

16 March 2021

[1] excludes depreciation, amortisation, non-cash share-based payments, costs relating to the acquisition and integration of PhD Nutrition and foreign exchange variances on intercompany balances (see Note 1.9)

FINANCIAL REVIEW

Revenue

The Group delivered £50.4m revenue in the year ended 31 December 2020, in line with the prior year (2019: £50.6m).

Online channels grew 39% year on year and now represent 50% of Group sales, as customers shifted online, offsetting the decline in UK Retail & International channels due to the impact of extended lockdown restrictions on customers in many of the key markets where we trade.

Gross margin

The Group generated a gross profit of £24.6m (2019: £22.2m) with a gross margin of 49% compared with 44% in 2019. Gross margin improved due to increased Supply Chain efficiencies from in-house production, purchasing savings and input prices, online mix and margin growth and non-recurring prior-year impacts.

Underlying EBITDA

2020 Underlying EBITDA[1] was £1.1m (2019: loss of £0.2m) driven by improved gross margin and reduced overheads. Loss from operations was £2.2m (2019: loss of £5.0m)

We made good progress in removing non-strategic overhead cost across the business. Total overhead is down on the prior year despite increased investment in growth overhead in key strategic areas such as NPD and e-commerce employees.

The Group has chosen to report underlying EBITDA as the Board believes that EBITDA before items such as depreciation, amortisation, non-cash share-based payments and 2019 PhD integration related expenses provides additional useful information for Shareholders to assess profit performance. This measure is used for internal performance analysis. A reconciliation of underlying EBITDA to profit from operations is presented in note 1.

Working capital

As at 31 December 2020, the Group held inventory of £7.0m (31 December 2019: £6.1m). Inventory levels increased as we managed supply chain disruption risk due to the uncertainty around the Brexit trade negotiations at year-end, increasing stock levels to provide resilience into the new year. Trade and other receivables were down £1.1m at £9.8m (31 December 2019: £10.9m).

Cash position

We exited the year with a £10.5m cash balance as at 31 December 2020 (31 December 2019: £5.4m). In April, we undertook a proactive capital raise of £4.2m net to provide additional liquidity during the COVID disruption and to enable us to continue investing in our growth strategy. The business also generated £0.9m from a significant increase in underlying EBITDA and improved working capital discipline. In addition, we secured an £8.0m flexible invoice credit facility with HSBC, our principal bankers, which remains unused.

Share-based payments

The Company operates both a Short-Term Incentive Programme ("STIP") and a Long-Term Incentive Programme ("LTIP"). Together, the Share Option Plan ("SOP") was approved by the Remuneration Committee in June 2014 in line with the proposal contained in the Company's AIM Admission document published in August 2013. A LTIP scheme for financial years 2019-2021 is in place. Options were granted for the 2019 financial year based on the achievement of 2019 performance targets.

No award was made under the LTIP or STIP schemes for 2020 performance.

FINANCIAL REVIEW (continued)

Taxation

The tax benefit recognised for the year is £0.5m (2019: £0.6m tax expense). The Group has accumulative tax losses of £15.5m (2019: £14.1m), which the Group will look to use to cover future profits.

Losses and dividends

The loss attributable to equity holders of the parent for the year was £1.7m (2019: £5.6m), and the basic and diluted loss per share was 1.3p (2019: 4.6p loss). The payment of a dividend has not been recommended.

Going concern

The Group made a loss after tax for the year attributable to owners of the parent of £1.7m (2019: loss of £5.6m). The net increase in cash and cash equivalents in the year ended 31 December 2020 was £5.1m (2019: £2.6m decrease). As at 31 December 2020, the Group had cash balances of £10.5m (31 December 2019: £5.4m).

As the extended UK and international lockdown restrictions impacted consumer demand and revenue growth, management took pro-active and decisive steps to improve profitability and generate operating cash flow. Sensitivity analysis and scenario planning different revenue outcomes stress-tested potential impacts on the cash position of the business, ensuring that sufficient liquidity was in place. The Directors have prepared projected cash flow information for the period ending 31 December 2022.

Accordingly, the Directors have a reasonable expectation that the Company will have sufficient cash to meet all liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

James Simpson

Chief Financial Officer

16 March 2021

[1] excludes depreciation, amortisation, non-cash share-based payments, costs relating to the acquisition and integration of PhD Nutrition and foreign exchange variances on intercompany balances (see Note 1.9)

PRINCIPAL RISKS AND UNCERTAINTIES

In the course of its normal business, the Group is exposed to a range of risks and uncertainties, which could impact on the future results of the Group. The Board considers that risk management is an integral part of good business process and, on a quarterly basis, reviews the industry, operational and financial risks facing the Group and considers the adequacy of the controls and mitigations to manage these risks.

Internal Controls

The Group has an established framework of internal controls, the effectiveness of which is reviewed regularly by the Executive team, the Audit Committee and the Board as part of an ongoing assessment of significant risks facing the Group.

The Group's key risks (financial, operational and reputational) are recorded on a Business Risk Register and those risks together with their controls, mitigating and corrective actions are reviewed regularly by the Board. Risk is a standing agenda item for the Board and senior managers are required to review, identify and report on risks on an ongoing basis and review all key risks on a quarterly basis.

The key features of the Group's system of internal control are as follows:

- An ongoing process of risk assessment to identify, evaluate and manage business risks and opportunities;
- Comprehensive procedures for budgeting and planning and for monitoring and reporting to the Board business performance against plans;
- A consistent system of prior appraisal for investments overseen by the Chief Financial Officer and Chief Executive Officer;
- An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risk; and
- Central control over key areas such as capital expenditure, authorisation and banking facilities.

The Group continues to review its system of internal control to ensure compliance with best practice, while also having regard to its size and the resources available. Due to the size of the business there is no internal audit function. As part of the Group's review a number of non-financial controls covering areas such as regulatory compliance, business integrity, health and safety, risk management and business continuity have been assessed.

Our culture is built on Entrepreneurship, Trust, Honesty, Ownership and Employee Wellbeing which underpins the effective operating of the control framework which addresses the principal risks and uncertainties.

The Directors have identified the following principal risks and uncertainties that could have the most significant impact on the Group's long-term value generation.

RISK	RISK RATING	POTENTIAL IMPACT	MITIGATION CONTROLS
1 FOOD QUALITY & SAFETY Accidental or malicious ingredient contamination, or supply chain contamination caused by human error or equipment fault or due to manufacturing or design faults could compromise the safety and quality of SIS and PhD products.	2020 2019	The consequences could be severe and may include adverse effects on consumer health, loss of market share, financial costs and loss of revenue to SIS. A product recall may be required as a result, a subsequent product re-launch may not successfully return the relevant brand to its previous market position.	The Group's stringent approach to food quality and safety is controlled via quality assurance procedures which are based on a risk management approach. Internal systems are reviewed continuously and potential for improvement is monitored. The manufacturing facility at Nelson is subject to regular food safety and quality control audits. At the beginning of 2018 we enhanced our banned substance testing regime to ensure we remain best in class. The Group maintains product liability insurance cover to mitigate the potential impact of such an event.
2 COMMODITY PRICING RISK Movement in the commodity prices of raw materials and, in the case of imported raw materials and other goods, the value of Sterling against other currencies may have a	2020 2019	Failure to manage the Group's exposure to price increase may adversely affect the Group's financial performance, through increasing production costs which cannot be mitigated through price increases.	The risk is mitigated by securing supplies in advance based on estimated volumes, thus ensuring greater price certainty. In 2020 we moved our largest supplier of finished goods from Euros to GBP invoicing. At the end of 2020 we increased our stock holding of key raw materials to cover any potential pricing

RISK	RISK RATING	POTENTIAL IMPACT	MITIGATION CONTROLS
corresponding impact on finished product cost.			risk from Brexit transition, and going into 2021 have fixed price contracts in place for key raw materials.
3 BREXIT IMPACT Risk to the import of raw materials and the export of finished goods following UK exit from EU on 31st January 2020	2020 Low 2019 Medium	Delays at port may reduce availability of raw materials and disrupt production, and delay deliveries to the end consumer therefore impacting revenue and customer service. Tariffs may need to be absorbed therefore impacting profitability.	Since 2019 a Brexit working group addressed the major risks associated with leaving the EU, where possible mitigating actions were taken to reduce the potential business impact. The trade deal negotiated on 24th December 2020 removed key tariffs which were the main potential impact identified for the business, we have now assessed the risk as Low and continue to monitor the situation closely. (2019 Medium).
4 CUSTOMERS & CONSUMERS The Group operates in a competitive market sector and its ability to compete effectively requires an ongoing commitment to marketing, product development, innovation, product quality and ability to offer value for money as well as first-class customer service.	2020 Low 2019 Low	Although no single retailer accounts for more than 9% of Group revenue, the dominance of the large retail multiples and third-party e-commerce retailers could force an erosion of prices and, subsequently, profit margins.	Significant resources are devoted to forging strong relationships with customers. The continued move to Online also diversifies the revenue channels, and reduces key customer reliance, however the relative importance of a single marketplace customer has increased as a result. Excluding this one customer, the relative importance of other Top 10 customers has remained broadly constant in 2020.
5 TRADEMARKS AND IP The Group's success will depend in part on its ability to obtain and protect its trademarks both in the UK and internationally.	2020 Medium 2019 Medium	The Group cannot give definitive assurance that pending or future trademark applications will be granted or that trademarks granted will not be challenged or held unenforceable.	To mitigate this, the Group enters into non-disclosure agreements with employees, consultants and prospective commercial partners but cannot assure that such agreements will provide complete safeguards against unauthorised disclosure of confidential information.
6 FACTORY DISRUPTION The landlord is proposing to carry out remedial underpinning to rectify subsidence, which will cause a two-week break in gel production and require sectioning of the facility whilst work is completed.	2020 Low 2019 Medium	There is a risk of overrun with building works and further disruption to production, which could result in supply chain delays and subsequent missed revenue.	Following the announcement of a new combined factory and warehouse site at Blackburn the risk of factory disruption due to landlord works has now been assessed as Low (2019: Medium)
7 LIQUIDITY Ensuring the Group has sufficient cash reserves to	2020 Low 2019 Medium	Consequences of insufficient liquidity could be severe if the group is not able to pay key suppliers and employees on time	Cashflow forecasts are prepared and reviewed by senior management, with all payments approved in advance. The Group adjusts investment levels as appropriate to maintain cash balances in line with forecasts. Following an equity raise of £4.5m gross, the agreement of a £8m flexible invoice financing facility with HSBC, and a positive operating cashflow in 2020 this risk has been assessed as Low in 2020. (2019: Medium).
8 COVID-19 COVID-19 coronavirus presents a significant global challenge	2020 High 2019 High	We have assessed the business risk as high due to significant uncertainties and the potential high level of disruption to our employees, customers and supply chain at this early stage of the virus outbreak.	Our Nelson manufacturing site and two third-party logistics operations are isolated from each other and shift patterns in both operational units are separated, with additional cleaning processes taking place between shifts. Our office-based teams in all functions, including online, marketing and customer service, have continued to work from home without any issues. We have maintained production and logistics operations during the lockdown and continued to trade online. Despite this approach we continue to assess the potential risk as high.

Key:

Low Medium High

ENVIRONMENTAL, SOCIAL & GOVERNANCE

At Science in Sport we take great pride in both our brand and products. We are committed to ensuring the highest standards of corporate responsibility covering environmental, social and governance are maintained.

Environmental

The Company has invested in packaging technology and plant to convert the bulk of its protein powder range into recyclable pouch packaging, this is a first for the sports nutrition industry globally. The PhD Nutrition pouch range moved to recyclable material, commencing with the Diet Whey range at the start of December 2020, with a full range change completed by early 2021. In the last 12 months, PhD Nutrition has filled 700,000 pouches which have ultimately gone to landfill. PhD will be the first sports nutrition brand in the world with packaging which can be recycled in green bins across a large proportion of local authorities or with carrier bags at local supermarkets. This approach will be rolled out to the Science in Sport brand later in 2021, and we expect to fill one million recyclable pouches in 2021. The new pouch is the first step in the Company's strategy to minimise waste and the negative impact on the environment.

In February 2021 we launched a partnership to give customers the opportunity to recycle gel, bar and sachet wrappers. Customers add a postage paid recycling bag to their basket at no extra cost which can be returned with up to 30 wrappers avoiding landfill waste.

Heads of terms have been signed on a new combined supply chain site comprising factory, warehouse and ecommerce dispatch facility which will drive significant environmental improvements by reducing transport miles and carbon emissions. Combining operations at a single site will reduce significantly reduce supply chain inefficiencies from operating across multiple locations.

We have continued to increase manufacture of products in our Nelson factory, bringing protein powder production in house and away from multiple suppliers reducing transport miles, and the carbon footprint of products.

Continuous improvements in packaging reduction and water and energy optimisation throughout the supply chain have reduced the use of resources required to manufacture our products and the associated carbon footprint.

Work is ongoing with suppliers on further opportunities to replace one-use packaging with bio-degradable or recyclable packaging. Sustainable packaging means using the packaging format with the lowest possible environmental footprint, whilst meeting the requirement to protect, transport and present the Science in Sport and PhD brands.

Under the SECR (Streamlined Energy and Carbon Reporting) framework SiS plc energy use as a large business is 2020 is set out below:

- 1,523,146 kwh total energy usage of which: 525,108 electricity, 998,038 gas
- Total 308 tCO2e emissions of which 186 tCO2e Scope 1 and 122 tCO2e Scope 2
- The Intensity ratio is 6.1 which is calculated as the tCO2e above divided by the reported 2020 total group revenue of £50.4m
- Key energy efficiency actions are described above in our Environmental section of the ESG report

Social

Our employees are key stakeholders and assets within the business and the Board closely monitors and reviews the results of employee engagement surveys as well as other feedback it receives to ensure alignment of interests.

The Executive Directors keep staff informed of the progress and development of the Group on a regular basis through formal and informal meetings, this has continued throughout the UK lockdowns, with regular virtual CEO updates for all employees.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (continued)

We are Investor in People accredited and have a number of employees completing further education in their areas of expertise, for example, MBA, finance and supply chain qualifications.

A Wellbeing & Mental Health Initiative was launched providing all employees with an Employee Assistance Programme, Online counselling, key drivers of wellbeing monthly sessions lead by experts such as Sir Chris Hoy, in addition to Line Manager mental health training and signing up to the Inside Out Wellbeing Charter.

Strengthened the SiS plc People team with a new senior function lead and apprentice role to drive increased employee engagement and support across the business.

The Board recognises its obligation towards employees to provide a safe and healthy working environment. The Group complies with health & safety legislation conducting regular inspections and risk assessments. Health & Safety is an essential element of our ESG policy, and a key operational focus which all employees contribute to. The last lost time accident was on 12th April 2018, nearly 3 years ago. No reportable incidents occurred in 2020 with only two minor accidents to date.

The Group does not discriminate between employees and prospective employees on grounds of age, race, religion or gender, and every effort is made to provide the same opportunities to disabled persons as to others. We signed up to the Business in the Community Race at Work Charter, committing to five actions to ensure that ethnic minority employees are represented at all levels in an organisation. We have launched a business-wide diversity initiative and initiated regular group-wide diversity reporting to monitor progress. We have a CEO diversity statement, and a diversity blog on our SiS websites and are proud to support the Black Cyclists Network.

We are proud of our diverse workforce and believe it is vital to our success as a leading international sports nutrition business.

We are actively involved with the Career Ready programme, a national social mobility charity working with employers, schools, and volunteers to support young people across the UK develop the skills, confidence, and aspirations for future career success, with 10 SiS employees volunteering to be mentors to a school or college student.

Gender diversity across the business is set out below:

	Male	Female
Directors	5	-
Senior Managers	14	5
All employees	99	77

Suppliers

Our suppliers are key business partners and we maintain an open dialogue with all of our key suppliers. We aim to pay our suppliers on time according to our agreed credit terms.

Governance

The Board has adopted the QCA (Quoted Companies Alliance) Corporate Governance Code in line with the LSE requirement that AIM listed companies adopt and comply with a recognised corporate governance code. This policy is reviewed and updated annually. Full corporate governance disclosure can be found on our sisplc.com website.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (continued)

Due to our accumulated losses which have created a deferred tax asset, we are not a significant corporation tax payer, however we make a positive tax contribution including VAT, PAYE and NI payments. Our Group Taxation Policy is to pay the right amount of tax in line with tax laws where we operate. We are proud that we contribute to the development of the economies in which we operate and take our responsibility to pay our fair share of tax seriously. Tax is considered in all significant business decisions. We don't undertake transactions or operate in any perceived tax havens to realise tax savings or participate in any aggressive tax avoidance schemes. We commit to operating in a tax efficient way in compliance with current tax legislation in order to maximise shareholder returns.

A Group Risk Register is maintained with the principal risks faced by the Group, and a quarterly review with the Board takes place on risks we believe could seriously affect the Group's performance, future prospects, reputation or its ability to deliver against its priorities. This Risk Register can be viewed on pages 12 and 13.

A group update on Anti-Bribery policy and procedures is planned in 2021, under the Anti-Bribery Act 2010. Demonstrating that the organisation has 'adequate procedures' in place to prevent bribery is a defence against the offence of failing to prevent bribery.

We have also broadened our contact with key trade and retail partners and have organised regular factory visits for them, as well as visiting our International distribution partners around the world.

Preventing banned substances

The Science in Sport brand is trusted by professional and Olympic athletes in a range of sports across the world. A key component of this trust is our approach to preventing banned substances entering its supply chain and finished products. In line with this, Science in Sport is the only brand globally to hold both Informed Sport Site Certification and Informed Product Certification. Each year an internal review of the banned substance prevention regime takes place, and from January 2018 an upgraded system was implemented to continually improve and evolve the controls and systems within the Company. The Company regime is built on the following pillars:

- Every single batch of Science in Sport finished product which leaves the Company's factory is screened against the World Anti-Doping Agency ("WADA") list. Banned substances including steroids are tested to the level of 10 Nanograms per gram, and stimulants to 100 Nanograms per gram.
- Batches (sampled at the beginning, during and end of each product batch) receive the recognised and respected Informed Sport certificate. Finished product testing is the final and most effective step that we have to ensure product assurance.
- Raw material batch testing, in addition to testing on finished goods, for any product deemed 'high-risk'.
- Full trace management of all raw materials from raw material base and manufacturing supplier, through to finished goods manufactured per production batch. This allows the Company to demonstrate to athletes the source of ingredients and all parties involved in the manufacturing process.
- Rigorous screening of all ingredient suppliers, including annual auditing. All suppliers are required to be certified to a recognised Quality Management system that is approved by The Global Food Safety Initiative.
- In-house product screening within the Company's production facility in Nelson, Lancashire, including swab testing for banned substances, and surprise third-party inspections throughout the year.

DIRECTORS' REPORT

This section serves as our section 172 statement and should be read in conjunction with the Strategic Report, the rest of the Company's Corporate Governance Statement, and the Environmental, Social & Governance Report.

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, customers and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172.

Stakeholder engagement

We have identified the key stakeholder groups, resources and relationships on which the business relies. These are listed below, with why we focus on them and how we engage them:

Employees

The continued strength of the Group is the result of the hard work and dedication of all the people who work for PhD and Science in Sport. We have continued to invest in existing employees who are being supported through professional training relevant to their functional areas, as well as other relevant role-specific training.

The Executive Directors keep staff informed of the progress and development of the Company on a regular basis through formal and informal meetings and regular communications.

During lockdown we started a Wellbeing initiative providing all employees with online counselling support, online sessions led by experts such as Sir Chris Hoy covering the key pillars of wellbeing, mental health awareness training for managers and a new employee assistance programme for all employees.

Protecting our employees health and that of their families remains our number one priority during the Covid-19 pandemic with any employees required to self-isolate supported on full pay during the required time. Any employee who contracted Covid-19 was supported to take the time to recover on full pay before returning to work when it was safe to do so. Segregation of shifts and sites was implemented to protect employees in our supply chain function who were required to come into work, along with increased safety and cleaning measures. We ensured all office based employees were able to continue working at home with the necessary technology and equipment provided. No employees were on furlough at the end of 2020.

The continued strength of the Group is the hard work and dedication of all the people who work for PhD and Science in Sport. We have continued to invest in existing employees who are being supported through professional training relevant to their functional areas, as well as other relevant role-specific training.

The Executive Directors keep staff informed of the progress and development of the Company on a regular basis through formal and informal meetings and regular communications. During lockdown we started a Wellbeing initiative providing all employees with online counselling support, online sessions led by experts such as Sir Chris Hoy covering the key pillars of wellbeing, mental health awareness training for managers and a new employee assistance programme for all employees.

DIRECTORS' REPORT (continued)

Customers

As with any business, our customers are our key stakeholders, and our key strategic model, investments in product innovation and customer service are designed to improve our customers' experience.

We constantly invest in our website to improve our customer proposition, making it easier to search, select and shop for products. In addition, we collect and respond to online customer feedback continually to improve our processes, products and proposition both directly and through Trustpilot. We have invested in new customer experience tools to further enhance this process and appointed a Head of Customer Experience.

Suppliers

Our suppliers are key business partners, and the quality of raw materials and services we receive are essential to maintain our premium product position.

We operate with mutual confidentiality agreements in place and conduct open and two-way conversations with our biggest suppliers about our business and strategy.

Investors

Investor are a key stakeholder for the future success of the Group, and consequently investor relations are a key focus area for the Directors.

The Board regularly engages investors on Group performance following trading updates and results announcements with virtual video meetings and scheduled calls. Feedback is regularly collected via our broker following results updates and presentations, as a result of which we have started to use the Investor meet Company platform to extend investor engagement to our growing retail investor shareholder base. In addition we held a Capital Markets Day in January 2021 to share our future growth ambition and strategy with institutional investors.

Decision making

We set out below two examples of how the Directors have had regard to the matters set out in section 172(1)(a)-(f) when discharging their duties under section 172 and the effect of that on certain decisions taken by them. In addition to stakeholders discussed above, the impact on the Environment and Community in which the group operates was considered, although, given the size and nature of the Company's operations, the ongoing impact of the Company's operations on the local community and the environment is not considered to be significant.

The board considered impacts and potential conflicts between these stakeholder groups in reaching a decision and sought to act fairly by balancing these different agendas in the context of its duty to act to the overall benefit of its members.

New supply chain site

The decision was taken to move to a new supply chain site in 2022. This was a key decision for the group and the Board was extensively involved in the decision-making process.

A list of requirements for the new site was compiled, with several presentations to the Board on the design, layout, location and operational footprint of the new proposed site. A detailed business case was reviewed and challenged by the Board to assess the impact on future profitability and liquidity.

The Board considered the impact of the move on existing employees and assured themselves that the new site chosen was closely located to existing operations and bus transport would be provided free of charge to existing employees.

A key consideration was saving a significant amount of vehicle journeys and the associated CO_2 saving from eliminating good movements between existing company and third-party sites due to the extended supply chain footprint.

DIRECTORS' REPORT (continued)

New gel line

The decision was made to purchase a new gel machine to provide additional gel production capacity to enable future sales growth before current customer gel demand exceeds the capacity of the existing machine.

Outsourcing production was considered and decided against. In-house production was favoured to secure supply of the SiS gel, which is a strategic market-leading product with patented technology and a key driver of company profitability. The new gel machine will support employment in the business, improve efficiency, increase capacity for future growth. Producing in-house will also reduce additional CO2 emissions from transporting gels from another third party site.

The decisions reached by the board in both instances are considered consistent over both a short and long-term perspective, and in line with the group's communicated strategy to drive online revenue growth and leverage manufacturing and as a competitive advantage.

The Directors present their report together with the consolidated financial statements for the year ended 31 December 2020.

Certain information that fulfils the requirements of the Directors' report can be found elsewhere in this document and is referred to below. This information is incorporated into this Directors' report by reference.

As at the date of signing this report, Science in Sport plc has five wholly owned subsidiaries. A complete list is provided in Note 4 to the Parent Company financial statements on page 77.

Future developments

The Strategic report and the Chairman and Chief Executive reports cover the Group's performance during the year ended 31 December 2020, its position at that date and its likely future development.

Board of Directors

The Board of Directors has overall responsibility for the Company.

The Directors of the Company during the year and up to the date that the financial statements were approved are shown below.

Executive Directors

S N Moon

J L Simpson

Non-Executive Directors

J M Clarke

T Wright

R Duignan (resigned 31 January 2020)

R Mather (appointed 31 January 2020)

Details of Directors are included on pages 27 to 28.

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a Directors' and officers' liability insurance policy throughout the financial year.

Details of each Directors' interests in the Company's Ordinary shares and options over Ordinary shares are set out in the Remuneration report on pages 30 to 33.

DIRECTORS' REPORT (continued)

Dividends

No dividends were paid and none proposed (31 December 2019 – £nil).

Financial risk management

The Group's risk management policies can be found in Note 2.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position, are set out in the Strategic report. The risks that the business faces in the coming year, including the current economic climate, Covid19, and the mitigating actions which address these risks are set out in pages 12 to 13.

As at 31 December 2020, the Group had cash balances of £10.5m (2019: £5.4m). The net increase in cash and cash equivalents in the year ended 31 December 2020 was £5.1m (2019: £2.6m decrease), of which £4.2m was due to an equity raise in April 2020. The Group made a loss after tax for the year attributable to owners of the parent of £1.7m (2019: loss of £5.6m) and expects to make a further loss after tax in the year ending 31 December 2021.

In 2020 we demonstrated the resilience of the business to withstand the Covid-19 pandemic impact, growing cash and underlying EBITDA whilst holding sales flat. Despite the decline in UK retail and export sales consumers chose to increasingly purchase online. This accelerated our online growth to 39% in the year. Online growth is one of the pillars of our proven strategy and we increasingly invested in this channel throughout 2020.

As the extended UK and international lockdown restrictions impacted consumer demand and revenue growth, management took pro-active and decisive steps to improve profitability and generate operating cashflow. Sensitivity analysis and scenario planning different revenue outcomes stress tested potential impacts on the cash position of the business, ensuring that appropriate action was taken on a timely basis to maintain sufficient liquidity and resources in place.

The Directors have reviewed the Group's budgets and projected cash flow forecasts for the period to 31 December 2022 and in doing so considered reasonable, possible changes over the forecast period. We then conducted more extreme scenarios whereby Covid-19 impacts worsen in 2021 and even continue into 2022. Following this we performed reverse stress test analysis to understand the combination of factors required to drive a nil cash balance by end 2022. In all these scenarios the £8m flexible credit facility agreed with HSBC remained untouched.

Accordingly, the Directors have a reasonable expectation that the Company will have sufficient cash to meet liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Employee Benefit Trust Shares

The Company issued no £0.10 Ordinary shares to the Employee Benefit Trust (2019: nil) to satisfy the provision of the share scheme (see note 20).

Share Capital Structure

Details of changes in the Company's share capital are disclosed in note 19 of the financial statements.

DIRECTORS' REPORT (continued)

Substantial shareholdings

As at 31 December 2020, the following Shareholders own more than 3% of issued share capital of the Company:

Shareholder	Number of shares	Percentage Holding %
Tellworth Investments	16,727,172	12.38
Aviva Investors	14,621,692	10.82
JO Hambro Capital Management	13,300,000	9.84
Otus Capital Management	12,716,855	9.41
River & Mercantile Asset Management	11,111,730	8.22
Sarasin & Partners	6,327,210	4.68
AXA Framlington	5,775,389	4.27
Cazenove Capital Management	4,903,212	3.63
Baillie Gifford & Co	3,788,336	3.08

Streamline Energy & Carbon Reporting (SECR)

Reporting can be found in the ESG section of the Annual Report on pages 14 - 16. The Group is required to report as a large, non main market listed company with over 40,000kwh of energy usage in the year.

Auditors

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

BDO LLP has indicated its willingness to continue in office and a resolution will be proposed at the annual general meeting to reappoint BDO LLP as auditor for the next financial year.

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under Company law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

DIRECTORS' REPORT (continued)

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 the Group financial statements have been prepared in accordance with International Accounting Standard in conformity with the requirement of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- state whether the Company financial statements have been prepared in accordance with International Accounting Standard in conformity with the requirement of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

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

By order of the Board

Stephen Moon

STEPHEN MOON

Chief Executive Officer

16 March 2021

CORPORATE GOVERANCE REPORT

Chairman's introduction to Corporate Governance

It is the Chairman of the Board of Directors of Science in Sport plc responsibility to ensure that SiS has both sound corporate governance and an effective Board. The Chairman's principal responsibility is to ensure that the Company and its Board are acting in the best interests of shareholders. This is done by ensuring that Science in Sport is managed for the long-term benefit of all shareholders, with all members of the Board able to contribute to discussions and decision-making. Corporate governance is an important part of that role, reducing risk and adding value to our business.

Other responsibilities include leading the Board effectively, overseeing the Company's corporate governance model, making sure that good information flows freely between Executives and Non-Executives in a timely manner, and for ensuring that all important matters, in particular, strategic decisions, receive adequate time and attention at Board meetings.

Our core values are based on growth, focus, energy and resilience, and translate into everything we do for our customers, people, suppliers and shareholders. Our culture supports the Company's strategic objectives and business model focussing on the 5 pillars of innovation, brand, customer experience, online growth and supply chain. The Board receives regular updates on the Wellbeing and Diversity initiatives which were launched in 2020 and any key developments in corporate culture. We have recently recruited an experienced People Partner to develop a business-wide programme embedding the behaviours which support these core values.

SiS adopted the Quoted Companies Alliance Corporate Governance (QCA Code) in September 2018. This report follows the QCA Code guidelines and explains how we have applied the guidance.

The Board recognises the importance of good corporate governance and considers that a strong corporate governance foundation is essential in delivering shareholder value through long-term success and performance. The Board believes that corporate governance is more than just a set of guidelines; rather it is a framework which underpins the core values for running our business, including a commitment to open and transparent communications with stakeholders. The QCA Code has ten principles that companies should look to apply within their business. SiS seeks to adhere to these principles to the highest level possible.

Set out below is an explanation of how the Company currently complies with the principles of the QCA Code and, to the extent applicable, those areas where the Company's corporate governance structures and practices differ from the expectations set out in the QCA Code. Further details can also be found on the Company's website (www.sisplc.com/about-us/corporate-governance/).

The Board believes that application of the QCA Code supports the Company's medium to long-term development whilst managing risks, as well as providing an underlying framework of commitment and transparent communications with stakeholders. It also seeks to develop the knowledge shared between the Company and its stakeholders.

Strategy and Risk Management

A description of the Company's strategy can be found on page 3 - 5, and the key challenges in their execution can be found on pages 12 - 13.

Board of Directors

The Board is led by the Non-Executive Chairman, John Clarke, and comprises, two additional Non-Executive Directors, both of whom are independent, and two Executive Directors.

The Non-Executive Chairman, John Clarke owns shares in the Company. The Board are satisfied that he remains impartial.

The effectiveness of the Board is kept under review by the Chairman who has been assessing the individual contributions of each of the members of the team to ensure that; their contribution is relevant and effective, they are committed and where relevant, they have maintained their independence.

CORPORATE GOVERANCE REPORT (continued)

Board performance is reviewed on an ongoing basis as a unit to ensure that the members of the board are collectively functioning in an efficient and productive manner. Board members complete an annual review evaluating their own performance, that of fellow Board members and the Board as a unit across a range of measures including leadership, strategy and contribution. The assessment found that the Board operated with excellent teamwork and were especially supportive during the start of the Covid-19 pandemic. A Board update on digital marketing was scheduled as a recommendation.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of consumer goods, finance, corporate finance, international trading, and marketing. In addition to their general Board responsibilities, Non- Executive Directors are encouraged to be involved in specific workshops, meetings or seminars in line with their individual areas of expertise. This year the business provided Board engagement sessions on digital marketing developments, influencer strategy, customer data platform and customer experience. All Directors are encouraged to challenge and to provide independent judgement on all matters, both strategic and operational.

The Board seeks guidance from external advisors when appropriate such as financial and legal due diligence on potential acquisitions. In addition, the Company Secretary ensures that the Board consults regularly with its Nominated Advisors and retained advisers for MAR and company secretarial support to ensure that the Board are kept abreast of relevant changes in regulations or legislation.

Changes to Board of Directors

On 1 October 2019, the Company announced that Raymond Duignan, Non-Executive Director and the Company's Audit Committee chair, intended to step down from the Board once a new Non-Executive Director had been appointed. Following the announcement of the appointment of Roger Mather as Non-Executive Director and the Company's Audit Committee chair on 31st January 2020, Raymond Duignan stepped down from the Board with immediate effect.

Tim Wright was appointed chair of the Company's Remuneration Committee on 31st January 2020 taking over from John Clarke who previously held the role.

Board Governance Framework

The Board

Meets quarterly and at other times when required.

Comprises the Chairperson, 2 non- execs and 2 execs

Nomination Committee

This committee meets as and when required.

Comprises the Chairperson and 2 non-execs

Audit Committee

This committee meets bi- annually and at other times when required.

Comprises the Chairperson and 2 non-execs

Remuneration Committee

This committee meets bi- annually and at other times when required.

Comprises the Chairperson and 2 non-execs

CORPORATE GOVERANCE REPORT (continued)

Board responsibility

The Board is responsible for maintaining a sound system of internal control to safeguard Shareholders' investment and the Company's assets, as well as reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material loss and misstatement.

Audit Committee

The Audit Committee consists of the Chairman and the non-executive Directors. It was chaired by Raymond Duignan until 31st January 2020, when Roger Mather became Chair, and it meets at least twice each year. Roger brings considerable experience to the role having been CFO of Mulberry plc for 8 years and due to his current role as Audit Chair at another AIM listed business.

The Audit Committee is responsible for ensuring that the financial performance of the Company is properly reported on and monitored and for meeting with the auditors and reviewing the reports from the auditors relating to accounts and internal control systems. The audit committee meets at least once a year with the auditors.

The Audit Committee report is on page 29.

Nominations Committee

The Nominations Committee consists of the Chairman and the Non-Executive Directors. It is chaired by John Clarke and meets as required.

The Nominations Committee is responsible for reviewing the structure, size and composition of the Board, making recommendations to the Board with regard to any changes and identifying and nominating candidates to fill Board vacancies.

Remuneration Committee

The Remuneration Committee consists of the Chairman and the Non-Executive Directors. It was chaired by John Clarke until 31 January 2020, when Tim Wright became Chair, and it meets as required, at least twice during the year.

The committee reviews the performance of the executive Directors and sets and reviews the scale and structure of their remuneration and the basis of their remuneration and the terms of their service agreements with due regard to the interests of Shareholders. In determining the remuneration of executive Directors, the remuneration committee seeks to enable the Company to attract and retain executives of the highest calibre. The remuneration committee also makes recommendations to the Board concerning the allocation of share options to employees.

The Remuneration Committee report is on page 30 - 33.

CORPORATE GOVERANCE REPORT (continued)

Attendance

Directors are required to devote such time and effort to their duties as required to secure their proper discharge. For Non- Executive Directors, this typically entails one or two days of meetings per month as well as reading and preparation time. A full pack of management information is provided to the Board in advance of every meeting. Each Executive Director has a full- time service agreement.

Directors attendances at meetings of the Board and its Committees during 2020 were:

	Board	Audit Committee	Remuneration Committee	Nomination Committee
John Clarke	4/4	2/2	2/2	2/2
Roger Mather	4/4	2/2	2/2	2/2
Tim Wright	4/4	2/2	2/2	2/2
Stephen Moon	4/4	-	-	-
James Simpson	4/4	-	-	-

Key Board activities this year included:

- Continued and open dialogue with the investment community;
- Considering financial and non- financial policies;
- Reviewing and validating strategic priorities;
- Discussing internal governance processes;
- Reviewing the Business Risk Register quarterly;
- Reviewing and approving business cases for significant investments; and
- Approval of the 2021 budget.

Relationship with Shareholders

The Directors seek to build a mutual understanding of objectives between the Company and its Shareholders. The Company reports formally to Shareholders in its Interim and Annual reports, setting out details of its activities. In addition, the Company keeps Shareholders informed of events and progress through the issue of regulatory news in accordance with the AIM rules of the London Stock Exchange. The Chief Executive seeks to meet with significant Shareholders following interim and final results. The Company also maintains investor relations pages and other information regarding the business, its products and activities on its website www.sisplc.com

The Annual report is made available to shareholders on the website at least 21 working days before the Annual General Meeting. Directors are required to attend the Annual General Meetings of the Company unless unable to do so for personal reasons or due to pressing commercial commitments. Shareholders are given the opportunity to vote on each separate issue. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

Employees

Other statutory disclosures required by the Strategic report, as detailed on page 17, report on the involvement of employees in the affairs, policy and performance of the Company.

CORPORATE GOVERANCE REPORT (continued)

John Clarke
Independent Non- Executive Chairman

John Clarke became Non-Executive Chairman in June 2013. John has extensive experience of the functional food and sports nutrition sectors, having worked at GlaxoSmithKline for more than 35 years. John was global President of GSK Consumer Healthcare from 2006 to 2011, and was a member of GlaxoSmithKline plc Corporate Executive Team until March 2012.

Under John's leadership from 2006 to 2011 GSK Consumer Healthcare was the fastest-growing business in the industry, growing by 60% and reaching revenue of £5 billion despite recessionary environments in the majority of the business' markets. The business added £2 billion in turnover from 2006. Mr Clarke was responsible for the Lucozade brand including strategy, innovation programme, portfolio and global expansion for 15 years from 1996 to 2011, Lucozade achieved growth of 13% CAGR throughout this period.

Tim Wright
Independent Non- Executive Director

Tim Wright, has spent much of his career with GlaxoSmithKline ("GSK"), working in the consumer healthcare sector of the Company from 1982 to 2011. In his last 5 years at GSK, Tim was President of GSK's Global Brands, where he drove market leading revenue growth through world class marketing and innovation. After leaving GSK in 2011, Tim was appointed as President to Zarbee's Naturals, a privately-owned natural medicine business. His role up to 2013 was to help establish the Company's brand and quickly grow the newly formed business from $3 million to $18 million. In 2014, Tim set up his own business, StepChange Strategy, which aims to create shareholder value for start-up and multinational consumer healthcare companies, by focusing on brand strategy, innovation and geographic expansion. In 2015 Tim acquired, and now runs, Embrace Hearing.

Roger Mather
Independent Non-Executive Director
Appointed 31 January 2020

Roger has broad business experience gained first in audit at PwC, in London and Hong Kong, and then in executive positions in consumer and distribution businesses in the UK and Asia Pacific. He was Chief Financial Officer of Mulberry Group plc, the AIM-quoted fashion brand and manufacturer, from 2007 to 2016, a period of rapid growth at Mulberry during which time he established international revenue channels and implemented the business's digital strategy. Prior to Mulberry, he worked for more than 10 years at the Otto Group, a privately owned multi-national distribution business, first as Group Finance Director of the sourcing division based in Hong Kong and then as Managing Director of a UK division. From 2017, Roger has focused on a non-executive career. He is currently a Non-Executive Director of Quiz plc, the AIM-quoted omni-channel fast fashion brand, and chair of its audit and remuneration committees. He is also a pro bono director of The Berkshire Golf Club Limited.

Stephen Moon
Chief Executive Officer

Stephen had an extensive corporate career with BP, Dalgety, Quaker and GlaxoSmithKline. He has held a wide range of functional roles in his career including supply chain, strategic project management, strategy planning, innovation and business development. At GSK he was Strategy Planning and Worldwide Business Development Director for the Nutritional Healthcare Division. He has an MBA from Ashridge Business School and a diploma in Clinical Organisational Psychology from INSEAD. After founding a functional food start-up in 2003, he later became CEO of Provexis PLC and Science in Sport PLC was spun-out from this company in August 2013.

CORPORATE GOVERANCE REPORT (continued)

James Simpson
Chief Financial Officer

James is an experienced finance executive who qualified as a chartered accountant with Price Waterhouse in 1998, he has a track record in the e-commerce and consumer sectors in international branded businesses such as Cadbury Schweppes, L'Oreal and Shell, and has held senior finance roles at Tesco, Britvic, and Asos.

Board diversity

The Board recognises the value of diversity at Board level in achieving its strategic objectives and in driving innovation and growth. Whilst Board appointments will continue to be based on merit and relevant skill, the Directors appreciate that varied backgrounds, experience and opinion can promote more balanced and nuanced debate and lead to improved decision-making.

The 2020 Board effectiveness review reflected feedback that the Board is functioning very well as a group, with each member contributing effectively to discussions. A good mix of sports nutrition industry knowledge, international leadership, especially in growth businesses and functional expertise covering marketing, finance, strategy and innovation has helped add value to the Board discussions, which are characterised as transparent and collaborative.

AUDIT COMMITTEE REPORT

Audit Committee: composition and terms of reference

The Audit Committee comprises two Non-Executive Directors and from 31 January 2020 has been chaired by Roger Mather. It meets as required and specifically to review the Interim report and Annual report and to consider the suitability and monitor the effectiveness of the internal control processes.

There were two Audit Committee meetings during the year. The Audit Committee reviews the findings of the external auditors and reviews accounting policies and material accounting judgements, and ensures that the Board regularly reviews the risk register.

Activities in the year

During the year, the Committee concluded that the Annual Report and Financial Statements, taken as whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's business model, strategy and performance.

During the year, the Committee considered the following key matters:

- The impairment review of goodwill and separately identifiable intangibles;
- Reviewed the adequacy and clarity of reporting disclosures and compliance with applicable financial and other reporting requirements;
- Reviewed reports from management and from the external Auditor and discussed key matters, including the appropriateness and consistent application of accounting policies; and
- The appropriateness of the application of the going concern basis in preparation of the financial statements following a review of forecasts to December 2022.

The Committee received and considered reports from the Auditor in respect of the audit plan for the year and the results of the annual audit. These reports included the scope of the audit, the approach to be adopted to address key audit matters, the basis on which the Auditor assesses materiality, the terms of engagement for the Auditor and an on-going assessment of the impact of future accounting developments for the Group.

Independence of Auditors and non- audit services

The independence of the Auditors is considered by the Audit Committee. The Audit Committee meets at least twice per calendar year with the Auditors to discuss their objectivity and independence.

As well as providing audit-related services the Auditors have, provided taxation compliance, and share option scheme advice and in the prior year corporate finance services. The fees in respect of the non-audit services provided were £39,000 for the year (2019 – £42,000).

The Audit Committee have considered the non-audit fees agreed with BDO LLP which primarily cover taxation calculations and the provision of the LTIP & STIP scheme and are satisfied that the objectivity and independence of the Auditors is safeguarded.

ROGER MATHER

Chairman of Audit Committee

16 March 2021

REMUNERATION COMMITTEE REPORT

Remuneration Committee: composition and terms of reference

The Company's Remuneration Committee since the date of Admission to AIM comprises at least two Independent Non-Executive Directors and is chaired by Tim Wright who was appointed as Chairman on 31 January 2020.

The purpose of the Remuneration Committee is to ensure that the Executive Directors are fairly rewarded for their individual contribution to the overall performance of the Group. The Committee considers and recommends to the Board the remuneration of the Executive Directors and is kept informed of the remuneration packages of senior staff and invited to comment on these.

Policy on Executive Directors' remuneration

Executive remuneration packages are designed to attract and retain executives of the necessary skill and calibre to run the Group successfully but avoiding paying more than is necessary. The Remuneration Committee recommends to the Board remuneration packages by reference to individual performance and uses the knowledge and experience of the Non-Executive Directors and published surveys relating to AIM Directors, and market changes generally. The Remuneration Committee has responsibility for recommending any long term incentive schemes.

The full Board determines whether or not Executive Directors are permitted to serve in roles with other companies. Such permission is only granted where a role is on a strictly limited basis, where there are no conflicts of interest or competing activities and providing there is not an adverse impact on the commitments required to the Group. Earnings from such roles are not disclosed nor paid by the Group.

There are three main elements of the remuneration package for Executive Directors and senior staff:

(i) Basic salaries and benefits in kind

Basic salaries are recommended to the Board by the Remuneration Committee, taking into account the performance of the individual and the rates for similar positions in comparable companies. Benefits in kind comprising private medical insurance are available to all senior staff and Executive Directors.

(ii) Share option scheme

The Company operates a Share Option Plan ("SOP"), which grants options over Ordinary shares to certain Directors and senior employees. The purpose of the scheme is to incentivise key members of the Management team and to align their interests with those of the Shareholders.

The SOP was approved by the Remuneration Committee in June 2014 as outlined in the AIM Admission document. Further amendments to the SOP were approved in September 2016, introducing a new three-year plan to replace the existing five-year plan.

Under the SOP there are both short term and long term incentive arrangements. In both cases the options granted are nil-cost options, meaning that the participants are not required to pay cash to exercise the option. An Employee Benefit Trust has been established to purchase, hold and issue ordinary shares when awards are exercised. Options must be exercised within a period of 10 years after the grant date for that option otherwise the option will lapse.

A new LTIP for the years 2019-2021 was approved by the Remuneration Committee and is currently in place.

Short term incentive plan ("STIP")

Awards are calculated as a percentage of base salary and are determined by reference to the attainment of personal objectives as well as the delivery of group revenue and profit growth. Management has agreed to have its annual bonus paid in shares rather than take cash out of the business, which could then be used to generate further growth.

REMUNERATION COMMITTEE REPORT (continued)

Long term incentive plan ("LTIP")

A new LTIP scheme for the financial years 2019 to 2021 is in place. No options were granted in 2019 consequently no charge was recognised in that year. In 2020 options were granted for the 2019 LTIP based on achievement of performance targets for the 2019 financial year. For the 2020 LTIP performance criteria were not met and no award was made relating to the 2020 financial year for STIP or LTIP.

Options will be awarded for each year of the scheme on a sliding scale on delivery of revenue growth, profit growth and brand reputation targets. The maximum value of the shares subject to these awards is 200% of the basic salary of the CEO, 150% of the basic salary of the CFO and 100% of the basic salary of other selected Senior Management. The non-Executive directors do not participate in the LTIP scheme.

During the year under review the Remuneration Committee made awards on 30 September 2020 under the STIP and LTIP as follows:

- In respect of the LTIP for the year ended 31 December 2019, 1,555,612 (2019 nil) nil-cost options were granted to S N Moon
- In respect of the LTIP for the year ended 31 December 2019, 1,648,889 (2019 nil) nil-cost options were granted to senior employees
- In respect of the STIP for the year ended 31 December 2019, 1,108,070 (2019: 780,769) nil-cost options were granted to S N Moon
- In respect of the STIP for the year ended 31 December 2019, 49,805 (2019: nil) nil-cost options were granted to J L Simpson
- In respect of the STIP for the year ended 31 December 2019, 731,210 (2019: 333,2 nil-cost options were granted to senior employees

(iii) Pension contributions

The Company pays a defined contribution to the pension scheme of Executive Directors and employees. The individual pension schemes are private and their assets are held separately from those of the Company.

Service contracts

The Chief Executive is employed under a service contract requiring 12 months' notice by either party. Non-Executive Directors receive payments under appointment letters, which are terminable by six months' notice from either party.

Policy on Non-Executive Directors' remuneration

John Clarke, Roger Mathers and Tim Wright each receive a fee for their services as a Director, which is approved by the Board, mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments. Non-Executive Directors are reimbursed for travelling and other minor expenses incurred.

REMUNERATION COMMITTEE REPORT (continued)

Details of Directors' remuneration (Audited)

The emoluments paid to the individual Directors of the Company for the period were as follows.

The LTIP awarded in 2020 calendar year was the 2019 LTIP which related to the achievement of performance criteria in the 2019 financial year.

Year ended 31 December 2020

	Salary/ Fees	LTIP	STIP	Benefits in Kind	Pension	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors						
Stephen Moon	274	513	-	6	-	**793**
James Simpson	173	-	-	1	-	**174**
Non- executive Directors						
John Clarke	45	-	-	-	-	**45**
Tim Wright	35	-	-	-	-	**35**
Roger Mather	34	-	-	-	-	**34**
	561	**513**	**-**	**7**	**-**	**1,081**

Year ended 31 December 2019

	Salary/ Fees	LTIP	STIP	Benefits in Kind	Pension	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors						
Stephen Moon	286	-	416	4	-	**706**
Elizabeth Lake	115	-	-	2	6	**123**
James Simpson	46	-	19	-	-	**65**
Non- executive Directors						
John Clarke	47	-	-	-	-	**47**
Ray Duignan	36	-	-	-	-	**36**
Tim Wright	36	-	-	-	-	**36**
	566	**-**	**435**	**6**	**6**	**1,013**

Elizabeth Lake resigned on 10 September 2019.
James Simpson was appointed on 26 September 2019 and remuneration included above is from this date.
The above fees and emoluments exclude reimbursed expenditure incurred in the conduct of Company business.

Directors' interests in shares

The Directors' interests in the Ordinary shares of the Company, as recorded in the register maintained by the Company in accordance with the provisions of the Companies Act 2006, were as follows:

Beneficial interests	Ordinary shares of 10p each 31 December 2020	Ordinary shares of 10p each 31 December 2019
S N Moon	924,537	843,456
J M Clarke	313,635	178,500
T Wright	108,108	-
R Mather	106,790	-
J L Simpson	54,689	-

REMUNERATION COMMITTEE REPORT (continued)

Directors' interests in share options

The share options held by the Directors and not exercised at the period end date are summarised below:

	31 December 2020	31 December 2019
S N Moon	7,755,504	5,091,822
J M Clarke	548,633	548,633
J L Simpson	49,805	-

Details of share options at 31 December 2019 of the Directors who served during the year are set out below:

	Date of grant	Exercise price pence	Share price on date of grant	Number of options	Earliest exercise date	Expiry date
SN Moon	22 July 2014	nil	72.00p	328,125	22 July 2014	21 July 2024
SN Moon	26 March 2015	nil	68.00p	267,206	26 March 2015	25 March 2025
SN Moon	22 March 2016	nil	52.50p	1,089,675	22 March 2016	21 March 2026
SN Moon	26 September 2016	nil	68.75p	1,460,356	22 March 2019	25 September 2026
SN Moon	22 March 2017	nil	81.00p	623,721	22 March 2017	21 March 2027
SN Moon	22 March 2017	nil	81.00p	460,164	22 March 2018	21 March 2027
SN Moon	21 March 2018	nil	73.00p	81,806	21 March 2018	20 March 2027
SN Moon	20 March 2019	nil	52.00p	780,769	20 March 2019	20 March 2029
S N Moon	1 October 2020	nil	33.00p	1,108,070	1 October 2020	1 October 2030
S N Moon	1 October 2020	nil	33.00p	1,555,612	1 April 2022	1 April 2032
J L Simpson	1 October 2020	nil	33.00p	49,805	1 October 2020	1 October 2030
JM Clarke	22 March 2016	nil	52.50p	221,360	22 March 2016	21 March 2026
JM Clarke	26 Sept 2016	nil	68.75p	327,273	22 March 2019	25 September 2026

Other than as shown in the tables above no Director had any interest in the shares or share options of the Company or its subsidiary company as at 31 December 2020 or 31 December 2019.

TIM WRIGHT

Chairman of the Remuneration Committee

16 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCIENCE IN SPORT PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Science in Sport plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, parent company statement of financial position, parent company statement of cash flows, parent company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

We identified the impact of Covid-19 and Brexit on going concern as a key audit matter. Uncertainty caused by both Covid-19 and Brexit has resulted in a significant risk in respect of the robustness of management's assessment of the impact on the business, including consideration of severe but plausible downside scenarios (see disclosures in note 1.5 to the financial statements and further details in the Key audit matters section of our report below). Our response to this matter and our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of how management undertook the going concern assessment process to determine if we considered it to be appropriate for the circumstances;
- considering the impact of Covid-19 and Brexit on the Group's operations and results in the forecast period to inform stress testing and sensitivity analysis;
- obtaining management's cash flow forecasts underlying the going concern assessment and challenging management on the key estimates and assumptions within the forecasts, including revenue and cost projections; and
- re-performing down side stress testing and sensitivity analysis on the key assumptions to determine whether a reasonable change in assumptions could indicate a material uncertainty.

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

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

Overview

Coverage[1]	*89% (2019: 89%) of Group revenue*		
Key audit matters		2020	2019
	Revenue recognition	✓	✓
	Impact of Covid-19 and Brexit	✓	✓
	Valuation of goodwill and intangibles		✓
	Valuation of goodwill and intangibles is no longer considered to be a key audit matter because it has been included in the wider risk relating to the impact of Covid-19 and Brexit.		
Materiality	*Group financial statements as a whole* £480,000 (2019: £500,000) based on 1% (2019: 1%) of revenue		

[1] These are areas which have been subject to a full scope audit by the group engagement team

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCIENCE IN SPORT PLC

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We analysed the key financial metrics of the group's components to determine those we consider to be financially significant to the group. Science in Sport plc, SiS (Science in Sport) Limited and PhD Nutrition Limited were considered to be significant components. As such, these companies were subject to full scope audits to their respective component materiality. All significant component audits were performed by BDO LLP.

The group includes subsidiaries based in Australia, the USA and Italy. Based on their percentage contribution to key financial metrics, our scoping deemed these components to be non-significant to the group. As such, they were not in scope for a full component audit. However our approach included performing specific audit procedures on revenue cut-off, inventory and overheads by the group audit team.

We considered each key audit matter identified below in respect of the non-significant components and determined that these risks were appropriately addressed through our work performed at a group level.

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition The Group's revenue recognition policy is included within the accounting policies in note 1.7 and the components of revenue are set out in note 4.	The Group's reported revenue is a key performance indicator for the market and is a key metric in the Group's short and long term incentive schemes used to incentivise directors, key management personnel and staff. Due to the incentive that exists to overstate revenue we have considered a significant risk to be present over the existence and accuracy of revenue, in particular in relation to the correct cut-off around the period end. In addition the Group enters into commercial arrangements with its customers to offer promotional discounts, rebates and customer loyalty programs. Due to the potentially complex and varying nature of these arrangements there is a risk that they are not appropriately accounted for and as a result revenue is misstated.	We reviewed the revenue recognition policies applied to each of the Group's revenue streams, in particular those relating to volume rebates and discounts and considered their compliance with relevant accounting standards. We agreed revenue recognised in the year to external confirmations for a selection of large customers. We tested a sample of revenue transactions in the year to check that revenue was correctly recorded within the accounting system The testing was performed through agreement of recorded revenue to proof of delivery and cash receipt. We agreed a sample of items recognised around the year-end to proof of delivery to check that revenue has been correctly recorded in the period. This was performed with reference to the Group's terms and conditions of sale. We agreed a sample of transactions falling outside of the normal revenue transaction cycle (which constitute outliers from our expectation) to supporting documentation. We checked the value of credit notes issued after the year end to assess the completeness of the commercial accruals and the existence of revenue recorded at year end. We tested on a sample basis, the calculation of year end promotional discount, product rebate and customer loyalty program accruals, obtaining documentation (e.g. contracts and supporting sales data) to support the completeness and measurement of the accruals balance. **Key observations:** Based on the results of our work we consider that revenue has been recognised in accordance with the Group's revenue recognition accounting policy and the requirements of relevant accounting standards.

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Impact of Covid-19 and Brexit

The Group's accounting policy for intangible assets is included within the accounting policies in note 1.16 and the significant judgements are set out in note 1.27.

The components of intangible assets are set out in note 11.

Disclosures relating to going concern are set out in note 1.5.</td><td>The Covid-19 pandemic has had a significant impact on the global economy, customer behaviour and associated cash flows. This is compounded by continued uncertainty surrounding the terms of the UK's trading relationship with the EU post-Brexit.

Given the significant impact of these events we consider a need to focus on a wider range of judgements impacting the business including the carrying value of assets and projected future cash flows in the context of going concern and impairment assessments.

As discussed in the Conclusions relating to going concern section above, uncertainty caused by both Covid-19 and Brexit has resulted in a significant risk in respect of the robustness of management's assessment of the impact on the business and the consideration of going concern, including consideration of severe but plausible downside scenarios.

Due to the significance of these matters we also considered it important to challenge the adequacy of disclosures relating to going concern and impairment assessments including the key assumptions made in the Annual Report.</td><td>We obtained management's forecasts underlying the impairment review and;
checked the mathematical accuracy of the cash flow forecast and impairment models;
agreed budgeted performance data to board approved budgets;
checked the assumptions used were consistent with forecasts used for the going concern assessment;
critically assessed management's key estimates and assumptions within the forecasts, including revenue and cost projections, agreeing to supporting evidence and explanations provided by management as well as comparing to available external data;
used our own valuation experts to develop a discount rate expectation and compared this to the rate used by management; and
re-performed down side stress testing and sensitivity analysis on the key assumptions, incorporating the ongoing impact of Covid-19 and Brexit, to determine whether a reasonable change in assumptions could change conclusions reached by management.
We have considered the potential impact of Covid-19 and Brexit on the balance sheet, specifically around the potential impairment of intangible assets.

Our evaluation of the impact of Covid-19 and Brexit on the application of the going concern basis of preparation is included in the Conclusions relating to going concern section of our report above.

We have assessed whether the group's disclosures of the key risks and estimates, including downside scenario stress testing and sensitivity analysis are complete, transparent and understandable.

Key observations:
Based on the results of our work we consider that management's assessment of the impact of Covid-19 and Brexit is robust and that the disclosures within the Annual Report are adequate.</td></tr>
</table>

Our application of materiality

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

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

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

	Group financial statements		**Parent company financial statements**	
	2020 £	2019 £	2020 £	2019 £
Materiality	480,000	500,000	250,000	250,000
Basis for determining materiality	0.95% of Group revenue	1% of Group revenue	0.35% of Net assets	0.4% of Net assets
Rationale for the benchmark applied	Revenue is a key performance indicator for the market. As a business at the current stage of its lifecycle, the main focus of the group is revenue generation. Whilst underlying loss before tax is still a key metric, it is not considered to be an appropriate benchmark for determining materiality as the Group continues to make losses as part of a strategic decision to invest for revenue growth.		Considered the most appropriate as it most accurately reflects the Parent Company's status as a non- trading holding company.	
Performance materiality	360,000	375,000	187,500	187,500
Basis for determining performance materiality	75% of Group materiality	75% of Group materiality	75% of Parent Company materiality	75% of Parent Company materiality
Rationale for the benchmark applied	In setting the level of performance materiality we have considered the level of specific risk associated with the audit, based on historical findings and potential for aggregation and sampling risk across the group.			

Component materiality

We set materiality for each component of the Group based on a percentage of between 52% and 73% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £250,000 to £350,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £9,600 (2019:£10,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Identifying and assessing potential risks

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Obtaining an understanding of the legal and regulatory frameworks applicable to the group, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the group. The significant laws and regulations we considered in this context included the UK Companies Act, the accounting framework, relevant tax legislation and regulations applicable to food hygiene and safety.
- enquiring of management and the audit committee, including obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in revenue recognition, specifically in relation to the estimate of rebates and commercial accruals.

Audit response to risks identified

As a result of performing the above, we identified revenue recognition as a key audit matter. The Key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to the key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the audit committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

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

Use of our report

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

Daniel Henwood

Daniel Henwood (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, UK
16 March 2021

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Revenue	4	**50,351**	**50,573**
Cost of goods		(25,755)	(28,366)
Gross profit		**24,596**	**22,207**
Operating expenses	5	(26,833)	(27,252)
Loss from operations	6	**(2,237)**	**(5,045)**
Finance income		43	4
Finance cost		(79)	(23)
Loss before taxation		**(2,273)**	**(5,064)**
Taxation benefit / (expense)	9	545	(554)
Loss for the year		**(1,728)**	**(5,618)**
Other comprehensive income			
Cash flow hedges		171	(181)
Exchange differences on translation of foreign operations		(25)	67
Income tax relating to these items		(32)	33
Total comprehensive loss for the year		**(1,614)**	**(5,699)**
Loss per share to owners of the parent			
Basic and diluted – pence	10	(1.3p)	(4.6p)

All amounts relate to continuing operations.

The notes on pages 47 to 72 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Company number: 08535116	Notes	**As at 31 December 2020 £'000**	As at 31 December 2019 £'000
Intangible assets	11	32,099	33,066
Right of use assets	18	520	689
Property, plant and equipment	12	1,847	1,771
Deferred tax asset	17	1,203	919
Total non-current assets		**35,669**	**36,445**
Inventories	13	6,974	6,141
Trade and other receivables	14	9,841	10,927
Cash and cash equivalents	15	10,466	5,371
Total current assets		**27,281**	**22,439**
Total assets		**62,950**	**58,884**
Trade and other payables	16	(11,838)	(9,954)
Lease liabilities	18	(134)	(164)
Hire purchase agreement	26	(75)	(77)
Derivative financial liabilities	25	(10)	(181)
Total current liabilities		**(12,057)**	**(10,376)**
Lease liabilities	18	(412)	(530)
Hire purchase agreement	26	(239)	(309)
Deferred tax liability	17	(2,195)	(2,472)
Total non-current liabilities		**(2,846)**	**(3,311)**
Total liabilities		**(14,903)**	**(13,687)**
Net assets		**48,047**	**45,197**
Capital and reserves attributable to owners of the Parent company			
Share capital	19	13,510	12,282
Share premium reserve		51,839	48,829
Employee benefit trust reserve		(191)	(193)
Other reserve		(907)	(907)
Foreign exchange reserve		(55)	(30)
Cash flow hedge reserve		(9)	(148)
Retained deficit		(16,140)	(14,636)
Total equity		**48,047**	**45,197**

These consolidated financial statements were approved and authorised for issue by the Board on 16 March 2021 and signed on its behalf by:

Stephen Moon

STEPHEN MOON
Director

The notes on pages 47 to 72 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Cash flows from operating activities			
Loss for the financial year		(1,728)	(5,618)
Adjustments for:			
Amortisation	11	2,384	2,129
Amortisation of right-of-use asset	18	169	156
Depreciation	12	615	489
Taxation	9	(545)	554
Share based payment charge		226	1,165
Operating cash inflow / (outflow) before changes in working capital		**1,121**	**(1,125)**
Changes in inventories		(833)	961
Changes in trade and other receivables		1,086	(1,988)
Changes in trade and other payables		1,770	2,072
Total cash inflow / (outflow) from operations		**3,144**	**(80)**
Cash flow from investing activities			
Purchase of property, plant and equipment	12	(697)	(920)
Purchase of intangible assets	11	(1,417)	(1,453)
Net cash inflow / (outflow) from investing activities		**(2,114)**	**(2,373)**
Cash flow from financing activities			
Gross proceeds from issue of share capital		4,544	–
Principal repayments of lease liabilities		(148)	(150)
Interest paid on lease liabilities		(25)	(24)
Finance income		-	(4)
Share issue costs		(306)	–
Net cash inflow / (outflow) from financing activities		**4,065**	**(178)**
Net increase / (decrease) in cash and cash equivalents		**5,095**	**(2,631)**
Opening cash and cash equivalents		5,371	8,002
Closing cash and cash equivalents	15	**10,466**	**5,371**

The notes on pages 47 to 72 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Employee Benefit Trust reserve £'000	Other reserve £'000	Foreign exchange reserve £'000	Cash flow hedge reserve £'000	Retained deficit £'000	Total equity £'000
At 31 December 2018	**12,197**	**48,464**	**(372)**	**(907)**	(97)	–	**(9,468)**	**49,817**
Total comprehensive loss for the year	–	–	–	–	67	(148)	(5,618)	(5,699)
Transactions with owners								
Issued in return for sponsorship services	85	365	–	–	–	–	(450)	–
Issue of shares held by EBT to employees	–	–	179	–	–	–	(179)	–
Share based payments	–	–	–	–	–	–	1,079	1,079
At 31 December 2019	**12,282**	**48,829**	**(193)**	**(907)**	**(30)**	**(148)**	**(14,636)**	**45,197**
Total comprehensive loss for the year	–	–	–	–	(25)	139	(1,728)	(1,614)
Transactions with owners								
Issue of shares	1,228	3,316	–	–	–	–	–	4,544
Transaction costs of placing	–	(306)	–	–	–	–	–	(306)
Issue of shares held by EBT to employees	–	–	2	–	–	–	(2)	–
Share based payments	–	–	–	–	–	–	226	226
At 31 December 2020	**13,510**	**51,839**	**(191)**	**(907)**	**(55)**	**(9)**	**(16,140)**	**48,047**

The notes on pages 47 to 72 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

1.1 General Information

Science in Sport plc (the "Company" and together with its subsidiaries "SIS" or the "Group") is a public limited company incorporated and domiciled in England and Wales (registration number 08535116). The address of the registered office is 2nd Floor, 16 - 18 Hatton Garden, Farringdon, London EC1N 8AT. The functional and presentation currency is Pounds Sterling and the financial statements are rounded to the nearest £1,000.

The main activities of the Group are those of developing, manufacturing and marketing sports nutrition products for professional athletes and sports enthusiasts.

1.2 Basis of preparation

The Company has elected to prepare its Parent company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("adopted IFRS") and as applied in accordance with the provisions of the Companies Act 2006, and these are set out on pages 73 to 78.

The financial statements are prepared for the year ended 31 December 2020.

The Group's financial statements have been prepared in accordance with adopted IFRS, and those parts of the Companies Act 2006 that are applicable to financial statements prepared in accordance with IFRS. The Group's financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The accounting policies set out below have been applied to all periods presented in these Group financial statements and are in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 that were applicable for the period ended 31 December 2020.

1.3 New accounting standards, interpretations and amendments adopted by the Group

The Group has adopted the new interpretations and revised standards effective for the year ended 31 December 2020, none of which has had a significant impact on the Group. The new adopted in the annual financial statements for the year ended 31 December 2020 are:

- Definitions of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- COVID-19 Related Rent Concessions (Amendments to IFRS 16).

1.4 New standards, interpretations and amendments not yet effective

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

The following amendments are effective for the period beginning 1 January 2022:
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018 – 2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

These accounting standards and amendments are not expected to have a material impact on the Group.

1. Accounting policies (continued)

1.5 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position, are set out in the Strategic report. The risks that the business faces in the coming year, including the current economic climate, Covid19, and the mitigating actions which address these risks are set out in pages 12 to 13.

As at 31 December 2020, the Group had cash balances of £10.5m (2019: £5.4m). The net increase in cash and cash equivalents in the year ended 31 December 2020 was £5.1m (2019: £2.6m decrease), of which £4.2m was due to an equity raise in April 2020. The Group made a loss after tax for the year attributable to owners of the parent of £1.7m (2019: loss of £5.6m) and expects to make a further loss after tax in the year ending 31 December 2021.

In 2020 we demonstrated the resilience of the business to withstand the Covid-19 pandemic impact, growing cash and underlying EBITDA whilst holding sales flat. Despite the decline in UK retail and export sales consumers chose to increasingly purchase online. This accelerated our online growth to 39% in the year. Online growth is one of the pillars of our proven strategy and we increasingly invested in this channel throughout 2020.

As the extended UK and international lockdown restrictions impacted consumer demand and revenue growth, management took pro-active and decisive steps to improve profitability and generate operating cashflow. Sensitivity analysis and scenario planning different revenue outcomes stress tested potential impacts on the cash position of the business, ensuring that appropriate action was taken on a timely basis to maintain sufficient liquidity and resources in place.

The Directors have reviewed the Group's budgets and projected cash flow forecasts for the period to 31 December 2022 and in doing so considered reasonable, possible changes over the forecast period. We then conducted more extreme scenarios whereby Covid-19 impacts worsen in 2021 and even continue into 2022. Following this we performed reverse stress test analysis to understand the combination of factors required to drive a nil cash balance by end 2022. In all these scenarios the £8m flexible credit facility agreed with HSBC remained untouched.

Accordingly, the Directors have a reasonable expectation that the Company will have sufficient cash to meet liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.6 Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

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

1. Accounting policies *(continued)*

1.7 Revenue

(i) Performance obligations and timing of revenue recognition
The group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. Revenue from sales to external customers is recognised when goods are despatched. There is limited judgment needed in identifying the point at which the performance obligation is satisfied.

(ii) Determining the transaction price
Most of the group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Variable consideration relating to volume rebates has been constrained in estimating contract revenue in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the amount of volume rebates has been determined.

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

Sales rebate and discount reserves are established based on management's best estimate of the amounts necessary to meet claims by customers in respect of these rebates and discounts. A refund liability is made at the time of sale and updated at the end of each reporting period for changes in circumstances.

1.8 Segment reporting

The Directors have determined that two operating segments exist under the terms of IFRS 8 'Operating Segments'. The Group is organised between SiS and PhD Nutrition.

1.9 Use of non-GAAP profit measure – underlying EBITDA

The Directors believe that the operating profit / (loss) before depreciation, amortisation, share based payments, costs relating to the acquisition of PhD and subsequent restructuring as a measure provides additional useful information for Shareholders on underlying trends and performance. This measure is used for internal performance analysis. Underlying EBITDA is not defined by IFRS and therefore may not be directly comparable with other companies' adjusted profit measures. It is not intended to be a substitute for, or superior to IFRS measurements of profit.

A reconciliation of the underlying EBITDA to statutory operating loss is provided below:

	2020 (£'000)	2019 (£'000)
Loss from operations	**(2,237)**	**(5,045)**
PhD acquisition and integration costs	-	637
Share-based payment expense	226	1,165
Depreciation & amortisation	3,168	2,774
Foreign exchange variances on intercompany balances	(71)	297
Underlying EBITDA	**1,086**	**(172)**

[1] excludes depreciation, amortisation, non-cash share-based payments, costs relating to the acquisition and integration of PhD Nutrition and foreign exchange variances on intercompany balances

1. Accounting policies *(continued)*

1.10 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign subsidiaries are retranslated using the closing rate method and foreign exchange gains and losses on translation are recognised through other comprehensive income. The exchange differences are held in a separate reserve and will be recycled to the profit or loss on disposal of the subsidiary.

1.11 Employee benefits

(i) Defined contribution plans
The Group provides retirement benefits to a number of employees and Executive Directors. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions made by the Group are charged to profit or loss in the period in which they become payable.

(ii) Accrued holiday pay
Provision has been made at the reporting date for holidays accrued but not taken at the salary of the relevant employee at that date.

1.12 Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

1.13 Research and development

Expenditure on research and development activities of internal projects is written off as incurred unless the criteria are met to recognise an intangible asset in accordance with IAS 38 ‘Intangible assets’. Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are capitalised as intangible assets only when the following criteria are met: (i) it is technically feasible to complete the product so that it will be available for use; (ii) the Directors intend to complete the product and use it; (iii) there is an ability to use the product; (iv) it can be demonstrated how the product will generate probable future economic benefits; (v) adequate technical, financial and other resources to complete the development and use the product are available; and (vi) the expenditure attributable to the product during its development can be measured reliably.

Directly attributable costs that are capitalised include relevant employee costs. Capitalised development costs are amortised on a straight line basis over a period of five years from the date that the product is brought into first use. The directors consider that five years represents the usual period over which the main benefits of a new product are gained by the Group.

1.14 Taxation

Current tax is provided at amounts expected to be recovered or to be paid using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date. When research and development tax
credits are claimed, they are recognised on an accruals basis and are included as a grant and are taken above the line as a credit to expenditure. Tax credits are included in underlying operating loss.

1. **Accounting policies *(continued)***

1.14 Taxation *(continued)*

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries where the Company can control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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

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

1.15 Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued. No contingent consideration has been paid. Direct costs of acquisition are recognised immediately as an expense.

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

1.16 Intangible assets

(i) Externally acquired intangibles

Externally acquired intangible assets are initially recognised at cost less impairment and subsequently amortised on a straight line basis over their expected useful economic lives. Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

	Useful economic life	Valuation method
Brands	10 years	Relief from royalty
Customer relationships	10 years	Multi period excess earnings

(ii) Internally generated intangible assets

Expenditure on internally developed products is capitalised if it can be demonstrated that; it is technically feasible to develop the product for it to be sold, adequate resources are available to complete the development, there is an intention to complete and sell the product, the Group is able to sell the product, sale of the product will generate future economic benefits, and expenditure on the project can be measured reliably.

1. Accounting policies *(continued)*

1.16 Intangible assets *(continued)*

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the administrative expenses in the consolidated statement of comprehensive income. Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

	Useful economic life
Website and software development	5 years
Product development	5 years

1.17 Impairment of tangible and intangible assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill. Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed. All goodwill relates to the Group’s acquisition of PhD Nutrition which forms an individual CGU.

1.18 Property, plant and equipment

Plant and equipment assets are stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is charged to profit or loss on all plant and equipment at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over their estimated useful lives, which is:

	Useful economic life
Leasehold improvements	Over length of the lease
Plant and machinery	4 – 15 years
Fixtures, fittings, computer equipment	4 years
Motor vehicles	4 years

The assets’ residual values and useful lives are determined by the Directors and reviewed and adjusted if appropriate at each reporting date in accordance with the Group policy for impairment of assets.

1. **Accounting policies *(continued)***

1.19 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated as follows:

Category	Basis
Raw materials	- cost of purchase on a first in, first out basis.
Work in progress and finished goods	- cost of raw materials and labour, together with attributable overheads based on the normal level of activity.

Net realisable value is based on estimated selling price less further costs to completion and disposal. A charge is made to profit or loss for slow moving inventories. The charge is reviewed at each reporting date.

1.20 Financial Instruments

Financial instruments are classified according to the substance of the contractual arrangements into which the Group enters.

Financial assets

On initial recognition, financial assets are classified as either fair value through profit and loss, fair value through other comprehensive income or amortised cost. The classification depends on the purpose for which the financial assets were acquired.

Fair value through other comprehensive income assets comprises of hedged assets. They are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognised in the

Consolidated Statement of Comprehensive Income. There are no other assets classified as fair value through other comprehensive income.

Amortised cost assets are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise principally through the provision of services to customers (e.g. trade receivables). But also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest.

The Group's assets at amortised cost comprise trade and other receivables and cash and cash equivalents including cash held at bank.

The Group applies the simplified approach under IFRS 9 for measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. Expected loss rates are based on historical credit losses experienced and are then adjusted for current and forward-looking information on factors affecting the Group's customers.

Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

1. Accounting policies *(continued)*

1.21 Hedge accounting

Hedge accounting is applied to financial assets and financial liabilities only when the following criteria are met:

- At the inception of the hedge there is a formal designation and documentation of the hedging relationship, and the Group's risk management objective and strategy for undertaking the hedge;
- The hedged relationship meets all the hedge effectiveness requirements including that an economic relationship exists between the hedged item and the hedging instrument, the credit risk effect does not dominate value changes, and the hedge ratio is designated based on the actual quantities of the hedged item and hedging instrument.

Cash flow hedges

The effective part of forward contracts designated as a hedge of the variability in cash flows of foreign currency risk arising from firm commitments, and highly probable forecast transactions, are measured at fair value with changes in fair value recognised in other comprehensive income and accumulated in the cash flow hedge reserve, within other reserves. The Group uses such contracts to fix the cost of foreign currency transactions in the functional currency of the Group entity concerned.

1.22 Cash and cash equivalents

Cash and cash equivalents compromise of cash at bank (PayPal included) and in hand.

1.23 Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

1.24 Share based payments

Some employees are granted share options which allow these employees to acquire shares in the Company, if certain performance conditions are met.

The fair value of share options is recognised as an employee expense in profit or loss with a corresponding increase in equity. The fair values of options are calculated at the earlier of the date on which an expectation of the share options arise and the date on which the options are granted. All options have a £nil exercise price and no market based performance conditions, therefore the fair value has been calculated using the market value of the shares at the date of grant adjusted for any non- entitlement to dividends over the vesting period.

The amount recognised as an expense is adjusted to reflect the number of equity instruments vested or expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of shares that eventually vest.

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

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash settled transaction.

1.25 Employee Benefit Trust ("EBT")

As the Group is deemed to have control of the EBT, it is treated as a subsidiary and consolidated for the purpose of the Group accounts. The EBT's investment in the Company's shares is deducted from shareholders' funds in the Group statement of financial position as if they were treasury shares.

1. Accounting policies *(continued)*

1.26 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for Leases of low value assets; and Leases with a duration of 12 months or less. IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. The following policies apply subsequent to the date of initial application, 1 January 2019.

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

On initial recognition, the carrying value of the lease liability also includes any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease; initial direct costs incurred.

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

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

1.27 Critical accounting estimates and judgements

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

(i) Lease recognition on manufacturing plant

The lease has expired on the manufacturing site. Management or the lessor can give 6 months' notice for SiS to vacate the property. Management has chosen not to recognise an IFRS 16 lease asset as this clause is in place and as such have determined that legally the lease currently falls into a duration of 12 months or less. Judgements made in reaching this decision include: (1) whether the group has a lease, and (2) What the enforceable period of the lease is by assessing whether the group (as lessee) and the lessor would have more than an insignificant penalty in exiting the lease. This was determined by considering the wider economic cost to both parties, including whether the lessor could find a new tenant and whether the group could find an appropriate alternative location without significant cost, as well as whether the installation of the new powder line would create a significant penalty with regards to the cost of moving.

1. Accounting policies *(continued)*

1.27 Critical accounting estimates and judgements *(continued)*

Estimates

Estimates are continually made and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The Directors believe the following to be the key areas of estimation:

(i) Intangible assets
Intangible assets were recognised on the acquisition of PhD Nutrition in relation to brands and customer relationships. The fair value of these assets were determined by discounting estimated future net cash flows generated by the assets. These were assessed based upon management forecasts. Key assumptions are those regarding discount rates and revenue growth rates.

In the current year the intangible assets recognised on acquisition have been tested for impairment based on the board approved cash forecast which includes a sales growth rate and gross margin estimates.

The discount rate used to calculate the present value of the cashflow is based on a WACC analysis which takes into account estimates of the risk-free rate, equity risk premium and company size premium.
Further detail is given in note 11, which includes sensitivity analysis performed on managements estimates.

(ii) Recognition of deferred tax asset
The carrying value of deferred tax assets are disclosed in note 17. The Directors consider it appropriate to recognise a deferred tax asset in respect of tax losses on the basis that the losses incurred to date are as a result of the Group's current strategy to invest in growing revenue and they therefore consider it reasonable to conclude that suitable taxable profits against which losses can be utilised are able to be generated in the foreseeable future. PhD Nutrition continues to generate taxable profits and it is therefore expected that future taxable losses generated by SIS (Science in Sport) Limited will be eligible to offset against these profits. We have recognised a deferred tax asset of £1.0m in respect of gross unutilised tax losses of £5.3m. Based on our forecast taxable profits over the next 2 years only we expect these tax losses to be used and the benefit realised by the group. Total losses carried forward are £15.5m which we will look to use against future profits.

(iii) Fair value measurement
Assets and liabilities included in the Group's financial statements that require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur. Currently only the hedging financial instrument is measured at Fair value, refer to note 25 for more detail.

2. Financial risk management

The Group's activities inevitably expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk.

It is Group policy not to enter into speculative positions using complex financial instruments. The Group's primary treasury objective is to minimise exposure to potential capital losses.

(a) Market risk

Foreign exchange risk

The Group operates globally with subsidiaries in the USA, Italy and Australia, and therefore there will be risks around foreign exchange rates. Refer to note 15 for analysis of cash balances by currency.

The Group primarily enters into contracts which are to be settled in UK Pounds. However, some contracts involve other major world currencies including the US Dollar, Euro and Australian Dollar.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from medium term and short term money market deposits. Deposits which earn variable rates of interest expose the Group to cash flow interest rate risk. Deposits at fixed rates expose the Group to fair value interest rate risk. The Group had no fixed rate deposits during the year. The Group analyses its interest rate exposure on a dynamic basis throughout the year. The Group has no variable borrowings and therefore no interest rate swaps or other forms of interest risk management have been undertaken.

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

	2020 (£'000)	2019 (£'000)
AUD $	349	332
EUR €	745	722
USD $	220	135
NZD $	117	113
Total	**1,431**	**1,302**

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposure in relation to outstanding receivables. Group policy is to place deposits with institutions with investment grade A2 or better (Moody's credit rating).

The Group does not expect any losses from non-performance by these institutions. Management believes that the carrying value of outstanding receivables and deposits with banks represents the Group's maximum exposure to credit risk.

The top 10 customers account for 51% (2019– 42%) of the Group's revenue and hence there is some risk from the concentration of customers, the largest single customer is 19% (2019 – 9%) of revenue and is a major international online business. Further disclosures regarding trade and other receivables are included in Note 14.

(c) Liquidity risk

Liquidity risk arises from the Group's management of working capital; it is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow. The Group had trade and other payables at the reporting date of £11.8 million (2019 – £10.0 million) as disclosed in note 16.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 year	Between 2 and 5 years
	£'000	£'000	£'000	£'000
Trade Payables	5,435	-	-	-
Hire Purchase	19	56	77	162
Lease liabilities	33	101	140	272
Derivative liabilities	3	7	-	-
Total Financial	**5,490**	**164**	**217**	**434**

(d) Capital risk management

The Group considers its capital to comprise its ordinary share capital, share premium, other reserve and accumulated retained earnings/deficit as disclosed in the consolidated statement of financial position.

The Group remains funded primarily by equity capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders of the Group and benefits for other Stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The companies debt and cash position is monitored weekly which ensures these objectives are being met along with other internal metrics.

3. Segmental reporting

Operating segments are identified on the basis of internal reporting and decision making. The Group's Chief Operating Decision Maker ("CODM") is considered to be the Board, with support from the senior management teams, as it is primarily responsible for the allocation of resources to segments and the assessments of performance by segment.

The Group's reportable segments have been split into the two brands, SiS and PhD Nutrition. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM as described above. The single largest customer makes up 19% of revenue and is not separately identified in segmental reporting.

The Board uses revenue, reviewed regularly, as the key measure of the segment's performance.

	Year ended 31 December 2020			Year ended 31 December 2019		
	SiS	**PhD**	**Total**	SiS	PhD	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Sales	**25,408**	**24,943**	**50,351**	**24,601**	**25,972**	**50,573**
Gross profit	**15,665**	**8,931**	**24,596**	**13,899**	**8,308**	**22,207**
Marketing costs	(5,278)	(2,869)	**(8,147)**	(5,978)	(1,961)	**(7,939)**
Carriage	(4,051)	(1,339)	**(5,390)**	(3,279)	(1,273)	**(4,552)**
Online selling costs	(748)	(87)	**(835)**	(237)	(28)	**(265)**
Trading contribution	**5,588**	**4,636**	**10,224**	**4,405**	**5,046**	**9,451**
Other operating expenses			**(12,461)**			**(14,496)**
Loss from Operations			**(2,237)**			**(5,045)**

4. Revenue from contracts with customers

The group operates four primary sales channels, which form the basis on which management monitor revenue. UK Retail includes domestic grocers and high street retailers, Digital is sales through the phd.com and scienceinsport.com platforms, Export relates to retailers and distributors outside of the UK and Market place relates to online marketplaces such as Amazon and TMall.

	Year ended 31 December 2020			Year ended 31 December 2019		
	SiS	**PhD**	**Total**	SiS	PhD	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Digital	9,628	3,475	13,103	8,619	1,551	10,170
Export	4,471	4,820	9,291	5,221	5,539	10,760
Retail	6,411	9,683	16,094	8,063	13,783	21,846
Marketplace	4,898	6,965	11,863	2,698	5,099	7,797
Total sales	**25,408**	**24,943**	**50,351**	**24,601**	**25,972**	**50,573**

Turnover by geographic destination of sales may be analysed as follows:

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
United Kingdom	32,968	32,751
Europe	8,612	9,174
Australia	1,234	1,416
Rest of the World	7,537	7,232
Total sales	**50,351**	**50,573**

5. Operating expenses

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
Sales and marketing costs	**14,372**	**12,756**
Operating costs	9,067	9,920
Depreciation and amortisation	3,168	2,774
Share based payment charge (1)	226	1,165
Costs associated with integration of PhD (2)	-	637
Administrative expenses	**12,461**	**14,496**
Total operating expenses	**26,833**	**27,252**

(1) Includes associated social security costs of £6,000 (31 December 2019 – £87,000) and consideration in respect of sponsorship services of £nil (31 December 2019 – £450,000).

(2) Integration costs of PhD Nutrition into the Group amounted to £nil (2019 £637,000) this relates mainly to restructuring and the powder production line installation.

6. Loss from operations

Loss from operations is stated after charging:	**Year ended 31 December 2020 £'000**	Year ended 31 December 2019 £'000
Amortisation of intangible assets	2,384	2,129
Amortisation of right-of-use assets	169	156
Depreciation of property, plant and equipment	615	489
Research and development costs	383	232
Grant income in respect of research and development tax credits	(128)	(215)
Marketing costs	8,147	7,939
Foreign exchange differences on intercompany balances	(71)	297

Auditor's remuneration

The total fees for services provided by the Group's Auditor are analysed below:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Audit services		
- Audit fees in respect of the parent company and consolidation	31	23
- Audit fees in respect of the subsidiary accounts	79	67
Non- audit services		
- Corporation tax compliance	12	10
- Other taxation advisory	5	32
- Other advisory	22	-
Total fees	**149**	132

7. Wages and salaries

The average monthly number of persons, including Directors, employed by the Group was:

	Year ended 31 December 2020 Number	Year ended 31 December 2019 Number
Sales and marketing	**71**	58
Manufacturing	**84**	72
Administration	**16**	21
Directors	**5**	5
	176	156

Their aggregate emoluments were:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Wages and salaries	**6,965**	7,065
Directors' fees	**114**	120
Social security costs	**774**	909
Pension and other staff costs	**177**	233
Total cash settled emoluments	**8,030**	8,327
Share based payments – equity settled	**220**	623
Share based payments – social security costs	**6**	87
Total emoluments	**8,256**	9,037

8. Directors' and Key Management Personnel remuneration

Amounts paid to the Directors of the Parent company:	**Year ended 31 December 2020 £'000**	Year ended 31 December 2019 £'000
Directors		
Aggregate emoluments and fees	**561**	566
Benefits in kind	**7**	6
Pension contributions	**-**	6
Total emoluments	**568**	578
Share based payment remuneration charge: equity settled	86	435
Total Directors' emoluments	**654**	1,013

Directors' fees of £35,000 (2019 – £36,000) for one Director are paid through a Limited Company.
During the year, no Directors participated in defined contribution pension schemes (year ended 31 December 2019 – one).

The number of Directors who participated in the long-term incentive programme was 1 (2019 – 2). Share options were exercised by no Directors in the current year (2019 – 1).

The highest Director was paid £793,000 which was made up of salaries, LTIP and benefits in kind, the Remuneration committee calls this out in more detail on pages 30 - 33.

Directors' emoluments include amounts attributable to benefits in kind comprising private medical insurance on which the Directors are assessed for tax purposes. The amounts attributable to benefits in kind are stated at cost to the Group, which is also the tax value of those benefits. Further details of Directors' emoluments are included in the Remuneration report.

The aggregate remuneration of members of Key Management Personnel (which includes the Board of Directors and other Senior Management Personnel) during the year was as follows:

Amounts paid to Key Management Personnel.	**Year ended 31 December 2020 £'000**	Year ended 31 December 2019 £'000
Remuneration and short-term benefits	1,455	1,430
National insurance costs	152	181
Post-employment benefits	4	40
Share based payments	137	678
	1,748	2,329

9. Taxation

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Current tax income		
United Kingdom corporation tax	–	–
Foreign corporation tax	(47)	–
Total current tax income	**(47)**	**–**
Deferred tax		
Effect of change in tax rates	–	(100)
Origination and reversal of temporary differences	592	(454)
Tax on benefit / (expense) for the year	**545**	**(554)**

9. Taxation *(continued)*

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Loss before tax	**2,273**	**5,064**
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	432	962
Effects of:		
Expenses not deductible for tax purposes	(53)	(6)
Unprovided deferred tax asset on losses carried forward	-	(1,482)
Temporary timing differences	-	
Additional deduction for R&D expenditure	95	98
Share scheme deduction	74	(33)
Effect of changes in tax rate	-	(100)
Adjustment in respect of prior periods	-	-
Excess overseas tax suffered	(13)	-
Other	10	7
Total tax credit for the period	**545**	**(554)**

Tax on each component of other comprehensive income is as follows

	As at 31 December 2020			As at 31 December 2019		
	Before tax	Tax	After tax	Before tax	Tax	After tax
	£'000	£'000	£'000	£'000	£'000	£'000
Loss recognised on hedging instrument	171	(32)	139	(181)	33	(148)
Exchange gains on the translation of foreign operations	(25)	-	(25)	67	-	67
Total	**146**	**(32)**	**114**	**(114)**	**33**	**(81)**

At 31 December 2020 UK tax losses of the Company available to be carried forward are estimated to be £15.5m (2019: £14.1m). In the deferred tax note 17 the recoverability of the deferred asset against future profits is assessed. Deferred tax balances are valued at the rate of 19% in these accounts to the extent that timing differences are expected to reverse after this later date.

10. Loss per share

Basic and diluted loss per share is calculated by dividing the loss attributable to owners of the parent by the weighted average number of Ordinary shares in issue during the period. The exercise of share options would have the effect of reducing the loss per share and is therefore anti-dilutive under the terms of IAS 33 'Earnings per share'.

	Year ended 31 December 2020	Year ended 31 December 2019
Loss for the year attributable to owners of the parent – £'000	(1,728)	(5,618)
Weighted average number of shares	129,372,525	122,716,318
Basic and diluted loss per share - pence	**(1.3p)**	**(4.6p)**

The number of vested but unexercised share options is 11,150,449 (2019: 6,080,901).

11. Intangible assets

	Goodwill £'000	Brands £'000	Customer relationships £'000	Website and software development £'000	Product development £'000	Total £'000
Cost						
At 31 December 2018	**17,398**	**8,957**	**5,638**	**2,432**	**515**	**34,940**
Additions	–	–	–	959	494	1,453
At 31 December 2019	**17,398**	**8,957**	**5,638**	**3,391**	**1,009**	**36,393**
Additions	–	–	–	793	624	1,417
At 31 December 2020	**17,398**	**8,957**	**5,638**	**4,184**	**1,633**	**37,810**
Amortisation						
At 31 December 2018	**–**	**75**	**47**	**893**	**183**	**1,198**
Charge for year	–	896	564	515	154	2,129
At 31 December 2019	**–**	**971**	**611**	**1,408**	**337**	**3,327**
Charge for year	–	896	564	670	254	2,384
At 31 December 2020	**–**	**1,867**	**1,175**	**2,078**	**591**	**5,711**
Net book value						
At 31 December 2020	**17,398**	**7,090**	**4,463**	**2,106**	**1,042**	**32,099**
At 31 December 2019	17,398	7,986	5,027	1,983	672	33,066

The brand and customer relationships recognised were purchased as part of the acquisition of PhD Nutrition on 6 December 2018. They are considered to have finite useful lives and are amortised on a straight-line basis over their estimated useful lives of 10 years. The intangibles were valued using an income approach, using Multi-Period excess earnings Method approach for customer relationships and Relief from Royalty Method for brand valuations.

Goodwill impairment review

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The Group has estimated the value in use of PhD based on a discounted cashflow model which adjusts for risks associated with the assets. The pre-tax discount rate used to measure the CGUs value in use was 15.0%.

The recoverable amount of the CGU has been determined from value in use calculations based on cash flow projections covering a period to 31 December 2026. The forecasts are based on a 3 year, board approved, strategic plan, which forecasts revenue growth ahead of the forecast market growth rate. For the period from 2025 to 2026 revenue growth rates have been reduced to the forecast average growth rate for the sports nutrition market. After 2026 a long-term annual growth rate of 1.5% has been applied. In context of the PhD potential, the SiS brand has grown at a compound annual growth rate of 25% over the last six years up to 2019 before the Covid-19 pandemic.

The Board approved cash forecast uses a growth rate of 28% for 2021 and 25% for 2022 to 2024. A growth rate of 14% for 2025 and 8% for 2026 has been used in line with the sports nutrition market growth rate. From 2027 an annual growth rate of 1.5% is applied into perpetuity.

The key assumptions used in the discounted cashflow model were the discount rate, sales growth, gross margin and EBITDA. Gross margin and EBITDA percentages were based on 2020 actuals adjusted for expected improvements to the manufacturing cycle as well as extra costs around headcount and carriage that are appropriate with the future revenue growth rate.

11. Intangible assets (continued)

The discount rate used in the discounted cashflow is based on a WACC analysis which takes into account estimates on the:

- Risk-free rate (rate used is higher than the long-term UK government bond)
- Equity risk premium (this is higher than the average equity risk premium in the UK)
- Size premium (the same value as prior year has been used)

Sensitivity analysis

With regard to the assessment of value in use, a change in any of the above key assumptions could have a material impact on the carrying value of the cash-generating unit.

If any of the following changes were independently made to the key assumptions the carrying amount and recoverable amount would be equal:

- 16% increase in the discount rate or
- 13% decrease in the current growth rate (years 1 -5)
- 37% decrease in EBITDA (years 1-5)

12. Property, plant and equipment

	Leasehold improvements £'000	Plant and machinery £'000	Fixtures, fittings and computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 31 December 2018	**506**	**1,383**	**1,261**	**16**	**3,166**
Additions	97	821	310	-	1,228
Disposals	-	(6)	-	-	(6)
At 31 December 2019	**603**	**2,198**	**1,571**	**16**	**4,388**
Additions	27	364	306	-	697
Disposals	-	(6)	-	-	(6)
At 31 December 2020	**630**	**2,556**	**1,877**	**16**	**5,079**
Depreciation					
At 31 December 2018	**408**	**957**	**761**	**7**	**2,133**
Charge for the year	41	222	222	4	489
Disposal	-	(5)	-	-	(5)
At 31 December 2019	**449**	**1,174**	**983**	**11**	**2,617**
Charge for the year	53	271	288	3	615
Disposal	-	-	-	-	-
At 31 December 2020	**502**	**1,445**	**1,271**	**14**	**3,232**
Net book value					
At 31 December 2020	**128**	**1,111**	**606**	**2**	**1,847**
At 31 December 2019	154	1,024	588	5	1,771

13. Inventories

	31 December 2020 £'000	31December 2019 £'000
Raw materials	2,313	1,551
Finished goods	4,661	4,590
	6,974	**6,141**

There is a provision of £232,000 included within inventories in relation to the impairment of inventories (31 December 2019 – £131,000). During the period inventories of £25,755,000 (year ended 31 December 2019 - £28,236,000) were recognised as an expense within cost of sales.

14. Trade and other receivables

	31 December 2020 £'000	31 December 2019 £'000
Trade receivables	**9,518**	9,415
Less: provision for impairment of trade receivables	**(529)**	(51)
Trade receivables – net	**8,989**	9,364
Other receivables	**112**	517
Total financial assets other than cash and cash equivalents classified as amortised cost	**9,101**	9,881
Prepayments and accrued income	**740**	1,046
Total trade and other receivables	**9,841**	10,927

Trade receivables represent debts due for the sale of goods to customers. Trade receivables are denominated in local currency of the operating entity and converted to Sterling at the prevailing exchange rate as at 31 December 2020. The Directors consider that the carrying amount of these receivables approximates to their fair value. All amounts shown under receivables fall due for payment within one year. The Group does not hold any collateral as security.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging.

The expected loss rates are based on the Group's historical credit losses experienced over 2020, this is due to SiS using SAP which has provided more visibility over debtors. PhD has also looked at credit loss over the 2019 year as this is the first full year under SiS plc ownership. The historical loss rates are then adjusted for current and forward-looking information affecting the Group's customers.

At 31 December 2020 the lifetime expected loss provision for trade receivables is as follows:

	More than 60 days past due	**More than 90 days past due**	**Total**
31 December 2020			
Expected loss rate (%)	4%	17%	
Gross carrying amount (£'000)	333	404	
Loss provision (£'000)	**14**	**68**	**82**
31 December 2019			
Expected loss rate (%)	2%	10%	
Gross carrying amount (£'000)	224	463	
Loss provision (£'000)	**5**	**46**	**51**

A further provision of £447,000 (2019: nil) has been included against specific debts considered impaired.

15. Cash and cash equivalents

	31 December 2020 £'000	31 December 2019 £'000
Cash at bank and in hand	10,466	5,371

Cash at bank and in hand is made up of the following currency balances		
British Pound	9,035	4,069
Euro	745	722
US Dollar	220	135
Australian Dollar	349	332
New Zealand Dollar	117	113
	10,466	**5,371**

The directors consider that the carrying amount of cash approximates to its fair value.

16. Trade and other payables

	31 December 2020 £'000	31 December 2019 £'000
Trade payables	5,435	5,680
Accruals	5,353	3,354
Total financial liabilities measured at amortised cost	**10,788**	9,082
Other taxes and social security	1,050	920
Total Trade and other payables	**11,838**	9,954

The Directors consider that the carrying amount of these liabilities approximates to their fair value.

All amounts shown fall due within one year.

17. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (year ended 31 December 2019 – 19%). Details of the deferred tax asset and liability, amounts recognised in profit or loss and amounts recognised in other comprehensive income are as follows:

Year ended 31 December 2020:	**Asset**	**Liability**	**Net**	**(Charged)/ credited to profit or loss**	**(Charged) / credited to equity**
	£'000	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	(395)	(395)	(13)	-
Available losses	1,016	-	1,016	255	-
Other temporary and deductible differences	580	-	580	73	-
Business combinations	-	(2,195)	(2,195)	277	-
Cash flow hedges	2	-	2	-	(32)
Tax assets/ (liabilities)	**1,598**	**(2,590)**	**(992)**	**592**	**(32)**
Set-off of tax	(395)	395	-	-	-
Net tax assets/ (liabilities)	**1,203**	**(2,195)**	**(992)**	**592**	**(32)**

17. Deferred tax (continued)

Year ended 31 December 2019:	Asset	Liability	Net	(Charged)/ credited to profit or loss	(Charged)/ credited to equity
	£'000	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	(382)	(382)	(63)	-
Available losses	761	-	761	(564)	-
Other temporary and deductible differences	507	-	507	84	-
Business combinations	-	(2,472)	(2,472)	(11)	-
Cash flow hedges	33	-	33	-	33
Tax assets/ (liabilities)	**1,301**	**(2,854)**	**(1,553)**	**(554)**	**33**
Set-off of tax	(382)	382	-	-	-
Net tax assets/ (liabilities)	**919**	**(2,472)**	**(1,553)**	**(554)**	**33**

Recoverability of deferred tax asset:

SiS (Science in Sport) Limited has a cumulative assessed tax loss as at 31 December 2020 of £15.5m (2019: £14.1m), this has increased by £1.4m from 2019. The losses are split into pre 1 April 2017 losses of £4.2m and post 1 April 2017 losses of £11.3m. SiS can utilise its assessed tax losses in the coming years against future expected profits. Assessed losses from before 1 April 2017 can only be used against SiS (Science in Sport) Limited profit whereas assessed tax losses from after 1 April 2017 can be used to offset the future profits from SiS (Science in Sport) Limited and tax losses from November 2018 which is the date of acquisition can be offset against PhD Nutrition Ltd profits.

Tax losses have been recognised to the extent that they are considered recoverable based on short term forecast taxable profits.

18. Leases

The group leases several properties in the jurisdictions from which it operates. In all jurisdictions the rates are fixed over the lease term.

The group also leases vehicles, which comprise only of fixed payments over the lease terms.

In determining the right to use asset and lease liability at the date of initial application, the weighted average incremental borrowing rate of 4% was used.

Right-of-use Assets

	Land and buildings £'000	Vehicles £'000	Totals £'000
At 1 January 2020	**669**	**20**	**689**
Amortisation	(165)	(4)	**(169)**
As at 31 December 2020	**504**	**16**	**520**

Lease liabilities

	Land and buildings £'000	Vehicles £'000	Totals £'000
At 1 January 2020	**682**	**12**	**694**
Interest expense	25	-	**25**
Lease payments	(161)	(12)	**(173)**
As at 31 December 2020	**546**	**-**	**546**

18. Leases (continued)

As at 31 December 2020	Up to 3 months £'000	Between 3 and 12 months £'000	between 1 and 2 year £'000	Between 2 and 6 years £'000
Lease liabilities	(33)	(101)	(140)	(272)

One property lease has not been recognised as a lease asset and liability under IFRS 16, as the lease contract has expired and current rolling terms are 6 months' notice.

Short term lease expense of £239,000 (2019: £170,000), which relates to rental property in UK, Italy and the USA where the lessor retains substantially all the risks and benefits of ownership, and the asset are classified as operating leases. Rentals applicable to operating leases are charged against profits on a straight-line basis over the period of the lease.

19. Share capital

	Ordinary 10p shares number	Ordinary 10p shares £'000
Authorised share capital	**221,000,000**	**22,100**

Allotted, called up and fully paid	Ordinary 10p shares number	Ordinary 10p shares £'000
At 31 December 2019	**122,819,029**	**12,282**
Equity placing – 22 April	12,281,902	1,228
At 31 December 2020	**135,100,931**	**13,510**

The Company has one class of Ordinary shares which carry no rights to fixed income.

On the dates shown above the Company issued new Ordinary shares of 10p each. The fair value of these shares at the date of issue was £4,600,000.

At 31 December 2020 the Employee Benefit Trust held in reserve 1,914,144 new Ordinary shares of 10p each to be issued as share options (2019 – 1,938,182 new Ordinary shares of 10p each).

20. Share options

In June 2014 the Company adopted a Share Option Plan ("SOP"). The key terms of the SOP are substantially the same as set out in the AIM Admission Document which is available on the Group's website. Under the SOP, options to purchase Ordinary shares may be granted by the Remuneration Committee to Directors, Senior Executives and potentially other employees at nil-cost.

To enable the Company to grant nil-cost options it has established an Employee Benefit Trust to purchase, hold and transfer the Ordinary shares pursuant to the options.

The SOP is managed by the Remuneration Committee on behalf of the Company. The Company will grant each participant an option subject to the terms and conditions of each participant's individual option agreement (including performance conditions) and the SOP rules. Each participant may be granted either annual or long term (three- or five-year vesting period) options or both. Annual options may be settled in either cash or shares at the sole discretion of the Remuneration Committee. As at 31 December 2020 1,914,144 (2019: 1,938,182) shares were held by the Employee Benefit Trust in respect of options awarded to the Directors in respect of previous years. All other annual options have been treated as equity settled options.

In the event that the option holder's employment is terminated before vesting, the option may not be exercised unless the Remuneration Committee so permits. Options expire 10 years from date of grant.

The Board approved an LTIP element of the SOP on 22 September 2016 which relates to revenue growth achievement. This award replaces the existing five-year LTIP, the three-year revenue growth phase of this scheme vested in March 2016 and was then planned to be a profit plan for two years thereafter. Following the raising of additional capital in October 2015, the strategy has continued to be focussed on revenue growth following the completion of the first three years of the previous LTIP:

A new LTIP scheme for 2019 - 2021 is in place, further information on the scheme can be found in the Remuneration report.

The total charge for the year relating to employee share-based payment plans was £226,000 (2019: £628,000), all of which related to equity settled share based payment transactions. Total social security costs of £6,000 (2019: £87,000) have also been recognised and included in the share-based payment charge of £226,000 (2019: £1,165,000).

Options granted during the period

During the year ended 31 December 2020 options were granted under the short term and long-term incentive plan with regard to performance in the year ended 31 December 2019. No awards were made for 2020 financial year. All options have a nil exercise price and no market-based performance conditions; therefore the fair value has been calculated using the market value of the shares at the date of grant. As the expected dividend yield for the life of the option is assumed to be nil no adjustment is required for non-entitlement to dividends.

Date of grant	Exercise price pence	Share options number	Share price at date of grant pence
30 September	nil	5,093,586	33p

20. Share options (continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price pence	Weighted average share price at date of exercise pence	Share options Number
Options at 1 January 2019	nil	-	6,842,539
Granted during year	nil	-	1,625,925
Exercised	nil	55p	(1,787,854)
Forfeited during year	nil	-	(599,709)
Outstanding at 31 December 2019	**nil**		**6,080,901**
Granted during year	nil	33p	5,093,586
Exercised	nil	33p	(24,038)
Forfeited during year	nil	-	-
Outstanding at 31 December 2020	**nil**		**11,150,449**

The exercise price of all options outstanding at the end of the year was nil. The average remaining contractual life for these options as at 31 December 2020 was 9.0 years (31 December 2019 – 6.9 years).

21. Reserves

Share premium	Amount subscribed for share capital in excess of nominal value less costs directly attributable to the issue of shares
Employee Benefit Trust reserve	Shares in the Company held by the Employee Benefit Trust which will be used to settle options held by employees under the SOP
Cash flow hedge reserve	Gains/losses arising on the effective portion of hedging instruments carried at fair value in a qualifying cash flow hedge
Other reserve	Arose as a result of applying the principles of reverse acquisition accounting following the demerger of SIS (Science in Sport) Limited from Provexis plc in August 2013 and represents the difference between the capital reserves of Science in Sport plc (the legal acquirer) and those of SIS (Science in Sport) Limited (the legal acquiree).
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income
Foreign exchange reserve	Arises on the translation of foreign subsidiaries into Sterling at the year-end date. For the year ending 31 December 2020 a loss of £25,000 was recognised (2019 – £67,000 profit) to this reserve.

22. Pension costs

The pension charge represents contributions payable by the Group to independently administered funds which during the period ended 31 December 2020 amounted to £177,000 (period ended 31 December 2019 – £233,000). Pension contributions payable but not yet paid at 31 December 2020 totalled £33,000 (31 December 2019 – £33,000).

23. Operating lease commitments

Future minimum rentals payable under operating lease (to note this is the earlier of lease expiry or notice period served where there is no defined period on the lease.)

	31 December 2020 £'000	31 December 2019 £'000
Expiring:		
Due within 1 year	41	128
Due between 2 years and 5 years	-	-
	41	**128**

Operating lease payments primarily represent rentals payable by the Group for properties for which a ROU asset has not been recognised under IFRS 16, as the leases have been determined to be short term.

24. Related party transactions

IAS 24 'Related Party Transactions' requires the disclosure of the details of material transactions between reporting entities and related parties. Transactions and balances with Group companies are eliminated on consolidation and therefore do not need to be disclosed.

Details of Directors' remuneration are within the Remuneration Committee report

25. Financial instruments

Financial instruments at amortised costs	**31 December 2020 £'000**	31 December 2019 £'000
Financial assets measure at amortised cost	19,567	15,252
Financial liabilities measure at amortised cost	10,789	9,034

Financial assets comprise cash and cash equivalents trade and other receivables. Financial liabilities comprise trade payables and accruals.

Derivative Financial liabilities	**31 December 2020 £'000**	31 December 2019 £'000
Derivatives designed as hedging instruments		
Forward foreign exchange contracts - cash flow hedges	10	181

25. Financial instruments (continued)

The only financial instrument measured at fair value are derivatives, designated as hedging instruments. These are classified as level 2 in the fair value hierarchy (see note 1.27).

There were no transfers between levels during the period.

	Valuation technique
Derivative financial assets and liabilities	Forward exchange rates at the reporting date used to determine fair value.

All derivatives held by the Group are designated as hedging instruments. The Group has elected to adopt the hedge accounting requirements of IFRS 9 Financial Instruments. The Group enters hedge relationships where the critical terms of the hedging instrument and the hedged item match, therefore, for the prospective assessment of effectiveness a qualitative assessment is performed.

Hedge effectiveness is determined at the origination of the hedging relationship. Quantitative effectiveness tests are performed at each period end to determine the continued effectiveness of the relationship.

The fair value of the derivative financial assets and liabilities are split between current and non-current depending on the remaining maturity of the derivative contract and its contractual cash flows.
The fair value of foreign currency forward contracts are based on observable information on exchange and interest rates. The hedged forecast transactions denominated in foreign currency are expected to occur at various dates within the next 12 months.

Gains and losses on foreign currency forward contracts which have been recognised in the hedging reserve, within other reserves in equity as at 31 December 2020, will be recognised in the Consolidated Statement of Comprehensive Income in the periods during which the hedged forecast transaction occurs.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the Consolidated Statement of Financial Position.

The gross contractual cash flows for the forward contracts as at 31 December 2020 was £450,000 (31 December 2019: £6,795,000). The movement in the fair value on forward contracts in the period of £171,000 profit (2019: £181,000 loss) has been included within other comprehensive income in the Consolidated Statement of Comprehensive Income.

26. Hire purchase agreement

A hire purchase agreement was entered into on 12 December 2019 with HSBC Equipment Finance. This was to fund the new powder production line completed in November 2019, with the first powder products being produced in the same month. The Group's obligation is to repay the financing over 60 months, with the first repayment occurring on 18th January 2020.

	31 December 2020 £'000	31 December 2019 £'000
Current portion of Hire purchase obligation	75	77
Long term portion of Hire purchase obligation	239	309
Total Hire purchase obligation	**314**	**386**

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

Company number 08535116	Notes	As at 31 December 2020 £'000	As at 31 December 2019 £'000
Assets			
Non-current assets			
Investments	4	48,521	48,295
Intangible Assets		12	12
Other receivables	5	22,515	18,298
Total non-current assets		**71,048**	**66,605**
Current assets			
Cash and cash equivalents		6	6
Total current assets		**6**	**6**
Total assets		**71,054**	66,611
Liabilities			
Current liabilities			
Trade and other payables	6	(16)	(37)
Total current liabilities		**(16)**	**(37)**
Net current liabilities		**(10)**	**(31)**
Total net assets		**71,038**	**66,574**
Capital and reserves attributable to owners of the Parent company			
Share capital	7	13,510	12,282
Share premium reserve		51,839	48,829
Share options reserve		7,073	6,847
Employee Benefit Trust reserve		(191)	(193)
Retained deficit		(1,193)	(1,191)
Total equity		**71,038**	**66,574**

As permitted by Section 408 of the Companies Act 2006 no separate Parent company profit and loss account has been included in these financial statements. The Parent company loss for the period was £nil (2019: profit of £68,000).

These financial statements were approved and authorised for issue by the Board on 16 March 2021 and signed on its behalf by:

Stephen Moon

Stephen Moon
Director
16 March 2021

The notes on pages 76 to 78 form part of these Parent company financial statements.

PARENT COMPANY STATEMENT OF CASH FLOWS

	Year ended 31 December 2020 £000	Year ended 31 December 2019 £000
Cash flows from operating activities		
Profit/(Loss) after tax	-	68
Operating cash outflow before changes in working capital	**-**	**68**
Changes in trade and other payables	(21)	(456)
Total cash outflow from operations	**(21)**	**(388)**
Cash flow from investing activities		
Interest received	-	4
Financing operations of subsidiary	(4,217)	(1,795)
Net cash outflow from investing activities	**(4,217)**	**(1,791)**
Cash flow from financing activities		
Net Proceeds from issue of share capital	4,238	-
Expenses paid on share issues	-	-
Net cash inflow from financing activities	**4,238**	-
Net increase/(decrease) in cash and cash equivalents	**-**	**(2,179)**
Opening cash and cash equivalents	6	2,185
Closing cash and cash equivalents	**6**	**6**

Proceeds from the issue of share capital were received in subsidiary bank account.

The notes on pages 76 to 78 form part of these Parent company financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Share option reserve £'000	Employee Benefit Trust reserve £'000	Retained deficit £'000	Total equity £'000
At 31 December 2018	**12,197**	**48,464**	**6,218**	**(372)**	**(1,080)**	**65,427**
Total comprehensive loss for the year	–	–	–	–	68	68
Transactions with owners						
Issue of shares:						
Issued in return for sponsorship services	85	365	(450)	–	–	–
Issue of shares held by EBT to employees	–	–	–	179	(179)	–
Share based payments	–	–	1,079	–	–	1,079
At 31 December 2019	**12,282**	**48,829**	**6,847**	**(193)**	**(1,191)**	**66,574**
Total comprehensive loss for the year	–	–	–	–	–	–
Transactions with owners						
Issue of shares:						
Share capital raised (net of costs)	1,228	3,010	–	–	–	4,238
Issue of shares held by EBT to employees	–	–	–	2	(2)	–
Share based payments	–	–	226	–	–	226
At 31 December 2020	**13,510**	**51,839**	**7,073**	**(191)**	**(1,193)**	**71,038**

The notes on pages 76 to 78 form part of these Parent company financial statements.

NOTES TO THE PARENT COMPANY FINANICAL STATEMENTS

1. Accounting policies

To the extent that an accounting policy is relevant to both SiS Group and Company financial statements, refer to the Group financial statements for disclosure of the accounting policy.

The Parent company financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("adopted IFRS"). The accounting policies are consistent with those of the Group which are disclosed in note 1 to the consolidated financial statements.

Intercompany loans
Intercompany loans are measured in accordance with IFRS 9 and as the loan is payable on demand and interest free, the loan has been measured at amortised cost. The estimated credit losses are calculated using the general approach. If at the reporting date it is determined that the loan cannot be repaid immediately on request, we will consider the most appropriate way to maximize recovery. Where this is considered to be by allowing the counterparty time to pay, we model a number of expected recovery scenarios based on underlying forecasts of the counterparty to calculate the expected credit loss.

Employee Benefit Trust Reserve ("EBT")
The shares held in the EBT are included in the company accounts, as it is considered that the company (as sponsor) retains the majority of the risks and rewards relating to the funding arrangement with the EBT trust.

Going concern
The going concern basis has been applied in preparing the Parent company financial statements for the reasons identified and disclosed in note 1 to the consolidated financial statements.

Valuation of investments
The investment in SIS (Science in Sport) Limited is recorded at the nominal value of shares issued for the purposes of the demerger in accordance with Section 615 of the Companies Act 2006. Accordingly, no premium on the issue of shares has been recognised. The investment in PhD Nutrition is held at cost.

2. Profit attributable to Shareholders

As permitted by Section 408 of the Companies Act 2006 no separate Parent company profit and loss account has been included in these financial statements. The Parent company loss for the year ended 31 December 2020 was £nil (2019: profit £68,000).

The auditors remuneration for audit and other services is disclosed in Note 6 to the consolidated financial statements

3. Employee costs

All salary costs of employees of the Company are borne by subsidiary companies and are disclosed in Note 7 of the consolidated financial statements.

4. Investments

	£'000
At 31 December 2018	**47,216**
Capital contribution	1,079
At 31 December 2019	**48,295**
Capital contribution	226
At 31 December 2020	**48,521**

Capital contribution relates to share based payment transactions settled by the Company on behalf of SIS (Science in Sport) Ltd.

At 31 December 2020 the Company owned the following subsidiary undertakings:

	Share of issued ordinary share capital, and voting rights	Registered office	Business activity
SIS (Science in Sport) Limited	100%	2nd Floor, 16-18 Hatton Garden, Farringdon, London, EC1N 8AT, United Kingdom	Sports Nutrition
SIS (APAC) Pty Limited	100%	Level 3, 41-43 Stewart St, Richmond, VIC 3121, Australia	Sports Nutrition
Science in Sport Inc	100%	C/o USA Corporate Services Inc., 3500 S Dupont Hwy, Dover, DE 19901, USA	Sports Nutrition
Science in Sport (Italy) Srl	100%	Via Bernadino Telesio 25, 20142, Milan, Italy	Sports Nutrition
PhD Nutrition Limited	100%	2nd Floor, 16-18 Hatton Garden, Farringdon, London, EC1N 8AT, United Kingdom	Sports Nutrition

There are no significant restrictions on the ability of the subsidiary undertaking to transfer funds to the parent, other than those imposed by the Companies Act 2006.

5. Other receivables

	31 December 2020 £'000	31 December 2019 £'000
Amounts falling due after one year		
Amounts owed by SIS (Science in Sport) Limited	22,515	18,310
Total other receivables	**22,515**	**18,310**

Total other receivables are carried at amortised cost.
There has been no change in the credit risk comparison of the loan and as such has stayed in stage 1 of the general approach. The ECL has been calculated assuming the loan will be repaid over a future period of continued trading. This has been calculated based off the board approved plan for SIS (Science in Sport) Limited. The cash flow includes internal and external forward-looking information. The Growth rate from 2024 has been at 8% which is just below the growth rate of the nutritional market. No material estimated credit losses were identified.

6. **Other payables**

	31 December 2020 £'000	31 December 2019 £'000
Amounts falling due within one year		
Accruals	16	37
Total other payables	**16**	**37**

7. **Share capital**

Details of the share capital of the Company are included in note 19 to the consolidated financial statements, details of share-based payments are in note 20 to the consolidated financial.

8. **Related party transactions**

Amounts owed by and to subsidiaries are disclosed in note 5 of the Company financial statements. There are no other related parties other than the subsidiaries listed in note 4 and no other transactions other that than the loan to SIS (Science in Sport) Limited.

There are no employees during either period. The remuneration of the Directors of the Company is disclosed within the Remuneration Committee Report on pages 30 - 33.

COMPANY INFORMATION

Company number	08535116
Directors	J M Clarke (Chairman) T Wright R Mather S N Moon J L Simpson
Audit committee	R Mather (Chairman) J M Clarke T Wright S N Moon J L Simpson
Remuneration committee	T Wright (Chairman) J M Clarke R Mather
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Registered office	2nd Floor 16-18 Hatton Garden Farringdon London EC1N 8AT
Nominated adviser and broker	Liberum Capital Limited Ropemaker Place 25 Ropemaker Street London EC2Y 9LY
Principal solicitors	Dentons One Fleet Place London EC4M 7WS Reading Berkshire RG1 1SH
Auditors	BDO LLP Level 12, Thames Tower Station Road Reading RG1 1LX

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