THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATION (EU NO. 596/2014) AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("MAR").

Science in Sport plc
("Science in Sport", the "Company" or the "Group")

Unaudited Preliminary Results for the Year Ended 31 December 2022

Science in Sport plc (AIM: SIS), the premium performance nutrition company serving elite athletes, sports enthusiasts, and the active lifestyle community, is pleased to announce its unaudited results for the financial year ended 31 December 2022.

Stephen Moon, Chief Executive Officer of Science in Sport plc, said:

'After a good start to 2022, input price inflation, a challenging consumer environment, and supply chain issues related to global events adversely affected us. We reacted quickly and we spent the summer months restructuring our operations and cost base. In addition, we successfully commissioned our world-class Blackburn supply chain facility.'

'In 2023, we are well set for profitable growth, as evidenced by sales growth over the last four months. Our retail business, domestically and internationally, is delivering profitable growth, and our Amazon business is performing significantly above the same period last year . A new partnership in the USA has step-changed EBITDA performance in this channel. While China was affected by COVID in Q1 2023, the business delivers a strong EBITDA margin, and we expect the recovery to continue in H2.'

'Our brands are healthy, and the innovation pipeline is strong. With improved margins in all channels and markets and building revenue momentum, we are confident of executing our 2023 plan. Our goals for the year are profitable growth, a healthy EBITDA margin, and cash breakeven. Our medium and long-term ambitions remain unchanged.'

Highlights

For the year-ended 31 December 2022, the business responded to unprecedented increases in input costs, a weakening in consumer confidence, and one-offs related to global events by quickly introducing a range of mitigating actions. We successfully commissioned the new Blackburn supply chain operation in parallel, which is now delivering substantial efficiencies.

While financial results for the year were substantially below our initial expectations given these external factors, our actions have delivered improved margins and, together with the robustness of our brands, have led to a solid start to 2023.

In 2023 we are seeing building sales momentum to record monthly revenue levels and expect to deliver positive EBITDA[1] for the year. All working capital facilities have successfully been renewed to April 2024.

Trading results

- Revenue growth of 2.0% to £63.8m (FY 2021: £62.5m). Adversely impacted in the year by -£4.3m due to the closure of our Russian business (£1.7m), port congestion issues in the US (£0.9m) and supply chain issues of PhD Smart Bars over the summer from our supplier (£1.7m)
- Underlying EBITDA[1] loss of £2.7m (FY 2021: £1.5m profit) with H2 being EBITDA break-even
- Loss before tax of £10.6m (FY 2021: £5.3m) impacted by raw material cost pressures and transition costs to the new Blackburn facility
- PhD Nutrition revenue grew by 15% to £34.1m (FY 2021: £29.6m) with strong growth in Marketplace and Retail channels
- Science in Sport revenue reduced by 10% to £29.7m (FY 2021: £32.9m) predominantly due to reduced Digital revenue partially offset by growth in Retail channels
- Capital investment of £8m (FY 2021: £6.5m) which completed the strategic investment cycle, culminating in the transition to the fully operational Blackburn facility
- Headroom of £4m in facilities at 31 December 2022 with cash at bank of £0.9m (FY 2021: £4.9m),
- Pre IFRS 16 net debt[2] of £10.9m as a result of full-year peak cash outflow, given the strategic capital investment at the Blackburn site is now complete

Execution of long-term strategy

- A strategic review completed in April 2023 by an independent consultant concluded shareholders' interests were best served by maximising value through the execution of the profitable growth plan
- The peak capital investment cycle was completed with the successful transition to the state-of-the-art Blackburn facility, which has the capacity to generate over £200m in revenue
- Continued execution of the global omnichannel route to market, leveraging existing and new partnerships
- The realisation of margin improvements driven by the new Blackburn facility and customer price rises put in place across all channels
- Delivery of sustainable cash-generative profitability in the medium term, with a target of cash breakeven for FY 2023.

Current Trading and Outlook

Previously reported Q1 2023 revenue was £15.6m representing growth of 2.3% versus Q1 2022, despite COVID affecting our business in China and Amazon executing a global destocking programme.

Momentum is building, as evidenced by revenues for each of April to June being records for the respective months. We expect revenue growth for H1 to be approximately 7%, with Q2 growth of approximately 12%. Due to our extensive change programme, the trading contribution[3] will be approximately 19% compared with 11% for the same period in 2022. Given the superior trading contribution and tight overhead control, we expect to be EBITDA positive in H1.

With our three-year capital investment programme completed, capital expenditure (including technology and new product development) for 2023 will be approximately £1.5m (FY2022: £8.0m), with this lower level of spending to continue in 2024.

Notes
[1] before interest, tax, depreciation, amortisation, share-based payments and foreign exchange variance on intercompany balances, restructuring costs, Blackburn transition costs and costs related to the equity raise and strategic review
[2] Net debt is defined as cash, less banking working capital facilities and asset financing and excludes property leases
[3] gross margin less advertising and promotions, carriage and online selling costs

For further information:

Science in Sport plc Stephen Moon, CEO Daniel Lampard, CFO	T: 020 7400 3700
Liberum (Nominated Adviser and Broker) Richard Lindley William Hall Lucas Bamber	T: 020 3100 2000

CHAIRMAN'S STATEMENT

After a strong start in the first quarter of 2022, including a record sales month in March and following the Company's consistent ten-year high growth track record, the business was impacted in the second quarter of 2022 by global events, reduced consumer confidence and specific one-off events affecting sales and costs.

In light of the economic and trading environment, in September 2022 the Board took the decision to strengthen the balance sheet with a placing of new ordinary shares raising gross proceeds of £5m.

At the same time in September 2022 the Board announced the initiation of a Strategic Review.
This review was completed in April 2023, and the Board concluded that shareholders' interests are best served by seeking to maximise value through focusing on accelerating the profitable growth of the business under an ambitious growth and efficiency plan.

The Board's decision is consistent with that of the independent corporate adviser appointed to advise on the Strategic Review.

The key drivers of the Board's decision were:

- A high level of confidence that the business model, operational and marketing assets and strategy will provide long term profitable growth in global markets; and

- A high level of confidence in the Board's comprehensive prioritised profitable growth plan to build progressively to industry profitability benchmarks.

- Trading in the year to date in 2023 indicates that the business is responding well to the new plan, with growth across both different geographies and sales channels, price increases, and lower costs attributed to the recently commissioned manufacturing and distribution facility, all contributing to improved profitability.

Strategic investment complete

Our decade-long high growth trajectory required us to invest in additional manufacturing and supply chain capacity to meet our strategic plan and maintain our competitive edge in gross margin. We completed a £7.5m investment in our 160,000 sq. ft. world-class supply chain site with supply capability to generate over £200m in revenue. It opened on schedule as a logistics operation in April. In September, we finished the commissioning of the gel line, two protein powder lines and installed our e-commerce packing operation.

At the end of 2022 we commissioned a state-of-the-art protein bar line which is now fully operational. This asset eliminates proposed substantial 2023 co-manufacturing cost increases and will contribute significantly to profitability. In addition to a transformation in margin, the new line underpins innovation projects which are expected to deliver incremental revenue in 2023.

We are pleased to report that the Blackburn operation is delivering savings in line with the investment case, with further efficiencies anticipated in 2023.

In February 2023, our USA business transferred to 'The Feed', the leading online distributor of endurance nutrition brands in the region. As well as accessing our core consumer market, the deal results in a strong improvement in expected cash generation for 2023.

A strategic partnership has been agreed for our already strong Marketplace business with Flywheel Digital, the global leader in Amazon growth delivery. 2023 sales to consumers are showing good growth, and we expect to see this continue because of the new partnership.

Overview

While our results reflect a challenging year with an unprecedented backdrop of reduced consumer confidence, input price increases, supply chain issues and the closure of our Russia business, we put in place a number of actions during H2 which are delivering positive results.

Group revenue was £63.8m (FY 2021: £62.5m), up 2.0% on prior year, with our UK Retail, International and Marketplace delivering encouraging growth.

Underlying EBITDA[1] loss of £2.7m (FY 2021: £1.5m profit), due predominantly to the higher input costs in H1, with H2 being break-even as mitigations of customer price rises, supply chain efficiencies and the benefits of the restructuring came into effect.

The reported loss before tax was £10.6m (FY 2021: £5.3m loss), the increased loss predominantly due to the impact of underlying trading EBITDA, non-recurring costs related to the transition to Blackburn and the one-off restructuring costs.

As noted above, we completed the strategic investment cycle resulting in peak cash outflows for the Group. The Group's cash at bank on 31 December 2022 was £0.9m (31 December 2021: cash at bank of £4.9m), with over £4m headroom in place as at 31 December 2022.

We demonstrated our business's ability to react promptly to unprecedented challenges in the year, executing mitigating and value enhancing actions to place the business in a strong position as we exited 2022.

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.

Our People

We streamlined the business during 2022 and now have in place a leaner executive and senior leadership team which is optimal for the Company. This has delivered cost savings and improved the efficiency of executing the strategic objectives.

The business underwent huge change during the year with the transition to the Blackburn facility, and due to the huge effort and commitment of the entire workforce the project was delivered on-time with minimal business disruption.

We have a world class team in place across all parts of the organisation who have shown outstanding commitment during a turbulent year.

On behalf of the board and myself, I would like to thank our employees, suppliers and customers for their invaluable contributions and support in what has been an unprecedented trading environment with significant challenges.

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 June 2023

Notes

1 before interest, tax, depreciation, amortisation, share-based payments and foreign exchange variance on intercompany balances, restructuring costs, Blackburn transition costs and costs related to the equity raise and strategic review

CEO's REPORT

Strategic Intent

Although 2022 was challenging, we ended the year in a much stronger position and are well positioned for 2023. The macro trends of the COVID-19 pandemic, with consumers increasing focus on health and wellbeing expected to continue, and the sports nutrition market, worth $24.6bn in 2022 is forecast to grow by a 5.9% CAGR from 2022 to 2027[4].

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

- 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 Product, Win in Elites

Revenue from new products was £2.9m for the period (FY 2021: £3.9m) reflecting a lower number of new product launches in the year, consistent with management's plan.

Our Win in Elites operation supported over 320 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.

We have extended our reach into world class running with the signing of the Elite Running team (over 90 individuals) which includes Gotytom Gebreslase (World Champion Marathon holder) and numerous gold and world record holders.

Premium Brands

PhD has made strong progress in brand awareness and has maintained its position as the number #3 brand in the UK market, and is number #1 in Lean Whey and the number #2 sports nutrition bar in the UK[5].

Science in Sport continues to enjoy market leadership in endurance nutrition in the UK in awareness, all brand equity scores, and conversion to purchase. We remain the number #1 Endurance Brand in UK Retail[5].

Both brands have market leading conversion from awareness to purchase online, and brand equity scores are extremely strong across all measures.

We became an official performance partner to Tottenham Hotspur and Nice football clubs during the year. We continued our partnership with the Milwaukee Bucks and retained our long-standing relationship with Ineos Grenadiers cycling. Win in Science and Win in Elites are a key element of the Science in Sport brand strategy.

Our focus on quality remains, and our brands continue to be two of the top four major sports nutrition brands in the UK in 2022, as measured by Trustpilot.

Blackburn investment complete

Gross margin decreased to 42% (FY 2021: 50%), due to higher input costs, reduced mix of online revenue and the lag in achieving price rise increases that came into effect in the latter half of FY 2022. We have reacted quickly to these challenges through two waves of customer price increases, restructuring the business and having the Blackburn site fully operational.

The 160,000 sq ft facility gives headroom to grow in excess of £200m in revenue, consolidating the Group's four operational sites to one has delivered immediate supply chain savings. Medium-term we foresee improving margins as a key driver of profitability.

In addition to the gel line and two protein lines we invested in a bar line at the end of the year which will give us both cost and operational efficiencies that will benefit margin in 2023.

Technology and Data Science

2021 saw us build a high-quality in-house technology and data science team, this being a key strategic enabler to providing valuable consumer insight, and we continued to invest during 2022.

Although our own channel digital online revenue volumes reduced during the year, this was driven from lower traffic volumes, while both our conversion and average order value ('AOV') grew year on year (on a like for like basis). The benefits in conversion and AOV were both being driven from the investment we have made in the ecommerce platform.

We have recently launched our subscription offering to customers, which is underpinned by the ecommerce platform and consumer insight we have generated over the last 18 months.

Segmental Performance

	2022			2021		
	SiS	**PhD**	**Total**	SiS	PhD	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Digital	**8,859**	**3,618**	**12,477**	10,974	5,105	16,079
Marketplace	**6,377**	**14,882**	**21,259**	8,230	10,581	18,811
Global Online	**15,236**	**18,500**	**33,736**	19,204	15,686	34,890
International Retail	**6,491**	**3,904**	**10,395**	6,208	3,374	9,582
UK Retail	**7,981**	**11,661**	**19,642**	7,527	10,540	18,067
Retail	**14,472**	**15,565**	**30,037**	13,735	13,914	27,649
Total sales	**29,708**	**34,065**	**63,773**	32,939	29,600	62,539

Global Online

Online sales decreased 4% to £33.7m (FY 2021: £34.9m). Online sales via the Group's digital platforms were down 23% with third-party marketplace sites up 12%. The reduction in our own channel digital sales was driven from lower traffic and the decision to cease operating the Japanese and Australian sites. Our marketplace channel (comprising Amazon, China and smaller marketplace channels such as eBay) performed well with growth of 12%, driven from strong growth in China partially offset by a reduction in our Amazon sales due to their global destocking in the latter half of FY 2022. Overall, online sales accounted for 53% of total sales (FY 2021: 56%).

Our US business was broadly flat delivering £4.7m (FY 2021: £4.8m). We have recently formed an exclusive partnership with the feed.com, who are the number one endurance sports nutrition direct to consumer business in the US. The feed.com will be responsible for operations and fulfilment of our products in the US to both direct to consumer and marketplace channels. The partnership took effect in Q1 FY 2023 and is expected to yield significant improvements in overall contribution in FY 2023.

UK Retail

UK Retail delivered another year of solid growth, with sales rising by 9% to £19.6m (FY 2021: £18.1m). Major grocery accounts grew steadily at 3%, but the main source of growth was through our High Street channel which grew by 24%. We strategically exited from some smaller, lower margin convenience stores.

PhD Retail sales grew by 11%. We are the second largest manufacturer on sports nutrition shelves in UK Retail as well as the number #1 manufacturer of lean whey powder and plant-based protein powders, with our growth outperforming the category. In plant protein bars, we are number #1, and in sports nutrition protein bars we are number #2 in grocery.

Science in Sport delivered growth of 6% in UK Retail, with our high gross margin gels continuing their consistent growth trend. Science in Sport is still the clear number #1 in endurance nutrition in UK Retail.

International Retail

International Retail had strong growth, and sales were £10.4m (FY 2021: £9.6m), 8% up on the prior year. This was achieved despite the closure of our Russian business resulting in lost revenue of £1.4m.

In 2022, we exited multiple markets, to focus on building scale in key global economies. We developed our business with our strategic global partner Shimano which delivered growth of 23%. Both PhD and Science in Sport grew in the Baltics very strongly and continued to grow in Germany and Italy.

Overall, PhD International Retail grew 16%, with Science in Sport also growing solidly by 5%.

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 and Science in Sport protein containers are recyclable. For bar and gel wrappers not currently recyclable at kerb side we offered a specialised recycling solution for customers.

Consolidating operations into the new Blackburn site is reducing carbon emissions, as we previously were moving product between the multiple sites in the existing footprint. The new building incorporates many 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. These actions partly offset increasing emissions from international online sales. We continue to be 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 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 2022 19% of our workforce identified as non-UK nationals, ahead of the 15% UK average in the 2022 ONS Labour Force Survey. We completed the Gender Pay Gap report in 2022 with a 55%/45% divide of men and women in relation to pay.

We retained our position as a Real Living Wage employer during, following the success of the second year of the partnerships, we continued working with Career Ready and expanded employment and work experience opportunities by working with local colleges in low-income areas.

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.

Outlook

We are delivering a return to profitable growth year to date for 2023.

Previously reported Q1 2023 revenue was £15.6m representing growth of 2.3% versus Q1 2022, despite COVID affecting our business in China and Amazon executing a global destocking programme.

Momentum is building, as evidenced by revenues for each of April to June being records for the respective months. We expect revenue growth for H1 to be approximately 7%, with Q2 growth of approximately 12%. Due to our extensive change programme, the trading contribution[3] will be approximately 19% compared with 11% for the same period in 2022. Given the superior trading contribution and tight overhead control, we expect to be EBITDA positive in 2023.

With our three-year capital expenditure programme completed, capital expenditure (including technology and new product development) for 2023 will be approximately £1.5m (FY2022: £8.0m), with this lower level of spending to continue in 2024.

Stephen Moon

Chief Executive Officer

29 June 2023

Notes
3 gross margin less advertising and promotions, carriage and online selling costs
4 Euromonitor Passport Database Global Assessment (October 2022)
5 Nielsen IQ L52week, L12wks 11th Feb 2023

FINANCIAL REVIEW

Revenue

The Group delivered £63.8m revenue in the year ended 31 December 2022, up 2.0% on prior year (FY 2021: £62.5m).

Retail channels grew 9% year on year and now represent 47% of Group sales, with online channels declining by 4% being 53% of the Group sales.

Profitability

		2022			2021	
	H1	**H2**	**Total**	H1	H2	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Revenue	**32,279**	**31,494**	**63,773**	29,264	33,275	62,539
Cost of goods	**(18,473)**	**(18,364)**	**(36,837)**	(14,048)	(17,141)	(31,189)
Gross profit	**13,806**	**13,130**	**26,936**	15,216	16,134	31,350
Selling & general administration costs	**(10,223)**	**(7,388)**	**(17,611)**	(9,850)	(9,780)	(19,630)
Trading contribution	**3,583**	**5,742**	**9,325**	5,366	6,354	11,720
Underlying operating expenses	**(6,383)**	**(5,631)**	**(12,014)**	(5,083)	(5,131)	(10,214)
Underlying EBITDA	**(2,800)**	**111**	**(2,689)**	283	1,223	1,506
Depreciation and amortisation	**(2,571)**	**(2,237)**	**(4,808)**	(1,660)	(1,974)	(3,634)
Foreign exchange variances on intercompany balances	**60**	**(159)**	**(99)**	(44)	(28)	(72)
Share-based payment charges	**(660)**	**398**	**(262)**	(1,418)	(1,480)	(2,898)
Blackburn transition costs	**(618)**	**(457)**	**(1,075)**	-	(125)	(125)
Restructuring and one-off costs	**(272)**	**(616)**	**(888)**	-	-	-
Loss from operations	**(6,861)**	**(2,960)**	**(9,821)**	(2,839)	(2,384)	(5,223)

The Group generated a gross profit of £26.9m (FY 2021: £31.4m) with a gross margin of 42% compared with 50% in 2021. Gross margin was significantly impacted by raw material price increases of over £4m in 2022, offset by £0.6m of price increases, with channel and brand mix having a negative impact of £1.8m partially offset by a positive volume impact of £0.6m. Further price rises were introduced in Q4 FY 2022 and Q1 FY 2023 addressing the input price increases that occurred in 2022.

Trading contribution was £9.3m (14.6% contribution margin) (FY 2021: £11.7m; 18.7% contribution margin) which was impacted by the flow through of raw material price increases. Cost mitigations from reduced advertising and promotion spend and logistic efficiencies with moving into the site at

Blackburn delivering a partial offset. The H2 position showing significant recovery, with trading contribution margin in H2 FY 2022 of 18.2% compared to H1 FY 2022 of 11.1%.

Selling and administration costs of £17.6m (FY 2021: £19.6m) decreased by £2m in the year, with significant reductions year on year in H2. This being due to advertising and promotional efficiencies, largely through reduced digital performance marketing spend and logistical cost savings due to Blackburn efficiencies and lower direct to consumer costs as a result of lower volumes.

Underlying operating costs increased by £1.8m year on year, with the increase predominantly being in H1. As a result of people restructuring and efficiencies due to the transition to the Blackburn site, the costs reduced significantly in H2 by £0.8m when comparing H2 FY 2022 (£5.6m) to H1 FY 2022 (£6.4m). The Group has good levels of visibility on these costs due to them relating to people, premises and related overhead costs. The Group has fixed energy tariffs in place utill 2025 for electricity and 2027 for gas.

Underlying EBITDA[1] was a loss of £2.7m, a reduction from a profit of £1.5m in FY 2021. The reported loss before tax is £10.6m (FY 2021: £5.3m loss). EPS was lower at -7.9p (FY 2021: -4.1p as restated).

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, Blackburn transition costs and material one-off 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.

Working capital

As at 31 December 2022, the Group held inventory of £6.6m (31 December 2021: £8.4m). Inventory levels decreased as we managed the supply chain tightly to ensure efficient working capital and ensure optimal cover.

The year on year increase in trade debtors of £2.9m was due to the increased mix of B2B revenue compared to direct to consumer. The latter channel results in cash receipts within days of sales compared to B2B which typically ranges between 60 to 90 days.

Correspondingly, the year on year increase in trade and other payables of £5.1m, has predominantly been due to the introduction of an invoice financing facility of £4.5m to assist with the Group's management of working capital due to the increased mix of B2B revenues.

Intangible Assets

Total intangible additions during 2022 were £1.9m, with £1.2m being on technology spend and £0.7m on product development. Technology spend relates to investment on the warehouse management system and ecommerce platform, and product development spend in relation to a number of elite and commercial products across both brands.

Fixed Assets

Total fixed asset additions during 2022 were £6.0m with a further £1.3m work in progress related to the new bar line delivered in December 2022. This completes the strategic investment cycle of peak cash outflows with the Blackburn investment complete. Ongoing capital expenditure of fixed assets is anticipated to be in the range of £0.5m-£0.75m excluding any strategic investment opportunities.

Cash position

Cash at bank at year end 2022 was £0.9m (FY 2021: £4.9m), lower than prior year due to capital investment of £8.0m (FY 2021: £6.5m), for the new Blackburn site, technology investment and new product development.

A £6.0m flexible invoice credit facility with HSBC, our principal bankers, was drawn to £4.5m. Additional trade finance facilities of £2.7m were drawn at year-end. Total headroom on the combined working capital facilities (including the undrawn element of the virtual card) including cash was over £4m at the year-end. All banking working capital facilities were successfully renewed to April 2024, as part of an annual renewal cycle. As our business continues to grow, particularly through the B2B channels, we will continue to work with HSBC during FY 2023 on the optimal structure of our facilities to ensure the appropriate financing over the medium term.

Additionally the Group has a £3.4m asset finance agreement with Lombard and residual equipment leases of £0.3m.

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 2020-2022 is in place.

No charge was recognised for the 2022 LTIP and STIP schemes (2021 schemes: £2.1m).

Taxation

The tax charge in the year is £0.3m (FY 2021: £0.2m charge following a prior year restatement. The Group has cumulative tax losses of £29.1m (FY 2021: £17.7m), a proportion of which the Group will look to use to cover future profits. The restatement was necessary as in the prior year the deferred tax asset recognised in respect of losses was linked to management’s estimate of future taxable profits, rather than initially looking to the deferred tax liabilities already recognised.

Going concern

The Group made a loss after tax for the year attributable to owners of the parent of £10.9m (FY 2021: loss of £5.6m) of which £5.1m 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 2022 was £3.9m (FY 2021: £5.6m decrease), this was primarily due the trading performance in H1 FY 2022, the transition to Blackburn and completion of the strategic capital investment cycle.

As at 31 December 2022, following the equity raise, the Group had cash at bank of £0.9m (31 December 2021: £4.9m), and headroom in facilities of over £4m. These facilities include working capital facilities of £11.1m which are renewed annually and are currently due to be next renewed in April 2024. Due to the nature of these facilities, which are secured against the working capital of the business and includes a blue chip trade debtor book and realisable inventory, and the strong relationship with the bank, the Directors expect this to be renewed annually going forward.

While FY 2022 was a challenging year, particularly during H1, a number of corrective actions occurred during H2 which position the business in a stronger position. Customer price rises have been put in place, the operating model of the business is much leaner, the consolidation into Blackburn is driving efficiencies and we have no significant fixed asset capital investment requirements. Trading at the start of 2023 has been positive and we have delivered our highest revenue month in the history of the business in March 2023, with the positive growth continuing into Q2, with May YTD FY 2023 revenue growth of 6% to £27.7m (FY 2022: £26.1m).

In the event of a shock or prolonged economic downturn we have a number of mitigating actions that could be taken, plus a high level of cost protection in place.

Over 70% of our raw materials are on fixed pricing for the remainder of FY 2023 and we have fixed prices for our utilities (electricity fixed to 2025; gas fixed to 2027), rent, rates and insurance costs. In addition we have significant non-commited budgeted spend for marketing and technology that could be reduced with immediate effect if required.

With regards sensitivity analysis, management have prepared scenario planning of different revenue outcomes, including interruption of trade, no sales growth, and customer failure 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 2024.

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 t hese financial statements.

Notes

1 before interest, tax, depreciation, amortisation, share-based payments and foreign exchange variance on intercompany balances, restructuring, Blackburn transition costs, costs related to the equity raise and strategic review

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 £'000	Year ended 31 December 2021 (as restated) £'000
Revenue	2	**63,773**	**62,539**
Cost of goods		(36,837)	(31,189)
Gross profit		**26,936**	**31,350**
Operating expenses	4	(36,757)	(36,573)
Loss from operations		**(9,821)**	**(5,223)**
Comprising:			
Underlying EBITDA	1	(2,689)	1,506
Share-based payment expense		(262)	(2,898)
Depreciation and amortisation		(4,808)	(3,634)
Foreign exchange variances on intercompany balances		(99)	(72)
Restructuring and one-off costs		(888)	-
Blackburn new facility transition costs		(1,075)	(125)
Loss from operations		**(9,821)**	**(5,223)**
Finance income		-	5
Finance costs		(757)	(119)
Loss before taxation		**(10,578)**	**(5,337)**
Taxation expense		(332)	(216)
Loss for the year		**(10,910)**	**(5,553)**
Other comprehensive income			
Cash flow hedges		2	9
Exchange differences on translation of foreign operations		(21)	(62)
Income tax relating to these items		-	(2)
Total comprehensive loss for the year		**(10,929)**	**(5,608)**
Loss per share to owners of the parent			
Basic and diluted – pence	5	(7.9p)	(4.1p)

All amounts relate to continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Company number: 08535116	Notes	As at 31 December 2022 £'000	As at 31 December 2021 (as restated) £'000
Non-current assets			
Intangible assets		30,739	31,717
Right-of-use assets		10,536	10,659
Property, plant and equipment		10,338	5,251
Total non-current assets		**51,613**	**47,627**
Current assets			
Inventories	6	6,638	8,447
Trade and other receivables	7	16,524	12,679
Cash and cash equivalents		930	4,850
Total current assets		**24,092**	**25,976**
Total assets		**75,705**	**73,603**
Current liabilities			
Trade and other payables	8	(19,993)	(14,865)
Provision for liabilities		(901)	-
Lease liabilities		(415)	(161)
Asset financing		(843)	(316)
Hire purchase agreement		(80)	(77)
Total current liabilities		**(22,232)**	**(15,419)**
Non-current liabilities			
Lease liabilities		(10,261)	(10,511)
Asset financing		(2,839)	(1,182)
Hire purchase agreement		(82)	(162)
Total non-current liabilities		**(13,182)**	**(11,855)**
Total liabilities		**(35,414)**	**(27,274)**
Net assets		**40,291**	**46,329**
Capital and reserves attributable to owners of the parent company			
Share capital		17,242	13,510
Share premium reserve		53,134	51,839
Employee benefit trust reserve		(429)	(158)
Other reserve		(907)	(907)
Foreign exchange reserve		(138)	(117)
Cash flow hedge reserve		-	(2)
Retained deficit		(28,611)	(17,836)
Total equity		**40,291**	**46,329**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 (as restated) £'000
Cash flows from operating activities		
Loss for the financial year	(10,910)	(5,553)
Adjustments for:		
Amortisation of intangible assets	2,919	2,702
Depreciation of right-of-use asset	963	226
Depreciation of property, plant and equipment	926	706
Interest expense	757	112
Taxation	332	216
Share based payment charge	262	2,898
Operating cash (outflow)/inflow before changes in working capital	**(4,751)**	**1,307**
Changes in inventories	1,809	(1,473)
Changes in trade and other receivables	(3,737)	(2,838)
Changes in trade and other payables	(1,970)	2,842
Total cash outflow from operations	**(8,649)**	**(162)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(6,013)	(4,119)
Purchase of intangible assets	(1,941)	(2,420)
Net cash outflow from investing activities	**(7,954)**	**(6,539)**
Cash flow from financing activities		
Gross proceeds from issue of share capital	5,000	-
Share issue costs	(371)	-
Net proceeds from asset financing	2,184	1,498
Interest paid on asset financing	(143)	(2)
Net proceeds from invoice financing	4,523	-
Interest paid on invoice financing	(119)	-
Net proceeds from trade facility	2,733	-
Interest paid on trade facility	(53)	-
Principal repayments of lease liabilities	(629)	(359)
Interest paid on lease liabilities	(442)	(57)
Finance income	-	5
Net cash inflow from financing activities	**12,683**	**1,085**
Net decrease in cash and cash equivalents	**(3,920)**	**(5,616)**
Opening cash and cash equivalents	4,850	10,466
Closing cash and cash equivalents	**930**	**4,850**

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 2020	**13,510**	**51,839**	**(191)**	**(907)**	**(55)**	**(9)**	**(15,148)**	**49,039**
Total comprehensive loss for the year (as restated)	-	-	-	-	(62)	7	(5,553)	(5,608)
Transactions with owners:								
Issue of shares held by EBT to employees	-	-	33	-	-	-	(33)	-
Share based payments	-	-	-	-	-	-	2,898	2,898
At 31 December 2021 (as restated)	**13,510**	**51,839**	**(158)**	**(907)**	**(117)**	**(2)**	**(17,836)**	**46,329**
Total comprehensive loss for the year	-	-	-	-	(21)	2	(10,910)	(10,929)
Transactions with owners:								
Issue of shares	3,732	1,295	(398)	-	-	-	-	4,629
Issue of shares held by EBT to employees	-	-	127	-	-	-	(127)	-
Share based payments	-	-	-	-	-	-	262	262
At 31 December 2022	**17,242**	**53,134**	**(429)**	**(907)**	**(138)**	**-**	**(28,611)**	**40,291**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

This results announcement for the year ended 31 December 2022 has been prepared in accordance with UK adopted International Accounting Standards. The accounting policies applied are consistent with those set out in the Science in Sport plc Annual Report and Accounts for the year ended 31 December 2022.

The financial information contained within this results announcement for the year ended 31 December 2022 and the year ended 31 December 2021 is derived from but does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021 have been filed with the Registrar of Companies and those for the year ended 31 December 2022 will be filed following the Company's annual general meeting. The auditors' report on the statutory accounts for the year ended 31 December 2022 and the year ended 31 December 2021 is unqualified, does not draw attention to any matters by way of emphasis, and does not contain any statement under section 498 of the Companies Act 2006.

Use of non-GAAP profit measure - underlying EBITDA

The Group has chosen to report underlying EBITDA. This is adjusted for depreciation, amortisation, non-cash share-based payments, forex on intercompany balances, restructuring and Blackburn transitional one-off 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 the accounts.

Underlying EBITDA is not defined by IFRS and therefore may not be directly comparable with other companies' adjusted profit measures. It is not intended to be a substitute for, or superior to IFRS measurements of profit

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

	Year Ended 31 December 2022 (£'000)	**Year Ended 31 December 2021 (£'000)**
Loss from operations	**(9,821)**	(5,223)
Share-based payment expense	**262**	2,898
Depreciation & amortisation	**4,808**	3,634
Foreign exchange variances on intercompany balances	**99**	72
Restructuring and one-off costs	**888**	-
Blackburn new facility transition costs	**1,075**	125
Underlying EBITDA	**(2,689)**	1,506

2. 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, Science in Sport (SiS) and PhD Nutrition (PhD). 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 13% of revenue and is not separately identified in segmental reporting.

The Board uses revenue, EBITDA, profit before tax and cash, as key measures of the segment's performance. These are reviewed regularly.

	2022			2021		
	SiS £'000	**PhD £'000**	**Total £'000**	SiS £'000	PhD £'000	Total £'000
Sales	**29,708**	**34,065**	**63,773**	32,939	29,600	62,539
Gross profit	**17,383**	**9,553**	**26,936**	20,064	11,286	31,350
Advertising and promotions	**(6,602)**	**(2,387)**	**(8,989)**	(6,066)	(4,143)	(10,209)
Carriage	**(6,356)**	**(756)**	**(7,112)**	(6,662)	(1,534)	(8,196)
Online Selling Costs	**(1,424)**	**(86)**	**(1,510)**	(1,141)	(84)	(1,225)
Trading contribution	**3,001**	**6,324**	**9,325**	6,195	5,525	11,720
Other operating expenses			**(19,146)**			(16,943)
Loss from operations			**(9,821)**			(5,223)

3. 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 Marketplace relates to online marketplaces such as Amazon and TMall.

	2022			2021		
	SiS	**PhD**	**Total**	SiS	PhD	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Digital	**8,859**	**3,618**	**12,477**	10,974	5,105	16,079
Marketplace	**6,377**	**14,882**	**21,259**	8,230	10,581	18,811
Global Online	**15,236**	**18,500**	**33,736**	19,204	15,686	34,890
International Retail	**6,491**	**3,904**	**10,395**	6,208	3,374	9,582
UK Retail	**7,981**	**11,661**	**19,642**	7,527	10,540	18,067
Retail	**14,472**	**15,565**	**30,037**	13,735	13,914	27,649
Total sales	**29,708**	**34,065**	**63,773**	32,939	29,600	62,539

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
United Kingdom	**36,574**	36,622
Rest of Europe	**11,391**	11,419
USA	**4,670**	5,088
Rest of the World	**11,138**	9,410
Total sales	**63,773**	62,539

4. Operating expenses

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Sales and marketing costs	**17,611**	19,630
Operating costs	**14,076**	10,411
Depreciation and amortisation	**4,808**	3,634
Share based payment charge (1)	**262**	2,898
Administrative expenses	**19,146**	16,943
Total operating expenses	**36,757**	36,573

(1) Includes associated social security credits of £218,000 (2021: costs of £238,000)

5. 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 2022	Year ended 31 December 2021 (as restated)
Loss for the year attributable to owners of the parent – £'000	**(10,910)**	(5,553)
Weighted average number of shares	**138,860,015**	135,100,931
Basic loss per share - pence	**(7.9p)**	(4.1p)
Diluted loss per share – pence	**(7.9p)**	(4.1p)

The number of vested but unexercised share options is 16,446,937 (2021: 10,820,373).

6. Inventories

	31 December 2022 £'000	31 December 2021 £'000
Raw materials	**2,455**	2,534
Finished goods	**4,183**	5,913
Total inventories	**6,638**	8,447

There is a provision of £452,000 included within inventories in relation to the impairment of inventories (2021: £251,000). The increase in provision during the year relates to the impairment of residual packaging stock following the change in gel machinery and a reduction in the number of active stock keeping units (SKUs). During the year, inventories of £36,042,000 (2021: £29,856,000) were recognised as an expense within cost of sales.

7. Trade and other receivables

	31 December 2022 £'000	31 December 2021 £'000
Trade receivables	**15,274**	12,452
Less: provision for impairment of trade receivables	**(281)**	(350)
Trade receivables – net	**14,993**	12,102
Other receivables	**1,046**	21
Total financial assets other than cash and cash equivalents classified as amortised cost	**16,039**	12,123
Prepayments and accrued income	**485**	556
Total trade and other receivables	**16,524**	12,679

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 2022. The Directors consider that the carrying amount of these receivables approximates to their fair value. There has been an increase in debtor days due to increased mix of B2B revenue compared to direct to consumer. 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 2022, this is due to Science in Sport 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 2022 the lifetime expected loss provision for trade receivables is as follows:

	More than 60 days past due	**More than 90 days past due**	**Total**
At 31 December 2022			
Expected loss rate (%)	0%	5%	
Gross carrying amount (£'000)	776	1,726	
Loss provision (£'000)	**-**	**93**	**93**
At 31 December 2021			
Expected loss rate (%)	0%	9%	
Gross carrying amount (£'000)	407	876	
Loss provision (£'000)	**-**	**81**	**81**

A further provision of £188,000 (2021: £269,000) has been included against specific debts considered impaired.

8. Trade and other payables

	31 December 2022 £'000	31 December 2021 £'000
Trade payables	**4,981**	7,643
Accruals	**7,226**	6,108
Invoice financing	**4,523**	-
Trade facility	**2,733**	-
Total financial liabilities measured at amortised cost	**19,463**	13,751
Other taxes and social security	**530**	1,114
Total trade and other payables	**19,993**	14,865

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

All amounts shown fall due within one year.

Invoice financing is the amount due to HSBC after drawing down from the £6.0m flexible invoice credit facility during the year. This facility contains both fixed and floating charges over all the property and undertakings of the parent company. Additionally, a £3.5m uncommitted trade facility was entered into during the year which is secured on stock. The drawdowns on the trade facility during the year were £2,733,000 (2021: £nil) and this balance is included within accruals above.

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