Science in Sport plc

Annual report and financial statements

Year ended 31 December 2021

Company number 08535116

CONTENTS

STRATEGIC REPORT

HIGHLIGHTS & KEY PERFORMANCE INDICATORS

The Group performed strongly during the year and ahead of expectations, delivering an underlying EBITDA[1] of £2.2m (FY 2020: £1.1m) driven by revenue growth of 24% (FY 2020: nil) to £62.5m (FY 2020: £50.4m).

PhD Nutrition, a premium active lifestyle nutrition brand grew revenue by 19% to £29.6m (FY 2020: £24.9m). SiS, a leading endurance nutrition brand among elite athletes and professional sports teams, generated £32.9m revenue, 30% ahead of the previous year (FY 2020: £25.4m).

Science-led product innovation delivered 32% of total revenue growth, £3.9m up 77% versus FY 2020. 330 elite sports teams globally in a wide range of sports are customers.

The important USA market grew by 50% to £5.1m, as we made inroads into elite sports, including NBA and NFL teams. Key international markets of the USA, China, Germany, Italy and Australia grew by 50% to £16.0m (FY 2020: £10.7m) despite Brexit and pandemic disruption.

Underlying EBITDA[1] increased to £2.2m, continuing the strong upward trend (FY 2020: £1.1m). Gross margin increased to 50% (FY 2020: 49%), driven by supply chain efficiencies, the continued sales shift to online, and pricing, which together more than offset commodity price increases in the second half.

Capital investment was made in a new supply chain facility with capacity to accommodate £200m per annum of future sales. Investment in technology improved revenue per visit to our digital platform by 8% from installation in May to year-end. The current investment phase underpins our medium-term ambition to deliver £100m of highly cash generative revenue.

Reflecting the capital investment which underpins our growth and profit strategy, the Group's cash at bank on 31 December 2021 was £4.9m (31 December 2020: £10.5m), in line with management expectations.

The reported loss before tax was £5.3m (FY 2020 £2.3m loss), higher mainly due to the strategic investment in technology and data science, including the cloud accounting policy change requiring costs to be expensed.

CURRENT TRADING AND OUTLOOK

Trading for January and February is up 18% on the same period in 2021. March revenue is forecast to be a new record month. Gross margin is robust with input price increases offset by supply chain efficiencies, favourable channel mix, and price increases implemented across all channels.

Our new Blackburn supply chain facility will commence handling logistics operations in April, with gel manufacturing being fully operational in July. We continue to make good progress with our growth technology strategy underpinning our online channel growth.

The Group has performed well and delivered strong revenue growth. This very encouraging performance reflects the strength of our science-led premium brands which continue to drive strong underlying EBITDA[1] growth.

STRATEGIC REPORT

HIGHLIGHTS & KEY PERFORMANCE INDICATORS

We saw revenue growth in all channels and key markets, especially online. Online sales increased by 40% and now account for 56% of total sales, up from 50% a year ago, underpinned by our increased investment in growth technology. Our profitable retail sales grew well in the UK and internationally.

Prospects for further progress in 2022 look strong, following a good start to the year. While there are input price and supply chain headwinds, we believe that our efficient operations will deliver efficiencies to significantly mitigate such costs. Our revenue, profitability and cash generation ambitions are unchanged and we will continue to invest in the key drivers strategically.

[1] before interest, tax, depreciation, amortisation, share-based payments and foreign exchange variance on intercompany balances, cloud software accounting policy change, and Blackburn transition costs

STRATEGIC REPORT

BUSINESS & STRATEGIC MODEL

Headquartered in London, 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 active lifestyle community. The Company has two highly regarded brands, PhD Nutrition, a premium active-nutrition brand targeting the active lifestyle community, and SiS, a leading endurance nutrition brand among elite athletes and professional sports teams.

The two brands sell through the Company's phd.com and scienceinsport.com digital platforms, third-party online sites, including Amazon and Tmall, and extensive retail distribution in the UK and internationally, including major supermarkets, high street chains and specialist sports retailers. This omnichannel footprint enables the Company to address the full breadth of the sports nutrition market, forecast to be £13 billion worldwide by 2023[2].

PhD is one of the UK's leading active nutrition brands with a reputation for high quality and product innovation. The brand has grown rapidly since its launch in 2005. The range now comprises powders, bars, and supplements, including the high protein, low sugar range, PhD Smart. PhD brand ambassadors include leading fitness influencers Ross Edgley and Obi Vincent.

SiS, founded in 1992, has a core range comprising gels, powders and bars focused on energy, hydration, and recovery. SiS is an official sports nutrition supplier to over 330 professional teams, organisations, and national teams worldwide, including INEOS Grenadiers Cycling Team. SiS supplies more than 150 professional football clubs in the UK, Europe, and the USA. SiS is Performance Research Partner to the English Football Association and Official Vitamins and Supplements Partner to the Milwaukee Bucks, 2021 National Basketball Association Champions.

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 globally including the UK, USA, Italy, Australia, and China
- Strong online growth through own digital platforms
- Growing international online marketplace partnerships including Amazon and TMall.

PhD is one of the UK's leading active nutrition brands with a reputation for high quality and product innovation.

- Premium protein brand for active 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
- Growing international online marketplace partnerships including Amazon and TMall

2 Euromonitor Passport Database Global Assessment (December 2020)

STRATEGIC REPORT

BUSINESS & STRATEGIC MODEL

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
- International Retail – wholesalers, retailers and distributors outside the UK

Digital and Marketplace combined constitute Online

Products for enhanced performance

SiS:

The SiS GO Isotonic 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 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
- **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 and the multi-use Smart Protein Powder suitable for cooking.

The range of PhD products includes:

- **Diet** - The delicious Diet range combines protein, which is ideal for building and maintaining lean muscle whilst keeping you satiated for longer, with fat burning ingredients such as l-carnitine, CLA and green tea extract to support fat loss and lean muscle goals. PhD Diet Whey is UK's #1 selling Lean Protein brand
- **Smart -** Great tasting high protein, low sugar foods, bars & snacks that always perform on taste
- **Life** – A range of premium, expertly formulated health optimisation products. From the high in protein, low sugar, plant-based Complete meal solution, and Reset, a night time formula, to Mind, made to support optimal mental performance, this is a new range to optimise performance for life
- **Performance -** expertly formulated to help you perform at your best and optimise your training. From key supplements to aid in strength gains pre and intra workout to replenishment and recovery post workout, to maximise training and hitting goals

STRATEGIC REPORT

BUSINESS & STRATEGIC MODEL

Our proven strategic model drives long-term value

1. **Win in Science, Win in Product, Win in Elites**
    - Premium products based on leading scientific research and used by elite teams globally to win
    - Product Development laboratory and partnership with Liverpool John Moores University, a world recognised sports research centre of excellence
    - Performance Research Partner to the English Football Association and Official Vitamins and Supplements Partner to the Milwaukee Bucks, 2021 National Basketball Association Champions
    - £3.9m revenue in 2021 from new product innovation, 32% of sales growth

2. **Premium Brand**
    - Market leading brand equity measures underpinning consistent, multi-year improvement in brand awareness, consideration and usage.
    - SiS is an official sports nutrition supplier to over 330 professional teams, organisations, and national teams worldwide, including INEOS Grenadiers Cycling Team. SiS supplies more than 150 professional football clubs in the UK, Europe, and the USA. PhD brand ambassadors include leading fitness influencers Ross Edgley and Obi Vincent
    - Marketing investment over 16% of sales, and up 25% year on year to £10.2m in 2021 (FY2020 £8.1m).

3. **Best in Class Data Science**
    - Driving customer acquisition, retention and revenue through investing in our customer data platform and technology
    - Investing in technology to optimise digital traffic source and improve cost of acquisition, as well as a technology focusing on consumer loyalty.
    - Initial focus is improving our digital revenue growth, we will extend our data science capability to enhance consumer insight and our innovation pipeline

4. **Global Online Scale**
    - 2 pillars of own digital platform and marketplace business enabling us to grow markets strategically
    - PhD.com platform is a strategic priority given global scale of protein product sector.
    - Global Marketplace growth across Amazon, TMall and eBay platforms.
    - Investment in technology and talent, as well as in-sourcing key functions, will ensure online is a core strategic element and major driver of our global growth and profit strategy.
    - New own websites roll-out to develop new territories for both brands
    - Online revenue, a key strategic focus for the Group, grew strongly up 40% in 2021 to £34.9million, 56% 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.
    - Blackburn new single site supply chain facility opening April 2022 with state-of-the-art eight-lane gel manufacturing line operational July 2022

STRATEGIC REPORT

CHAIRMAN'S REPORT

The business demonstrated its resilience by returning to historical levels of revenue growth despite ongoing adverse impacts from COVID-19 related disruption in key markets. In a challenging economic environment, we navigated the Brexit transition at the start of the year and absorbed the headwinds of global supply chain disruption and commodity price increases, whilst increasing gross margin.

We made significant progress on building the strategic platform for future growth with work at an advanced stage on our new Blackburn supply chain facility, and new digital technology which is already driving a strong return on investment. We strengthened our team and our technology capabilities, positioning us well for the next stage of profitable growth.

COVID-19

Our priority throughout the pandemic continues to be the health and safety of our employees. In the factory, the introduced additional safety and hygiene measures, including segregating facilities, breaks between shifts and increased cleaning routines have ensured that operations continue uninterrupted.

Ukraine

The Board has considered the impact of events in Ukraine, and currently do not envisage a material impact on the business, though this is a rapidly changing unpredictable situation. The Board has resolved to discontinue trading in Russia which is not a strategic growth market for the business. In the medium term, we have fixed price energy tariffs in place, reducing the risk of significant energy price inflation.

Overview

We are delighted to announce a robust set of results for the year ended 31 December 2021. Group revenue was £62.5m, up 24% on prior year, with all channels in growth.

Underlying EBITDA[1] was £2.2m, up 100% on 2020, driven by supply chain efficiencies, the continued sales shift to online, and pricing, which more than offset commodity price increases in the second half. The reported loss before tax was £5.3m (2020: £2.3m loss) higher due to share-based payment expenses from a 2021 bonus award and strategic investment in technology and data science.

Our cash at bank position at year-end was £4.9m, in line with expectations. We invested £6.5m in 2021, mainly in a new growth technology function as a strategic enabler and our new Blackburn facility. We have an HSBC invoice credit facility of £8.0m which was unused at year end.

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

Our proven growth strategy remains unchanged, focusing on science and elite-led product innovation, building brand equity, driving global online scale supported with world-class data science, through an efficient supply chain.

CHAIRMAN'S REPORT

Our People

During this challenging year, the continued high performance of the Company 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.

The values of the business are growth, change, focus and resilience. This underpins our business performance and is demonstrated by our return to revenue growth in 2021.

Finally, on behalf of the board and myself, I would like to thank our employees, suppliers and customers for their invaluable contributions and support in these challenging times, as we look forward to a return to normality.

Development of the Board

The board must 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.

The board regularly reviews the environmental, social and governance performance of the group. This year we have shown industry leadership in recyclable packaging, Real Living Wage and Carbon Neutral accreditation.

John Clarke

Non-Executive Chairman

29 March 2022

[1] before interest, tax, depreciation, amortisation, share-based payments and foreign exchange variance on intercompany balances, cloud software accounting policy change, and Blackburn transition costs

CHIEF EXECUTIVE'S REPORT

Strategic Intent

We continue to see a significant opportunity ahead with the global sports nutrition category forecast to be worth £13 billion[2] by 2023. The COVID-19 pandemic has accelerated the macro trends of wellbeing and health with customers increasingly shopping online for products to support their active lifestyles beyond the gym. We remain well-positioned to benefit from these trends.

Our medium-term ambition is to deliver £100 million of revenue, with high cash generation. The key drivers of our proven growth strategy remain unchanged:

- Win in Science, Win in Product, Win in Elites: premium products based on leading scientific research and used by elite teams globally to win
- Premium Brand: investment in brand awareness, driving conversion and usage with the highly engaged consumers in the category
- Best in Class Data Science: driving customer acquisition, retention, and revenue through investing in our customer data platform and technology
- Global Online Scale: growth driven by the two pillars of our digital platform and marketplace business, enabling us to grow strategic markets globally
- Efficient Supply Chain: simpler, more cost-effective, scalable, and increasingly in-house, driven from our new Blackburn supply chain site

Win in Science, Win in Elites

Revenue from new products was £3.9m for the period, up 77% on prior year, and comprising 32% of sales growth in 2021.

PhD launched the Life range with eight products, Complete, Reset, Mind, Vital, Relax, Move, Boost and Digest. Each product is formulated to enhance specific aspects of health needs. This premium range signals a move into higher-margin active lifestyle products. We launched Diet Plant, this underpinning our UK market-leading position in plant protein powders.

SiS Beta Fuel gels, chews and powders were launched, with a new maltodextrin and fructose blend, proven to deliver 120 grams per hour of highly absorbable carbohydrate. This represents a breakthrough in carbohydrate delivery, with the claim supported by a high-quality laboratory-based performance trial.

Our Win in Elites operation extended our reach to over 330 elite teams globally during the year. We have customer relationships at the highest levels in football, cycling, cricket, professional basketball, American football, rugby union, rugby league, running and other sports. The strong link between our Win in Science team and elite sport is critical in our strategy and underpins our premium brands.

In 2022 we are to extend our world-class banned substance programme putting in place market-specific accreditation for the USA.

[2] Euromonitor Passport Database Global Assessment (December 2020)

CHIEF EXECUTIVE'S REPORT

Premium Brand

PhD has made strong progress in brand awareness and is now the number three brand in the UK market, this being a significant improvement since acquiring the brand in late 2018. We enjoy a powerful conversion from awareness to purchase online, and brand equity scores are extremely strong across all measures.

In 2022 we are introducing a new active-lifestyle positioning for PhD, as we start to move the brand further into a premium positioning, and away from the price-led protein powder segment of the market.

Science in Sport continues to enjoy market leadership in endurance nutrition in the UK in awareness, all brand equity scores, and conversion to purchase. This strong position is also being reflected in consumer attitudes in the critical markets of the USA and Italy.

We became an official performance partner to the NBA Champions, the Milwaukee Bucks during the year, this in addition to our long-standing relationship with Ineos Grenadiers cycling. We are Performance Nutrition Partner to the English Football Association. Win in Science and Win in Elites are a key element of the SiS brand strategy.

Our focus on quality remains, and our brands were two of the top four major sports nutrition brands in the UK in 2021, as measured by Trustpilot. We are investing in quality systems, technology, and processes to improve further our offering to our elite and everyday athletes.

Technology and Data Science

2021 saw us build a high-quality in-house technology and data science team, to accelerate our technology and place the growth technology function as a strategic enabler.

We implemented our new Tealium customer data platform in May, with this technology delivering an 8% increase in revenue per visit from launch to year-end. In addition to this new technology, our in-house technology team upgraded and optimised our digital platform, extended the functionality of our SAP ERP system, and implemented a new warehouse management system to facilitate effective operation of the new Blackburn site.

In 2022 the machine learning capability of Tealium is to be extended. In addition, we are investing in technology to optimise digital traffic sourcing and improve cost of acquisition, as well as technology focusing on consumer loyalty. We continue to develop our in-house data science capability as a core part of our strategic footprint. While the initial focus is improving our digital revenue growth, we will extend our data science capability to enhance consumer insight and our innovation pipeline.

Global Online

Online sales rose strongly by 40% to £34.9m (FY 2020: £25.0m). Online sales via the Group's digital platforms were up by 28% with third-party marketplace sites up 52%. In March. we set a record for online sales, which we exceeded four times in the second half, including setting a new sales record over peak November trading. Online sales accounted for 56% of total sales (FY 2020: 50%).

CHIEF EXECUTIVE'S REPORT

In the important market of the US, online sales increased by 52% to £4.8m. PhD Japan, which launched in the first half, performed ahead of plan in the second half. A new India platform went live in March 2022. We continue to expand the reach of our marketplace offering, opening new stores for both brands on Amazon across France, Poland, and Sweden.

Investment in technology and talent, and in-sourcing key functions, will ensure online is a core strategic element and significant driver of our global growth and profit strategy.

Efficient Supply Chain

Gross margin increased to 50% (FY 2020: 49%), driven by supply chain efficiencies, continued sales shift to online, and pricing, which more than offset commodity price increases. Prices of whey, a global commodity, increased sharply in Q4 to record levels. We are confident we can maintain gross margin in 2022 through efficiencies and strategic supply partnerships.

We further streamlined our supply chain by reducing our product line count during the year and focussing on our best-selling lines. We have removed three-quarters of product line in two years. A new demand planning system and processes are being implemented currently, to enable further focus on inventory and service levels.

The new Blackburn supply chain facility is on track, with outbound logistics operations planned to start in April. In early July, a state-of-the-art eight-lane gel manufacturing line will be operational, further enhancing our market leading position in this product format.

The 160,000 square foot facility give us the headroom to grow to £200m in revenue in the existing configuration. Consolidating the Group's four operational sites into one location drives significant and immediate supply chain savings. Medium-term we foresee improving gross margin as a critical driver of profitability.

UK Retail

Despite being adversely impacted by pandemic restrictions, UK retail sales rose by 12% to £18.0m (FY 2020: £16.1m). Gross margin improved despite UK retail sector pressures. All major grocery accounts grew more than 20%, while independent cycling shops and the convenience channel increased 53% and 217% respectively. High street saw a decline, which was more than offset by other retail and online channels, as consumers switched.

PhD retail sales grew by 9%. It has the number one protein powder in UK retail and is the number one manufacturer of lean whey powder. PhD is the number one manufacturer of plant-based protein powders, with more sales than the next five manufacturers in total. We are the number three protein bar manufacturer and are comfortably outgrowing the category. In plant protein bars we are number one, and in sports nutrition protein bars we are number two in grocery.

Science in Sport delivered growth of 17% in UK retail, with our high gross margin gels and hydration tablets continuing their consistent growth trend. SiS is the clear number one in endurance nutrition in UK retail. Our Beta Fuel product launched strongly in August 2021, and we will invest in growth in this novel format in 2022 in all channels.

CHIEF EXECUTIVE'S REPORT

International Retail

International retail sales were £9.6m (FY2020 £9.3m), 3% up on the prior year, returning to growth despite COVID-19 restrictions impacting consumer behaviour in many of our markets. This includes the impact of exiting over 60 sub-scale accounts in late 2020. In 2022 we are to exit a further 16 markets, to focus on building scale in key global economies.

We developed our business with our strategic global partner Shimano which delivered growth of 6%, despite lockdown constraints in key markets, and introduced SiS to Brazil and Spain. We continued our push with SiS in Italy and started to extend our PhD presence in Germany; both are major future markets for us. While badly hit by supply chain disruption, China delivered sales of £4.1m, up by 73%.

ESG

As a premium performance nutrition business, we recognise our impact on the wellness of our colleagues and the wider community. It is important our actions help to drive positive, sustainable change in the environment and society.

All PhD protein containers are recyclable, and SiS will follow in 2022. For bar and gel wrappers not currently recyclable at kerb side we offer a specialised recycling solution for customers.

The new Blackburn site will reduce carbon emissions from moving product between the multiple sites in the existing footprint. The new building incorporates many energy saving features and in 2022 we will install solar panels. These actions partly offset increasing emissions from international online sales. We are accredited as Carbon Neutral by Carbon Neutral Britain.

We support a wide range of initiatives to facilitate sportswomen and men from disadvantaged and under-represented communities. We have a long-term relationship with Los Angeles Bike Academy, this to support underserved communities and give young athletes new opportunities in the workplace and in cycle racing.

We are partners to Black Unity Bike Ride, Football Beyond Frontiers, and Tour de Lunsar cycling race in Sierra Leone, which is West Africa's largest grassroots race. We partner L39ION of Los Angeles cycling team, whose aim is to eliminate boundaries, promote diversity, and provide a pathway for young athletes from all backgrounds.

The diversity of our workforce is a strength, and in 2021 45% of our workforce identified as non-UK nationals, well ahead of the 15% UK average in the 2021 ONS Labour Force Survey. 20% of our employees identify as BAME versus 14% in the UK overall.

We became a Real Living Wage employer during 2021, and we welcomed five interns from the social mobility charity Career Ready. Two of the interns were offered permanent roles.

We have an extensive wellbeing programme in place for all our colleagues, which ranges from company-wide wellness events, through to access to confidential mental health support.

The Board has adopted the QCA 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.

CHIEF EXECUTIVE'S REPORT

Outlook

The business performed strongly in 2021, returning to 24% revenue growth, with growth across all channels. Despite the uncertain economic environment and the return of inflation, our premium brands are well positioned to drive continued growth and profitability.

We continue to invest in the strategic drivers of product science, premium brand, technology and data science, and efficient supply chain. These drivers underpin our proven strategic growth model, and we remain committed to our vision of becoming the world's number one premium performance nutrition business, as well as delivering £100m of profitable, highly cash generative revenue in the medium term.

Stephen Moon

Chief Executive Officer

29 March 2022

Stephen Moon

STRATEGIC REPORT

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 and post 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;
- 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.

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

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.	2021 2020	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 corresponding impact on finished product cost.	2021 2020	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 2021 globally traded whey commodity prices increased significantly. We are exploring new global scale suppliers and reformulating products to minimise exposure to the ingredients most impacted by price rises.
3 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.	2021 2020	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 since 2020. The inflationary environment and impact on disposable income contributes to customer risk.
4 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.	2021 2020	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.
5 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.	2021 2020	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 (2020: Medium).

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

RISK	RISK RATING	POTENTIAL IMPACT	MITIGATION CONTROLS
6 LIQUIDITY Ensuring the Group has sufficient cash reserves.	2021 (Medium) 2020 (Low)	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. An £8m flexible invoice financing facility is in place with HSBC. Asset financing credit facilities are in place with both HSBC and Lombard to support the Blackburn single site facility development. This risk has been assessed as Medium in 2021. (2020: Low).
7 COVID-19 COVID-19 coronavirus presents a significant global challenge	2021 (High) 2020 (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 due to the unknown impact of future potential variants of Covid.
8. RECRUITMENT & RETENTION	2021 (Medium)	Recruiting and retaining talent is key to delivering future growth and strategic plan delivery. The market is increasingly competitive in key areas such as Technology, Online Trading & Marketing, in addition to Senior Leadership positions.	SiS has recruited in a new People team in 2021 to support recruitment and retention. Retention awards for specific roles and functions most at risk have been made. Investment in employee support and benefits such as access to wellbeing and counselling are in place. SiS received Real Living Wage certification in 2021. An inflationary pay-rise for all employees has been approved for 2022.

Low

Medium

High

FINANCE REVIEW

Revenue

The Group delivered £62.5m revenue in the year ended 31 December 2021, up 24% on prior year (FY 2020: £50.4m)

Online channels grew 40% year on year and now represent 56% of Group sales, as customers continue to migrate online, though all channels returned to growth in 2021.

Profitability

The Group generated a gross profit of £31.4m (FY 2020: £24.6m) with a gross margin of 50% compared with 49% in 2020. Gross margin improved driven by supply chain efficiencies, continued sales shift to online, and pricing, which combined more than offset commodity price increases

Underlying EBITDA[1] was £2.2m, up 100% on 2020. The reported loss before tax was £5.3m, (FY 2020: £2.3m loss) higher mainly due to increased strategic investment in technology, and data science including the cloud accounting policy change requiring costs to be expensed and a 2021 bonus award. EPS was lower at -5.0p (FY 2020: -1.3p) and included the partial release of a deferred tax asset.

We invested in key strategic areas of technology, data science, online marketing and supply chain, including building in-house teams, which increased overall operating costs. Overheads excluding these areas were lower than prior year.

The Group has chosen to report underlying EBITDA[1] as an alternative performance measure. This is adjusted for depreciation, amortisation, non-cash share-based payments, forex on intercompany balances, International Financial Reporting Interpretations Committee (IFRIC) new accounting guidance requiring cloud computing configuration and customisation cost of technology investment to be expensed and Blackburn transition costs. The Board believes this provides additional useful information for Shareholders to assess an underlying profit performance more closely aligned to a cash profit value, excluding one-offs. This measure is used by the Board for internal performance analysis. A reconciliation of underlying EBITDA to profit from operations is presented in Note 1.9 of the accounts.

Working capital

As at 31 December 2021, the Group held inventory of £8.4m (31 December 2020: £7.0m). Inventory levels increased as we managed potential supply chain disruption risk, increasing stock levels to provide resilience into the new year.

Fixed Assets

Capital works in progress include £2.9m fit out costs for the new Blackburn facility. Following commencement of the factory build at Blackburn which is a leased premises, a right-of-use asset has been recognised with a corresponding lease liability in accordance with IFRS 16. The right-of-use asset will be depreciated over the life of the lease and lease payments will reduce the lease liability with an associated interest cost. Capital commitments at the end of 2021 were £3.2m.

[1] before interest, tax, depreciation, amortisation, share-based payments and foreign exchange variance on intercompany balances, cloud software accounting policy change, and Blackburn transition costs

FINANCE REVIEW

Cash position

Cash at bank at end 2021 was £4.9m (FY 2020: £10.5m), in line with expectations and lower than prior year due to capital investment of £6.5m (FY 2020 £2.1m), including the new Blackburn site, technology investment in online growth and new product development.

A £8.0m flexible invoice credit facility with HSBC, our principal bankers, was unused at year end. In addition at year end, asset financing credit facilities of £3.7m are in place with HSBC and with Lombard Asset Finance of £2.4m to finance planned capital investment.

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.

A £2.1m charge was recognised for the 2021 LTIP and STIP schemes (FY 2020: nil).

Taxation

The tax charge recognised for the year is £1.5m (FY 2020: £0.5m tax benefit) due to the partial release of a deferred tax asset. The Group has cumulative tax losses of £17.7m (FY 2020: £15.5m), a proportion of which the Group will look to use to cover future profits.

Going concern

The Group made a loss after tax for the year attributable to owners of the parent of £6.8m (FY 2020: loss of £1.7m) of which £7.8m was non-cash items such as depreciation, amortisation, share based payments and deferred tax asset release. The net decrease in cash at bank at the year ended 31 December 2020 was £5.6m (FY 2020: £5.1m increase), this was primarily due to capital investment in the Blackburn facility and technology to drive online sales growth. As at 31 December 2021, the Group had cash at bank of £4.9m (31 December 2020: £10.5m), and an £8m invoice financing credit facility which was not utilised. In addition, asset financing credit facilities are in place with HSBC and with Lombard Asset Finance to finance planned capital investment.

The business proved resilient during the Covid-19 pandemic with a strong return to revenue growth as lockdown eased. Our online channel continues to grow strongly, with retail and international channels now back in growth. Management have prepared sensitivity analysis and scenario planning of different revenue outcomes, including interruption of trade, no sales growth, and reduction in gross margin to stress-test potential impacts on the cash position of the business, and concluded that in each of these downside stress tests sufficient liquidity is in place. The Directors have prepared projected cash flow information for the period ending 31 December 2023.

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.

ENVIRONMENTAL, SOCIAL, GOVERNANCE REPORT

Science in Sport has always had the health and wellbeing of our athletes at the heart of our business. We work with world-class sports science professionals to develop innovative products to drive performance for elite athletes and the active.

We recognise that this performance takes place in the natural environment and the wider community, and it is important for us to ensure our decisions and actions drive positive, sustainable change. We continually challenging ourselves to find ever more sustainable ways to produce our products. We are determined to put sustainability at the forefront of our decision-making and to match our words with action.

The last year has seen us make significant progress across a broad range of initiatives:

Environment

In 2021 we have been working towards the 2022 opening of our new single supply chain site at Blackburn. This new purpose-built facility replaces four separate operating sits and eliminates the need to move raw materials and finished goods between the different sites reducing carbon emissions. In addition, the new significantly larger single site provides increased capability to manufacture finished goods products in house reducing transport miles and the carbon footprint of products.

The new building incorporates many of the latest energy saving features such as low flow plumbing fixtures, programmable air temperature control units, LED lighting and the use of natural daylight to reduce lighting requirements.

Once the new site is fully operational in 2022, we will measure our new carbon emissions level as a baseline for targeting future carbon emissions efficiency improvements towards developing science based targets.

We have moved all our PhD and SiS protein containers to recyclable materials. PhD protein moved to recyclable pouches in 2021 with SiS tubs moving to pouches in 2022. For bar and gel wrappers not currently recyclable at kerb side we offer a specialised solution.

Customers can send gel or foil wrappers in a prepaid bag to our recycling partner. Enval are a specialist materials recycling business who use a microwave induced pyrolysis process, for recycling plastic aluminium laminates used in gels and bar wrappings. This is the only sustainable and economically viable end-of-life solution for this packaging, which is required to safeguard the rigorous product quality standards Science in Sport uphold. Since the service launched in Q1 we recycled over 45,000 wrappers in 2021, some 250kg of packaging which would have gone to landfill.

Work is continually ongoing with suppliers on further opportunities to replace one-use packaging with bio-degradable or recyclable packaging where possible. We are constantly evaluating new packaging technology and its appropriateness for our premium products. 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.

This year we have significantly reduced industrial landfill waste from our production supply chain. From the second half of 2021 all products are screened for recycling or use in electricity generation, eliminating landfill waste going forward.

ENVIRONMENTAL, SOCIAL, GOVERNANCE REPORT

Carbon reporting

Each year our carbon emissions are reviewed by Carbon Neutral Britain. We use their methodology to calculate the carbon emissions from our ongoing operations. 2021 values are taken from our submitted report.

Calculated carbon emissions are offset using projects certified through the Verified Carbon Standard (VCS) and UK Emissions Trading Standard (UK ETS), in order to achieve accredited carbon neutral status.

Key energy efficiency actions are described above in our Environmental section of the ESG report.

Under the SECR (Streamlined Energy and Carbon Reporting) framework Group Scope 1 & 2 energy use in 2021 is set out below:

- 1,617 MWh from electricity, gas and own transport consumption (2020: 1,523MWh) an increase of 6%.
- Total CO_2 emissions related to this energy consumption was 318 tCO_2e (2020: 308 tonnes) an increase of 3%, of which 3tCO_2e from Scope 1 relating to own vehicles and 315tCO_2e mainly from electricity and gas usage during production
- The Intensity ratio is calculated as the tonnes of CO_2 per £m sales above divided by the reported 2021 total group revenue as per the Income statement
- The Intensity ratio for 2021 is 5.1 (2020 6.1) a reduction of -16%

We have seen an improvement in our energy intensity ratio from operational efficiencies which will improve further with the move to the new Blackburn site. Once the new site is fully operational, we will reset our baseline emissions and use this as a reference point to measure further improvements.

Recognising the need for flexible working post Covid we have introduced a working from home policy with sustainability guidelines and financial support for employees to reduce their carbon emissions whilst working at home.

Social

We've supported a wide range of activities to encourage and facilitate sportsmen and sportswomen from disadvantaged and under-represented communities access cycling.

Building long-term partnerships and relationships is key to us and we're proud that the organisations we've supported in 2021 we plan to continue working with in 2022 and beyond.

The Black Unity Bike Ride is an alliance of London's black cycling groups supported by more than 20 organisations and collectives from across London's community with regular events and an annual 14 mile bike ride into London. We sponsored the second annual event providing sports nutrition for all riders.

Further afield we continued our support for the Tour de Lunsar in Sierra Leone, West Africa's largest grassroots cycling race, and sponsor the Flames Cycling Club in Sierra Leone, an amateur team who aim to use sport to empower young people.

ENVIRONMENTAL, SOCIAL, GOVERNANCE REPORT

In the USA we've continued our collaboration and support of the LA Bike Academy, a youth education program, community bike shop and youth cycling team with a mission to empower, educate and develop entrepreneurial and leadership skills in boys and girls between the ages of 8-18.

We're proud to partner the L39ION of Los Angeles cycling team providing financial and sports nutrition support for an organisation whose aim is to advance cycling, eliminate boundaries and promote diversity, representation and inclusion and provide a pathway into the support for young athletes from all backgrounds.

The Science in Sport employee team participates in an annual London to Paris cycle ride which in 2021 was postponed due to Covid restrictions. We've been training hard and are looking forward to getting back in the saddle for this team building event in 2022.

In the UK, Derek Williams, a former heavyweight boxing champion of Europe and the Commonwealth, set up the Champion Mindset initiative. We've provided financial assistance and PhD products to support his activity programme with disaffected young people to tackle the underlying issues of low self-esteem, anxiety and fear in secondary school students who are deemed at risk of exclusion

We also provided cycling clothing and sports nutrition to support a team of young cyclist undertaking their first long distance ride from London to Brighton with the Inspirational Youth organisation.

Bringing together inspirational stories, our new podcasts series available on the SiS website called 'Paper to Podium' has highlighted issues faced by world class female athlete's such as England footballer Jordan Nobbs and UFC fighter 'Meatball' Molly McCann. Issues addressed range from the impact of the menstrual cycle on performance to recovering from injury and what it means to be a role model for young athletes.

Employees

The diversity of our workforce is a strength, and we are keen to recruit employees from a wide range of backgrounds. In 2021 45% of our workforce identified as non-UK nationals well ahead of the 15% UK average in the 2021 ONS Labour Force Survey.

We regularly collect and report employee diversity data. 20% of our employees identify as BAME vs. 14% in the UK overall in the most recently available census data. BAME employee representation is even higher at the Executive Team level.

For the first time in 2021 we welcomed 5 Career Ready interns into the business. Career Ready is a national social mobility charity with the aim of empowering young people by connecting them to the world of work, providing workplace experiences, career insights, and a network of support. After the success of the summer programme, we offered interns placements to continue working with us during their breaks from studying. Following the success of the first year of the partnership, we are excited about increasing the number of interns we welcome in 2022.

Health & Safety is a priority for the business with regular reporting on incidents and near misses. We run an active programme of safety improvement observations to continuously improve safety. Both the Executive team and Board review the monthly reporting and actions taken. In 2021 we had a single reportable incident, the first for over 3 years. Corrective action has been put in place.

STRATEGIC REPORT

ENVIRONMENTAL, SOCIAL, GOVERNANCE REPORT

Our aim is to become an Employer of Choice both within the sports nutrition industry and the wider consumer sector. We recruited a new experienced People team to deliver this goal. We've started to launch tailored training courses, personal development and improved people processes to support our employees as they develop their careers and experience with our fast-growing business.

We became an accredited Real Living Wage employer during the year committing to fair pay for all our employees and contractors at all our sites in the UK.

During the ongoing Covid pandemic we supported our employees with monthly Health & Wellbeing sessions presented by external experts on key area such as personal resilience, helping others, psychological safety post lockdown and sense of purpose.

We ran a Wellbeing Week in May with daily events to encourage all employees to focus on their health and mental wellbeing. The theme was taking time out from the busy working week to get outside and reconnect with nature. The event received strong positive feedback with a high level of participation including a yoga session in the factory car park.

We participated in the Inside Out Leader Board, driving awareness of the importance of accessible mental health. Internally we encouraged an open and supportive discussion about mental health in the business. We are investing in training mental health champions to provide support in the organisation. Online counselling support is provided through Together All our Employee Assistance partner on a wide range of issues for all our colleagues to access.

Gender diversity across the business is set out below:

	Female	**Male**
Directors	-	5
Executive Team	2	4
All employees	108	110
Total	**110**	**119**

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 under the Corporate Governance section.

Due to our statutory loss before tax, we are not a net corporation tax-payer. We contribute to the economy through our VAT and PAYE payments. Our Group Taxation Policy is to pay the right amount of tax, at the right time, in the right place, 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.

ENVIRONMENTAL, SOCIAL, GOVERNANCE REPORT

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 is included above under Principal Risks & Uncertainties section of the Strategic Report.

For the first time in 2021 we prepared an ESG risk register identifying environmental, social and governance risks faced by the Group with mitigating action. With a focus on materiality and alignment with the UN Sustainability goals the aim was to enhance business resilience through long term value creation. The ESG risk register was approved by the Board and is regularly reviewed in Board meetings.

Transparency International Anti-Bribery training has been rolled out in 2021 for all senior managers. To ensure that employees are aware of their obligations under the Ant-Bribery Act 2010, they are required to obtain a pass certificate in the course. Demonstrating that the organisation has 'adequate procedures' in place to prevent bribery is a defence against the offence of failing to prevent bribery. As a business we have an Ethics policy with zero-tolerance for corruption and bribery as well as anti-competitive practices.

Our Anti-Slavery Policy was reviewed and updated and can be found on our corporate website.

We recognise the importance of suppliers as strategic partners as we continue to grow the business. In 2021 we identified the need to improve our supplier management and visibility. We have invested in a Supplier Quality Assurance Manager to improve supply chain supplier relationships, a Ledger Manager and additional accounts payable resource to improve this area.

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'.

ENVIRONMENTAL, SOCIAL, GOVERNANCE REPORT

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

GOVERNANCE

DIRECTORS’ REPORT

Section 172 statement

This constitutes 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 Corporate Social Responsibility 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 hard work and dedication of all the people who work for PhD and Science in Sport. We continue 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 such as the monthly CEO Briefing. We run monthly Wellbeing sessions providing all employees with practical sessions on mental health and wellbeing, provide mental health awareness training for managers and an employee assistance programme for all employees with accessible online counselling.

In 2021 we became an accredited Real Living Wage employer.

Customers

As with any business, our customers are our key stakeholders, and our strategic model investments in product innovation, technology and data science 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.

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.

DIRECTORS' REPORT

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

We have recently invested in additional resource in this area to improve the supplier experience.

Investors

Investors 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. Consequently, we started presenting results on 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

The example below sets out 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 in 2020 to move to a new supply chain site at Blackburn in 2022. This was a key decision for the group and the Board was extensively involved in the decision-making process.

As the project has progressed in 2021 employees at the current Nelson site have received regular communication and consultation with a Human Resources specialist recruited to support the move.

Suppliers have been contacted about the termination of warehousing and logistics agreements currently in place and no longer required as all operations move to a single site. Both SiS employees and third-party logistics employees directly working in our supply chain and impacted by the move have been offered new roles at Blackburn and support to move if required.

The Board has received regular updates on the progress of the Blackburn project and supported the consultative approach taken by the project team.

The Directors present their report together with the consolidated financial statements for the year ended 31 December 2021.

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.

DIRECTORS' REPORT

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 89.

Future developments

The Strategic report and the Chairman and Chief Executive reports cover the Group's performance during the year ended 31 December 2021, 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 Mather

Details of Directors are included on pages 34 to 35.

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 37 to 41.

Dividends

No dividends were paid and none proposed (31 December 2020 – £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 13 to 15.

DIRECTORS' REPORT

As at 31 December 2021, the Group had cash balances of £4.9m (2020: £10.5m). The net decrease in cash and cash equivalents in the year ended 31 December 2020 was £5.6m (2020: £5.1m increase), of which £6.5m was due to capital investment including the development of a new single site operations facility at Blackburn and a new customer data platform which is driving online sales growth. The Group made a loss after tax for the year attributable to owners of the parent of £6.8m (2020: loss of £1.7m) and expects to make a further loss after tax in the year ending 31 December 2022.

In both 2020 & 2021 we demonstrated the resilience of the business to withstand the Covid-19 pandemic impact. Despite the impact on UK retail and export sales, consumers continue to choose to shop online. This accelerated our online growth to 39% in 2020, it has remained at this level in 2021 at 40%. Online growth is one of the pillars of our proven strategy and we increasingly invested in this channel throughout 2021.

With the continued uncertainty at the start of 2021 due to a new lockdown, management took steps to manage cash and profitability. As markets came out of lockdown in the year we accelerated our marketing and capital investment to capture the growth opportunities which became available. 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 2023 and in doing so considered reasonable, possible changes over the forecast period. 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 sufficient to cover future growth plans. In addition, further available asset financing facilities are also available at year end from HSBC of £3.7m and from Lombard Asset Financing of £2.4m for planned capital investment.

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 (2020: 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

Substantial shareholdings

As at 31 December 2021, the following Shareholders own more than 3% of issued share capital of the Company:

Shareholder	Number of shares	Percentage holding %
Tellworth Investments	14,789,158	10.95
Aviva Investors	14,649,192	10.84
Otus Capital Management	14,111,855	10.45
JO Hambro Capital Management	12,200,000	9.03
River & Mercantile Asset Management	9,663,130	7.15
AXA Framlington Investment Managers	5,775,389	4.27
Sarasin & Partners	5,593,305	4.14
Burgundy Asset Managers	5,416,183	4.01
Baillie Gifford & Co	5,234,097	3.87
Cazenove Capital Management	5,227,458	3.87

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 UK adopted International Accounting Standards.

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

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 UK adopted International Accounting Standards subject to any material departures disclosed and explained in the financial statements;
- state whether the Company financial statements have been prepared in accordance with UK adopted International Accounting Standards IFRSs and as applied in accordance with the provisions 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

29 March 2022

GOVERNANCE

CORPORATE GOVERNANCE 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 i) Win in Science, Product & Elites; ii), Premium Brand; iii) Best in Class Data Science; iv) Global Online Scale and iv) Efficient Supply Chain.

The Board receives regular updates on ESG, with progress on key initiatives such as Real Living Wage, Carbon emission reporting as well as any key developments in corporate culture. We have strengthened the People team this year with 2 new roles to support the continued 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 business model and strategy can be found on page 3, and the key challenges in their execution can be found on pages 13-15.

GOVERNANCE

BOARD OF DIRECTORS

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.

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.

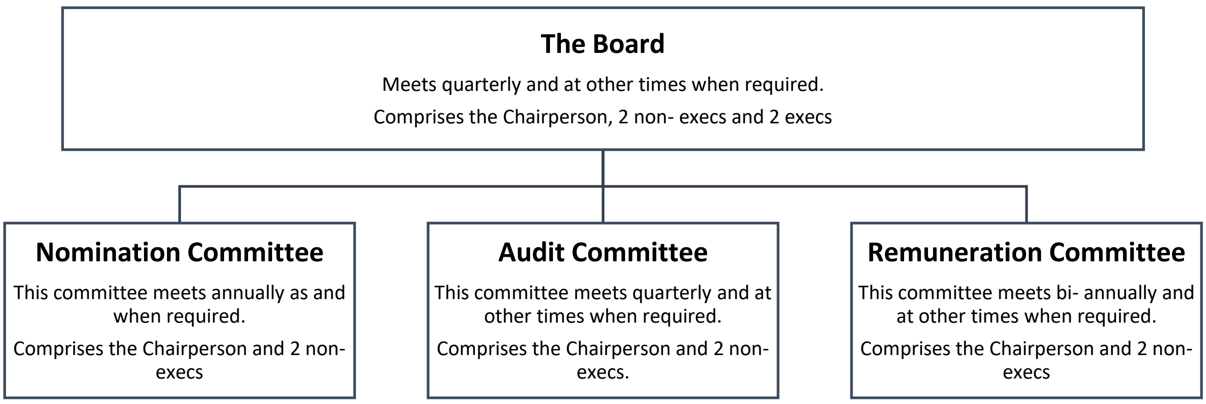
The assessment found that the Board worked well as a unit and provided valued advice and support during the ongoing Covid-19 pandemic both in formal Board meetings and on an ad hoc basis. Following Board feedback, the level of information provided to the Board has been increased to support decision-making and give greater detail on the budgeting process. A Board update on digital marketing and technology linked to the new customer data platform took place.

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. Board directors have held regular updates with members of the Exec team on subjects such as funding strategy, technology and supply chain development. 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.

No Changes to Board of Directors roles or responsibilities took place in the financial year.

Board Governance Framework



GOVERNANCE

BOARD OF DIRECTORS

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 is chaired by Roger Mather and 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 36.

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 is chaired by Tim Wright and 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 with reference to external benchmarking data. The remuneration committee also makes recommendations to the Board concerning the allocation of share options to employees.

The Remuneration Committee report is on page 37-41.

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.

GOVERNANCE

BOARD OF DIRECTORS

Directors attendances at meetings of the Board and its Committees during 2021 were:

	Board	Audit Committee	Remuneration Committee	Nomination Committee
John Clarke	4/4	4/4	4/4	1/1
Roger Mather	4/4	4/4	4/4	1/1
Tim Wright	4/4	4/4	4/4	1/1
Stephen Moon	4/4	4/4	-	-
James Simpson	4/4	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
- Monitoring the progress of the new Blackburn supply chain facility
- Supporting the Executive managing through the Covid environment
- Reviewing progress against ESG objectives and the ESG risk register

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 20, report on the involvement of employees in the affairs, policy and performance of the Company.

Streamline Energy & Carbon Reporting (SECR)

Reporting can be found in the ESG section of the Annual Report on page 18. The Group is required to report as a large, non-main market listed company with over 40,000kwh of energy usage in the year.

GOVERNANCE

BOARD OF DIRECTORS

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.

John brings extensive global leadership expertise of consumer brands to the SiS board. John's experience of delivering above market growth through global recessions has supported the board as SiS returned to historic levels of growth despite the ongoing impact of Covid. In addition as the Chair of another AIM listed business John brings governance and board leadership capability to SiS.

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.

Tim's experience providing innovation and brand strategy advice to fast growing consumer healthcare businesses brings a focus on product development and new product development capability to the board which is central to the SiS growth strategy.

Roger Mather
Independent Non-Executive Director

Appointed 31st 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, Asia Pacific and North America. 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.

BOARD OF DIRECTORS

Prior to Mulberry, he worked for more than 10 years at 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 non-executive and part-time roles. 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 and of Beaudesert Park School Limited.

Roger brings a broad range of senior financial and executive leadership experience gained in fast growing international consumer businesses which are a strategic fit with the SiS growth strategy. His knowledge of digital strategy and supply chain distribution brings to the board further experience in these key strategic areas.

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.

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 2021 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 is 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 four Audit Committee meetings during the year. The Audit Committee reviews the findings of the external auditors and reviews accounting policies and material accounting judgement 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:

- Appraised the effectiveness and performance of our external auditors, assessed their independence and objectivity, and recommended their reappointment.
- 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
- The appropriateness of the application of the going concern basis in preparation of the financial statements following a review of forecasts to December 2023.
- Impact of the ongoing COVID-19 pandemic on the business, monitoring the Group's financial performance, new and emerging risks, and our business continuity and resilience

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 £35,000 for the year (2020 – £39,000).

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

ROGER MATHER
Chairman of Audit Committee
29 March 2022

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.

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. Direct benchmarking of remuneration is not possible given the specialised nature and size of the Group. 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.

REMUNERATION COMMITTEE REPORT

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 or revenue growth or both. 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.

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.

STIP and LTIP share based payment charges were accrued in the 2021 financial year based on revenue, profitability and brand performance against targets defined by the Remuneration Committee for the 2021 financial year. Options have not yet been awarded to participants at the current time.

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 no option awards under the 2021 STIP and LTIP schemes. Options relating to these schemes will be granted in the 2022 financial year.

Option awards were made in 2020 as follows in respect of the LTIP & STIP for the 2019 financial year:

- In respect of the LTIP for the year ended 31 December 2021, nil (2020 1,555,612) nil-cost options were granted to S N Moon
- In respect of the LTIP for the year ended 31 December 2021, nil (2020 1,648,889) nil-cost options were granted to senior employees
- In respect of the STIP for the year ended 31 December 2021, nil (2020: 1,108,070) nil-cost options were granted to S N Moon
- In respect of the STIP for the year ended 31 December 2021, nil (2020: 49,805) nil-cost options were granted to J L Simpson
- In respect of the STIP for the year ended 31 December 2021, nil (2020: 731,210) 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.

REMUNERATION COMMITTEE REPORT

Policy on Non-Executive Directors' remuneration

John Clarke, Roger Mather 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.

Details of Directors' remuneration (Audited)

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

Year ended 31 December 2021

	Salary/ Fees	LTIP	STIP	Benefits in Kind	Pension	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors						
Stephen Moon	294	462	285	6	-	1,047
James Simpson	185	210	69	2	-	466
Non- executive Directors						
John Clarke	49	-	-	-	-	49
Tim Wright	38	-	-	-	-	38
Roger Mather	37	-	-	-	-	37
	603	**672**	**354**	**8**	**-**	**1,637**

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**

The above fees and emoluments exclude reimbursed expenditure incurred in the conduct of Company business.

REMUNERATION COMMITTEE REPORT

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 2021	Ordinary shares of 10p each 31 December 2020
S N Moon	**924,537**	**924,537**
J M Clarke	**313,635**	**313,635**
T Wright	**156,823**	**108,108**
R Mather	**106,790**	**106,790**
J L Simpson	**54,689**	**54,689**

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 2021	31 December 2020
S N Moon	**7,755,504**	**7,755,504**
J M Clarke	**548,633**	**548,633**
J L Simpson	**49,805**	**49,805**

REMUNERATION COMMITTEE REPORT

Details of share options at 31 December 2021 of the Directors who served during the year are 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	72.0p	328,125	22 July 2014	21 July 2024
SN Moon	26 March 2015	nil	68.0p	267,206	26 March 2015	25 March 2025
SN Moon	22 March 2016	nil	52.5p	1,089,675	22 March 2016	21 March 2026
SN Moon	26 Sept 2016	nil	68.75p	1,460.356	22 March 2019	25 Sept 2026
SN Moon	22 March 2017	nil	81p	623,721	22 March 2017	21 March 2027
SN Moon	22 March 2017	nil	81p	460,164	22 March 2018	21 March 2027
SN Moon	21 March 2018	nil	73p	81,806	21 March 2018	20 March 2027
SN Moon	20 March 2019	nil	52p	780,769	20 March 2019	20 March 2029
S N Moon	1 October 2020	nil	33p	1,108,070	1 October 2020	1 October 2030
S N Moon	1 October 2020	nil	33p	1,555,612	1 April 2022	1 April 2032
J L Simpson	1 October 2020	Nil	33p	49,805	1 October 2020	1 October 2030
JM Clarke	22 March 2016	nil	52.5p	221,360	22 March 2016	21 March 2026
JM Clarke	26 Sept 2016	nil	68.75p	327,273	22 March 2019	25 Sept 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 at 31 December 2021 or 31 December 2020.

TIM WRIGHT

Chairman of the Remuneration Committee

29 March 2022

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

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 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards 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 2021 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 UK adopted international accounting standards 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.

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

Conclusions relating to going concern

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

- obtaining an understanding of how management undertook the going concern assessment process to determine if we considered it to be appropriate for the circumstances;
- reviewing the current cash position and assessing the reasonableness of headroom within existing banking facilities;
- considering 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;
- performing reverse stress testing on the forecasts by understanding what reduction in trading would be required before the business runs out of liquidity;
- evaluating management's ability to undertake mitigating actions should it experience downside scenarios; and
- assessing the adequacy and appropriateness of management's going concern disclosures ensuring these reflect the key judgements and estimates.

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

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

Overview

Coverage	*82% (2020: 89%) of Group revenue*		
Key audit matters		2021	2020
	Revenue recognition	✓	✓
	Impairment of intangible assets	✓	
	Impact of Covid-19 and Brexit		✓
	The Impact of Covid-19 and Brexit is no longer considered to be a key audit matter due to the lower level of uncertainty, however we have retained the Impairment of intangible assets element of this risk due to continued economic uncertainty and reported as a standalone key audit matter for 2021.		
Materiality	*Group financial statements as a whole* £600,000 (2020: £480,000) based on 1% (2020: 1%) of revenue		

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.

The scope of the group audit included both UK trading companies, SiS (Science in Sport) Limited and PhD Nutrition Limited, which were deemed to be significant based on our analysis their contribution to key financial metrics. We also concluded the parent company, Science in Sport Plc was a significant component. These companies were subject to full scope audits to their respective component materiality. All audit work performed for the purposes of the group audit was undertaken by the group audit team.

We performed specific audit procedures on subsidiaries in Australia, USA and Italy, including a review of unusual journal entries, revenue cut-off, inventory and cash. This work was also performed by the group audit team. These components contributed 18% of revenue.

There are no significant changes to our scope from the 2020 group audit.

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.

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. The Group's revenue streams remain consistent, these being Digital and Marketplace (together Online) Export and Retail. We consider the primary risks to be the correct application of cut-off around the period end and judgemental adjustments in respect of promotional accruals. The Group enters into commercial arrangements with its customers to offer rebates and promotional discounts. This part of the risk is applicable to all revenue streams apart from Digital sales to Online customers. The potentially complex and varying nature of these arrangements means there is a risk that they are not appropriately captured and accounted for. There is a risk that both the balance sheet accrual and corresponding adjustment to revenue could be misstated and we therefore determined this to be a key audit matter.	We reviewed the revenue recognition policies applied to each of the Group's revenue streams and considered their compliance with relevant accounting standards and confirmed the application of these policies as part of our transactional testing. We tested a sample of revenue impacting manual journal entries throughout the full period and also journal entries which did not follow the expected revenue transaction flow (which constitute outliers from our expectation) to valid supporting documentation. We agreed a sample of items recognised around the year-end to shipping documentation to check that revenue has been correctly recorded in the period. We determined the period of review with reference to the destination of goods and applied a longer review period for sales to customers outside of Europe. Depending on the customer terms and conditions and when control passed to the customer, samples were vouched to a combination of proof of delivery and/or despatch shipping documentation. We performed testing over a sample of credit notes issued after year end assessing the rationale for each credit note in order to identify any potential side arrangements with customers entered into to artificially increase 2021 revenue. We tested on a sample basis, the calculation of year end rebate and promotional discount accruals, obtaining documentation (e.g. contracts and supporting sales data) to support the completeness and measurement of the accruals balance. We checked the value of credit notes issued after year end against the year end accrual to assess the completeness of the rebate and promotional discount accruals and the existence of revenue recorded at year end. We performed analytical procedures to address the rebate and promotional discount accruals completeness risk including analysing revenue compared to the rebate and promotional accruals by customer. Any unusual movements noted were investigated further and corroborated to ensure appropriate. **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.

Impairment of intangible assets 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.	The group has significant intangible assets which were recognised in December 2018 when PhD Nutrition Limited was acquired. Management are required to perform an annual impairment assessment on the value of the PhD Nutrition Limited cash generating unit. Due to the magnitude of the balance subject to impairment review and high level of estimation and judgement required by management in preparing the impairment assessment, we have assessed the impairment of intangible assets to be a significant risk and key audit matter.	We have obtained management's PhD Nutrition Limited impairment assessment and performed the following procedures; • checked the mathematical accuracy of the impairment model; • reviewed the forecast data against the board approved budget and strategic plan; • assessed the historic accuracy of management's previous budgets compared to actual results; • 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; • performed sensitivity analysis on the key assumptions including consideration of 'worst case scenarios' and changes in other key assumptions which could change the conclusion reached by management; and • reviewed disclosures in the annual report to ensure they provide sufficient and appropriate analysis to the users of the financial statements. **Key observations:** Based on the results of our work we concur with management's assessment that no impairment of intangible assets is necessary and that the disclosures within the Annual Report are appropriate.

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**	
	2021 £	2020 £	2021 £	2020 £
Materiality	600,000	480,000	250,000	250,000
Basis for determining materiality	1% of Group revenue	1% of Group revenue	0.34% of Net assets	0.35% 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 EBITDA is a reported alternative performance measure, 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	450,000	360,000	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 the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £250,000 to £500,000. 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 £12,000 (2020: £9,600). 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 journal entries to revenue and the estimation of 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.

DocuSigned by:
Daniel Henwood
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Daniel Henwood (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Reading, UK

29 March 2022

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

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Revenue	4	**62,539**	**50,351**
Cost of goods		(31,189)	(25,755)
Gross profit		**31,350**	**24,596**
Operating expenses	5	(36,573)	(26,833)
Loss from operations	6	**(5,223)**	**(2,237)**
Finance income		5	43
Finance cost		(119)	(79)
Loss before taxation		**(5,337)**	**(2,273)**
Taxation (expense) / benefit	9	(1,480)	545
Loss for the year		**(6,817)**	**(1,728)**
Other comprehensive income			
Cash flow hedges		9	171
Exchange differences on translation of foreign operations		(62)	(25)
Income tax relating to these items		(2)	(32)
Total comprehensive loss for the year		**(6,872)**	**(1,614)**
Loss per share to owners of the parent			
Basic and diluted – pence	10	(5.0p)	(1.3p)

All amounts relate to continuing operations.

The notes on pages 56 to 84 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Company number: 08535116	Notes	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Non-current assets			
Intangible assets	11	31,717	32,099
Right of use assets	18	10,659	520
Property, plant and equipment	12	5,251	1,847
Deferred tax asset	17	323	1,203
Total non-current assets		**47,950**	35,669
Current assets			
Inventories	13	8,447	6,974
Trade and other receivables	14	12,679	9,841
Cash and cash equivalents	15	4,850	10,466
Total current assets		**25,976**	**27,281**
Total assets		**73,926**	**62,950**
Current liabilities			
Trade and other payables	16	(14,865)	(11,838)
Lease liabilities	18	(161)	(134)
Asset financing	27	(316)	-
Hire purchase agreement	26	(77)	(75)
Derivative financial liabilities	25	-	(10)
Total current liabilities		**(15,419)**	**(12,057)**
Non-current liabilities			
Lease liabilities	18	(10,511)	(412)
Asset financing	27	(1,182)	-
Hire purchase agreement	26	(162)	(239)
Deferred tax liability	17	(2,579)	(2,195)
Total non-current liabilities		**(14,434)**	**(2,846)**
Total liabilities		**(29,853)**	**(14,903)**
Net assets		**44,073**	**48,047**
Capital and reserves attributable to owners of the Parent company			
Share capital	19	13,510	13,510
Share premium reserve		51,839	51,839
Employee benefit trust reserve		(158)	(191)
Other reserve		(907)	(907)
Foreign exchange reserve		(117)	(55)
Cash flow hedge reserve		(2)	(9)
Retained deficit		(20,092)	(16,140)
Total equity		**44,073**	**48,047**

These consolidated financial statements were approved and authorised for issue by the Board on 29 March 2022 and signed on its behalf by:

STEPHEN MOON, Director Stephen Moon

The notes on pages 56 to 84 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Cash flows from operating activities			
Loss for the financial year		(6,817)	(1,728)
Adjustments for:			
Amortisation	11	2,702	2,384
Depreciation of right-of-use asset	18	226	169
Depreciation	12	706	615
Interest expense		112	-
Taxation	9	1,480	(545)
Share based payment charge		2,898	226
Operating cash inflow before changes in working capital		**1,307**	**1,121**
Changes in inventories		(1,473)	(833)
Changes in trade and other receivables		(2,838)	1,086
Changes in trade and other payables		2,842	1,770
Total cash (outflow) / inflow from operations		**(162)**	**3,144**
Cash flow from investing activities			
Purchase of property, plant and equipment		(4,119)	(697)
Purchase of intangible assets		(2,420)	(1,417)
Net cash (outflow) from investing activities		**(6,539)**	**(2,114)**
Cash flow from financing activities			
Gross proceeds from issue of share capital		-	4,544
Net proceeds from asset financing		1,498	-
Interest paid on asset financing		(2)	-
Principal repayments of lease liabilities		(359)	(148)
Interest paid on lease liabilities		(57)	(25)
Finance income		5	-
Share issue costs		-	(306)
Net cash inflow from financing activities		**1,085**	**4,065**
Net (decrease) / increase in cash and cash equivalents		**(5,616)**	**5,095**
Opening cash and cash equivalents		10,466	5,371
Closing cash and cash equivalents	15	**4,850**	10,466

The notes on pages 56 to 84 form part of these consolidated financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Employee Benefit Trust reserve	Other reserve	Foreign exchange reserve	Cash flow hedge reserve	Retained deficit	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
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:								
Placing	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**
Total comprehensive loss for the year	–	–	–	–	(62)	7	(6,817)	(6,872)
Transactions with owners								
Issue of shares held by EBT to employees	–	–	33	–	–	–	(33)	-
Share based payments	–	–	-	–	–	–	2,898	2,898
At 31 December 2021	**13,510**	**51,839**	**(158)**	**(907)**	**(117)**	**(2)**	**(20,092)**	**44,073**

The notes on pages 56 to 84 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 UK adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006, and these are set out on pages 85 to 90.

The financial statements are prepared for the year ended 31 December 2021.

The Group's financial statements have been prepared in accordance with UK adopted International Accounting Standards 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 UK adopted International Accounting Standards that were applicable for the period ended 31 December 2021.

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

The Group has adopted the new interpretations and revised standards below effective for the year ended 31 December 2021, 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 2021 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).

IFRIC Interpretation paper on Customisation or configuration costs in a cloud computing arrangement has been taken into account in preparing the 2021 accounts. As a result of this change in accounting policy, costs relating to the customisation or configuration of cloud computing software over which SIS does not have ultimate control are charged as an expense in the period incurred. It was decided not to re-state the 2020 financial statements as the impact is deemed to be not material.

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)

IFRIC Interpretation paper on Customisation or configuration costs in a cloud computing arrangement has been taken into account in preparing the 2021 accounts. As a result of this change in accounting policy, costs relating to the customisation or configuration of cloud computing software over which SIS does not have ultimate control are charged as an expense in the period incurred. It was decided not to re-state the 2020 financial statements as the impact was deemed to be not material.

1.5 Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. As a result, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' report.

The Group made a loss after tax for the year attributable to owners of the parent of £6.8m (2020: loss of £1.7m) of which £7.8m was non-cash items such as depreciation, amortisation and share based payments. The net decrease in cash at bank at the year ended 31 December 2020 was £5.6m (2020: £5.1m increase), this was primarily due to capital investment in the Blackburn facility and technology to drive online sales growth. As at 31 December 2021, the Group had cash at bank of £4.9m (31 December 2020: £10.5m), and an £8m invoice financing credit facility which was not utilised. In addition, asset financing credit facilities are in place with HSBC and £3.5m with Lombard Asset Finance to finance capital investment in the future.

The business proved resilient during the Covid-19 pandemic with a strong return to revenue growth as lockdown eased. Our online channel continues to grow strongly, with retail and international channels now back in growth. Management have prepared sensitivity analysis and scenario planning of different revenue outcomes, including interruption of trade, no sales growth, and reduction in gross margin to stress-test potential impacts on the cash position of the business, and concluded that in each of these downside stress tests sufficient liquidity is in place. The Directors have prepared projected cash flow information for the period ending 31 December 2023.

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.

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.

1.7 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies (continued)

1.7 Revenue (continued)

(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 underlying EBITDA 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 operating profit / (loss) 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:

	Year Ended 31 December 2021 (£'000)	Year Ended 31 December 2020 (£'000)
Loss from operations	**(5,223)**	(2,237)
Share-based payment expense	**2,898**	226
Depreciation & amortisation	**3,634**	3,168
Foreign exchange variances on intercompany balances	**72**	(71)
Cloud software accounting policy change	**728**	-
Blackburn new facility transition costs	**125**	-
Underlying EBITDA	**2,234**	1,086

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.Accounting policies (continued)

1.19 Inventories

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.Accounting policies (continued)

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.

1.26 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies (continued)

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 existing Nelson manufacturing plant & online warehouse facility

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 for these items 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. Notice has been given on both the manufacturing site lease and the online warehouse facility lease due to the move to the new Blackburn single supply chain site. 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.

(ii) *Capitalised costs*

Management capitalises specific payroll costs related to the development of intangible assets such as new product development and technology development where the requirements of IAS38 intangible assets accounting standard are met. This requires that the project is technically feasible to complete, management intends to complete the project and has resources to do so. The project itself has been assessed to generate future economic benefits for the business. Any technology spend falling under the IFRIC cloud computing accounting policy change has been expensed as incurred.

(iii) Blackburn new operating site

A Right of Use asset has been recognised relating to the new Blackburn facility. The lease length is 15 years and starts from the 28th February 2022. The right of use asset is recognised from October 2021 when the underlying asset was available for use and SiS fit out started.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.Accounting policies (continued)

1.27 Critical accounting estimates and judgements (continued)

(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 £0.3m in respect of gross unutilised tax losses of £1.4m. 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 £17.7m (FY 2020: £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.

2. Financial risk management (continued)

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

	2021 (£'000)	2020 (£'000)
AUD $	104	349
EUR €	633	745
USD $	255	220
NZD $	-	117
Total	**992**	**1,431**

(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 47% (2020– 51%) of the Group's revenue and hence there is some risk from the concentration of customers, the largest single customer is 18% (2020 – 19%) of revenue and is a major international online business. Further disclosures regarding trade and other receivables are included in Note 26.

(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 £15.0 million (2020 – £11.8 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	Over 5 years
	£'000	£'000	£'000	£'000	£'000
Trade Payables	7,438	-	-	-	-
Hire Purchase	19	58	162	-	-
Lease liabilities	(62)	222	425	3,835	6,252
Total Financial	**7,395**	**280**	**587**	**3,835**	**6,252**

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Financial risk management (continued)

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 18% 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.

		2021			2020	
	SiS	**PhD**	**Total**	SiS	PhD	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Sales	**32,939**	**29,600**	**62,539**	25,408	24,943	50,351
Gross profit	**20,064**	**11,286**	**31,350**	15,665	8,931	24,596
Advertising and promotions	**(6,066)**	**(4,143)**	**(10,209)**	(5,278)	(2,869)	(8,147)
Carriage	**(6,662)**	**(1,534)**	**(8,196)**	(4,051)	(1,339)	(5,390)
Online Selling Costs	**(1,141)**	**(84)**	**(1,225)**	(748)	(87)	(835)
Trading contribution	**6,195**	**5,525**	**11,720**	5,588	4,636	10,224
Other operating expenses			**(16,943)**			(12,461)
Loss from Operations			**(5,223)**			(2,237)

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. Ebay sales have been reclassified in 2020 from Digital to Marketplace.

		2021			**2020**	
	SiS	**PhD**	**Total**	**SiS**	**PhD**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Digital	10,974	5,105	16,079	9,426	3,181	12,607
Marketplace	8,230	10,581	18,811	5,100	7,259	12,359
Online	19,204	15,686	34,890	14,526	10,440	24,966
Export	6,208	3,374	9,582	4,471	4,820	9,291
Retail	7,527	10,540	18,067	6,411	9,683	16,094
Total sales	**32,939**	**29,600**	**62,539**	**25,408**	**24,943**	**50,351**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Revenue from contracts with customers (continued)

Turnover by geographic destination of sales may be analysed as follows

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
United Kingdom	**36,622**	32,968
Rest of Europe	**11,419**	8,612
USA	**5,088**	3,392
Rest of the World	**9,410**	5,379
Total sales	**62,539**	50,351

5. Operating expenses

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Sales and marketing costs	**19,630**	14,372
Operating costs	**10,411**	9,067
Depreciation and amortisation	**3,634**	3,168
Share based payment charge (1)	**2,898**	226
Administrative expenses	**16,943**	12,461
Total operating expenses	**36,573**	**26,833**

(1) Includes associated social security costs of £238,000 (31 December 2020 – £6,000)

6. Loss from operations

Loss from operations is stated after charging:	**Year ended 31 December 2021 £'000**	**Year ended 31 December 2020 £'000**
Amortisation of intangible assets	**2,702**	**2,384**
Depreciation of right-of-use assets	**226**	**169**
Depreciation of property, plant and equipment	**706**	**615**
Research and development costs	**693**	**383**
Grant income in respect of research and development tax credits	**(237)**	**(128)**
A&P/Marketing costs	**10,209**	**8,147**
Foreign exchange differences on intercompany balances	**72**	**(71)**
Furlough grants	**-**	**107**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Loss from operations (continued)

Auditor's remuneration

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Audit services		
- Audit fees in respect of the parent company and consolidation	**37**	31
- Audit fees in respect of the subsidiary accounts	**79**	79
Non- audit services		
- Corporation tax compliance	**12**	12
- Other taxation advisory	**17**	5
- Other advisory	**6**	22
Total fees	**151**	149

7. Wages and salaries

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

	Year ended 31 December 2021 Number	Year ended 31 December 2020 Number
Sales and marketing	**76**	71
Manufacturing	**119**	84
Administration	**29**	16
Directors	**5**	5
	229	176

Their aggregate emoluments were:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	**8,523**	6,965
Directors' fees	**116**	114
Social security costs	**919**	774
Pension and other staff costs	**217**	177
Total cash settled emoluments	**9,775**	8,030
Share based payments – equity settled	**2,660**	220
Share based payments – social security costs	**238**	6
Total emoluments	**12,673**	8,256

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Directors' and Key Management Personnel remuneration

Amounts paid to the Directors of the Parent company:	**Year ended 31 December 2021 £'000**	**Year ended 31 December 2020 £'000**
Directors		
Aggregate emoluments and fees	**602**	**561**
Benefits in kind	**8**	**7**
Pension contributions	**-**	**-**
Total emoluments	**610**	**568**
Share based payment remuneration charge: equity settled	1,421	86
Total Directors' emoluments	**2,031**	**654**

Directors' fees of £38,000 (2020 – £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 2020 – none).

The number of Directors who participated in the long term incentive programme was 2 (2020 – 1). Share options were exercised by no Directors in the current year (2020 – none).

The highest Director was paid £1,047,000 (2020: £793,000) which was made up of salary, 2021 LTIP & STIP and benefits in kind, the Remuneration committee calls this out in more detail on page 39.

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 on page 39.

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 2021 £'000**	Year ended 31 December 2020 £'000
Remuneration and short-term benefits	**1,590**	1,455
National insurance costs	**205**	152
Post-employment benefits	**-**	4
Share based payments	**2,466**	137
	4,261	1,748

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Taxation

	Year ended 31 December 2021 £’000	Year ended 31 December 2020 £’000
Current tax income		
Overseas subsidiary taxation & UK Corporation tax	**(157)**	–
Adjustment in respect of prior period	**(60)**	(47)
Total current tax income	**(217)**	**(47)**
Deferred tax		
Effect of change in tax rates		-
	262	
Origination and reversal of temporary differences	**(1,525)**	592
Tax on loss for the period	**(1,480)**	**545**

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

Loss before tax	**5,337**	**2,273**
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2020 – 19%)	**1,014**	**432**
Effects of:		
Expenses not deductible for tax purposes	**(551)**	**(53)**
Temporary timing differences	**368**	**-**
Unprovided deferred tax asset on losses carried forward	**(3,346)**	-
Additional deduction for R&D expenditure	**171**	**95**
Share scheme deduction	**756**	**74**
Effect of changes in tax rate	**262**	**-**
Adjustment in respect of prior periods	**(157)**	**-**
Excess overseas tax suffered	**3**	**(13)**
Other	**-**	**10**
Total tax credit for the period	**(1,480)**	**545**

Tax on each component of other comprehensive income is as follows

	2021			2020		
	Before tax	**Tax**	**After tax**	Before tax	Tax	After tax
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Profit recognised on hedging instrument	**9**	**(2)**	**7**	171	(32)	139
Exchange losses on the translation of foreign operations	**(62)**	**-**	**(62)**	(25)	-	(25)
Total	**(53)**	**(2)**	**(55)**	146	(32)	114

9. Taxation (continued)

At 31 December 2021 UK tax losses of the Company available to be carried forward are estimated to be £17.7m (31 December 2020 – £15.5m). 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 25% 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 2021	Year ended 31 December 2020
Loss for the year attributable to owners of the parent – £'000	**(6,817)**	(1,728)
Weighted average number of shares	**135,100,931**	129,372,525
Basic loss per share - pence	**(5.0p)**	(1.3p)
Diluted loss per share – pence	**(5.0p)**	(1.3p)

The number of vested but unexercised share options is 10,820,373 (2020: 11,150,449).

11. Intangible assets

	Goodwill £'000	**Brands £'000**	**Customer relationships £'000**	**Website and software development £'000**	**Product development £'000**	**Total £'000**
Cost						
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**
Additions	–	–	–	1,661	759	2,420
Disposals	–	–	–	(105)	(83)	(188)
At 31 December 2021	**17,398**	**8,957**	**5,638**	**5,740**	**2,309**	**40,042**
Amortisation						
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
Charge for year	–	896	563	857	386	2,702
Disposals	–	–	–	(5)	(83)	(88)
At 31 December 2021	**–**	**2,763**	**1,738**	**2,930**	**894**	**8,325**
Net book value						
At 31 December 2021	**17,398**	**6,194**	**3,900**	**2,810**	**1,415**	**31,717**
At 31 December 2020	17,398	7,090	4,463	2,106	1,042	32,099

11. Intangible assets (continued)

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

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%.

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. 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 13% for 2022 and 20% for 2023 to 2024. A growth rate of 15% 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 2021 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.

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:

- 4% increase in the discount rate or
- 9% decrease in the current growth rate (years 1 -5)
- 55% decrease in EBITDA (years 1-5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Property, plant and equipment

	Leasehold improvements	Plant and machinery	Fixtures, fittings and computer equipment	Motor vehicles	Capital Works in Progress	Total
Cost						
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**
Additions	36	588	601	-	2,894	4,119
Disposals	(3)	(1)	(16)	-	-	(20)
At 31 December 2021	**663**	**3,143**	**2,462**	**16**	**2,894**	**9,178**
Depreciation						
At 31 December 2019	**449**	**1,174**	**983**	**11**	**-**	**2,617**
Charge for year	53	271	288	3	-	615
Disposals	-	-	-	-	-	-
At 31 December 2020	**502**	**1,445**	**1,271**	**14**	**-**	**3,232**
Charge for year	73	330	303	-	-	706
Disposals	(3)	(1)	(7)	-	-	(11)
At 31 December 2021	**572**	**1,774**	**1,567**	**14**	**-**	**3,927**
Net book value						
At 31 December 2021	**91**	**1,369**	**895**	**2**	**2,894**	**5,251**
At 31 December 2020	128	1,111	606	2	-	1,847

Capital Commitments

At 31 December 2021, the Group had £3,223,000 capital commitments whereby agreements had been entered into for both scope and amount for 2022 projects mainly relating to the ongoing development of the Blackburn operations facility (31 December 2020 - nil)

13. Inventories

	31 December 2021 £'000	31 December 2020 £'000
Raw materials	**2,534**	2,313
Finished goods	**5,913**	4,661
	8,447	6,974

There is a provision of £251,000 included within inventories in relation to the impairment of inventories (31 December 2020 – £232,000). During the period inventories of £29,856,000 (year ended 31 December 2020 - £25,755,000) were recognised as an expense within cost of sales.

14. Trade and other receivables

	31 December 2021 £'000	31 December 2020 £'000
Trade receivables	**12,452**	**9,518**
Less: provision for impairment of trade receivables	**(350)**	**(529)**
Trade receivables – net	**12,102**	**8,989**
Other receivables	**21**	**112**
Total financial assets other than cash and cash equivalents classified as amortised cost	**12,123**	**9,101**
Prepayments and accrued income	**556**	**740**
Total trade and other receivables	**12,679**	**9,841**

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 2021. 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 2021, this is due to SiS using SAP which has provided more visibility over debtors. The historical loss rates are then adjusted for current and forward-looking information affecting the Group's customers.

At 31 December 2021 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 2021			
Expected loss rate (%)	0%	9%	
Gross carrying amount (£'000)	407	876	
Loss provision (£'000)	**-**	**81**	**81**
31 December 2020			
Expected loss rate (%)	4%	17%	
Gross carrying amount (£'000)	333	404	
Loss provision (£'000)	**14**	**68**	**82**

A further provision of £269,000 (2020: £447,000) has been included against specific debts considered impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Cash and cash equivalents

	31 December 2021 £'000	31 December 2020 £'000
Cash at bank and in hand	**4,850**	10,466
Cash at bank and in hand is made up of the following currency balances		
British Pound	**3,858**	9,035
Euro	**633**	745
US Dollar	**255**	220
Australian Dollar	**104**	349
New Zealand Dollar	**-**	117
	4,850	10,466

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

16. Trade and other payables

	31 December 2021 £'000	31 December 2020 £'000
Trade payables	**7,643**	5,435
Accruals	**6,108**	5,353
Total financial liabilities measured at amortised cost	**13,751**	10,788
Other taxes and social security	**1,114**	1,050
Total Trade and other payables	**14,865**	11,838

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 25% (year ended 31 December 2020 – 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 2021:	**Asset**	**Liability**	**Net**	**(Charged)/ credited to profit or loss**	**(Charged)/ credited to equity**
	£'000	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	(71)	(71)	(324)	-
Available losses	323	-	323	693	-
Other temporary and deductible differences	-	-	-	582	-
Business combinations	-	(2,508)	(2,508)	313	-
Cash flow hedges	-	-	-	-	-
Net tax assets/ (liabilities)	**323**	**(2,579)**	**(2,256)**	**1,264**	**-**

17. Deferred tax (continued)

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)**

Recoverability of deferred tax asset:

SiS (Science in Sport) Limited has a cumulative assessed tax loss of £17.7m as at 31 December 2021 (2020: £15.5m). The losses are split into pre 1 April 2017 losses of £4.2m and post 1 April 2017 losses of £13.5m. SiS can utilise its assessed tax losses in the coming years against future expected profits. Assessed losses from before 1st April 2017 can only be used against SiS (Science in Sport) Limited profit whereas assessed tax losses from after 1st April 2017 can be used to offset the future profits from SiS (Science in Sport) Limited and 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 addition relates to the new Blackburn operating site which was being fitted out in the financial year. The business has entered into a 15 year lease with rent review in Year 5 and has used a 4.05% incremental borrowing rate to calculate the present value of the lease liability.

Right-of-use Assets

	Land and buildings £'000	Vehicles £'000	Totals £'000
At 1 January 2021	**504**	**16**	**520**
Additions	10,365	-	**10,365**
Depreciation	(214)	(12)	**(226)**
As at 31 December 2021	**10,655**	**4**	**10,659**

18. Leases (continued)

Lease liabilities

	Land and buildings £'000	Vehicles £'000	Totals £'000
At 1 January 2021	**546**	**-**	**546**
Additions	10,366	-	**10,366**
Interest expense	119	-	**119**
Lease payments	(359)	-	**(359)**
As at 31 December 2021	**10,672**	**-**	**10,672**

As at 31 December 2021	**Up to 3 months £'000**	**Between 3 and 12 months £'000**	**between 1 and 2 year £'000**	**Between 2 and 6 years £'000**	**Over 6 years £'000**
Lease liabilities	(62)	222	425	3,835	6,252

Short term lease expense of £110 000 (2020 - £239,000), which relates to rental property in UK and Italy 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 2020	**135,100,931**	**13,510**
At 31 December 2021	**135,100,931**	**13,510**

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

At 31 December 2021 the Employee Benefit Trust held in reserve 1,584,068 new Ordinary shares of 10p each to be issued as share options (2020 – 1,914,144 new Ordinary shares of 10p each).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2021 1,584,068 (2020: 1,914,144) 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 £2,898,000 (2020 – £226,000), which mainly relates to 2021 STIP & LTIP and 2019 LTIP equity settled share based payment transactions. Total social security costs of £228,000 (2020 – £6,000) have also been recognised and included in the share based payment charge of £2,898,000 (2020 – £226,000).

Options granted during the period
During the year ended 31 December 2021 no options were granted under the short term and long term incentive plan with regard to performance in the year ended 31 December 2020 or 31 December 2021. All options have a nil exercise price and no market-based performance conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2020	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**
Granted during year	nil	-	-
Exercised	nil	65p	(330,076)
Forfeited during year	nil	–	-
Outstanding at 31 December 2021	**nil**		**10,820,373**

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 2021 was 7.3 years (31 December 2020 – 9.0 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 2021 a loss of £62,000 was recognised (2020 – £25,000 loss) 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 £217,000 (period ended 31 December 2020 – £177,000). Pension contributions payable but not yet paid at 31 December 2021 totalled £28,000 (31 December 2020 – £33,00).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2021 £'000	31 December 2020 £'000
Expiring:		
Due within 1 year	**41**	41
	41	41

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 on page 39.

25. Financial instruments

Financial instruments at amortised costs

	31 December 2021 £'000	31 December 2020 £'000
Financial assets measure at amortised cost	**16,973**	19,567
Financial liabilities measure at amortised cost	**13,751**	10,839

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

Derivative Financial liabilities

	31 December 2021 £'000	31 December 2020 £'000
Derivatives designed as hedging instruments		
Forward foreign exchange contracts- cash flow hedges	**-**	10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2021, 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 2021 was £nil (31 December 2020: £450,000). The movement in the fair value on forward contracts in the period of £9,000 profit (2020: £171,000 profit has been included within other comprehensive income in the Consolidated Statement of Comprehensive Income.

26. Hire purchase agreement

	31 December 2021 £'000	31 December 2020 £'000
Current portion of Hire purchase obligation	**77**	75
Long term portion of Hire purchase obligation	**162**	239
Total Hire purchase obligation	**239**	314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. Asset financing

A new asset financing agreement was entered into in December 2021 with Lombard Equipment Finance for £1,123,000. This was to fund capital expenditure for the new Blackburn single site operations facility, which goes live in 2022. The Group's obligation is to repay the financing over 60 months, with the first repayment expected to occur in July 2022.

	31 December 2021 £'000	31 December 2020 £'000
Current portion of Asset financing	**316**	-
Long term portion of Asset financing	**1,182**	-
Total Asset financing obligation	**1,498**	-

As at 31 December 2021:

	Up to 3 months	**Between 3 and 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**
Asset Financing	**79**	**237**	**319**	**863**

28. Post balance sheet events

The impact of trading restrictions with Russia have been considered and the impact on the business is assessed as not material at the date of signing, though this is a constantly changing and unpredictable situation.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

Company number 08535116	Notes	**As at 31 December 2021**	As at 31 December 2020
		£'000	£'000
Assets			
Non-current assets			
Investments	4	**51,419**	48,521
Intangible Assets		**12**	12
Other receivables	5	**22,515**	22,515
Total current assets		**73,946**	71,048
Current assets			
Cash and cash equivalents		**6**	6
Total current assets		**6**	6
Total assets		**73,952**	71,054
Liabilities			
Current liabilities	6		
Trade and other payables		**(16)**	(16)
Total current liabilities		**(16)**	(16)
Net current (liabilities)/assets		**(10)**	(10)
Total net assets		**73,936**	71,038
Capital and reserves attributable to owners of the Parent company			
Share capital	7	**13,510**	13,510
Share premium reserve		**51,839**	51,839
Share options reserve		**9,971**	7,073
Employee Benefit Trust reserve		**(158)**	(191)
Retained deficit		**(1,226)**	(1,193)
Total equity		**73,936**	71,038

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 profit for the period was nil (period ended 31 December 2020 nil).

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These financial statements were approved and authorised for issue by the Board on 29 March 2022 and signed on its behalf by

Stephen Moon

Stephen Moon
Director

The notes on pages 88 to 90 form part of these Parent company financial statements.

PARENT COMPANY STATEMENT OF CASH FLOWS

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Cash flows from operating activities		
Profit/(Loss) after tax	**-**	-
Operating cash outflow before changes in working capital	**-**	-
Changes in trade and other payables	**-**	(21)
Total cash outflow from operations	**-**	**(21)**
Cash flow from investing activities		
Interest received	**-**	-
Financing operations of subsidiary	**-**	(4,217)
Net cash outflow from investing activities	**-**	**(4,217)**
Cash flow from financing activities		
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	**-**	-
Opening cash and cash equivalents	**6**	6
Closing cash and cash equivalents	**6**	**6**

The notes on pages 88 to 90 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 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**
Total comprehensive loss for the year	–	–	–	–	–	–
Transactions with owners						
Issue of shares held by EBT to employees	–	–	–	33	(33)	–
Share based payments	–	–	2,898	–	-	2,898
At 31 December 2021	**13,510**	**51,839**	**9,971**	**(158)**	**(1,226)**	**73,936**

The notes on pages 88 to 90 form part of these Parent company financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL 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 UK adopted International Accounting Standards and applied in accordance with the Companies Act 2006. 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 profit for the period was nil (period ended 31 December 2020 nil).

The auditors remuneration for audit and other services is disclosed in Note 5 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 6 of the consolidated financial statements.

4. Investments

	£'000
At 31 December 2019	48,295
Capital contribution	226
At 31 December 2020	**48,521**
Capital contribution	2,898
At 31 December 2021	**51,419**

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

4. Investments (continued)

At 31 December 2021 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	

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.

During 2021 a transfer of trade took place between PhD Nutrition Ltd and SiS Ltd with SiS taking on the trading of PhD Nutrition Ltd. This transfer had no overall impact on the overall valuation of investments.

5. Other receivables

	31 December 2021 £’000	31 December 2020 £’000
Amounts falling due within after more than one year		
Amounts owed by SIS (Science in Sport) Limited	**22,515**	22,515
Total other receivables	**22,515**	22,515

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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

6. Other payables

	31 December 2021 £'000	31 December 2020 £'000
Amounts falling due within one year		
Accruals	**16**	16
Total other payables	**16**	16

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 Notes 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 37 to 41.

COMPANY INFORMATION

Company number	08535116
Directors	J M Clarke (Chair) T Wright R Mather S N Moon J L Simpson
Audit committee	R Mather (Chair) J M Clarke T Wright S N Moon J L Simpson
Remuneration committee	T Wright (Chair) 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 Joint Brokers	Liberum Capital Limited Ropemaker Place 25 Ropemaker Street London EC2Y 9LY Davy Dashwood House 69 Old Broad Street, London EC2M 1QS
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