Science in Sport plc

Annual report and financial statements

Year ended 31 December 2022

Company number 08535116

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STRATEGIC REPORT
FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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. All banking 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 given global events which affected multiple markets
- 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 (including intangible assets) 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 £10.0m 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.

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

[2] net debt is defined as cash, less banking working capital facilities, asset financing and excludes property leases

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.

With our three-year capital expenditure programme completed, capital expenditure (including technology and new product development) for 2023 will be approximately £1.5m (FY 2022: £8.0m), with this lower level of spending to continue in 2024.

[3] gross margin less advertising and promotions, carriage and online selling costs

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 Science in Sport, 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, worth $24.6bn in 2022 and forecast to grow CAGR 5.9% from 2022 to 2027[4].

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 endurance and strength athlete Ross Edgley and influencer Gabby Allen.

Science in Sport, a leading endurance nutrition business founded in 1992, has a core range comprising gels, powders and bars focused on energy, hydration, and recovery. Science in Sport is an official endurance nutrition supplier to over 320 professional teams, organisations, and national teams worldwide. Science in Sport supplies more than 150 professional football clubs in the UK, Europe, and the USA.

Science in Sport is a Performance Solutions partner to INEOS Grenadiers cycling team, Tottenham Hotspur, New York City and OGC Nice football clubs, as well as Official Sports Nutrition Partner to the Milwaukee Bucks, 2021 National Basketball Association Champions. In 2023, winner of the women’s marathon at the 2022 World Athletics Championships, Gotytom Gebreslase, and the Elite Running Team joined other Performance Solutions partners that are benefitting from bespoke support and products developed with world leading science.

Science in Sport has also extended a longstanding agreement with Liverpool John Moores University, in collaboration with INEOS Grenadiers, to embark on a 3 year research project to support research into Elite Cycling.

In addition to this Science in Sport have a new 3 year agreement with Manchester Metropolitan University to engage in research and trials to support the next generation of endurance nutrition products across energy, hydration and recovery.

[4]Euromonitor Passport Database Global Assessment (October 2022)

Brands

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 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

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. For a detailed breakdown of performance by sales channel, see note 5 of these financial statements.

Products for enhanced performance

Science in Sport:

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 Science in Sport 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.

BUSINESS & STRATEGIC MODEL

Our strategic model to drive 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.
   - £2.9m revenue in 2022 from new product innovation, 5% of total sales.

2. **Premium Brand**
   - Market leading brand equity measures underpinning consistent, multi-year improvement in brand awareness, consideration and usage.
   - Science in Sport is an official sports nutrition supplier to over 320 professional teams, organisations, and national teams worldwide, including INEOS Grenadiers Cycling Team. Science in Sport supplies more than 150 professional football clubs in the UK, Europe, and the USA. PhD brand ambassadors include leading fitness influencers Ross Edgley and Gabby Allen
   - Marketing investment over 14% of sales at £9m, a reduction from the previous year reflecting lower spend in the Digital channel (FY 2021: £10.2m).

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.
   - Focus on improving our digital conversion and revenue per order, 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 by having a differentiated offer between channels.
   - 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 was £34m, 53% of total sales and 4% lower than 2021, due to lower Digital sales partially offset by strong Marketplace performance.

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 Blackburn site.
   - Ongoing delivery of supply chain efficiencies, cost savings and shift to in-house production.
   - Blackburn new single site supply chain facility fully operational in H2 FY 2022 with a state-of-the-art eight-lane gel manufacturing line operational July 2022 and in-house Bar line capability added in December 2022.

CHAIRMAN'S REPORT

After a strong start in the first quarter of 2022, including a record sales month in March and following the Group'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 placement of 33,333,333 new ordinary shares onto the market raising gross proceeds of £5m.

At the same point in September 2022 the Board announced the initiation of a Strategic Review. This was due to the Board's belief that the market capitalisation fundamentally undervalued the Group and did not recognise the inherent value of its premium brands and market positioning.

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;

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

- 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 for over £200m 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 major 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 the factors above, 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), including asset financing facilities of £3.7m and working capital facilities of £11.1m, with over £4m headroom in place as at 31 December 2022. All of our working capital facilities have been successfully renewed on the same basis to April 2024.

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, due to the huge effort and commitment of the entire workforce delivered the project 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

30 June 2023

[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 Intent

Although 2022 has been challenging, we have ended the year in a stronger position and are well positioned for 2023. The macro trends of the COVID-19 pandemic, with consumers increasing focus on health and wellbeing are 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 managements 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.

[4]Euromonitor Passport Database Global Assessment (October 2022)

Premium Brand

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.

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.

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 OGC 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 AOV (Average Order Value) grew year on year (on a like for like basis). The benefits in conversion and AOV 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 3.3% 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 thefeed.com, who are the number one endurance sports nutrition direct to consumer business in the US. Thefeed.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[5].

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[5].

[5]Nielsen IQ L52week, L12wks 11th Feb 2023

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 expected to reduce 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, 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 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, 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 at least annually. Full corporate governance disclosure can be found on our sisplc.com website.

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%. Given our extensive change programme, the trading contribution[3] will be approximately 19% compared with 11% for the same period in 2022.

With our three-year capital expenditure programme completed, capital expenditure (including technology and new product development) for 2023 will be approximately £1.5m (FY 2022: £8.0m), with this lower level of spending to continue in 2024.

Stephen Moon

Stephen Moon (Jun 30, 2023, 2:12pm)

Stephen Moon

Chief Executive Officer

30 June 2023

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.

SCIENCE IN SPORT PLC
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 Science in Sport and PhD products.	2022 2021	The consequences could be severe and may include adverse effects on consumer health, loss of market share, financial costs and loss of revenue to Science in Sport. 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. Banned substance testing is considered mandated for the Elite customers and subsequent Brand 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 facilities at Nelson and Blackburn were/are 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.	2022 2021	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. We have over 70% of raw material prices fixed for FY 2023.
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.	2022 2021	Although no single retailer accounts for more than 13% 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 mix of customers diversifies the revenue channels and reduces key customer reliance. Our mix of customers has remained broadly constant since 2021, the exception is the growth of our Chinese partner who we have worked closely with for a number of years. As we operate across multiple channels and geographies this mitigates the risk of specific local economic challenges. We work in close partnership with our B2B customers and regularly monitor and review end consumer purchase behaviour and market share information. The market in which we operate is estimated to be £24.6bn, and is forecast to grow, our current share is a small percentage of this, which gives management confidence to deliver strategic growth plans in the event of any consumer spending challenges.

PRINCIPAL RISKS AND UNCERTAINTIES

RISK	RISK RATING	POTENTIAL IMPACT	MITIGATION CONTROLS
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.	2022 2021	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 Risk of transition from the sites at Nelson to the new facility at Blackburn.	2022 2021	Risk of overrun with building works and disruption to production, which could have resulted in supply chain delays and subsequent missed revenue.	The new site at Blackburn is fully operational with the go-live and transition resulting in no disruption other than planned parallel running. The business has in place comprehensive business interruption and related insurance policies.
6 LIQUIDITY Ensuring the Group has sufficient cash reserves.	2022 2021	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. We have in place working capital facilities with HSBC which have renewed on the same basis to April 2024.
7 COVID-19 COVID-19 coronavirus presents a significant global challenge	2022 2021	We have assessed the business risk as medium due to uncertainties and the level of disruption to our employees, customers and supply chain if a significant variant reoccurred.	Our Blackburn manufacturing site has clear cleaning processes taking place between shifts. The residual risk of COVID still exists and also the recent impact in China at the end of 2022 impacted short-term trading though we have seen this recover towards the end of Q1 FY2023.
8. RECRUITMENT & RETENTION	2022 2021	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.	Science in Sport recruited in a new People team in 2021 to support recruitment and retention. A restructure occurred in summer 2022 covering several of the executive and senior leadership positions, creating the optimal structure and culture for the business going forward.

Low

Medium

High

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 increasing 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 1.9.

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 supply chain tightly to ensure efficient working capital and ensure optimal cover.

The year on year increase in trade debtors of £2.8m was due to the increased mix of B2B revenue compared to direct to consumer. The latter channel resulting in cash receipt within days 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. Capital commitments at the end of 2022 were £nil. Ongoing capital expenditure of fixed assets is anticipated to be in the range of £0.5m-£0.75m excluding any strategic investment opportunities.

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

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 facilities 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, particualrly 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 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 – see note 2). 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 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 these financial statements.

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 2022 we successfully opened 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 light to reduce lighting requirements.

We have commenced measurement of 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 Science in Sport protein containers to recyclable materials. For bar and gel wrappers not currently recyclable at kerb side we offered a recycling solution through the use of a prepaid bag. We estimate c160k wrappers were recycled in 2022 avoiding 800kg of packaging that would have gone to landfill.

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.

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. 2022 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 2022 is set out below:

- 1,751 MWh from electricity, gas and own transport consumption (2021: 1,617 MWh) an increase of 8%.
- Total CO2 emissions related to this energy consumption was 346 tCO_2e (2021: 318 tonnes) an increase of 9%, of which 3 tCO_2e from Scope 1 relating to own vehicles and 315 tCO_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 2022 total group revenue as per the Income statement.
- The Intensity ratio for 2022 is 5.1 (2021: 5.1).

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. As the new site is now 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 2022 we plan to continue working with in 2023 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.

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. We've been training hard and are looking forward to getting back in the saddle for this team building event in 2023.

Employees

The diversity of our workforce is a strength, and we are keen to recruit employees from a wide range of backgrounds. In 2022 19% of our workforce identified as non-UK nationals well ahead of the 14% 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.

Gender diversity as at 31 December 2022 across the business is set out below:

	Female	**Male**
Manager Team	21	32
Executive Team	1	3
All employees	74	84
Total	**96**	**119**

In 2022 we continued working with Career Ready and expanded employment and work experience opportunities by working with local colleges in low-income areas. In addition, we have increased the number of internships and apprenticeship within the business. We also hold work experience internally and externally.

Following the success of the second year of the partnerships, we are excited about increasing the number of interns we welcome in 2023.

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 2022 we had no reportable accidents.

Our aim is to become an Employer of Choice both within the sports nutrition industry and the wider consumer sector. The People team are continuously improving engagement through pulse surveys and one to one with all employees to gauge feedback.

Personal development plans and improved people processes are ongoing supporting our employees as they develop their careers and experience with our fast-growing business.

We retained our accredited Real Living Wage employer status, committing to fair pay for all our employees and contractors at all our sites in the UK.

We have recently implemented our new ABC values, attitude, behaviour, and communication, this paired with our MVP scheme has been a step change for our culture.

Internally we encouraged an open and supportive discussion about mental health in the business and run regular Wellbeing events. We have invested in Mental health first aid training 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.

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 VAT, PAYE and NI remittances. 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.

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.

Transparency International Anti-Bribery training was 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, and we have the appropriate teams in place to ensure positive relationships across all key stakeholders.

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 batch of Science in Sport finished product which leaves the Company's factory is screened against the World Anti-Doping Agency ("WADA") list. Banned substances including steroids are tested to the level of 10 Nanograms per gram, and stimulants to 100 Nanograms per gram.

Batches (sampled at the beginning, during and end of each product batch) receive the recognised and respected Informed Sport certificate. Finished product testing is the final and most effective step that we have to ensure product assurance.

Raw material batch testing, in addition to testing on finished goods, for any product deemed 'high-risk'.

Full trace management of all raw materials from raw material base and manufacturing supplier, through to finished goods manufactured per production batch. This allows the Company to demonstrate to athletes the source of ingredients and all parties involved in the manufacturing process.

Rigorous screening of all ingredient suppliers, including annual auditing. All suppliers are required to be certified to a recognised Quality Management system that is approved by The Global Food Safety Initiative.

In-house product screening within the Company's production facility in Blackburn, Lancashire, including swab testing for banned substances, and surprise third-party inspections throughout the year.

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. While we restructured and streamlined the business predominantly at an executive and senior leadership level during 2022, 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 and have retained this status.

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.

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 the supply chain team to improve the relationships with our suppliers.

At the end of FY 2022 we made the decision to bring bar manufacturing in-house, which resulted in the investment in a bar line at the end of the year, with manufacturing and production commencing Q1 2023.

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. Our investors supported the business with the equity raise in October 2022. The purpose of the raise was to strengthen the Company's balance sheet in the event of any further downturn in the economy or any unexpected input material cost or other costs. In April 2023 we held an investor day to give the opportunity for investors to have a full tour of the Blackburn facility and receive an update on the execution of the strategy.

Decision making

The example below, regarding the decision to relocate to the site at Blackburn, 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 the 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. The site has successfully opened with no operational issues with business case benefits being delivered.

Subsidiaries

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 97.

Future developments

The Strategic report and the Chairman and Chief Executive reports cover the Group's performance during the year ended 31 December 2022, 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
D M Lampard (appointed 19 October 2022)
J L Simpson (resigned 8 September 2022)

Non-Executive Directors
J M Clarke
T Wright
R Mather
H Turcan (appointed 1 February 2023)

Details of Directors are included on pages 37 to 39.

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 42 to 46.

Dividends

No dividends were paid and none proposed (31 December 2021: £nil).

Financial risk management

The Group's risk management policies can be found in note 3.

Employee Benefit Trust Shares

The Company issued 2,709,126 £0.10 Ordinary shares to the Employee Benefit Trust (2021: nil) to satisfy the provision of the share scheme (see note 22).

Share Capital Structure

Details of changes in the Company's share capital are disclosed in note 22 of the financial statements.

Substantial shareholdings

As at 31 December 2022, the following Shareholders own more than 3% of issued share capital of the Company:

Shareholder	Number of shares	Percentage holding %
Lombard Odier Investment Managers	36,291,678	21.05
Otus Capital Management	19,552,540	11.34
Aviva Investors	14,674,192	8.51
JO Hambro Capital Management	14,398,641	8.35
River and Mercantile Asset Management	11,265,540	6.53
Tellworth Investments	9,745,933	5.65
Cazenove Capital Management	8,605,823	4.99
Baillie Gifford	7,239,364	4.20
Sarasin & Partners	7,154,982	4.15

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.

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 (Jun 30, 2023, 2:12pm)

STEPHEN MOON

Chief Executive Officer

30 June 2023

Chairman's introduction to Corporate Governance

It is my responsibility as the Chairman of the Board of Directors of Science in Sport plc to ensure that Science in Sport 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, based on attitude, behaviour and communication, 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.

Science in Sport 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. Science in Sport 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 16 to 17.

Board of Directors

The Board is led by the Non-Executive Chairman, John Clarke, and comprises, three additional Non-Executive Directors, all being 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 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 this was incorporated into the recent 2023 budgeting process.

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

The Board
Meets quarterly and at other times when required.
Comprises the Chairperson, 3 non- execs and 2 execs

Nomination Committee
This committee meets annually and as and when required.
Comprises the Chairperson and 2 non-execs

Audit Committee
This committee meets at least twice per year and at other times when required.
Comprises the Chairperson and 2 non-execs.

Remuneration Committee
This committee meets at least twice per year and at other times when required.
Comprises the Chairperson and 2 non-execs

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 its Chairman and two 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 without management.

The Audit Committee report is on page 40.

Nominations Committee

The Nominations Committee consists of the Chairman and two 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 two 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 pages 42-46.

Attendance

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

Directors' attendances at meetings of the Board and its Committees during 2022 were:

	Board	Audit Committee	Remuneration Committee	Nomination Committee
John Clarke	4/4	4/4	4/4	2/2
Roger Mather	4/4	4/4	4/4	2/2
Tim Wright	4/4	4/4	4/4	2/2
Stephen Moon	4/4	4/4	-	-
James Simpson	2/4	1/4	-	-
Daniel Lampard	1/4	2/4	-	-

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 and transition to go-live of the new Blackburn supply chain facility
- Supporting the Executive managing through the Equity Raise and Strategic Review

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 24, 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 Governance section of the Annual Report on page 22. The Group is required to report as a large, non-main market listed company with over 40,000 kwh of energy usage in the year.

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 Science in Sport board. John's experience of delivering above market growth through global recessions has supported the board as Science in Sport 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 Science in Sport.

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 Science in Sport growth strategy.

Roger Mather
Independent Non-Executive Director

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.

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 Science in Sport growth strategy. His knowledge of digital strategy and supply chain distribution brings to the board further experience in these key strategic areas.

Henry Turcan
Independent Non-Executive Director (Appointed 1 February 2023)

Henry has worked in financial services since 1996, with a focus on equity capital markets. Having spent most of his career advising growth companies within investment banking, he became an investment manager, joining the Volantis team at Henderson Global Investors in 2015, which subsequently transferred to Lombard Odier Asset Management in 2017. He brings strong strategic and commercial experience having been a non-executive director of several public and private companies.

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.

Daniel Lampard
Chief Financial Officer (Appointed 19 October 2022)

Daniel qualified as a chartered accountant with KPMG and is a member of the Institute of Chartered Accountants in England and Wales. He also holds an MSc in Executive Management from Manchester Business School.

His previous appointments include serving as the Chief Financial Officer of Unbound Group plc, Chief Financial Officer of D2C Glanbia Performance Nutrition, a rapidly growing online sports nutrition business, the UK Finance Director at AO World plc and working for the Manchester Airport Group for 11 years.

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 2022 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 me. It meets at least twice per year, 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 2022. 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 2021 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, performance and that the annual report and accounts are fair and balanced.

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 and remuneration.
- 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 2024.
- Impact of the war in Ukraine, input price inflation and global impacts of COVID-19 on the business, monitoring the Group's financial performance, new and emerging risks, and our business continuity and resilience.
- Risks relevant to the financial statements, and the appropriate treatment of judgemental areas within the financial statements.

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 (2021: £35,000).

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

30 June 2023

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.

An LTIP for the years 2019-2021 was approved by the Remuneration Committee. In May 2022, the Remuneration Committee approved a new three-year LTIP for the years 2022-2024.

Short term incentive plan ("STIP")

Awards are calculated as a percentage of base salary, which can be up to 100% 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 2020 to 2022 is in place. 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. In 2022 options were granted for the 2021 LTIP based on the performance criteria achievement for the 2021 financial year.

Under the plan, options were 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. Based on results against these targets, options have not been awarded to participants for the 2022 financial year.

During the year under review the Remuneration Committee made no option awards under the 2022 STIP and LTIP schemes.

Option awards were made in 2022 as follows in respect of the LTIP & STIP for the 2021 financial year:

- In respect of the LTIP for the year ended 31 December 2021, 929,002 (2021: nil) nil-cost options were granted to S N Moon
- In respect of the LTIP for the year ended 31 December 2021, 422,786 (2021: nil) nil-cost options were granted to J L Simpson
- In respect of the LTIP for the year ended 31 December 2021, 1,264,332 (2021: nil) nil-cost options were granted to senior employees
- In respect of the STIP for the year ended 31 December 2021, 619,727 (2021: nil) nil-cost options were granted to S N Moon
- In respect of the STIP for the year ended 31 December 2021, 156,687 (2021: nil) nil-cost options were granted to J L Simpson

- In respect of the STIP for the year ended 31 December 2021, 571,235 (2021: nil) nil-cost options were granted to senior employees

(iii) Pension contributions

The Company pays 4% of base salary as a defined contribution to the pension scheme of Executive Directors and employees. The individual pension schemes are private and their assets are held separately from those of the Company.

Service contracts

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

Policy on Non-Executive Directors' remuneration

John Clarke, Roger 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 2022

	Salary / Fees	LTIP	STIP	Benefits in kind	Pension	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors						
Stephen Moon	323	156	70	5	-	554
James Simpson	133	32	21	2	12	200
Daniel Lampard	48	-	-	-	-	48
Non-Executive Directors						
John Clarke	71	-	-	-	-	71
Tim Wright	39	-	-	-	-	39
Roger Mather	39	-	-	-	-	39
	653	**188**	**91**	**7**	**12**	**951**

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	804	327	6	-	1,431
James Simpson	185	210	80	2	-	477
Non-Executive Directors						
John Clarke	49	-	-	-	-	49
Tim Wright	38	-	-	-	-	38
Roger Mather	37	-	-	-	-	37
	603	**1,014**	**407**	**8**	**-**	**2,032**

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

Directors' interests in shares

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

Beneficial interests	Ordinary shares of 10p each 31 December 2022	Ordinary shares of 10p each 31 December 2021
S N Moon	**924,537**	924,537
J M Clarke	**313,635**	156,823
T Wright	**156,823**	108,108
R Mather	**106,790**	106,790
J L Simpson	**54,689**	54,689
D M Lampard	**33,333**	Nil

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 2022	31 December 2021
S N Moon	**9,304,234**	7,755,504
J M Clarke	**548,633**	548,633
J L Simpson	**629,278**	49,805

Details of share options at 31 December 2022 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
S N Moon	29 April 2022	nil	62.5p	929,002	29 April 2022	29 April 2032
S N Moon	29 April 2022	nil	62.5p	619,727	29 April 2022	29 April 2032
J L Simpson	1 October 2020	nil	33p	49,805	1 October 2020	1 October 2030
J L Simpson	29 April 2022	nil	62.5p	422,786	29 April 2022	29 April 2032
J L Simpson	29 April 2022	nil	62.5p	156,687	29 April 2022	29 April 2032
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 2022 or 31 December 2021.

TIM WRIGHT

Chairman of the Remuneration Committee

30 June 23

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 2022 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 2022 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.

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 is set out in the Key Audit Matters section of our report.

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	*81% (2021: 82%) of Group revenue*
Key Audit Matters	<table><tr><td></td><td>2022</td><td>2021</td></tr><tr><td>Impairment of intangible assets – PhD Nutrition Limited</td><td>✓</td><td>✓</td></tr><tr><td>Going concern</td><td>✓</td><td>-</td></tr><tr><td>Additions to intangible and property, plant and equipment assets</td><td>✓</td><td>-</td></tr><tr><td>Revenue recognition</td><td>✓</td><td>✓</td></tr></table>
Materiality	*Group financial statements as a whole* £630,000 (2021: £600,000) based on 1% (2021: 1%) of revenue

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 the UK trading company, SiS (Science in Sport) Limited which was deemed to be significant based on its contribution to key financial metrics. In the prior year the scope of our Group audit also included PhD Nutrition Limited, however this was not deemed a to be a significant component in the current year due to the transfer of trade from PhD Nutrition Limited to SiS (Science in Sport) Limited that took place in the prior year.

We also concluded the parent company, Science in Sport plc was a significant component. These two significant components 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 non-significant component subsidiaries in the USA and Italy, including a review of unusual journal entries, revenue cut-off, trade receivables and cash. This work was also performed by the group audit team. These components contributed 19% (2021: 18%) of revenue.

Other than the change in respect of PhD Nutrition Limited noted above, there were no significant changes to our scope from the 2021 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**
Impairment of intangible assets – PhD Nutrition Limited 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 13.	The group has significant intangible assets which were recognised in December 2018 when PhD Nutrition Limited was acquired. Management is 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 (carrying value £42.7m including £17.4m of Goodwill) 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 (including reviewing the output of the Strategic Review commissioned by management in 2023); • 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 internal 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 consider that management's assessment that no impairment of intangible assets is necessary and the disclosures within the Annual Report are appropriate.
Going concern	Trading results of the Group for the year ended 31 December 2022 show revenue growth of 1.5% in comparison	We have performed the following procedures:

Disclosures in respect of going concern are set out in note 1.5.	to higher previous years' top line growth, and the Group continuing to make a loss. The current economic environment presents considerable challenges impacting the Group; high inflation, rising input costs, supply issues (as experienced in FY22) and rising interest rates. Further, from an end consumer perspective, there is uncertainty around how cost-of-living pressures will impact consumers' consumption of the Group's products. From a facilities perspective, there is a risk that on renewal in May 2024 the cost and terms of the facilities may be less favourable than at present. Given the significance of the above, we have assessed the robustness of the Directors' assessment of the impact of these factors on the business, including consideration of severe but plausible downside scenarios, to be a significant risk and Key Audit Matter.	• obtaining an understanding of how the Directors undertook the going concern assessment process by discussing with them to determine if we considered it to be appropriate for the circumstances; • reviewing the current cash position and assessing the reasonableness of headroom within the banking facilities; • reviewing the current banking facility agreements and documentation and assessing the most likely outcome when the facilities renew in May 2024 in the forecast period; • considering the Group's operations and results in the forecast period to inform stress testing and sensitivity analysis; • obtaining the Directors' cash flow forecasts underlying the going concern assessment and challenging them on the key estimates and assumptions within the forecasts, including revenue and cost projections, using our knowledge of the business, taking into consideration historic results and the overall market; • reviewing the appropriateness of the Directors' reverse stress testing including challenging them on the different scenarios considered; • evaluating the Directors' ability to undertake mitigating actions should it experience downside scenarios; and • assessing the adequacy and appropriateness of the Directors going concern disclosures ensuring these reflect the key judgements and estimates. **Key observations:** Our conclusions are set out in the Conclusions related to going concern section of our report.
Additions to intangible and property, plant and equipment assets The Group's policies are included within the accounting	During the year ended 31 December 2022 intangible assets and property, plant and equipment ('PPE') additions were £1.9m and £6.0m respectively. In respect of intangible assets we identified there to be an elevated risk primarily due to the level of management judgement and estimation in	We have performed the following procedures in relation to the intangible assets risk: • We obtained a breakdown of the additions and selected a sample of items for testing, including the largest items in the population and both salary and non-salary items. For each item selected we sought supporting evidence and considered the appropriateness of capitalising the

policies in notes 1.16 and 1.18.	this area and complex requirements of IAS 38. In respect of PPE, we identified there to be a significant risk due to the quantum and nature of additions primarily associated with the Blackburn facility. We also noted there to be a fraud risk in this area given the one-off nature of the expenditure. As a result of the above, we have determined this to be a Key Audit Matter.	item against the requirements of IAS 38; • In respect of product development, we reviewed management's analysis of the capitalised costs on a product-by-product basis against the requirements of IAS 38; and • For website and software development additions, we considered the nature of the development and we have assessed whether the additions during the year can be capitalised in accordance with the IFRIC agenda decision. We have performed the following procedures in relation to the PPE risk: • Testing a sample of additions to supporting original purchase documentation to verify the validity of the expenditure; • Verification of the validity of suppliers and identification of any undisclosed related party transactions via the performance of related searches on each sampled supplier; • Assessment of the appropriateness of salary costs capitalised by reviewing management's justification against the requirements of IAS16 and supporting documentation on a sample basis; and • Physical verification of a sample of new assets and capital expenditure on site. **Key observations:** Based on the results of the above, we consider that the asset additions are appropriate and have been recognised in accordance with IAS 16 and IAS 38.
Revenue recognition The Group's revenue recognition policy is included within the accounting policies in note 1.7 and the components of revenue	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 employees. The Group's revenue streams remain consistent; these being UK retail, Online, Export and Marketplace (e.g. Amazon). Due to the incentive that exists to overstate revenue we deem	We have performed the following procedures: • 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

are set out in note 5.	the fraud risk to be specific to journal postings, incorrect application of cut-off around the period end and judgemental adjustments in respect of promotional accruals. In respect of the existence and accuracy of revenue, the fraud risk is assessed to be at a journal entry level only rather than at an individual transaction level. The cut-off risk is considered relevant at both a journal entry level and transaction level. Additionally there is a risk of fraud in revenue recognition in in relation to the commercial arrangements the Group enters into with its customers to offer rebates and promotional discounts. This part of the risk is applicable to all revenue streams apart from online sales to consumers. 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. For these reasons we considered revenue recognition to be a key audit matter.	(which constitute outliers from our expectation based on our understanding of the Group) 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 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 2022 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.

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**	
	2022	2021	**2022**	2021
Materiality	**£630,000**	£600,000	**£250,000**	£250,000
Basis for determining materiality	**1 % of Group revenue**	1 % of Group revenue	**0.32% of Net assets**	0.34% of Net assets
Rationale for the benchmark applied	Revenue is a Key Performance Indicator for the market. As a business at the current stage of its lifecycle, the main focus of the group is revenue generation. Whilst underlying loss before tax is still a key metric and underlying EBITDA is a reported alternative performance measure, these are not considered to be appropriate benchmarks for determining materiality as the Group continues to make losses.		Considered the most appropriate as it most accurately reflects the Parent Company's status as a non-trading holding company.	
Performance materiality	**£470,000**	450,000	**£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 percentage applied for performance materiality	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 and parent company.			

Component materiality

For the purposes of our Group audit opinion, we set materiality for the significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of 95% (2021: 83%) of Group materiality determined based on the size and our assessment of the risk of material misstatement of that component. Component materiality was £600,000 (2021: £500,000). In the audit of the component, we further applied a performance materiality level of 75% (2021: 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 (2021: £12,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements 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, 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.
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

We considered the fraud risk areas to be management override of controls and revenue recognition, specifically in relation to journal entries to revenue and revenue cut-off around the year end.

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;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and management's VAT expert;
- involving tax specialists including our Indirect Tax team in respect of the VAT matter and Direct Tax team in respect of the deferred tax restatement; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments by corroborating a sample back to supporting documentation; 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.

When performing our audit testing and sampling, we encountered numerous issues where management were unable to provide evidence for transactions on a timely basis. We also noted a number of areas where transaction processing had not happened on a timely basis nor had balance sheet reconciliations been completed regularly. These issues were the result of a breakdown of internal controls in certain areas and due to significant changes within the Finance team.

In response to the above, we applied a greater degree of scrutiny and professional scepticism in a number of areas including our testing of the appropriateness of journal entries, audits of cash and cash equivalents, trade and other payables and intangible and property, plant and equipment additions (refer to the Key Audit Matter in this area) and utilised more experienced members of the team to complete our work in these areas.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities 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:
Paul Etherington
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Paul Etherington BSc FCA CF (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, UK

3 July 2023

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

SCIENCE IN SPORT PLC
FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 £'000	Year ended 31 December 2021 (as restated) £'000
Revenue	5	**63,773**	**62,539**
Cost of goods		(36,837)	(31,189)
Gross profit		**26,936**	**31,350**
Operating expenses	6	(36,757)	(36,573)
Loss from operations	7	**(9,821)**	**(5,223)**
Comprising:			
Underlying EBITDA	1.9	(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	10	(757)	(119)
Loss before taxation		**(10,578)**	**(5,337)**
Taxation expense	11	(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	12	(7.9p)	(4.1p)

All amounts relate to continuing operations.

The notes on pages 62 to 92 form part of these consolidated financial statements.

SCIENCE IN SPORT PLC
FINANCIAL STATEMENTS
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	13	30,739	31,717
Right-of-use assets	21	10,536	10,659
Property, plant and equipment	14	10,338	5,251
Total non-current assets		**51,613**	**47,627**
Current assets			
Inventories	15	6,638	8,447
Trade and other receivables	16	16,524	12,679
Cash and cash equivalents	17	930	4,850
Total current assets		**24,092**	**25,976**
Total assets		**75,705**	**73,603**
Current liabilities			
Trade and other payables	18	(19,993)	(14,865)
Provision for liabilities	19	(901)	-
Lease liabilities	21	(415)	(161)
Asset financing	30	(843)	(316)
Hire purchase agreement	29	(80)	(77)
Total current liabilities		**(22,232)**	**(15,419)**
Non-current liabilities			
Lease liabilities	21	(10,261)	(10,511)
Asset financing	30	(2,839)	(1,182)
Hire purchase agreement	29	(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	22	17,242	13,510
Share premium reserve	24	53,134	51,839
Employee benefit trust reserve	24	(429)	(158)
Other reserve	24	(907)	(907)
Foreign exchange reserve	24	(138)	(117)
Cash flow hedge reserve	24	-	(2)
Retained deficit	24	(28,611)	(17,836)
Total equity		**40,291**	**46,329**

These consolidated financial statements were approved and authorised for issue by the Board on 30 June 2023 and signed on its behalf by:

Stephen Moon

Stephen Moon (Jun 30, 2023, 2:12pm)

Stephen Moon
Director

The notes on pages 62 to 92 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	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	13	2,919	2,702
Depreciation of right-of-use asset	21	963	226
Depreciation of property, plant and equipment	14	926	706
Interest expense		757	112
Taxation	11	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	31		
Gross proceeds from issue of share capital		5,000	-
Share issue costs		(371)	-
Proceeds from asset financing		2,184	1,498
Interest paid on asset financing		(143)	(2)
Proceeds from invoice financing		4,523	-
Interest paid on invoice financing		(119)	-
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	17	**930**	**4,850**

The notes on pages 62 to 92 form part of these consolidated 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 2020 (as restated)	**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**

The notes on pages 62 to 92 form part of these 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 93 to 98.

The financial statements are prepared for the year ended 31 December 2022.

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 and in conformity with the requirements of the Companies Act 2006 that were applicable for the period ended 31 December 2022.

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 2022, 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 2022 are:

- 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).

1.4 New standards, interpretations and amendments not yet effective

At the date of authorisation of these financial statements there were amendments to standards which were in issue, but which were not yet effective, and which have not been applied. The principal ones were:

Effective for annual periods beginning on or after 1 January 2023:

- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

Effective for annual periods beginning on or after 1 January 2024:

- Non-Current Liabilities with Covenants - Amendments to IAS 1

Effective date deferred until accounting periods starting not earlier than 1 January 2024:

- Classification of Liabilities as Current or Non-Current - Amendments to IAS 1

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

1. Accounting policies (continued)

1.5 Going concern

The 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.

The Group made a loss after tax for the year attributable to owners of the parent of £10.9m (FY 2021: restated 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 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 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.

1. Accounting policies (continued)

1.6 Basis of consolidation (continued)

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 consumers is recognised when the order is placed. Business to business revenue is recognised at the point of dispatch, based on ex-works terms. There is limited judgement needed in identifying the point at which the performance obligation is satisfied.

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

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

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

1.8 Segment reporting

The Directors have determined that two operating segments exist under the terms of IFRS 8 ‘Operating Segments’. The Group is organised between SIS (Science in Sport) and PhD Nutrition.

1. Accounting policies (continued)

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 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

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
Provisions made at the reporting dates 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. Accounting policies (continued)

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.

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.Accounting policies (continued)

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. Further details are disclosed in note 1.13.

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.Accounting policies (continued)

1.18 Property, plant and equipment

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

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

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

1.19 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.

1.Accounting policies (continued)

1.20 Financial Instruments

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

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

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

1.21 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 Group has no cash flow hedges in the current year but there remained a historic cash flow hedge reserve on the consolidated statement of financial position as a result of previous cash flow hedge accounting. This historic reserve was recycled to the consolidated statement of comprehensive income during the year to reflect the Group's actual cash flow hedge position.

1.22 Cash and cash equivalents

Cash and cash equivalents compromise of cash at bank (which includes balances in transit from payment merchant platforms, for example, PayPal) 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.

1.Accounting policies (continued)

1.24 Share-based payments (continued)

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

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

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

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

1.25 Employee Benefit Trust ("EBT")

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

1.26 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.

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

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

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

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

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

1.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) 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 IAS 38 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.

(ii) 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 28 February 2022. The right-of-use asset is recognised from October 2021 when the underlying asset was available for use and the Science in Sport 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 13, which includes sensitivity analysis performed on managements estimates.

(ii) Dilapidations provision
A dilapidations provision has been recognised in the year in conjunction with the new Blackburn operating site. A right-of-use asset has been recognised under IFRS 16, which is to be depreciated over the lease length of 15 years. The value of the provision has been calculated using the square footage of the new premises.

2. Prior year adjustment

There was an error in the prior year since the Group did not recognise enough of its deferred tax assets in the financial statements. Taking into account that the Group's recognised deferred tax liabilities represent a future tax liability against which the Group's losses carried forward could be utilised, management have concluded that a deferred tax asset of £2.6m should have been recognised at 31 December 2021 (£2.2m at 1 January 2021). These newly recognised deferred tax assets have been presented net of the deferred tax liabilities on the Consolidated Statement of Financial Position. Similarly, previously recognised deferred tax assets should have been presented net of the deferred tax liabilities in the prior years so have been restated accordingly. The Group has the right to offset its deferred tax assets and liabilities as it satisfies the criteria set out by IAS 12 paragraph 74.

The opening position of the prior year at 1 January 2021 has been restated to correct this with the following adjustment:
Cr Taxation credit (£992k)
Cr Deferred tax asset (£1,203k)
Dr Deferred tax liability £2,195k

The closing position of the prior year at 31 December 2021 has been restated to correct this with the following adjustment:
Cr Taxation expense (£1,264k)
Cr Deferred tax asset (£323k)
Dr Deferred tax liability £2,579k
Cr Retained deficit (£992k) (This is the brought forward reserves adjustment from 1 January 2021)

The following table shows the effect on the Consolidated Statements of Comprehensive Income and Consolidated Statements of Financial Position as at 1 January 2021 and 31 December 2021.

	As previously stated at 1 January 2021 £'000	Corrections £'000	As restated at 1 January 2021 £'000
Consolidated Statement of Comprehensive Income			
Loss before taxation	**(2,273)**	**-**	**(2,273)**
Taxation credit	545	992	1,537
Loss for the year	**(1,728)**	**992**	**(736)**
Consolidated Statement of Financial Position			
Deferred tax asset	1,203	(1,203)	-
Total non-current assets	**35,669**	**(1,203)**	**34,466**
Total assets	**62,950**	**(1,203)**	**61,747**
Deferred tax liability	(2,195)	2,195	-
Total non-current liabilities	**(2,846)**	**2,195**	**(651)**
Total liabilities	**(14,903)**	**2,195**	**(12,708)**
Net assets	**48,047**	**992**	**49,039**
Retained deficit	(16,140)	992	(15,148)
Total equity	**48,047**	**992**	**49,039**

2. Prior year adjustment (continued)

	As previously stated at 31 December 2021 £'000	Corrections £'000	As restated at 31 December 2021 £'000
Consolidated Statement of Comprehensive Income			
Loss before taxation	**(5,337)**	**-**	**(5,337)**
Taxation (expense)/credit	(1,480)	1,264	(216)
Loss for the year	**(6,817)**	**1,264**	**(5,553)**
Consolidated Statement of Financial Position			
Deferred tax asset	323	(323)	-
Total non-current assets	**47,950**	**(323)**	**47,627**
Total assets	**73,926**	**(323)**	**73,603**
Deferred tax liability	(2,579)	2,579	-
Total non-current liabilities	**(14,434)**	**2,579**	**(11,855)**
Total liabilities	**(29,853)**	**2,579**	**(27,274)**
Net assets	**44,073**	**2,256**	**46,329**
Retained deficit	(20,092)	2,256	(17,836)
Total equity	**44,073**	**2,256**	**46,329**

3. 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 17 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.

3. Financial risk management (continued)

Cash flow and fair value interest rate risk

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

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

	2022 £'000	2021 £'000
AUD $	29	104
EUR €	109	633
USD $	235	255
NZD $	6	-
Total	**379**	**992**

(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 49% (2021: 47%) of the Group's revenue and hence there is some risk from the concentration of customers, the largest single customer is 13% (2021: 18%) of revenue and is a major international online business. Further disclosures regarding trade and other receivables are included in note 16.

(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 £20.0 million (2021: £14.9 million) as disclosed in note 18. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade payables	4,981	-	-	-	-
Accruals	7,093	133	-	-	-
Hire purchase	20	60	82	-	-
Asset financing	207	636	892	1,947	-
Invoice financing	4,523	-	-	-	-
Trade financing	2,733	-	-	-	-
Lease liabilities	102	313	654	4,052	5,555
Total financial liabilities	**19,659**	**1,142**	**1,628**	**5,999**	**5,555**

3. Financial risk management (continued)

(d) Capital risk management

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

The Group remains funded primarily by equity capital together with working capital facilities and asset finance. 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 Group's debt and cash position is monitored weekly which ensures these objectives are being met along with other internal metrics.

4. 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. 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	**PhD**	**Total**	SiS	PhD	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'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)

5. 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 are sales through the phd.com and scienceinsport.com platforms, International Retail 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

6. 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)

7. Loss from operations

Loss from operations is stated after charging/(crediting):	**Year ended 31 December 2022 £'000**	Year ended 31 December 2021 £'000
Amortisation of intangible assets	**2,919**	2,702
Depreciation of right-of-use assets	**963**	226
Depreciation of property, plant and equipment	**926**	706
Research and development costs	**249**	693
Grant income in respect of research and development tax credits	**(140)**	(237)
A&P/Marketing costs	**8,989**	10,209
Foreign exchange differences on intercompany balances	**99**	72

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Audit services		
- Audit fees in respect of the parent company and consolidation	**57**	37
- Audit fees in respect of the subsidiary accounts	**121**	79
Non-audit services		
- Corporation tax compliance	**18**	12
- Other taxation advisory	**17**	17
- Other advisory	**-**	6
Total fees	**213**	151

8. Wages and salaries

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

	Year ended 31 December 2022 Number	Year ended 31 December 2021 Number
Sales and marketing	**56**	76
Manufacturing	**132**	119
Administration	**36**	29
Directors	**5**	5
Total employees	**229**	229

8. Wages and salaries (continued)

Their aggregate emoluments were:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	**9,267**	8,523
Directors' fees	**181**	116
Social security costs	**1,048**	919
Pension and other staff costs	**294**	217
Total cash settled emoluments	**10,790**	9,775
Share based payments – equity settled	**480**	2,660
Share based payments – social security (credits)/costs	**(218)**	238
Total emoluments	**11,052**	12,673

9. Directors' and Key Management Personnel remuneration

Amounts paid to the Directors of the parent company are analysed in the following table:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Directors		
Aggregate emoluments and fees	**653**	603
Benefits in kind	**7**	8
Pension contributions	**12**	-
Total emoluments	**672**	611
Share based payment remuneration charge: equity settled	**279**	1,421
Total Directors' emoluments	**951**	2,032

Directors' fees of £39,000 (2021: £38,000) for one Director are paid through a limited company.

During the year, no Directors participated in defined contribution pension schemes (2021: none).

The number of Directors who participated in the long-term incentive programme was 2 (2021: 2). Share options were exercised by no Directors in the current year (2021: none).

The highest paid Director received £554,000 (2021: £1,431,000) which was made up of salary, share-based payments and benefits in kind. The Remuneration committee report provides more detail on page 42.

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 committee report on page 42.

9. Directors' and Key Management Personnel remuneration (continued)

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:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Remuneration and short-term benefits	**878**	1,590
National insurance costs	**99**	205
Post-employment benefits	**3**	-
Share based payments	**167**	2,466
Total amounts paid to Key Management Personnel	**1,147**	4,261

10. Finance costs

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Interest expense on lease liabilities	**442**	119
Interest expense on asset financing	**143**	-
Interest expense on invoice financing	**119**	-
Interest expense on trade facility	**53**	-
Total finance costs	**757**	119

11. Taxation

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 (as restated) £'000
Current tax		
UK Corporation tax	**-**	-
Overseas subsidiary taxation	**(332)**	(59)
Adjustment in respect of prior period	**-**	(157)
Total current tax charge	**(332)**	(216)
Deferred tax		
Effect of change in tax rates	**270**	262
Origination and reversal of temporary differences	**790**	(262)
Adjustment in respect of prior period	**(1,060)**	-
Total deferred tax charge	**-**	-
Total tax charge	**(332)**	(216)

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	**10,578**	5,337
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	**2,010**	1,014
Effects of:		
Expenses not deductible for tax purposes	**(366)**	(551)
Fixed asset differences	**186**	-
Temporary timing differences	**-**	368
Unrecognised deferred tax asset on losses carried forward	**(2,498)**	(2,082)
R&D expenditure credit received	**48**	-
Additional deduction for R&D expenditure	**-**	171
Share scheme deduction	**-**	756
Effect of changes in tax rate	**357**	262
Adjustments in respect of prior periods	**-**	(157)
Excess overseas tax suffered	**(69)**	3
Total tax charge	**(332)**	(216)

Tax on each component of other comprehensive income is as follows:

	2022			2021		
	Before tax	**Tax**	**After tax**	Before tax	Tax	After tax
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Profit recognised on hedging instrument	**2**	**-**	**2**	9	(2)	7
Exchange losses on the translation of foreign operations	**(21)**	**-**	**(21)**	(62)	-	(62)
Total	**(19)**	**-**	**(19)**	(53)	(2)	(55)

11. Taxation (continued)

At 31 December 2022 UK tax losses of the Company available to be carried forward are estimated to be £29.1m (2021: £17.7m). In note 20, 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 31 December 2022.

12. 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).

13. Intangible assets

	Goodwill £'000	**Brands £'000**	**Customer relationships £'000**	**Website and software development £'000**	**Product development £'000**	**Total £'000**
Cost						
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
Additions	-	-	-	1,195	746	1,941
At 31 December 2022	**17,398**	**8,957**	**5,638**	**6,935**	**3,055**	**41,983**
Amortisation						
At 31 December 2020	-	1,867	1,175	2,078	591	5,711
Charge for the year	-	896	563	857	386	2,702
Disposals	-	-	-	(5)	(83)	(88)
At 31 December 2021	-	2,763	1,738	2,930	894	8,325
Charge for the year	-	894	564	1,105	356	2,919
At 31 December 2022	**-**	**3,657**	**2,302**	**4,035**	**1,250**	**11,244**
Net book value						
At 31 December 2022	**17,398**	**5,300**	**3,336**	**2,900**	**1,805**	**30,739**
At 31 December 2021	17,398	6,194	3,900	2,810	1,415	31,717

13. 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 the Multi-Period Excess Earnings Method 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 9.74% (FY 2021: 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 2027. 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 2026 to 2027 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 Board approved cash forecast uses a growth rate of 14.7% for 2023 and 18% for 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 2022 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:

- 15% increase in the discount rate; or
- 15% decrease in the current growth rate (years 1-5); or
- 32% decrease in EBITDA (years 1-5)

14. Property, plant and equipment

	Leasehold improvements £'000	Plant and machinery £'000	Fixture, fittings and computer equipment £'000	Motor vehicles £'000	Capital work in progress £'000	Total £'000
Cost						
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
Additions	3,117	2,269	627	-	-	6,013
Transfers	711	632	-	-	(1,343)	-
At 31 December 2022	**4,491**	**6,044**	**3,089**	**16**	**1,551**	**15,191**
Depreciation						
At 31 December 2020	502	1,445	1,271	14	-	3,232
Charge for the year	73	330	303	-	-	706
Disposals	(3)	(1)	(7)	-	-	(11)
At 31 December 2021	572	1,774	1,567	14	-	3,927
Charge for the year	184	347	395	-	-	926
At 31 December 2022	**756**	**2,121**	**1,962**	**14**	**-**	**4,853**
Net book value						
At 31 December 2022	**3,735**	**3,923**	**1,127**	**2**	**1,551**	**10,338**
At 31 December 2021	91	1,369	895	2	2,894	5,251

Capital Commitments

At 31 December 2022, the Group had £nil of capital commitments (2021: £3,223,000 relating to Blackburn facility).

15. 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.

16. 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	1,227	
Loss provision (£'000)	**-**	**66**	**66**
At 31 December 2021			
Expected loss rate (%)	0%	9%	
Gross carrying amount (£'000)	407	876	
Loss provision (£'000)	**-**	**81**	**81**

A further provision of £215,000 (2021: £269,000) has been included against specific debts considered impaired.

17. Cash and cash equivalents

	31 December 2022 £'000	31 December 2021 £'000
Cash at bank and in hand	**930**	4,850

Cash at bank and in hand is made up of the following currency balances:		
British Pound	**551**	3,858
Euro	**109**	633
US Dollar	**235**	255
Australian Dollar	**29**	104
New Zealand Dollar	**6**	-
	930	4,850

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

18. 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).

19. Provisions for liabilities

The Group had the following provisions during the year:

	VAT provision £'000	**Dilapidations provision £'000**	**Total £'000**
At 1 January 2022	-	-	-
Additions to the income statement	513	388	901
At 31 December 2022	**513**	**388**	**901**
Due within one year or less	**513**	**388**	**901**

19. Provisions for liabilities (continued)

Following an HMRC VAT assessment in the year, a small number of Bar products in the PhD range that were previously classed as zero-rated have been assessed by HMRC as standard rated for VAT purposes. The total exposure on these products is £0.5m for sales in the period December 2018 to December 2021.

In determining the appropriate accounting treatment, management has taken into consideration the decision reached by the First-tier Tribunal in a current case an unrelated Group has ongoing for a similar product. In this case, the Tribunal decided in favour of HMRC that the flapjacks were standard rated. Whilst this decision is being appealed and could be reversed by the Upper-tier Tribunal, given the precedent set, management has determined it appropriate to recognise a provision for the full amount. An equal and opposite other receivable has been recognised for this amount as management consider it virtually certain that it will be recovered from customers by the Group.

A dilapidations provision has been recognised in the year in conjunction with the new Blackburn operating site which is based on the estimated cost to bring the property back, at the end of the lease, into the same condition it was in at the start of the lease. The value of the provision has been calculated using the square footage of the new premises.

20. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2021: 25%). 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 2022:	**Asset**	**Liability**	**Net**	**(Charged)/ credited to profit or loss**	**(Charged)/ credited to equity**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Accelerated capital allowances	-	-	-	71	-
Available losses	2,151	-	2,151	(428)	-
Business combinations	-	(2,151)	(2,151)	357	-
Net tax assets/(liabilities)	**2,151**	**(2,151)**	**-**	**-**	**-**

Year ended 31 December 2021 (as restated):	**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	2,579	-	2,579	570	-
Other temporary and deductible differences	-	-	-	(581)	-
Business combinations	-	(2,508)	(2,508)	(313)	-
Net tax assets/(liabilities)	**2,579**	**(2,579)**	**-**	**-**	**-**

Recoverability of deferred tax asset:
SiS (Science in Sport) Limited has a cumulative assessed tax loss of £29.1m as at 31 December 2022 (2021: £17.7m). The losses are split into pre 1 April 2017 losses of £4.2m (2021: £4.2m) and post 1 April 2017 losses of £24.9m (2021: £13.5m). SiS (Science in Sport) Limited 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. See note 2 for further details relating to the prior year restatement of the deferred tax asset.

21. Leases

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

Right-of-use assets

	Total £'000
At 1 January 2022	10,659
Additions	1,041
Disposals	(201)
Depreciation	(963)
At 31 December 2022	**10,536**

Lease liabilities

	Total £'000
At 1 January 2022	10,672
Additions	421
Disposals	(230)
Interest expense	442
Lease payments	(629)
At 31 December 2022	**10,676**

The maturity analysis of the lease liabilities is shown in the following table:

	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	Total £'000
At 31 December 2022	**102**	**313**	**654**	**4,052**	**5,555**	**10,676**
At 31 December 2021	(62)	223	424	3,835	6,252	10,672

Short term lease expenses in the year were £120,000 (2021: £110,000), which relates to rental property in UK and Italy where the lessor retains substantially all the risks and benefits of ownership, and the assets 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.

22. 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 2021	135,100,931	13,510
Share issue – 5 May 2022	3,985,477	399
Share issue – 21 October 2022	33,333,333	3,333
At 31 December 2022	**172,419,741**	**17,242**

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

On 5 May 2022, the Company issued and allotted 3,985,477 new Ordinary shares which were allotted to the Science in Sport Employee Benefit Trust and will be used to satisfy the exercise of share options. At 31 December 2022 the Employee Benefit Trust held in reserve 4,293,194 new Ordinary shares of 10p each to be issued as share options (2021: 1,584,068 new Ordinary shares of 10p each).

On 21 October 2022, the Company issued and allotted 33,333,333 Ordinary shares at a price of 10p per share, for total consideration of 15p per share, to certain new investors.

23. 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 2022, 4,293,194 (2021: 1,584,068) 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.

23. Share options (continued)

An additional LTIP scheme for 2019-2021 was approved during the prior year, and a new LTIP scheme for 2022-2024 was approved during the current year. Further information on the schemes can be found in the Remuneration report.

The total charge for the year relating to employee share-based payment plans was £262,000 (2021: £2,898,000), which mainly relates to 2021 STIP & LTIP and 2019 LTIP equity settled share-based payment transactions. Total social security credits of £218,000 (2021: costs of £228,000) have also been recognised and included in the share-based payment charge above.

Options granted during the period
During the year ended 31 December 2022 no options were granted under the short term and long-term incentive plan with regard to performance in the year ended 31 December 2021 or 31 December 2022. All options have a nil exercise price and no market-based performance conditions.

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 2021	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**
Granted during year	nil	58p	4,037,471
Exercised	nil	50p	(1,276,351)
Forfeited during year	nil	-	-
Outstanding at 31 December 2022	**nil**		**13,581,493**

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 2022 was 6.4 years (2021: 7.3 years).

24. 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. There were no movements in cash flow hedges in the current or prior year. There remains a historic cash flow hedge reserve on the consolidated statement of financial position as a result of previous cash flow hedge accounting.

24. Reserves (continued)

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.

25. Pension costs

The pension charge represents contributions payable by the Group to independently administered funds which during the year ended 31 December 2022 amounted to £294,000 (2021: £217,000). Pension contributions payable but not yet paid at 31 December 2022 totalled £49,000 (2021: £28,000).

26. 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 2022 £'000	31 December 2021 £'000
Expiring:		
Due within 1 year	-	41
	-	41

Operating lease payments in the prior year 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.

27. 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 42.

During the year, the Group purchased goods totalling £1,194,000 (2021: £1,028,000) from Rapid Recruit Limited which is a related party by virtue of Andrew Bott, one of the Key Management Personnel of the Group, also being related to a Director of Rapid Recruit Limited.

At 31 December 2022, the Group owed £49,000 (2021: £196,000) to Rapid Recruit Limited which is held within trade and other payables.

28. Financial instruments

Financial instruments at amortised cost

	31 December 2022 £'000	31 December 2021 £'000
Financial assets measured at amortised cost	**16,969**	16,973
Financial liabilities measured at amortised cost	**23,307**	13,751

Financial assets comprise cash and cash equivalents trade and other receivables. Financial liabilities comprise trade payables, accruals, hire purchase, invoice financing, trade facility and asset financing.

29. Hire purchase agreement

	31 December 2022 £'000	31 December 2021 £'000
Current portion of hire purchase obligation	**80**	77
Long term portion of hire purchase obligation	**82**	162
Total hire purchase obligation	**162**	239

30. Asset financing

An asset financing agreement was entered into in 2021 with Lombard Equipment Finance for an amount of £1,123,000. A further amount of £2,430,000 has been received from Lombard in 2022. The full amount that has now been received is £3,553,000. This is to fund capital expenditure for the new Blackburn single site operations facility. The Group's obligation is to repay the financing over 60 months, with the first repayment occurring in July 2022.

This agreement with Lombard contains both fixed and floating charges over all the property and undertakings of the parent company.

	31 December 2022 £'000	31 December 2021 £'000
Current portion of asset financing obligation	**843**	316
Long term portion of asset financing obligation	**2,839**	1,182
Total asset financing obligation	**3,682**	1,498

The maturity analysis of the asset financing obligations is shown in the following table:

	Up to 3 months £'000	**Between 3 and 12 months £'000**	**between 1 and 2 year £'000**	**Between 2 and 5 years £'000**	**Total £'000**
At 31 December 2022	**207**	**636**	**892**	**1,947**	**3,682**
At 31 December 2021	79	237	319	863	1,498

31. Notes to the cash flow statement

The following table shows a reconciliation of the changes in liabilities arising from financing activities during the year.

	1 January 2022 £'000	Cash flows £'000	Non-cash changes £'000	**31 December 2022 £'000**
Cash and cash equivalents	4,850	(3,920)	-	930
Asset financing	(1,498)	(2,184)	-	(3,682)
Invoice financing	-	(4,523)	-	(4,523)
Trade facility	-	(2,733)	-	(2,733)
Lease liabilities	(10,672)	(4)	-	(10,676)
Total	(7,320)	(13,364)	-	(20,684)

32. Contingent liabilities

Following an HMRC VAT assessment in the year, a small number of Powder products in the PhD range that were previously classed as zero-rated have been assessed by HMRC as standard rated for VAT purposes. VAT at the standard rates on sales of these products in the period December 2018 to 31 December 2021 is £0.7m. Management are challenging HMRC's assessment and have determined the probability of an outflow of resources is low. Accordingly, a contingent liability has been disclosed for this amount.

To the extent there is any liability due to HMRC, the Group will seek to recover this from customers.

33. Post balance sheet events

There are no events subsequent to the reporting date which would have a material impact on the financial statements.

34. Parent company guarantees

As the ultimate parent undertaking, Science in Sport plc is providing SIS (Science in Sport) Limited and PhD Nutrition Limited (which are included within these Group consolidated financial statements) with guarantees of their debts in the form prescribed by Section 479C of the Companies Act 2006 ("the Act") such that they can claim exemption from requiring an audit in accordance with section 479A of the Act. This guarantee covers all of the outstanding actual and contingent liabilities of those companies as at 31 December 2022.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

Company number: 08535116	Notes	**As at 31 December 2022 £'000**	As at 31 December 2021 £'000
Assets			
Non-current assets			
Investments	4	51,681	51,419
Intangible assets		12	12
Other receivables	5	26,859	22,515
Total current assets		**78,552**	**73,946**
Current assets			
Cash and cash equivalents		6	6
Total current assets		**6**	**6**
Total assets		**78,558**	**73,952**
Liabilities			
Current liabilities			
Trade and other payables	6	(15)	(16)
Total current liabilities		**(15)**	**(16)**
Net current liabilities		**(9)**	**(10)**
Total net assets		**78,543**	**73,936**
Capital and reserves attributable to owners of the parent company			
Share capital	7	17,242	13,510
Share premium reserve		53,134	51,839
Share option reserve		10,233	9,971
Employee Benefit Trust reserve		(429)	(158)
Retained deficit		(1,637)	(1,226)
Total equity		**78,543**	**73,936**

As permitted by Section 408 of the Companies Act 2006 no separate parent company profit and loss account has been included in these financial statements. The parent company loss for the period was £284k (2021: £nil).

These financial statements were approved and authorised for issue by the Board on 30 June 2023 and signed on its behalf by:

Stephen Moon

Stephen Moon (Jun 30, 2023, 2:12pm)

Stephen Moon
Director

The notes on pages 96 to 98 form part of these parent company financial statements.

PARENT COMPANY STATEMENT OF CASH FLOWS

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Cash flows from operating activities		
Loss after tax	(284)	-
Operating cash outflow before changes in working capital	**-**	**-**
Changes in trade and other payables	(1)	-
Total cash outflow from operations	**(285)**	**-**
Cash flow from investing activities		
Changes in other receivables and investments	285	-
Net cash inflow from investing activities	**285**	**-**
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 96 to 98 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 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**
Total comprehensive loss for the year	-	-	-	-	(284)	(284)
Transactions with owners:						
Issue of shares (net of costs)	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**	**10,233**	**(429)**	**(1,637)**	**78,543**

The notes on pages 96 to 98 form part of these parent company financial statements.

1. Accounting policies

To the extent that an accounting policy is relevant to both Science in Sport 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 loss for the period was £284k (2021: £nil).

The Auditor's remuneration for audit and other services is disclosed in note 7 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 8 of the consolidated financial statements.

4. Investments

	£'000
Cost	
At 31 December 2020	48,521
Capital contribution	2,898
At 31 December 2021	51,419
Capital contribution	262
At 31 December 2022	**51,681**

4. Investments (continued)

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

At 31 December 2022 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	Dormant

During 2021 a transfer of trade took place between PhD Nutrition Ltd and SIS (Science in Sport) Limited with SIS (Science in Sport) Limited 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 2022 £'000	31 December 2021 £'000
Amounts falling due after more than one year		
Amounts owed by SIS (Science in Sport) Limited	**26,859**	22,515
Total other receivables	**26,859**	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.

6. Other payables

	31 December 2022 £'000	31 December 2021 £'000
Amounts falling due within one year		
Accruals	**15**	16
Total other payables	**15**	16

7. Share capital

Details of the share capital of the Company are included in note 22 to the consolidated financial statements, details of share-based payments are in note 23 to the consolidated financial statements.

8. Related party transactions

Amounts owed by and to subsidiaries are disclosed in note 5 of the Company financial statements. There are no other related parties other than the subsidiaries listed in note 4 and no other transactions other 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 42 to 46.

SCIENCE IN SPORT PLC
COMPANY INFORMATION

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