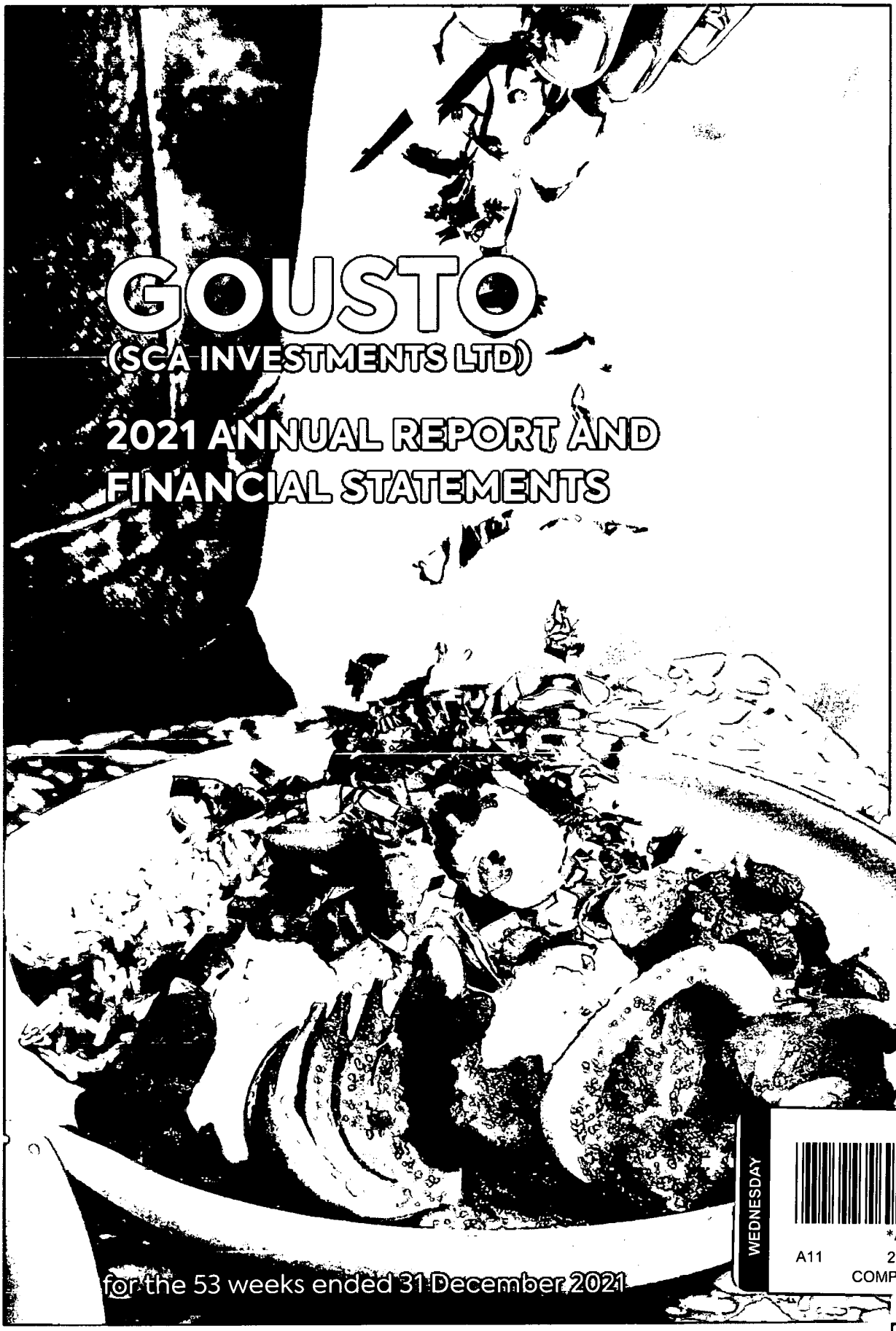

GOUSTO

(SCA INVESTMENTS LTD)

2021 ANNUAL REPORT AND FINANCIAL STATEMENTS

for the 53 weeks ended 31 December 2021

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COMPANIES HOUSE

GIVE IT SOME

gousto

Disclaimer

This document contains certain forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as "believe," "anticipate," "could," "may," "would," "should," "intend," "plan," "potential," "predict," "will," "expect," "estimate," "project," "positioned," "strategy," "outlook", "target" and similar expressions. These include statements regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Company operates.

All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual future financial condition, performance and results to differ materially from the plans, goals, expectations and results expressed in the forward-looking statements and other financial and/or statistical data within this communication. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the impact of adverse domestic or international legislation and regulation; changes in domestic tax laws and rates; adverse litigation and dispute outcomes and the effect of such outcomes on the Company's financial condition; changes or differences in domestic or international economic or political conditions; the ability to obtain price increases and the impact of price increases on consumer affordability thresholds; adverse decisions by domestic or international regulatory bodies; the impact of market size reduction and consumer down-trading; the ability to develop, produce or market new alternative products and to do so profitably; the ability to effectively implement strategic initiatives and actions taken to increase sales growth; the ability to enhance cash generation and pay dividends and changes in the market position, businesses, financial condition, results of operations or prospects of the Company.

It is believed that the expectations reflected in this document are reasonable but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. The forward-looking statements in this document reflect knowledge and information available at the date of preparation of this document and the Company undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements.

No statement in this communication is intended to be, nor should be construed as, a profit forecast or a profit estimate.

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Fellow Shareholders,

2021 was an important year for Gousto. Our team worked tirelessly to service the growing demand from UK consumers wanting to eat conveniently, sustainably and healthily, at value. We reached major milestones in each of these three areas, as well as delivering a strong financial performance. I'm so grateful for everyone's efforts and proud of all that we have accomplished.

I'm also delighted to welcome new investors to our register - SoftBank Vision Fund II, Fidelity International, Railpen and Grosvenor Food & AgTech. Their investment provides further validation of Gousto's innovative business model, as we harness technology to transform the UK's grocery market.

Financial performance in perspective
We continue to take share of the UK evening meal market from traditional grocery, but it is still early on in our mission to become the UK's most loved way to eat dinner.

In 2021[1], revenue grew by 67% year-on-year reaching £315m, our ninth consecutive year of double-digit growth. (2020: £189m)

Despite sustained investment in technology, automation of operations and additional production capacity, the business delivered a 10% increase in underlying EBITDA to £20m (2020: £18m)

Net Cash generated from Operating Activities was £37m, growth of 136% year-on-year (12% of revenue).

Our vision hasn't changed, and we're excited to make it a reality. We believe that forgoing short-term gains in favour of long-term investment will enable us to provide a superior customer proposition at a highly competitive price point, driving long term shareholder value.

In 2021, we prioritised investment into nurturing our tech squads and embedding data science into our operations and our user interface. New production facilities are expected to become fully operational in 2022. This will mean we can expand choice and service demand. In 2021 alone, our tech team grew by 30% to 286 people (2020: 220). Above all, I'm most appreciative of the whole Gousto team, I'm bowled over by the talent and by our shared passion for outcomes, beliefs and values.

Massive market opportunity
We all love to eat, but few enjoy shopping at the supermarket. This is demonstrated by low universal measures of customer satisfaction. Despite the widespread dissatisfaction, the wasted time, the effort and the environmental cost, the vast majority of grocery shopping still occurs at the supermarket. Other sectors, such as apparel, shifted online by an order of magnitude in the last decade. Grocery has made some progress to moving online in recent times, with millions more households now buying food online, but the transition is still in its infancy. Today, online-grocery represents 12% of the UK market, which is expected to reach 20%[2] by the middle of the decade.

1 For the 53-week period ended 31 December 2021. The prior year financial statements were for the 52-week period ended 25 December 2020.
2 Source: Globaldata

Gousto sold over 90 million meals to households in 2021, yet our market share of UK evening meals is just 0.4%[3], representing a huge growth opportunity.

We believe that by making our recipe boxes more convenient, sustainable and healthier for our customers, we will foreshadow the underlying growth of our sector. Our focus for the next decade is to build an amazing product that positively impacts people and the planet. This is how we will earn the trust and loyalty of customers.

Mega trend milestones
Gousto is reformulating parts of the UK food system, reducing food waste and carbon emissions for each meal consumed. Simultaneously we are reducing the friction points that obstruct healthy eating, by providing a highly convenient scratch-cooking solution, at value.

Where we have influence, we aim to drive a long-term shift in the UK's food culture - creating a healthier, more sustainable food system.

1. Convenience milestones:
Today, a Gousto customer can choose from over 60 recipes that change every week (2020: 50) - by the end of 2022 there will be many more.

Recipe customisation is another feature our customers love using, enabling them to tailor recipes to meet their health and dietary needs. Customers can swap out or add in protein options, for example a leaner grade of meat or a meat-free alternative. Today, 33% of our recipes on the weekly menu are customisable (2020: testing phase).

Today, 58%[4] of all Gousto orders are made as a result of an AI recommendation (2020: 52%), a strong improvement considering we have increased the size of the menu by 20% in the same period.

2. Sustainability milestones:
Each Gousto order saves 7kg of carbon emissions[5], compared to the equivalent supermarket shop. In 2021 alone, ordering from Gousto saved 69,000 tonnes of carbon emissions, the equivalent of removing 26,000[6] cars from UK roads for a year (2020: 39,000 tonnes).

In 2020, we successfully reduced the amount of plastic in each order by 50%[7]. In 2021, we've gone further, joining The UK Plastics Pact, which aims for 100% reusable, recyclable and compostable plastic by 2025[8]. As a member, we've committed to eliminating problematic plastics, stimulating innovation in our industry and helping to build a stronger recycling system in the UK. In 2021, 58%[9] of Gousto own-brand SKUs[10] used recyclable packaging and all Gousto boxes are now made from 100% recycled material.

3. Health milestones:
Health and wellbeing is shifting from treatment to prevention. Food is a key part of this, since diet is one of the five modifiable disease factors. UBS predicts the global personalised nutrition market will grow from $1bn today to $64bn in 2040[11]. With our focus

3 68.5m people eating one evening meal per day is 25bn UK evening meals per annum • 4 Gousto's "Chosen for You" • 5 Source: Foodsteps comparative LCA • 6 Source: Gov.uk - Vehicle mileage and occupancy • 7 grams of plastic packaging per meal • 8 UK Plastic Pact, WRAP • 9 Source: Master Packaging Data • 10 Stock Keeping Unit • 11 Source: UBS Equity Research.

on offering hundreds of customisable recipes, we are building the backend of personalised nutrition; something no other company is offering on this scale. This is an exciting long-term opportunity and we have such potential to make a positive difference.

Gousto already makes healthy eating so much easier. We provide a highly convenient cost-effective and healthy scratch-cooking solution to the pandemic of poor diets.

A Gousto customer's weekly evening meal planning and shopping is completed in our app in as little as 60 seconds. Fresh pre-portioned ingredients are delivered to their door each week and with minimal effort, thanks to our helpful in-app guidance, our customers can prepare a healthy meal for the family in as little as 10 minutes. All at only £3.14 per portion[12].

In 2020 we made sure that all Gousto recipes contained at least 1 of your 5-a-day. We also reduced salt, so all core recipes contained fewer than 3g per portion. In 2021, we made further progress so that now 66% of all recipes on our menu have at least 2 of your 5-a-day. In total, our customers ate 150 million portions of vegetables in 2021.

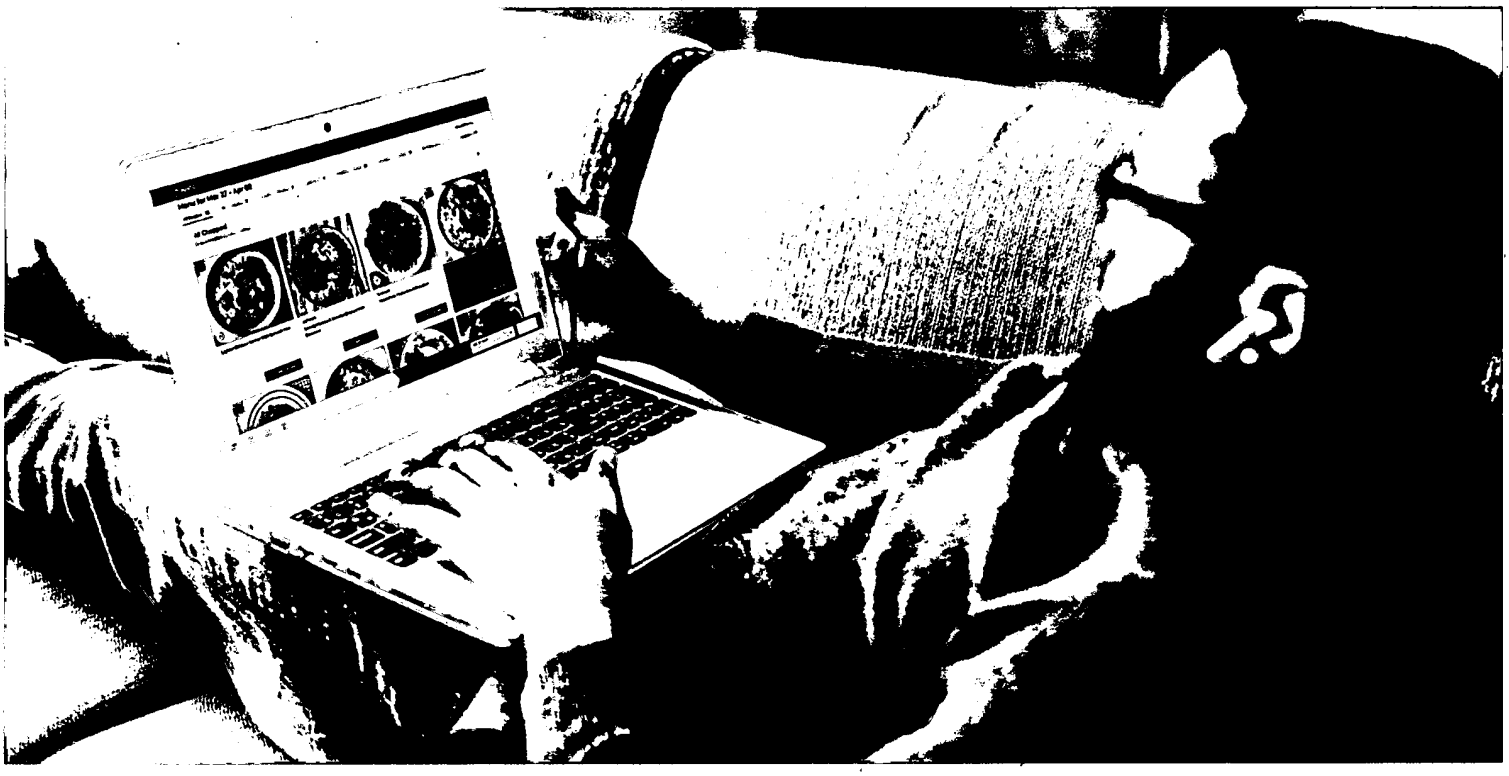
Healthy[13] recipes now make up 31% of the menu with 13% being plant-based. In 2021, 70% of our customers' orders contained healthy recipes.

We grow with purpose and firmly believe Gousto is a merit good[14] - each Gousto order has a positive impact on UK society, and this is important to us.

The positive externalities or social benefits of shopping at Gousto are significant - decreased food waste, lower carbon emissions, and healthier eating. These social benefits contribute to a more sustainable and healthier society in the form of cleaner air and a lower cost burden on the NHS for treating diet related illnesses. In these turbulent times we have a huge amount of work to do to continue to serve our customers the best possible proposition and we shall persevere to make further progress.

Timo Boldt Founder & CEO

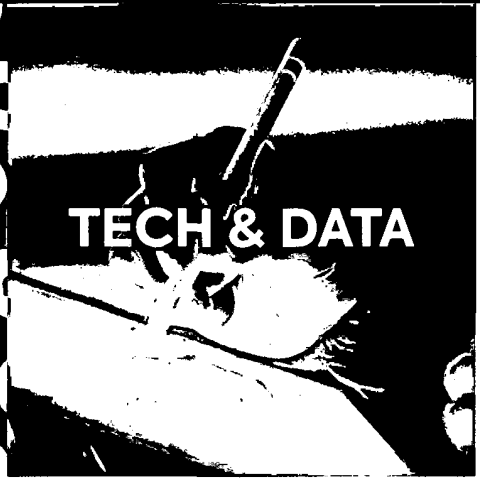
12 per portion for an order containing 4 recipes for 4 people • 13 <750 calories; <12g sat fat; <3g salt; 2 of 5 a day; 1 visible veg • 14 The essential feature of a merit good is that the benefits of consumption are shared between the individual consumer (or user) and society



What makes Gousto, Gousto

Culture and talent mean the world to us; what makes Gousto special is its people and passion. 95% of staff members are Gousto shareholders. We are one team of over 1,600[15], working towards our vision to become the most-loved way to eat dinner.

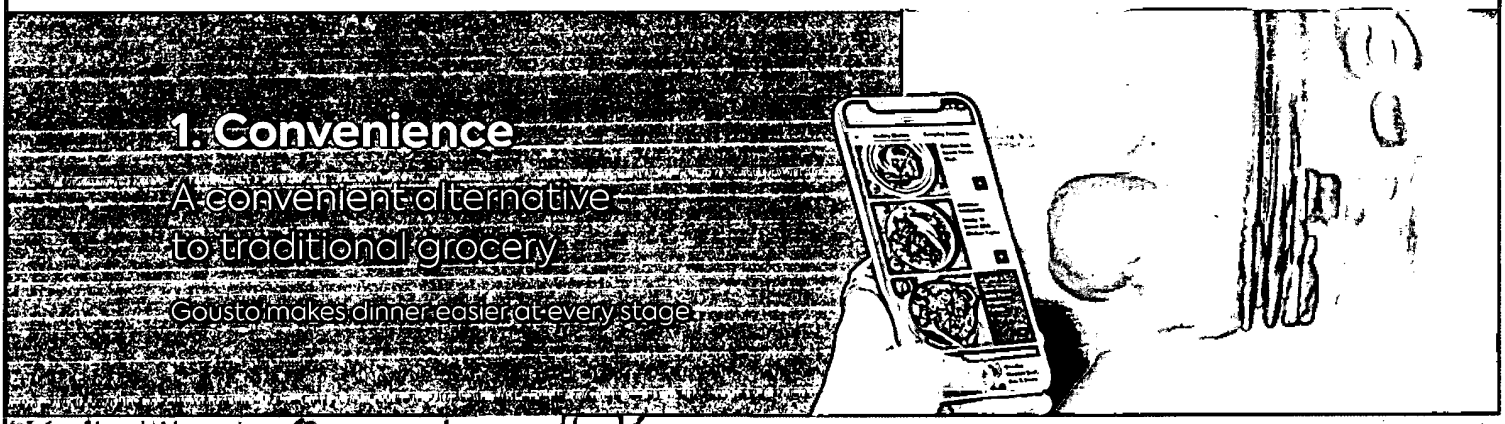
Our purpose is to make a positive difference to our customers and the planet. Customer happiness is the number one metric we obsess over. We think big and make long-term investments to have the greatest impact.



We have built unique automation and personalisation capabilities that benefit customers and the planet. We are a technology and data company that loves food and will continue to develop and invest heavily in our capabilities.

15 Headcount as at 31 Dec 2021

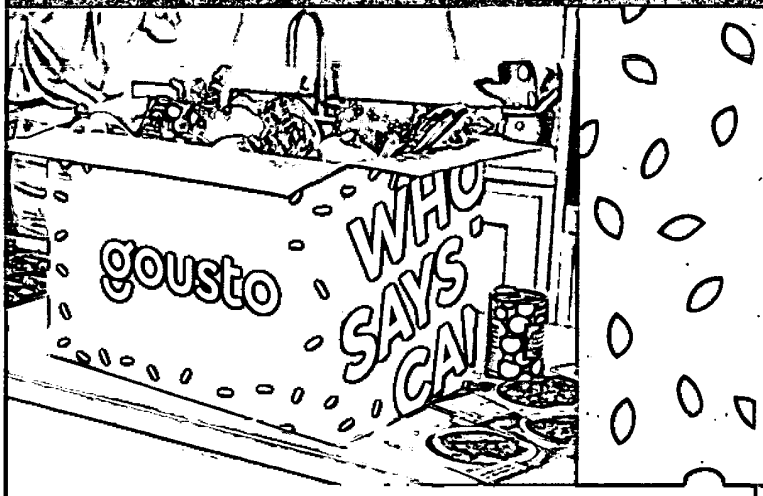
At the confluence of the 3 mega trends affecting grocery today



1. Convenience

A convenient alternative to traditional grocery

Gousto makes dinner easier at every stage



2. Sustainability

A sustainable alternative to traditional grocery

Every Gousto meal leaves the world better off

3. Health

Reducing the friction points that obstruct healthy **eating**

Gousto is a highly convenient, cost-effective and healthy scratch-cooking solution to the pandemic of poor diets

1. A convenient alternative to traditional grocery

Gousto makes dinner easier at every stage

The most effective way to replace an outdated supply chain is to revolutionise it with a convenient online experience. This has already happened in many other industries[16]; books (Amazon); music (Spotify); TV and Film (Netflix). Grocery is next in line.

Gousto will set the evening meal free from traditional grocery spend with a convenient online experience. Targeted investment in tech and data has made this possible. Representing over 50% of our London Team, 286 full time tech experts (2020: 220) have made data science an integral part of our manufacturing operations as well as our customer interface.

There are three ingredients needed to provide our convenient online experience:

Relevant choice: Each customer sees a weekly menu personalised to their unique preferences. And our menu is only getting broader and smarter. Today this is a choice of over 60 recipes that change each week (2020: 50) - by the end of 2022 there will be many more.

Recipe customisation is another feature our customers love using, enabling them to tailor recipes to meet their health and dietary needs. Customers can swap out or add in protein options, for example a leaner grade of meat or a meat-free alternative. Today, 33% of our recipes on the weekly menu are customisable (2020: testing phase).

This is only possible because we have automated our manufacturing operations and embedded order routing and pick line optimisation algorithms. All this means more customer choice.

The customer data we collect means our tech team can personalise the menu to a customer's unique preferences, using our recommendation engine - think 'Spotify Discover Weekly' but for food. Today, 58%[17] of all Gousto orders are made as a result of an AI recommendation (2020: 52%). This is a strong improvement considering we have increased the size of the menu by over 20% in the period. We are now also able to provide personalised recommendations for early-life customers just a few minutes after their first orders.

Frictionless shopping: Customers can use our mobile app to plan and order their week's meals in as little as 60 seconds and get it all delivered to their door seamlessly. With the exact, pre-measured ingredients at their fingertips and our app as their personal meal-prep assistant, cooking-from-scratch stops being a time-consuming chore, and becomes quick and enjoyable instead. Our '10-minute meal' and 'Joe Wicks' Picks' ranges enable those with the most packed of schedules the joy of preparing a healthy and tasty meal.

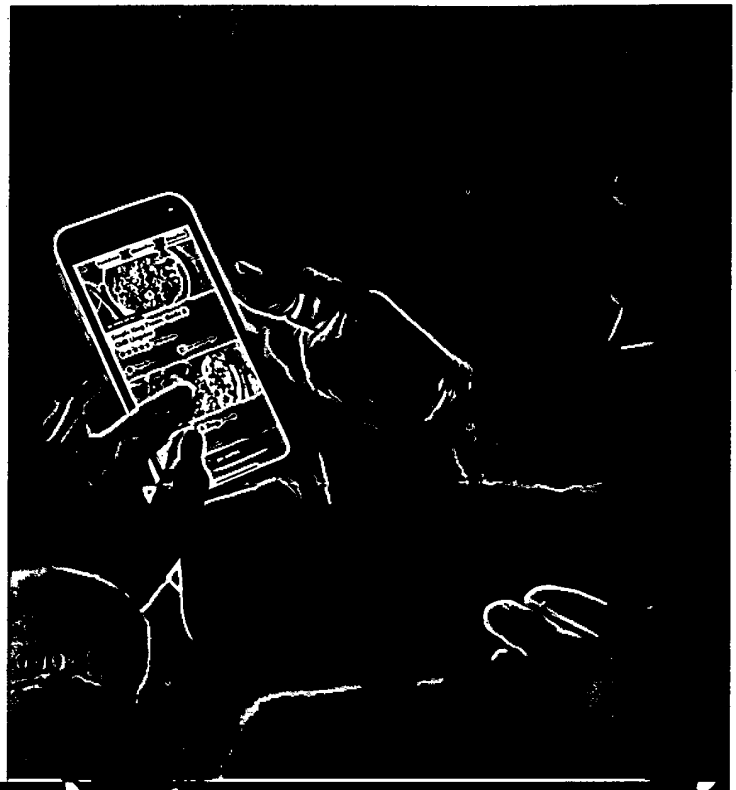
Value: The price per portion for a Gousto meal is similar to a supermarket equivalent, (£3.14[18] including free delivery which is 13% less expensive than our closest direct competitor) with the added value of convenience, quality, inspiration, and cutting out waste.

16 The Great Unbundling - Benedict Evans • 17 Gousto's "Chosen for You" • 18 per portion for an order containing 4 recipes for 4 people

Our Net Promoter Score, a universal measure of customer satisfaction, reflects the progress we have made in convenience. In 2021, Gousto's score peaked at 70 (2020: 70), whilst Tesco's was 29[19] and Spotify's was 54[20]. And we're planning to do much more to improve convenience for our customers, starting with reducing the waiting time between ordering and delivery.

We have a huge amount of work to do over the next few years, obsessing over making the customer experience even better.

19 Source: Tesco Annual Report 2020 (page 6)
20 Source: Kantar - Mar 2020 - Audio Streaming Market



286 full-time tech experts (2020: 220)

60 recipes that change each week (2020: 50)

33% of our recipes on the weekly menu are customisable (2020: testing phase)

58% of all Gousto orders are made as a result of an AI recommendation (2020: 52%)

2. A sustainable alternative to traditional grocery

Every Gousto meal leaves the world better off

It's crucial to us that we balance profit and purpose, so we're delighted to have joined the B Corp™ community in 2021. B Corp™ is a certification that aligns with our vision, and is awarded to companies that meet the highest standards of social and environmental performance, public transparency and legal accountability.

This is just the start of our ambition. The B Corp™ community of over 4,000 sustainability pioneers is dedicated to fighting climate change and building a better world. We look forward to working more closely with them, learning from them, and making an even bigger impact than we could on our own.

Traditional Grocery is not environmentally sustainable. Nearly 40% of food is wasted in traditional supermarket supply and consumption[21]

and this waste makes up 6% of all global greenhouse gas emissions[22]. At Gousto we can help by using our tech and data capabilities to free the evening meal from the traditional grocery supply chain and its inherent waste.

We're scaling sustainably, with purpose. Gousto's supply chain is more direct, getting produce from farm to kitchen with fewer intermediaries, which reduces food waste and carbon emissions. Because our customers are given exact portions with enough shelf life, food waste at home is also reduced to almost 0%, from the 17%[23] typical in traditional grocery shopping.

At Gousto we use forecasting algorithms to reliably predict supply needs at our manufacturing sites. Because of this, we waste just 1%[24] of our food inventories in our facilities (2020: 2%), as opposed to around 20% in supermarkets supply chains[25].

Just one Gousto order saves 2kg of food waste[26] compared to the equivalent supermarket shop. To put this in perspective, in 2021 alone, ordering from Gousto saved nearly 100,000 wheelie bins of waste (24,000 tonnes), which if stacked on top of each other, would reach outer space[27] (2020: 10,000 tonnes).

Each Gousto order also saves 7kg of carbon emissions[28], compared to the equivalent supermarket shop. The same amount produced if one were to drive 18 miles. So in 2021 alone, ordering from Gousto saved 69,000 tonnes of CO2 emissions, the equivalent of removing 26,000[29] cars from UK roads for a year (2020: 39,000 tonnes).

In 2020, we successfully reduced plastics in each order by 50%[30]. In 2021, we've gone further, joining The UK Plastic Pact, led by WRAP, which aims for 100% reusable, recyclable and compostable plastic by 2025[31]. As a member, we've committed to eliminating problematic plastics, stimulating innovation, and helping build a stronger recycling system in the UK. In 2021, 58%[32] of Gousto's own-brand packaging was recyclable and all Gousto boxes are now made from 100% recycled material.

21 Source: United Nations - Food and Agriculture • 22 Source: Our World in Data - Environmental Impact of Food Production - 2018 • 23 Source: DEFRA - Household Food Waste - 2010 • 24 Percentage of food purchases by weight that is surplus, before any redistribution (e.g. FareShare donations) • 25 Source: United Nations - Food and Agriculture • 26 Source: Foodsteps survey • 27 Source: National Geographic • 28 Source: Foodsteps survey • 29 Source: Gov.uk - Vehicle mileage and occupancy • 30 grams of plastic packaging per meal • 31 UK Plastic Pact, WRAP
32 Source: Master Packaging Data

We're thrilled about our partnership with the natural packaging experts, Xampla. Together, we've created the world's first edible packaging, made from pea protein - a zero waste alternative to the plastic sachets that hold our vegetable stock powder. The edible stock sachet is made from engineering dried pea protein into sheets that have the same functionality as plastic, with the ability to protect food and preserve shelf life. They're completely edible, meaning it is simply stirred into a sauce and it will dissolve.

We are also members of SEDEX (Supplier Ethical Data Exchange), which is an online database allowing us to oversee working conditions and ensure safe and environmentally responsible supply chains. 79%[33] of our suppliers are now registered on the Sedex platform, and we'll be working with the remainder to get them signed up too.

33 Source: SEDEX Monthly Update, Nov 2021

In 2021, each Gousto order saved:

2kg **Food waste**

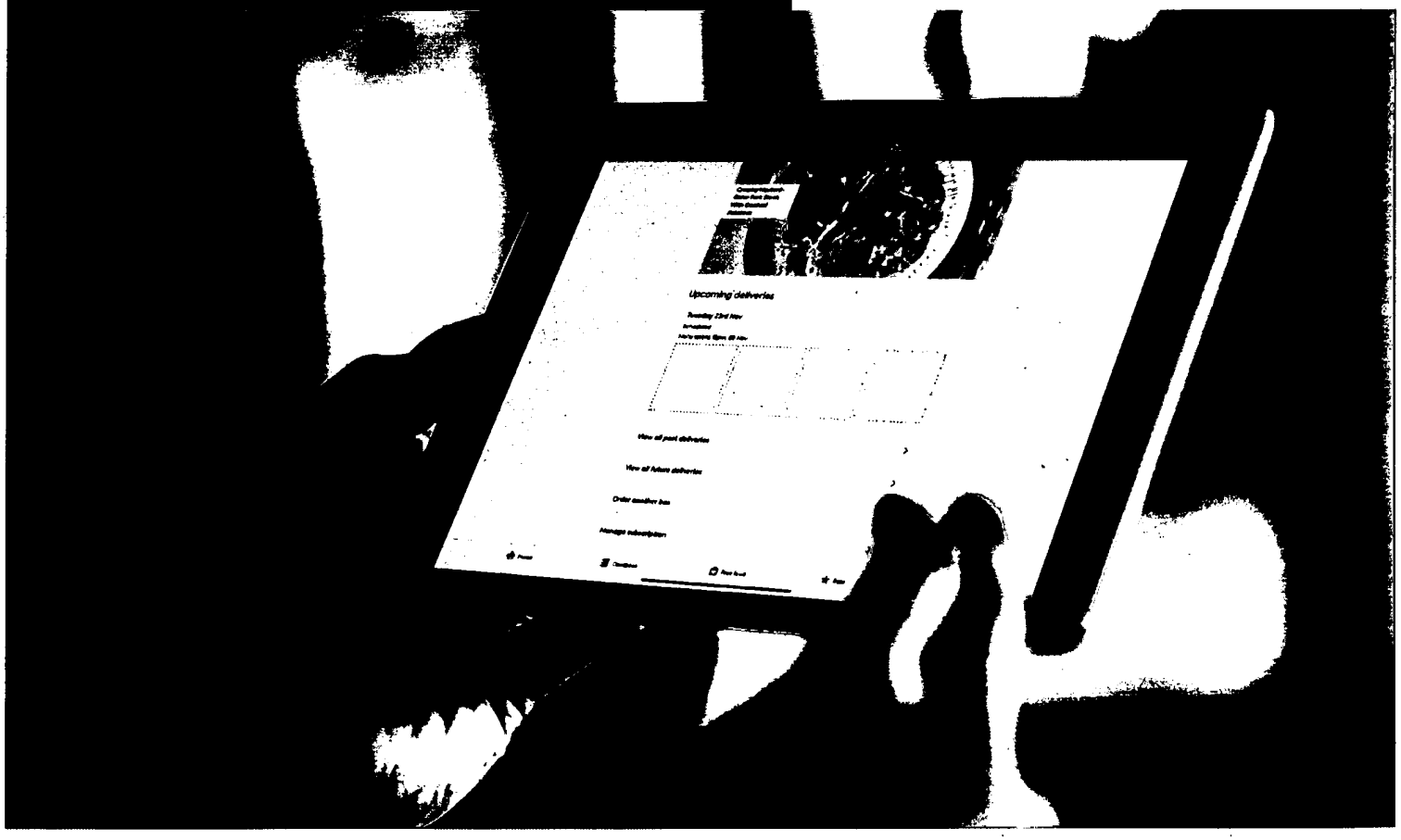
24,000 tonnes in total or the equivalent of 100,000 wheelie bins
(2020: 10,000 tonnes)

7kg **CO2 emissions**

69,000 tonnes in total or the equivalent of removing 26,000 cars for a year
(2020: 39,000 tonnes)

Compared to the same shop in a supermarket

Gousto's own-brand packaging is recyclable



3. Reducing the friction points that obstruct healthy eating

Gousto is a highly convenient, cost-effective and healthy scratch-cooking solution to the pandemic of poor diets

The pandemic of poor diets
The UK is now the 3rd-most overweight country in the G7, with 3 in 10 adults being obese[34].

The Government spends £18bn - 8% of all public health spending - on conditions related to high BMI[35]. This is before recognising diet-related disease not linked to weight. In 2020, there were over 1m hospital admissions where obesity was the primary or secondary diagnosis – up 17% year-on-year[36].

In studies that estimate the years of healthy life lost to avoidable illness, disability and death, 80% of the top risk factors are diet related[37].

Poor diet contributes to an estimated 64,000 deaths every year in England[38]. Half of over-45s are living with diet-related health conditions[39].

Education and willpower alone aren't enough
Most individuals already understand what a healthy diet looks like. More than 90% of the population understand we should reduce our intake of foods that are high in fat, sugar and salt, and 99% understand that eating fruit and vegetables is important for a healthy lifestyle[40].

The issue is not a lack of information, but instead one of execution; the missing ingredient is having access to a cost effective and convenient solution that enables individuals to adopt healthy eating habits.

Friction points of delicious healthy eating
"I tried to eat healthily, but I found that it was more expensive and time consuming trying to feed a family of four. I've given up."

The barriers to healthy eating are convenience and cost, these include: (i) culinary knowledge and skill, (ii) time and effort in scratch-cooking meal planning, shopping and prep, and (iii) the prohibitive costs involved. For example, processed foods are on average three times cheaper per calorie than healthier foods[41].

Gousto reduces these friction points to healthy eating
Traditional grocery outlets, restaurants, and food delivery platforms are not equipped to lead change in this area. However, the barriers to healthy eating are reduced when shopping at Gousto.

A Gousto customer's weekly evening meal planning and shopping is completed in our app in as little as 60 seconds. Fresh pre-portioned ingredients are delivered to their door each

34 Source: World Health Organization. (2016). Global Health Observatory data repository: Prevalence of obesity among adults, BMI ≥ 30, age-standardized – Estimates by county • 35 Source: Organisation for Economic Co-operation and Development. (2019). The Heavy Burden of Obesity: The Economics of Prevention. OECD Publishing. • 36 Source: NHS Digital. (2021). Statistics on Obesity, Physical Activity and Diet, England 2021. • 37 Source: 2019 data: Global Burden of Disease, accessed March 2021: Global Health Data Exchange. (2021). GBD Results Tool. Institute for Health Metrics and Evaluation. • 38 Source: Global health data exchange. (2020). Global Burden of Disease, 2019 data • 39 Source: National Food Strategy analysis using data from: NHS Digital (2020). Health Survey for England 2019 • 40 Source: Prior, G. et al. (2011). Exploring food attitudes and behaviours in the UK: Findings from the Food and You Survey 2010. FSA • 41 Source: Food Foundation. (2020). The Broken Plate 2020. Food Foundation

week and with minimal effort, thanks to our helpful in-app guidance, our customers can prepare a healthy meal for the family in as little as 10 minutes. All at only £3.14 per portion[42].

By leveraging our tech and data, Gousto can build capabilities for our users that can help change our nation's health for the better.

Our data-driven menus set baseline standards in all our recipes, to establish a threshold of nutrient content as well as calorie ceilings. Customers get precisely-measured ingredients which naturally helps with portion control. Meal planning each week involves just a few clicks, plus there is comprehensive nutritional data for every meal available at the touch of a button in the Gousto app.

In 2020 we made sure that all Gousto recipes contained at least 1 of your 5-a-day and we reduced salt, so all core recipes contained less than 3g per portion. In 2021, we made further progress so that now 66% of all recipes on our menu contain at least 2 of your 5-a-day, with an average meal now containing 1.8 portions of vegetables. In total, in 2021, our customers ate 150 million portions of vegetables.

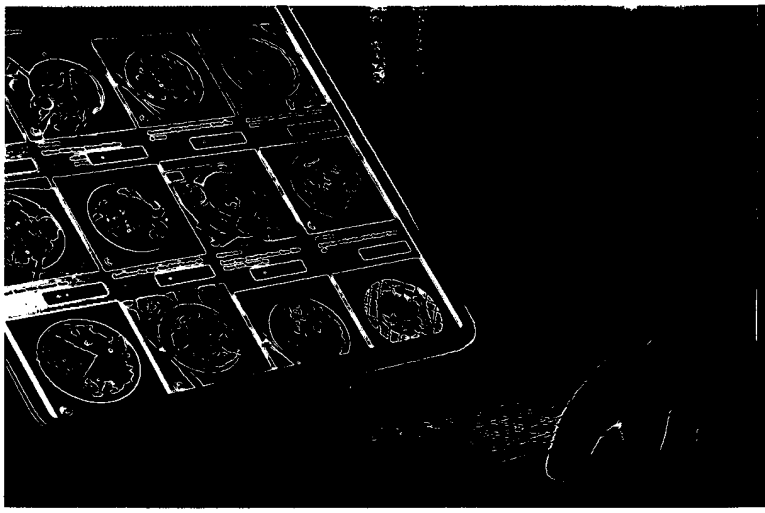
Healthy[43] recipes now make up 31% of the menu with 13% being plant-based. In 2021, 70% of our customers' orders contained healthy recipes.

Building the backend of personalised nutrition

Today, 2 million people in England are currently at risk of developing diabetes[44]. By 2035, Type 2 diabetes is projected to cost the NHS £15bn a year[45], or 1.5 times as much as cancer does today. In the future, through personalisation and the unparalleled variety inherent in Gousto's growing menu, recipes can be grouped into targeted ranges to address specific health issues like diabetes or hypertension. A menu range with this depth will only be possible if we grow our weekly menu beyond today's 60 recipes. We have work to do to make this a reality, a key part of our ambition.

In Washington DC, the Produce Prescription Programme[46] ran a successful trial in which doctors were permitted to prescribe vouchers for healthy fresh produce, cooking lessons, nutritional education and guided tours of supermarkets to educate participants to shop well. We believe shopping at Gousto is a more efficient and effective private sector solution - will governments and health insurers be our future customers?

42 per portion for an order containing 4 recipes for 4 people • 43 <750 calories; <12g sat fat; <3g salt; 2 of 5 a day; 1 visible veg • 44 Source: NHS - Diabetes Prevention Programme - Feb 2020. • 45 Source: Estimating the current and future costs of Type 1 and Type 2 diabetes in the UK, including direct health costs and indirect societal and productivity costs. Medicine, 29(7), pp.855–862. • 46 Source: Huang, J. et al. (2019). Impact of Fruits and Vegetables Prescription Program in Wellness Group Visits. Pediatrics 144 (706).



66%

of all recipes on our menu contain at least 2 of your 5-a-day

<3g

all core recipes contain less than 3g of salt per portion

70%

of our customers' orders contained healthy recipes

150 million

vegetable portions eaten by our customers in 2021

SGA Investments Limited

Registered number: 08027386

Audited Financial Statements

for the period ended 31st December 2021

Company Information

Directors	T Boldt K Garrett-Cox (appointed 25 May 2021) M Evans (resigned 5 March 2021) S Matthews T Mason A Wynn N Buckle M Reich L Tracol (appointed 1 December 2021) M Ohrstrand (appointed 31 December 2021)
Registered number	08027386
Registered office	Unit 1.8 & 1.9 The Shepherds Building Charecroft Way London W14 0EE
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

Strategic Report

The Directors present the Strategic Report of SCA Investments Limited (the "Company" or "Gousto") for the 53 week period ended 31 December 2021. The prior year financial statements were for the 52 week period ended 25 December 2020.

Introduction

The Company continued its positive momentum during 2021. Revenue increased by 67% and over 90 million meals were delivered to customers, underpinned by the Company's market-leading customer proposition and investment in additional production capacity.

Investing in the future remained a priority, with continued investment into the Company's technology and data functions, along with significant outlay in three new production facilities.

The Company ended the year with an enhanced cash and cash equivalents balance of £90.0m (2020: £66.8m) and an improved net asset position of £176.2m (2020: £115.2m), supported by funds raised from the issuance of shares to Softbank Vision Fund II (£68.9m), the largest technology-focused investor in the world. With two factories due to go live in 2022, the Company is in a strong position to continue its mission to become the 'UK's most loved way to eat dinner'.

Additionally, the Company became B Corp™ certified, driven by the mission to minimise food waste, lower excess plastic usage and to reduce emissions in the face of the climate emergency.

Business review

The Company achieved revenue of £315.3m (2020: £188.8m) in the period as a result of an increase in customer orders and enhanced sustainable supply capacity. A broader recipe range, coupled with a stable pricing structure, ensured customers enjoyed wider choice at great value for money.

The revenue growth did occur at slightly reduced margins compared to prior year. Gross margin percentage was 51.1% compared to 54.2% in 2020, with 2020 being a year in which Gousto spent less on new customer acquisition due to an organic increase in customers, resulting in fewer discounts being offered, as well as capacity constraints. Gross margin did however remain ahead of 2019 levels (50.5%), reflecting operating efficiencies generated through automation and scale, whilst absorbing food price inflation.

Underlying EBITDA, the Company's internal profitability measure, increased from £18.2m in 2020 to £20.0m in 2021. Revenue growth drove this result, which was partially offset by a higher cost base as a result of increased investment in the foundations of the business and a higher marketing spend.

Underlying EBITDA is used by the Company's board to assess performance and aid strategic development. Whilst it is recognised that this measure is not considered superior or a substitute for IFRS profitability measures, the Directors consider this alternative performance measure ('APM') to be relevant for users of the financial statements. A full explanation behind the use of this measure and its reconciliation to IFRS measures is included later in this report.

Overall, the Company had an operating loss of £9.8m, compared to an operating profit of £8.3m in 2020, driven by higher depreciation and amortisation costs, and additional factory pre-opening costs, as a result of its continued capital investments to provide the foundations for future growth.

Net cash generated from operating activities increased to £36.9m (2020: £15.6m) as a result of enhanced working capital efficiencies, mainly relating to improved payment terms.

To invest for the future and enhance capacity, investment was made in new factories, with the Thurrock and Warrington locations both expected to become fully operational in 2022. Both sites incurred pre-operating costs, totalling £5.7m, and these are explained in detail in the 'Other key performance indicators' section of the report.

Significant emphasis continued on developing the Company's proprietary technology, evidenced by a 99% increase in the level of intangible assets related to platform innovation in 2021.

In terms of the financial position of the Company, cash and cash equivalents increased by £23.2m (2020: £37.1m) to £90.0m (2020: £66.8m). The high level of capital investment was offset by positive net cash generated from operations, a £10.0m Trade Facility loan, £6.7m proceeds from an Asset Financing Agreement,

and, most significantly, the issue of 298,596 Ordinary L shares to Softbank Vision Fund II in December 2021 which generated a net consideration of £68.9m. In addition, the company agreed a new £25.0m Revolving Credit Facility (£Nil utilised as at 31 December 2021), providing further liquidity headroom.

From a sustainability perspective, the Company became a certified B Corp™, reinforcing its commitment to use business as a force for good. The Company undertook a number of initiatives, including:

- Donating 424,469 meals to those in need via the Company's charitable food redistribution partner, distributing the meals through 1,961 frontline charities
- Reaching 58% of stock-keeping units ("skus") that are recyclable across Gousto own label packaging, in line with the Company's membership of the UK Plastics Pact, and successfully completing a customer trial of the world's first edible stock cube sachets
- Achieving Real Living Wage accreditation, committing to holding themselves accountable and encouraging others to follow suit

Covid 19

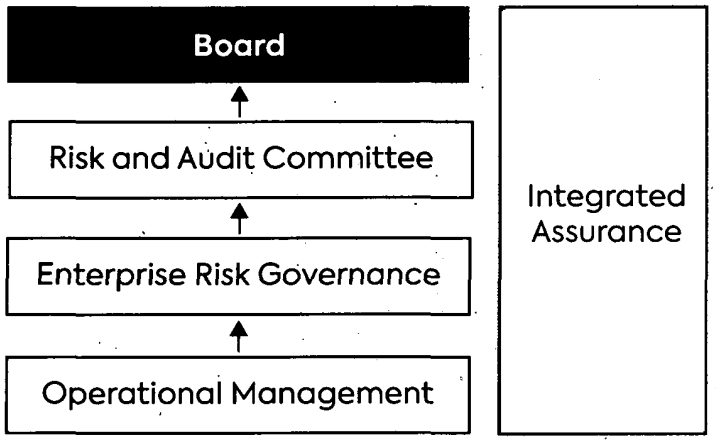
The Company recognises the material impact of Covid 19 on all businesses, and continues to carefully consider the risks driven by the pandemic and closely follow government advice.

Principal risks and uncertainties

Risk management approach

The achievement of the Company's priorities depends on the ability to make sound, risk-informed decisions. Managing risk and uncertainty is an integral part of doing business, particularly as the Company continues to grow at pace and face into external challenges. In 2021, the Company introduced a new enterprise risk approach, reset governance and information flows and conducted a strategic review of risks.

Risk Governance:



The risk governance model sets out how the Company organises itself, the committees and the business operating boards that take risk-based decisions day to day. The Risk and Audit Committee is a formal sub-committee of the Board and is responsible for approval of the risk and control framework and monitoring the effectiveness of risk management activities and systems of internal control, including the integrity of financial reporting and responsiveness to audit findings.

Cross functional risk governance is also established to monitor the enterprise risk profile, provide leadership direction to operational teams and a bottom-up view of material risks.

Key areas of focus

Key activities in 2022 will focus on maturing the risk approach and internal control framework, ensuring key controls are robustly and efficiently designed and operated. An integrated assurance model is in development, which will combine and leverage regular self assessment, category or subject matter expert reviews, plus independent oversight and audit. The Company's risk appetite framework will also be developed and aligned with ongoing monitoring and reporting.

Emerging Risks:

In addition to the range of risks the Company is faced with today, there is increasing focus on horizon scanning for future emerging risks, which may need to be factored in to the strategic and financial planning;

- *Impact of climate change and disorderly climate transition on Gousto and their global supply chains,* increasing climate driven disruption and costs, and increases in legal and regulatory requirements as governments and societies try to meet climate targets
- The impact of potential regulatory change with regards to corporate governance, such as the potential introduction of a UK controls attestation regime and requirements for an increased level of external reporting

Principal risks and opportunities

Risk	Description	Response
Major Business Disruption	Disruption to business operations as a result of internal and / or external events, including major systems failure, loss of operational site, or Covid-19, which ultimately impact the ability to operate and service customers	- Incident management - Disaster recovery and continuity planning - Third party support and monitoring
Supply of Labour	Failure to attract, retain and develop required capabilities to fulfil current demand and future growth aspirations	- Weekly labour market reviews - Agency and external benchmarking, - Introduction of referral scheme - Improvements to colleague facilities - Review of reward and performance structure - Regular monitoring of employee satisfaction
Safety, Health and Environment	Risk of harm associated with the planning, sourcing, production and delivery of food supply to customers, as well as the safe environment the employees work in.	- Food Safety and Health and Safety Management Systems. - Supplier risk assessment and monitoring - Risk mapping at each site -British Retail Consortium (BRC) Certification (A grade)
Data and Cyber Security	Risk of failing to prevent or respond to a major cyber attack or data breach that could result in business disruption, reputational damage, significant fines or the loss of confidential business or personal information	- Dedicated cyber security team and implementation of a security operations centre - ISO27001 certified management system in place and regularly audited - Regular penetration testing
IP / Trademark Infringement	Loss of intellectual property and emergence of Gousto innovations amongst competitors, eroding competitive advantage	- IP registration, - Third party and employment contracts, - Restrictions on data sharing
Finance & Treasury	Maintaining robust internal financial control and business performance to secure funding for future growth	- Financial processes and controls documented - Financial governance, treasury manager - Progress against operational and strategic KPIs monitored at all levels. See Financial Risk section in the Directors Report.

Customer Experience	Failure to establish the internal infrastructure, capacity and capabilities to deliver the level of customer satisfaction expected in terms of quality, convenience and personalisation	- Increase operational capacity through new production sites - Investment in automation and data science - Dedicated continuous improvement teams

Supply Chain - Security of supply and responsible sourcing	Short and long term security of food and non-food supply chains to ensure our boxes are delivered on time and in full, supporting strategic goals on customer choice, personalisation, health and responsible sourcing, as well as close management of inflation driven cost pressures.	-Balanced scorecard in place to assess supplier suitability across a range of risk factors - Supplier Ethical Data Exchange (Sedex) monitoring - Policy commitments in place across high impact commodities - Long term supply agreements

Maintaining leading ESG position	At Gousto, focus on sustainability is part of the reason for being and a key factor in customers choosing Gousto. The Company wants to remain at the forefront of environmental and sustainability innovation as an opportunity to deliver more for their customers and communities, having a positive impact on people and the planet	- Core ESG Commitments monitored and reported on - Dedicated team in place to drive innovation and action - ESG considerations integrated into wider business strategy and business planning

Key Performance Indicators

Revenue of £315.3m (2020: £188.8m) was up 67% in 2021 reflecting growth in new customers and increased loyalty of existing customers, supported by additional capacity within the supply chain.

Gross margin percentage decreased from 54.2% to 51.1%, reflecting 2020's capacity constraints and the pausing of new customer acquisition for a period, however 2021 margins did remain higher than their 2019 comparative (50.5%). Whilst the Company incurred additional production costs associated with increasing capacity and was impacted by inflationary economic conditions in 2021, it was able to hold prices constant through generating operating efficiencies.

As aforementioned in the report, significant capital expenditure and investment in capacity and technology was undertaken in the year, with the resulting depreciation and amortisation and factory pre-opening costs driving an operating loss of £9.8m, compared to an operating profit of £8.3m in 2020. The Company sees this outlay as a conduit to future growth, driving capacity increases, operating efficiencies and enhancing customer proposition.

Other key performance indicators

The Company uses Alternative Performance Measures (APMs), which is a non-GAAP measure, to enable users to assess the true underlying performance of the business. The APMs used are consistent with those used by the Directors to develop strategy, assess performance and set remuneration.

The APMs are not considered to be superior or a substitute to IFRS measures – however they exclude certain non-operating, non-recurring items and items outside of management's control, which can distort users' assessment of business performance and comparability between periods. The alternative performance measures used are also consistent with those used across the recipe box industry.

The Directors use 'Underlying EBITDA' as its primary profitability measure, which is defined as Earnings before tax, interest, depreciation and amortisation, adjusted for items related to:

- Capital structure
- Establishment of material new business processes; and
- Events not expected to recur in future periods.

Reconciliation to IFRS measures

	53 week Period ended 31 December 2021	52 week Period ended 25 December 2020
	£m	£m
Operating (loss) / gain	(9.8)	8.3
Depreciation of fixed assets	14.6	5.7
Amortisation of intangible assets	7.0	3.5
Material new business process costs		
Thurrock costs incurred prior to operational go-live	3.7	-
Warrington costs incurred prior to operational go-live	2.0	-
Clay Lake costs incurred prior to operational go-live	-	0.4
Clay Lake learning curve costs	0.6	-
Capital structure and investor relation costs	0.3	0.2
Events not expected to occur in future periods		
Stock turnover related issue	1.6	-
Other	-	0.1
Underlying EBITDA	**20.0**	**18.2**

Material new business process costs

Thurrock costs incurred prior to operational go-live

£3.7m of costs incurred prior to the operational go-live of the Thurrock facility primarily relate to staff remuneration (£2.1m) and utilities (£1.2m).

The facility was originally scheduled to go live in 2021, with staff recruited during 2021, however the factory will instead go live in 2022. Gousto also has capital commitments of £1.9m in the financial statements in respect of Thurrock.

Gousto has taken actions to mitigate these costs, including relocating staff to other Gousto facilities and commissioning work to make the site ready for opening in 2022.

Warrington costs incurred prior to operational go-live

£1.8m of costs were incurred prior to the operational go-live of the Warrington facility, which went live in January 2022 . Warrington-based staff remuneration (£0.8m) and utilities (£0.5m) were the main cost drivers. A £0.2m provision for future repairs is also included.

The larger size and higher complexity of the Warrington facility drove the higher pre-operational cost relative to costs incurred at the Clay Lake facility in 2020.

Clay Lake learning curve costs

£0.6m of costs represents operational inefficiencies experienced at the Clay Lake facility during the initial operating period. The costs relate to staff remuneration (£0.4m) and food waste (£0.2m).

Capital structure and investor costs

Costs relate to headcount and professional fees dedicated to the company's capital raising activities.

Significant other non-recurring costs

Record customer demand and the embedding of new operating procedures associated with the opening of the Clay Lake facility drove a material process failure in relation to stock turnover. £1.3m of stock was not used prior to its best before date and written off. £0.3m of gifts were provided to customers impacted by the resulting stock unavailability.

Investment in headcount and systems has ensured the issue is less likely to recur.

Section 172 Statement

The Board understands that considering and exploring the views of all of the Company's key stakeholders in key business decisions is not only the right thing to do but also fundamental to the Company's goal of becoming the UK's most loved way to eat dinner.

2021 has been a turbulent year for many businesses up and down the country. The continued impact of the coronavirus global pandemic, the UK's formal withdrawal from the European Union, shortages of labour and rising fuel and food prices are just some examples of the challenges that businesses have faced. Such challenges make it more important than ever for the Board to consider and balance the interests, expectations and desires of all of the Company's key stakeholders in order to comply with its duties under section 172 of the Companies Act 2006 (the "Act").

Under section 172(1) of the Act, a director of a company must act in a that way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, and in doing so have regard to (amongst other matters):

(a) the likely consequences of any decisions in the long term;
(b) the interests of the company's employees;
(c) the need to foster the company's business relationships with suppliers, customers and others;
(d) the impact of the company's operations and end products on the community and environment;
(e) the impact on the company's reputation for adhering to high standards of business conduct; and
(f) the need to act fairly as between members of the company and the company itself.

The Board is therefore responsible for ensuring that it fulfils its obligations to anyone or anything impacted by the Company through continuous stakeholder consideration and engagement. As set out below, stakeholder consideration transcends every key decision taken by the business. The Company's Management Team (the "MT"), Leadership Team (the "LT") and crucially, the Board, actively engage in the design, implementation and communication of various initiatives demonstrating compliance with section 172 of the Act.

The following paragraphs comprise the Board's section 172 statement, outlining how it has had regard to the matters set out in section 172(1) of the Act in performing its duties over the course of the year. Examples of how each of the Company's stakeholders have been considered and engaged are also set out where appropriate.

Company purpose

The Company's goal is to become the UK's most loved way to eat dinner by creating an amazing product that has a positive impact on both people and the planet. Through innovation, partnership, effective delivery and the collaboration of their people, Gousto strives to ensure that every meal they provide leaves the world in a better place.

In 2021, the Company officially became B Corp™ certified by passing the rigorous certification process, showing Gousto is committed to growing in the right way for people and the planet, and using business as a force for good.

The Company differentiates itself from other players in the recipe box market through its heavy investment in technology and data. The Company's tech team currently stands at 250+ people and the team's focus on data and artificial intelligence help to power the Company's operations including its automated fulfilment centres in Spalding and Warrington, and enable the Company's market-leading customer proposition - the most recipe choices each week, seven days a week. The Company's use of data has also facilitated the creation of the first recipe box recommendation engine, putting customer experience and choice at the forefront of its decisions.

The Board's approach to section 172 and decision making

Collectively the Board, appointed by the Company's shareholders, are responsible for the effective oversight of the Company. The Board has implemented a governance structure to support the long term success of the Company in order to deliver sustainable shareholder value.

The Board comprises the Chairman, representatives from the Company's shareholders, the Company's CEO, CFO and Chief Product Officer ("CPO"), and non-executive Directors appointed by the Company's shareholders ("NEDs"). The Board has approved the appointment of two additional NEDs during the last financial year to support the Company's continued growth and provide constructive challenge, strategic guidance and offer specialist advice to the Company all while holding management to account (amongst many other things).

The Board meets a minimum of six times per year, and receives board papers, presentations, project updates and proposals in relation to all key issues and decisions of the business including Operations, Commercial, Technology, Data, Quality, Health and Safety, Human Resources, Customer Service, Project Management (PMO), Finance, Environmental Social & Governance (ESG) and IT. The Board uses these materials as the basis to consider and discuss both key strategic and tactical decisions, taking account of their likely long-term impact on the Company and its ability to deliver sustainable shareholder value.

The Company also has a recently merged Risk and Audit Committee, a Nominations Committee and a Remuneration Committee, comprising executive Directors, NEDs and independent professionals with relevant expertise. Each of these committees meet regularly, has specific terms of reference and are required to advise the Board on their respective areas.

The Company also has in place a controls framework and delegated authority levels for key business decisions such as approval of expenditure and contract sign offs.

The Board has approved and implemented several policies which govern and promote effective corporate and social responsibilities, such as the Environmental, Social and Governance policy, Anti-Bribery and Corruption policy, Gender Pay Gap reporting, Modern Slavery policy, Data Privacy policy, Social Media policy and various Codes of Conduct (for Employees and Suppliers). In Q2 2021, the Board also approved a comprehensive update of a number of key Company policies including all people and employee related policies.

Stakeholder engagement

The Board acknowledges that the long term success of the Company is dependent on the way it works with all of its key stakeholders. Key stakeholders are considered in the Board's decision making and in doing so ensure the Directors' duty is discharged under section 172 of the Act.

Customers

In line with the Company's mission of becoming the UK's most loved way to eat dinner, customers are at the forefront of Company decision-making. The Company places customers first to ensure their continued enthusiasm and loyalty towards Gousto products and to ensure the Gousto brand witnesses continued success and growth.

As set out above, the Company continues to invest heavily in technology and use of data to enable its market-leading customer proposition: the most recipe choices each week, for as little as £3.14 per meal, seven days a week. The Company's use of data has also facilitated the creation of the first recipe box recommendation engine, not only providing customers with unrivalled choice but tailoring it to their own preferences.

The Company has a dedicated Customer Service team to ensure customers' needs and expectations have been met. In 2021, the Company has continued to focus on delivering industry defining care by investing in both the Customer Care team as well as "self service" capabilities to improve customer experience. As a result, the Company received the gold award for Contact Centre of the Year at the European Contact Centre & Customer Service Awards for the third consecutive year

Furthermore, the compliance team ensures that Gousto achieves customer quality requirements and that the Company conforms to all applicable regulatory requirements. The Company's commercial teams also strive to meet customers' needs through a broad range of healthy product offerings that are produced in an environmentally sustainable way.

Delivering customer trust is an essential part of Gousto's strategy. The Food Technical team at Gousto help to ensure products are authentic, meet customers' quality expectations, and above all are legally compliant and food safe. The Food Technical team has responsibility for setting and governing food safety, quality and integrity standards across the business and ensuring compliance with all relevant legal regulations. This is managed through a Quality Management System, Food Safety Plan (HACCP) and Threat (TACCP) and Material Vulnerability (VACCP) risk assessments designed to comply with the BRC Global Standard for Food.

Each team measures their success against this primary objective via a range of processes, which include customer satisfaction surveys and internal scrutiny. Monthly KPIs as to customer satisfaction are disseminated across the business.

Suppliers

The Board recognises that suppliers enable the Company to provide customers with high-quality and ethically sourced/produced products while ensuring maximum value can be provided. The Company has in place robust systems to onboard and manage supplier relationships.

The supply chain is characterised by formal contracts ranging from the supply of ingredients and packaging to labour and logistics. The Company has dedicated teams who continuously engage with suppliers to ensure they build effective relationships not only at the start of the relationship with them but throughout the entire duration and end of the relationships.

The Company is committed to maintaining the highest possible standards of integrity and trust in business relationships with suppliers, and in turn, looks for suppliers and contractors who operate with values and standards like their own. In Q2 2021, the Company introduced a new supplier onboarding management process, which is a standardised process that every key supplier should follow in order to enter into contractual relationships with the Company. The management process requires all new suppliers answer questions around their own supply chain practices on ethical trading, modern slavery, anti-bribery and corruption and more. Suppliers must also respond to a series of data security questions where appropriate. Responses are then reviewed and approved by relevant Company stakeholders before the supplier can be approved for onboarding.

Employees

The Board recognises that the ability to retain talented and committed employees contributes significantly to the success of the Company. Engaged employees who feel appreciated and motivated to deliver the best product are essential to the Company achieving its goals. The Company has therefore launched numerous initiatives throughout 2021, building on the initiatives launched in prior years to further improve the employee experience at Gousto.

Engagement with employees takes many forms including staff surveys, formal and informal meetings, performance reviews and appraisals, and regular email communications.

The CEO and members of the Senior Leadership Team ("SLT"), continue to hold quarterly "Superday" meetings where every team in the business presents their key achievements and objectives during the previous quarter. There are also "Town Hall" meetings every two weeks where the CEO or SLT presents to employees on the performance of the business and discusses the short and long term strategy and challenges of the business. The Superday and Town Hall meetings also provide an opportunity for employees to ask questions to the CEO and SLT.

The Company has launched employee forums, which are employee representative bodies that discuss employee, social and wellbeing initiatives, propose new ideas, lead charity fundraising events and help improve site-wide communication.

Monthly reports and KPIs are provided by the People team, which detail the performance against KPIs and employee engagement.

The Company is officially recognised as a Real Living Wage employer. The Company has now also offered a significant proportion of its employees an equity stake in the Company. This works alongside other equity schemes available to eligible employees at the Company and aims to reward, motivate and retain employees.

Finally, the Company is committed to creating an inclusive culture where all employees belong, regardless of their identity, cultural or cognitive background. It has goals specific to inclusion, diversity and belonging, which are shared with employees and tracked at a Board level. Reverse mentoring schemes are also in place, a programme specifically designed around diversity-based mentoring.

Shareholders

The Company is progressively increasing the proportion of independent NEDs on the Board and reducing the representation of shareholders. Nevertheless, representatives from the Company's major shareholders have observer rights to attend Board meetings, receive monthly management accounts and Board packs containing summaries of the key matters. In addition, the Company provides a quarterly update to representatives of its major shareholders and an annual update to minor shareholders.

Community

The Company's growing presence allows Gousto to play a part in local communities across the UK and always aims to operate safely and effectively within each local community.

Being the employer of choice in the local community is important, which the Company aims to do with its Real Living Wage pledge, safe working environment and focus on sustainability.

Supporting local businesses is a key objective, with almost all of the Company's supplier base being based in the UK. Furthermore, the Company launched a free tool for local businesses to advertise their offerings during

Covid-19, and in 2021 has supported local restaurants through donations and providing mentoring services.

The Company frequently donates meals to local food banks, and carries out fundraising activities for charities such as the Trussell Trust. In 2021 The Company donated 424,469 meals to those in need via its partnership with FareShare. 2021 also witnessed the Company launch a payroll giving scheme whereby all employees at the Company can choose to donate some of their monthly salary to a charity of their choice. It's a message that supports us in the mission to ensure that every meal leaves the world a better place.

Environment

Third party research shows that shopping at Gousto saves 23% on carbon emissions compared to the equivalent supermarket shop. "Every Meal Leaves the World Better Off" is the Company's commitment to minimise any negative impact and 'give back' to communities and the environment.

In Q4 2021, the Company launched its "Sustainability Champions" initiative. The role of a Gousto Sustainability Champion is to report on the progress of sustainability initiatives from their team that align with the Company's core sustainability objectives and raise awareness and identify sustainability related opportunities throughout the business.

Gousto employees visit supplier sites to understand what those suppliers do to help deliver on their own environmental and sustainability targets. The Board recognises that understanding how the supply chain manages and reduces its own environmental impact will help us to achieve the Company's sustainability goals. For example, Gousto employees have spent time with suppliers to understand how they use technology to monitor and manage their own carbon footprint and water use in order to make their processes more efficient and less wasteful by adopting new technologies.

The risk of environmental damage caused by the Company's operations is controlled through measures such as:

- Implementation and enforcement of health and safety policies and procedures, including safe operating procedures;
- Reduction of waste and carbon emissions, including the use of green energy
- Recommending virtual meetings where possible, removing the need for travel
- Challenging unsustainable activities such as the wasteful use of water and use of lights and heating outside of usual working hours.

The Company also aims to ensure its products are environmentally friendly, through measures such as:

- Reducing the amount of plastic in a Gousto Box;
- Aiming for all Gousto-branded packaging to either be reusable, recyclable or compostable by 2025, in line with the UK Plastics Pact;
- Requiring suppliers to provide evidence that their products are sustainably sourced.

In Q4 2021, the Company entered into a trial partnership with a supplier of the world's first edible packaging solution, as part of its efforts to continue reducing plastic packaging in its recipe boxes. The edible packaging is made by engineering and drying a pea protein material into sheets that have the same benefits as plastic, being able to preserve the food's flavour and shelf life, but with none of the packaging waste. It is estimated that a further 17 tonnes of plastic could be saved by Gousto annually if the new edible stock cube packaging is rolled out in full to customers in the future.

The Company is committed to further reducing the environmental impact of its operations through the efficient use of resources, the reduction of waste and carbon emissions, recycling, transport planning and the careful handling of hazardous substances. To facilitate the measurement of progress, targets are monitored by the Board.

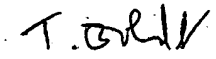
Principal decisions taken in the year

The Board approved the Company budget for 2022 and expenditure on major strategic projects, such as:

- The approval and entering into a lease for a new fulfilment centre in the Midlands.
- The approval of a share option plan for eligible employees in the business meaning the majority of Gousto employees have now been offered the opportunity to become shareholders of the business.
- Obtaining additional debt financing with Barclays and HSBC, and raising additional equity finance from Softbank Vision Fund II.
- Adoption of updated employment contracts and related employment and HR policies across the business.
- The appointment of two new NEDs to the Board at the end of 2021.
- The restructuring of Board committees including the merging of the Audit and Risk Committees.

The Board considers that it has complied in all material respects with their s172(1) duties.

This report was approved by the board and signed on its behalf by:



Timo Boldt Founder & CEO
Date: 17 May 2022

Directors' Report

The Directors present their Directors' Report and the audited financial statements of SCA Investments Limited (the "Company") for the 53 week period ended 31 December 2021.

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Principal activities

The principal activity of the Company is the sale of food recipe boxes.

Results and dividends

Revenue increased to £315.3m (2020: £188.8m), which was a key contributor to Underlying EBITDA (APM) increasing to £20.0m (2020: £18.2m). Net cash generated from operating activities increased to £36.9m (2020: £15.6m) as a result of improved working capital efficiencies. The loss for the financial year, after taxation, amounted to £14m (2020: profit £1.9m), due primarily to an enhanced level of capital investment, made to provide the foundations for future growth. As at 31 December 2021 the Company has net assets of £176.2m (25 December 2020: £115.2m). The main drivers for the increase in the net assets position are the issue of shares in the year and the use of external financing arrangements. Furthermore, the Company has invested significantly in tangible fixed assets, right-of-use assets and intangible assets in order to support the increased demand seen throughout 2021 and for the future.

The Directors of the Company are proposing no dividends to be paid out (2020: £Nil).

- T Boldt
- K Garrett-Cox (appointed 25 May 2021)
- M Evans (resigned 5 March 2021)
- S Matthews
- T Mason
- A Wynn
- N Buckle
- M Reich
- L Tracol (appointed 1 December 2021)
- M Ohrstrand (appointed 31 December 2021)

Going concern

In determining the appropriate basis of preparation of the annual financial statements for the period ended 31 December 2021, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future and for at least 12 months from the approval of these financial statements.

The Directors have concluded that the Company meets its day-to-day working capital requirements through its raising of finance and generation of positive cash flow from operations of £36.9m (2020: £15.6m). During the period, the Company raised £68.9m (2020: £56.7m) through the issue of L class shares to new investors. Furthermore, the Company obtained three new sources of external financing in the year; a Trade Facility loan, a Revolving Credit Facility and an Asset Financing Agreement, all of which provide additional comfort over liquidity, working capital and the overall ability of the Company to meet its debt obligations. At the year-end the Company had cash and cash equivalents of £90.0m (2020: £66.8m).

The Directors have considered a number of downside scenarios including slower revenue growth, margin dilution and other cost inflations. In light of this, the Directors reasonable expectation remains that the Company has adequate resources to continue in operational existence for the foreseeable future.

Future developments

Future developments for the Company involve the continued development of its consumer offerings, in terms of recipe choice, convenience and corporate sustainability.

Underpinning the future developments are:

- Continued investment in its proprietary technology platforms
- Investment in factory capability and capacity, with several new fulfilment centres planned
- Continued investment in sustainability monitoring and improvement initiatives

As a result of these important investments in future growth, the Company expects 2022 profitability to remain below its longer term potential.

Financial risk management

The Company operates only in the United Kingdom and transacts almost exclusively with UK-based suppliers. As a result, there is minimal direct exposure to currency fluctuations and hence limited currency risk.

Given the business takes payment prior to delivering its product, the inherent credit risk from the Company's customer base is very low.

Financial instruments risk

The Company is exposed to the following risks in relation to financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

The Company's risk management is closely monitored, with regular reporting to the Board of Directors and the oversight of the Audit and Risk Committee. Its approach to managing each of the above risks is:

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Exposure to Credit risk can arise from financial assets including Cash and cash equivalents and trade receivables and the level of risk is judged to be low, both in terms of initial and subsequent recognition.

The Company ensures that all financial instruments are held with A rated financial institutions. As customers pay in advance of delivery, the credit risk in relation to trade receivables is minimal. Additionally, the Company holds cash deposits and does not hold financial instruments for speculative purposes.

Trade receivables are written off when there is no reasonable expectation of recovery. The key indicator that there is no reasonable expectation of recovery is failure of the debtor to make payment to the Company for a period of 90 days past due.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due, however this risk is low due positive working capital driven by customers paying in advance. Exposure to

liquidity risk can arise from borrowings and other liabilities. The Company utilises monetary deposits, these deposits sit within cash & cash equivalents. It closely matches its deposit strategy with its cash requirements per its cash flow forecast models, adding in sufficient buffers to mitigate this risk. The Company also holds a Trade Facility Loan (due within 180 days) and a Revolving Credit Facility in order to provide additional working capital, when required, and mitigate liquidity risk.

Interest rate risk

The Company invests in short term cash deposits, meaning its interest rate earned is not significant. Due to the transition to IFRS the Company now recognises lease liabilities on the Statement of Financial Position. The lease liabilities are not impacted by movements in interest rates. The Company's drawn borrowings have fixed interest rates, which mitigates the risk of adverse fluctuations in interest rates. Accordingly, any interest rate movements will not materially impact the Company.

The Company is aware of the implications of the interest benchmark reform. There is no impact in 2021 and low overall risk due to the fact the Company does not currently hold any hedging relationships. The Company is monitoring its position and will continue to review its level of exposure to alternative interest rate benchmarks.

Loan covenants

Under the terms of the Revolving Credit Facility, the Company is required to comply with the following financial covenants:

- Interest cover in respect of any relevant period should not be less than 3.0:1
- Adjusted leverage in respect of any relevant period should not be less than 2.5:1

The Company complied with these covenants throughout the reporting period.

The following non-financial criteria also impact the interest rate applicable to the Revolving Credit Facility:

- The percentage of own brand packaging used by the Company in that Financial Year which is:

  (a) recyclable or reusable as determined on the basis that polypropylene film is deemed to be classified as recyclable at all times; or

  (b) compostable (as classified by the Waste and Resources Action Programme),

- The percentage of Renewable Energy used at each Relevant Operational Site.
- The percentage of full time employees of the Company who are participating in a Charities Aid Payroll giving scheme.

The interest rate of the Revolving Credit Facility will either be increased or decreased by 0.025%, depending on whether the over-performance threshold (55%) or under-performance threshold (50%) is achieved for each of the above criteria.

Streamlined Energy and Carbon Reporting

The Company is a purpose-driven organisation with a vision that "Every meal leaves the world better off." Gousto recognises that there are aspects of the business that leave a footprint but are committed to reducing emissions across Scope 1, 2, and 3.

Greenhouse Gas emissions data for Jan-Dec 2020 and 2021

KPI	Unit (Global tonnes of CO2e)	Jan-Dec 2021	Jan-Dec 2020
Scope 1 emissions	tCO2e	5	42
Scope 2 emissions	tCO2e	2,465	1,065
Scope 3 emissions	tCO2e	91	3
Total emissions that come from Green Tariffs	tCO2e	1,800	694
Emissions from energy exports	tCO2e	0	0
Total CO2e (net energy export)	tCO2e	0	0
Energy exported	tCO2e	0	0
Total annual net emissions	tCO2e	2,561	1,110

Group intensity Ratio	tCO2e per £m sales revenue (scopes 1,2,3)	8.2	5.9

The Company calculated greenhouse gas emissions using the Government's guidance and applied the UK GHG Conversion Factors. The emissions reported are associated with the operational emissions of the Company including head offices and include:

- Scope 1 (Fugitive emissions and purchased gas)
- Scope 2 (Purchased electricity)
- Scope 3 (Business travel)

Emissions from the greenhouse gases are standardised to global warming potential represented as carbon dioxide equivalents (CO2e).

Total annual electricity usage in 2021 is 11,608,700 kWh (2020: 4,568,199 kWh). The increase is attributable to the growth of the Company.

Principal Measures Taken

During the financial reporting period, the Company has made the following energy efficiency improvements

Lighting: Installed LED lighting in 3 existing sites, and installed LED lighting with automatic on/off sensors at a new site.

Compressed Air, Air Drying, and Refrigeration: all sites have been designed with energy efficiency in mind, including:

- **VSD (Variable Speed Drive):** One factory has been upgraded. A new site is a further improvement with VSD and 75% turndown
- **Air Drying:** 1st stage refrigerant and 2nd stage decadent
- **Electric Servo:** machinery has been converted from air power to electric servo to improve energy consumption and speed
- **Refrigeration:** one factory has been independently assessed as efficient, with low charge ammonia

R&D activities

The Company continues to invest in its tech, data and analytics capabilities to further enhance the customer offering whilst simultaneously reaping the benefits of an ever more efficient cost base as a result of an ever enhancing understanding of its customers and additional machine automation.

Employee information

The Company is focused on creating a positive environment in which everyone is treated fairly, equally and valued.

The Company has a number of policies that underpin these working practices, for example there is an equality, diversity and inclusion policy, a trans-inclusion policy, anti-harassment and bullying policy. The Company also completes engagement surveys throughout the year, to understand how employees are feeling across a range of areas which in turn enables us to take specific actions to further develop strengths and address those areas where there is room for improvement.

The selection processes are non discriminatory and always seek to give full and fair consideration to candidates. The Company utilises a platform which enables debiased recruitment which, through the anonymised, skills based software, supports us to hire empirically, ethically, and efficiently. In addition, the Company also ensures they can implement adjustments based on individual requirements throughout the interview process.

Employee engagement is a constant focus. The Company has elevated their diversity, inclusion and belonging strategy, with the establishment of surveys with specific questions around belonging and diversity, with the results shared with all employees and dedicated communication and information pages set up. The Company continues to regularly assess employee satisfaction through frequent surveys, with the results shared with employees and discussed at board meetings. One example of an action is that the Company ensured that multilingual training videos with additional subtitles on screen were created.

Additionally, during the year a sub-group of Heads of Functions was established, with the heads of each department represented. A key objective of this group is to optimise employee engagement through providing a common forum to discuss issues. Regular cross functional meetings are also held to present the Company's financial and operational performance and to provide employees with opportunities to ask questions to the Senior Leadership Team. Once a quarter, Superday sessions are held where the whole business presents to the Senior Leadership Team.

For any employees who have a disability, every effort is made to ensure their employment with the Company continues and individual action plans are developed and implemented, be this around training, equipment, workplace adjustments, and so on. The Company also has a third party provider they partner with to ensure they obtain the best advice to best support their employees. So far as possible the Company ensures that the training, career development and promotion of any disabled person is identical to that of a colleague who does not suffer from such a disability.

The Company is strongly committed to employee share ownership, with 21,845 (2020: 73,876) employee direct shares and share options exercised and 40,008 (2020: 349,746) issued during the period.

The Company's policy as regards health and safety is to comply with all relevant legislation to ensure, as far as is reasonably practicable, the health, safety and welfare at work of all its employees. The Company has a dedicated team that supports us on all H&S matters across all sites, which enables us to provide a consistent experience whichever site you may be working from and also, should there be any trends, the Company would be well placed to have the oversight to enable us to take proactive actions.

Disclosure of information to auditors

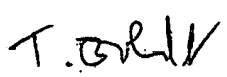
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as independent auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



Timo Boldt Founder & CEO
Date: 17 May 2022

Independent auditors' report to the members of SCA Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion, SCA Investments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss and cash flows for the 53 week period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2021; Statement of profit or loss, Statement of Changes in Equity, and Statement of Cash Flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we

identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report 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 Directors' Report for the period ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulation, GDPR, employment law and general food law regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of revenue and or costs, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Reviewing the financial statement disclosures and agreement to underlying supporting documentation;
- Challenging assumptions made by management in determining their significant judgements and accounting estimates; and
- Identifying and testing unusual journals posted to revenue, journals posted after period close and journals posted by senior management.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Emily Greybrook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 17 May 2022

Statement of profit or loss

	Note	53 week Period ended 31 December 2021 £000's	52 week Period ended 25 December 2020 £000's
Revenue	6	**315,281**	188,790
Cost of sales		**(154,124)**	(86,429)
Gross profit		**161,157**	102,361
Administrative expenses		**(109,543)**	(53,866)
Distribution expenses		**(61,369)**	(40,162)
(Loss)/profit from operations	7	**(9,755)**	8,333
Finance income	10	**65**	106
Finance expense	10	**(3,801)**	(1,531)
Share based payments	22	**(6,493)**	(5,833)
(Loss)/profit before tax		**(19,984)**	1,075
Tax credit	11	**5,841**	789
(Loss)/profit for the financial year		**(14,143)**	1,864

The Company has no recognised gains or losses other than the items set out above and therefore no separate statement of comprehensive income has been presented.

As per the Strategic Report the Directors also use 'Underlying EBITDA' to assess performance and aid strategic development. This measure is not considered superior or a substitute for IFRS profitability measures, however the Directors consider it relevant for the users of the financial statements.

Underlying EBITDA	27	**20,025**	18,282

The Strategic Report also includes a reconciliation of IFRS profitability measures to Underlying EBITDA.

The notes on pages 41 to 63 form part of these financial statements.

Statement of Financial Position
as at 31 December 2021

	Note	As at 31 December 2021 £000's	As at 25 December 2020 £000's
Non-current assets			
Property, plant and equipment	12	**84,586**	27,402
Right of use assets	13	**70,335**	48,586
Intangible assets	14	**17,767**	8,812
Deferred tax assets	11	**15,147**	8,241
		187,835	93,041
Current assets			
Inventories	15	**8,105**	6,571
Trade and other receivables	16	**12,786**	15,969
Cash and cash equivalents	23	**89,955**	66,841
		110,846	89,381
Total assets		**298,681**	182,422
Current liabilities			
Trade and other payables	17	**(40,418)**	(18,420)
Lease liabilities	13	**(9,236)**	(9,553)
Borrowings	18	**(10,052)**	-
Provisions	24	**(37)**	-
		(59,743)	(27,973)
Non-current liabilities			
Lease liabilities	13	**(60,425)**	(39,259)
Borrowings	18	**214**	-
Provisions	24	**(2,485)**	-
		(62,696)	(39,259)
Total liabilities		**(122,439)**	(67,232)
Net assets		**176,242**	115,190
Share capital	20	**5**	5
Share premium reserve	21	**223,118**	154,215
Other reserves	21	**11,136**	4,262
Accumulated losses	21	**(58,017)**	(43,292)
Total Equity		**176,242**	115,190

The financial statements on pages 41 to 63 were approved by the Board of Directors and signed on its behalf by:

T. Boldt

Timo Boldt Founder & CEO
Date: 17 May 2022
The notes on pages 41 to 63 form part of these financial statements.

Statement of Changes in Equity

	Called up share capital £000's	Share premium £000's	Other reserves £000's	Accumulated losses £000's	Total shareholders' funds £000's
At 27 December 2019 and 28 December 2019	4	97,536	1,247	(47,974)	50,813
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	1,864	1,864
Total comprehensive income for the financial year	-	-	-	1,864	1,864
Contributions by and distributions to owners					
Issue of share capital (note 20 and 21)	1	56,679	-	-	56,680
Settlement of employee share schemes	-	-	-	2,818	2,818
Credit relating to equity-settled share based payments	-	-	3,015	-	3,015
Total contributions by and distributions to owners	1	56,679	3,015	2,818	62,513
At 25 December 2020	**5**	**154,215**	**4,262**	**(43,292)**	**115,190**
At 26 December 2020	**5**	**154,215**	**4,262**	**(43,292)**	**115,190**
Comprehensive income for the financial period					
Loss for the financial period	-	-	-	(14,143)	(14,143)
Total comprehensive expense for the financial period	-	-	-	(14,143)	(14,143)
Contributions by and distributions to owners					
Issue of share capital (note 20 and 21)	-	68,903	-	-	68,903
Settlement of employee share schemes	-	-	(946)	946	-
Credit relating to equity-settled share based payments	-	-	6,292	-	6,292
Reclassification between share-based payment reserves and retained earnings (note 21)	-	-	1,528	(1,528)	-
Total contributions by and distributions to owners	-	68,903	6,874	(582)	75,195
At 31 December 2021	**5**	**223,118**	**11,136**	**(58,017)**	**176,242**

The notes on pages 41 to 63 form part of these financial statements.

Statement of Cash Flows for the period ended 31 December 2021

	Note	2021 £000's	2020 £000's
Cash flows from operating activities			
(Loss)/profit for the year		**(14,143)**	1,864
Adjustments for			
Depreciation of property, plant and equipment	12	**4,203**	1,859
Amortisation of intangible fixed assets	14	**7,014**	3,460
Depreciation of right-of-use assets	13	**10,370**	3,873
Finance income	10	**(65)**	(106)
Finance expense	10	**98**	-
Lease interest expense	10	**3,723**	1,531
Share-based payment expense	22	**6,493**	5,833
Tax credit	11	**(5,841)**	(789)
Exchange rate loss		**(20)**	-
		11,832	17,525
Movements in working capital:			
Movement in trade and other receivables		**3,183**	(7,650)
Movement in inventories		**(1,534)**	(4,274)
Movement in trade and other payables		**21,998**	8,984
Movement in provisions		**2,522**	-
Cash generated from operations		**38,001**	14,585
Corporation tax credit received		**(1,065)**	1,063
Net cash generated from/(used in) operating activities		**36,936**	15,648
Cash flows from investing activities			
Purchases of property, plant and equipment	12	**(68,765)**	(22,969)
Purchase of intangibles	14	**(15,969)**	(7,239)
Finance income	10	**65**	106
Purchase of right of Right of use asset		**-**	(798)
Net cash used in investing activities		**(84,669)**	(30,900)

Statement of Cash Flows for the period ended 31 December 2021 continued

	Note	2021 £000's	2020 £000's
Cash flows from financing activities			
Issue of ordinary shares	20	**68,903**	56,679
Payment of lease liabilities	13	**(10,833)**	(4,380)
Proceeds from sale and leaseback transaction		**6,760**	-
Finance expense	10	**(98)**	-
Lease interest expense	10	**(3,723)**	-
Movement in borrowings	13	**9,838**	-
Net cash from financing activities		**70,847**	52,299
Net cash increase in cash and cash equivalents		**23,114**	37,047
Cash and cash equivalents at the beginning of period		**66,841**	29,794
Cash and cash equivalents at the end of the period	23	**89,955**	66,841

Notes to the Financial Statements

1. REPORTING ENTITY

The legal form of SCA Investments Limited (the 'Company') is that of a private limited company, limited by shares. The entity was incorporated and domiciled in England and Wales, United Kingdom and the Company's registered office Unit 1.8 & 1.9 The Shepherds Building, Charecroft Way, London, W14 0EE. The company number is 08027386.

The Company's principal activity is the sale of food recipe boxes.

2. BASIS OF PREPARATION

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted International Accounting Standards in its company financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement and disclosure in the period reported as a result of the change in framework.

The financial statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements on the Companies Act 2006 as applicable to companies reporting under those standards. They were authorised for issue by the Company's board of directors on: 17 May 2022

The accounting policies adopted in the preparation of these financial statements, which have been consistently applied, unless otherwise stated, are set out below.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 5.

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.2 Changes in accounting policies

i) New standards, interpretations and amendments not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2021 reporting period and have not been adopted early by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments amend IAS 16 to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. This would have a highly immaterial financial impact on the current accounting period and as such the standard has not been early adopted.

2. BASIS OF PREPARATION CONTINUED

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. This amendment relates to accounting periods beginning on or after 1st January 2023 – all accounting policies considered material are already disclosed in the financial statements, therefore early adoption of this policy is not considered necessary.

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (to be settled within one year) or non-current. This would not have a material impact on the financial statements for the current accounting period and as such this standard has not been adopted early.

2.3 Change in reporting period

The financial statements report on a period of 53 weeks, from 26th December 2020 to 31st December 2021, due to use of the retail calendar for reporting purposes. The comparative period is one of 52 weeks, therefore the financial statements are not entirely comparable to the prior year.

3. ACCOUNTING POLICIES

3.1 Going concern

The Company meets its day-to-day working capital requirements through its raising of finance from investors and cash holdings. During the period, the Company raised a net £68,903k through the issue of various classes of ordinary shares to existing and new investors and generated net cash from operating activities of £36,936k. Furthermore, at period-end the Company had cash holdings of £89,955k. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance and the ongoing Covid 19 pandemic, show that the Company has sufficient working capital and net assets to meet its obligations as they fall due for the foreseeable future. The directors reasonable expectation remains that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company therefore continues to adopt the going concern basis in preparing its financial statements.

3.2 Revenue

The core principle of IFRS 15 "Revenue from Contracts with Customers" requires an entity to recognise revenue representing the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for transferring those foods or services to the customer. The revenue shown in the Statement of profit or loss represents the value of food recipe boxes provided to customers during the period. Revenue is recognised as, or when, the performance obligations to the customer are satisfied. The Company considers that performance obligation associated with revenue to be the delivery of the box to the customer. Revenue is stated net of discounts, complimentary items and value added tax.

3.3 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

3. ACCOUNTING POLICIES CONTINUED

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

Extension and termination options are included in a number of property and equipment leases. These are used to maximise operational flexibility in terms of managing the assets used in the company's operations. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

Sale and leaseback transactions are accounted for under IFRS 16. A right-of-use asset is recognised based on the current net book value of the asset, adjusted for the present value as a proportion of the fair value of the underlying asset. A lease liability is also recognised at the present value of the minimum lease payments. All gains and losses associated with sale and leaseback transactions are recognised in the Statement of profit or loss.

3.4 Finance costs and Finance income

Finance costs are charged to the Statement of profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Interest income is recognised in the Statement of profit or loss using the effective interest method.

3. ACCOUNTING POLICIES CONTINUED

3.5 Employee benefits

The Company operates a defined contribution pension scheme. The assets of the defined contribution scheme are held separately from those of the Company and obligations for contributions to the scheme are recognised as an expense in the Statement of profit or loss in the periods during which they fall due.

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

3.6 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of profit or loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3.7 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value on a straight-line basis over their expected useful economic lives. It is provided at the following range:

Factory Premises	7 years
Office Equipment	5 years
Computer Equipment	3 years
Property Improvements	5 years
Motor Vehicles	5 years

3.8 Intangible assets acquired separately

The Company has intangible assets relating to creating a unique product offering to its customers. This includes continually building an innovative platform that can support the customer interface and supply chain to allow reduced lead times. It is also continually building its recipe database creating individual recipes and collections that will continue to be part of the offer for years to come.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life and are amortised on a straight line basis with the amortisation being recognised in the Statement of profit or loss. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

3. ACCOUNTING POLICIES CONTINUED

The estimated useful lives range as follows:

Platform Innovation	3 years
Recipe Development	3 years
New Recipe Collection	3 years
Website development costs	2 years
ERP development and implementation costs	5 years

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Costs of inventories are determined on a first in, first out basis.

At each reporting date, stock value is assessed in terms of whether a provision is required. If so, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

3.10 Trade and other receivables

Trade receivables are measured at fair value on initial recognition. They are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. If there is any objective evidence that the asset is impaired it is written down to its recoverable amount and the irrecoverable amount is recognised as an expense within administrative expenses.

3.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than four months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

3.12 Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3.13 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual *provisions of the instruments.*

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from banks and other third parties.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3.14 Financial assets

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.15 Financial liabilities and equity instruments Financial liabilities

All financial liabilities are measured at amortised cost using the effective interest method or at FVTPL.

3. ACCOUNTING POLICIES CONTINUED

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) held for trading, or (ii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.16 Share based payments

The Company operates a number of equity settled, share based compensation plans. The fair value of the equity instruments granted is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non market vesting conditions (for example, profitability and sales growth targets). Non market vesting conditions are included in assumptions about the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Statement of Changes in Equity, with a corresponding adjustment to equity.

3.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of profit or loss in the period that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

4 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities in the next financial year are as follows:

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

Development expenditure - judgement

Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed. In determining the amounts to be capitalised management makes assumptions regarding the expected future economic benefit of the assets and the expected period of benefits.

Useful economic lives of tangible assets - estimate

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of tangible assets, and note 3.7 for the useful economic lives for each class of assets.

Useful economic lives of intangible assets - estimate

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Share based payments - judgement and estimate

Judgement and estimation are required in determining the fair value of shares at the date of award. The fair value is estimated using valuation techniques which take into account the award's term, the risk free Interest rate and the expected volatility of the market price of the Company's shares. Judgement and estimation are also required to assess the number of options expected to vest.

Dilapidations provision - estimate

Under our lease agreements we have an obligation to restore the premises to the condition required by the terms and conditions. In order to determine these future costs we have engaged a third party specialist and have relied on their estimate of the average cost per square foot to calculate this provision.

A reasonable change in the estimate of dilapidation cost per square foot does not result in a material change in the provision.

IFRS 16 – Incremental Borrowing Rate ("IBR") - estimate

Under IFRS 16, the initial right-of-use asset and liability are measured at the present value of the lease payments payable over the lease term, discounted at the IBR. The Company applies judgement in determining the incremental borrowing rate used to calculate the lease liability, as disclosed in note 13, since the interest rate implicit in each lease cannot be readily determined. The incremental borrowing rate is calculated using the risk-free borrowing rate, plus an adjustment for the rate of UK risk-free bond yields, to reflect the length of the lease.

IFRS 16 – Incremental Borrowing Rate ("IBR") – estimate (continued)

The incremental borrowing rate is set at the time of inception of the lease and updated to reflect the most recent information relevant to the business.

A 1% increase in the IBR would result in a £176k increase in the interest charge for 2021 and a decrease in net book value of £1,015k, in respect of right of use assets, as at the balance sheet date.

Exceptional (Non-recurring) expenditure in the calculation of Underlying EBITDA - judgement

The Company has chosen to present a measure of profit which excludes certain items that are considered non-recurring and exceptional due to their size, nature or incidence, and are not considered to be part of the normal operations of the Company. This measure may exclude the financial effect of non-recurring expenditure items which are considered exceptional and occur infrequently such as, inter alia, material new business process costs, capital structure and investor costs, and significant other one-off costs relating to process failures. The Company believes that the measure provides additional useful information to users of the financial statements to enable a better understanding of the Company's underlying financial performance. The classification of items as exceptional requires significant management judgement. The definition of exceptional items has been applied consistently year on year.

6 REVENUE

The following is an analysis of the Company's revenue for the period from continuing operations:

	53 week Period ended 31 December 2021 £000's	52 week Period ended 25 December 2020 £000's
Sale of goods	**315,281**	188,790

All revenue is related to the United Kingdom and is recognised at the point of time in which the goods are transferred to the customer.

7. (LOSS)/PROFIT FROM OPERATIONS

	53 week Period ended 31 December 2021 £000's	52 week Period ended 25 December 2020 £000's
The profit/(loss) from operations is stated after charging/(crediting):		
Depreciation of property, plant and equipment	**4,203**	1,859
Depreciation of right of use assets	**10,370**	3,873
Amortisation of intangible assets	**7,014**	3,460
Inventories recognised in cost of sales	**147,145**	84,771
Write-down of inventories	**6,749**	1,548
Exchange gains	**(20)**	(21)

Write-down of inventories has increased significantly due to higher inventory levels being held and integration issues with the new inventory system during the opening of the Clay Lake factory.

8. AUDITORS' REMUNERATION

	53 week Period ended 31 December 2021 £000's	52 week Period ended 25 December 2020 £000's
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**88**	68
Fees payable to the Company's auditors in respect of:		
Taxation compliance services	**-**	58
Taxation advice services	**69**	-
Subscription fees	**3**	-
	160	126

9. EMPLOYEE BENEFIT EXPENSES

	53 week Period ended 31 December 2021 £000's	52 week Period ended 25 December 2020 £000's
Employee benefit expenses (including directors) comprise:		
Wages and salaries	**51,044**	26,330
Social security costs	**5,383**	1,957
Other pension cost	**1,131**	174
	57,558	28,461

Directors' emoluments
Directors' emoluments were as follows:

	53 week Period ended 31 December 2021 £000's	52 week Period ended 25 December 2020 £000's
Salary	**843**	906
Defined contribution scheme costs	**10**	10
	853	916

The highest paid director received remuneration as follows:

	53 week Period ended 31 December 2021 £000's	52 week Period ended 25 December 2020 £000's
Cash remuneration	**290**	225
Equity-related compensation	**-**	181
	290	406

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3k (2020: £3k). The highest paid director changed in 2021, with the previously highest paid director forgoing salary in lieu of charitable contributions.

During the period 2 (2020:3) directors exercised share options. The highest paid director exercised no share options (2020: 25,087)

Key Management Personnel
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. These comprise the members of the leadership team. The remuneration of the Directors is not included within the amounts disclosed below.

9. EMPLOYEE BENEFIT EXPENSES CONTINUED

	53 week Period ended 31 December 2021 £000's	52 week Period ended 25 December 2020 £000's
Salary	**667**	720
Defined contribution scheme costs	**8**	11
	675	731

The monthly average number of persons, including the directors, employed by the Company during the year was as follows:

	53 week Period ended 31 December 2021	52 week Period ended 25 December 2020
Production	**752**	377
Head office	**592**	325
	1,344	702

10. FINANCE INCOME AND EXPENSE

Recognised in profit or loss

	53 week Period ended 31 December 2021 £000's	52 week Period ended 25 December 2020 £000's
Finance income		
Interest on:		
- Bank deposits	**65**	106
Finance expense		
Bank interest payable	**(98)**	-
Interest on lease liabilities	**(3,703)**	(1,531)
Total Finance expense	**(3,801)**	(1,531)

The above financial income and expense include the following in respect of assets/(liabilities) not at fair value through profit or loss:

	53 week Period ended 31 December 2021 £000's	52 week Period ended 25 December 2020 £000's
Total interest income on financial assets	**65**	106
Total interest expense on financial liabilities	**(3,801)**	(1,531)
	(3,736)	(1,425)

11. TAX CREDIT

11.1 Income tax recognised in profit or loss

	53 week Period ended 31 December 2021 £000's	52 week Period ended 25 December 2020 £000's
Current tax		
Current tax on profits for the year	**155**	(910)
Adjustments in respect of prior years	**910**	(153)
Total current tax	**1,065**	(1,063)
Deferred tax expense		
Origination and reversal of timing differences	**(2,402)**	1,162
Adjustments in respect of prior years	**(906)**	102
Tax rate changes	**(3,598)**	(990)
Total deferred tax	**(6,906)**	274
	(5,841)	(789)
Total tax expense		
Tax expense	**(5,841)**	(789)
	(5,841)	(789)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	53 week Period ended 31 December 2021 £000's	52 week Period ended 25 December 2020 £000's
Profit/(loss) before income taxes	**(19,984)**	1,075
Tax at the standard UK corporation tax rate of 19% (2020: 19%)	**(3,797)**	204
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	**316**	61
Adjustments to tax charge in respect of prior periods	**4**	(51)
Effects of R&D tax credits	**-**	(1,135)
Tax rate changes	**(3,598)**	(990)
Amounts not recognised	**1,234**	1,121
Total tax expense	**(5,841)**	(789)

The deferred tax not recognised relates to deductions of which the amount and timing are uncertain and therefore are not appropriate to be recognised.

11 TAX CREDIT CONTINUED

Changes in tax rates and factors affecting the future tax charges

The Finance Act 2021 which was Substantively Enacted on 24 May 2021 included provisions to increase the rate further to 25% effective from 1 April 2023 and this rate has been applied when calculating the deferred tax asset at the year end.

11.2 Deferred tax balances

The following is the analysis of deferred tax assets presented in the statement of financial position:

	As at 31 December 2021 £000's	As at 25 December 2020 £000's
Deferred tax assets	**15,147**	8,214

	Opening balance £000's	Recognised in profit or loss £000's	Prior year adjustment £000's	Closing balance £000's
2021				
Property, plant and equipment	2,331	2,071	(1,322)	3,080
Short term timing differences	(48)	(241)	(158)	(447)
Tax losses carried forward	(10,524)	(7,832)	576	(17,780)
	(8,241)	(6,002)	(904)	(15,147)

	Opening balance £000's	Recognised in profit or loss £000's	Prior year adjustment £000's	Closing balance £000's
2020				
Property, plant and equipment	664	1,306	361	2,331
Short term timing differences	(17)	(26)	(5)	(48)
Tax losses carried forward	(9,161)	(1,108)	(255)	(10,524)
	(8,514)	172	101	(8,241)

The deferred tax asset has been recognised as the Company expects to have sufficient taxable profits in the future to utilise the deductible temporary differences and carried forward losses.

12. PROPERTY, PLANT AND EQUIPMENT

	Factory Premises £000's	Office Equipment £000's	Computer Equipment £000's	Motor Vehicles £000's	Property Improvements £000's	Right of Use Assets £000's	Total £000's
Cost or valuation							
At 28 December 2019	6,615	1,130	775	-	139	-	8,659
Additions	21,044	37	1,056	82	750	52,460	75,429
Disposals	-	-		-	(174)	-	(174)
At 25 December 2020	27,659	1,167	1,831	82	715	52,460	83,914
At 26 December 2020	27,659	1,167	1,831	82	715	52,460	83,914
Additions	66,940	215	1,606	-	4	32,118	100,883
Disposals	(7,628)	-	-	-	-	-	(7,628)
At 31 December 2021	86,971	1,382	3,437	82	719	84,578	177,169
Accumulated depreciation							
At 28 December 2019	1,151	666	429	-	123	-	2,369
Charge for the year	1,212	249	277	1	120	3,873	5,732
Disposals	-	-	-	-	(174)	-	(174)
At 25 December 2020	2,363	915	706	1	69	3,873	7,927
At 26 December 2020	2,363	915	706	1	69	3,873	7,927
Charge for the year	2,921	261	742	17	262	10,370	14,573
Disposals	(251)	-		-	-	-	(252)
At 31 December 2021	5,032	1,176	1,448	18	331	14,243	22,248
Net book value							
At 25 December 2020	25,296	252	1,125	81	646	48,586	75,987
At 25 December 2021	81,939	206	1,989	64	388	70,335	154,921

Within the above table of fixed assets there are £1,608k of £Nil net book value assets that are still in use.

13. LEASES

(i) Leases as a lessee

This note provides information for leases where the company is a lessee. The leases held by the Company are in relation to the London offices, factories, equipment and software. There are no variable lease payments which depend on an index or an underlying rate. The balance sheet shows the following amounts relating to leases:

	31 December 2021	25 December 2020
Right-of-use assets	**£000's**	**£000's**
Buildings	**59,943**	**47,842**
Equipment	**9,486**	**133**
Software	**906**	**611**
	70,335	**45,586**
Lease liabilities		
Non-current	**60,425**	39,259
Current	**9,236**	9,553
	69,661	48,812

Additions to right-of-use assets during the 2021 financial period were £32,118k (2020: £52,460k).

The directors do not believe there is liquidity risk as the Company keeps enough cash to meet its liabilities as they fall due. The cash payments made in the current period in respect of lease payments were £10,833k (2020: £4,381k). In 2020, the Company applied the practical expedient given in paragraph 46A of IFRS 16, not to treat rent concessions that occurred as a direct result of the Covid-19 pandemic as a lease modification. The amount recognised in profit or loss that has arisen as a result of applying the above practical expedient is £Nil (2020: £87k).

The following amounts in respect of leases have been recognised in profit or loss:

	53 week Period ended 31 December 2021 £000's	52 week Period ended 25 December 2020 £000's
Interest expense on lease liabilities	**3,703**	1,531
Expenses relating to short-term leases and leases of low-value assets	**41**	94
Depreciation of right-of-use assets	**10,370**	3,873

14 INTANGIBLE ASSETS

	Platform Innovation £000's	Recipe Development £000's	Website Development Costs £000's	Total £000's
Cost or valuation				
At 28 December 2019	7,941	754	382	9,077
Additions	7,048	191	-	7,239
Disposals	-	-	(351)	(351)
At 25 December 2020	**14,989**	**945**	**31**	**15,965**
At 26 December 2020	14,989	945	31	15,965
Additions	15,256	713	-	15,969
Disposals	-	-	-	-
At 31 December 2021	**30,245**	**1,658**	**31**	**31,934**
Accumulated amortisation				
At 28 December 2019	3,154	521	369	4,044
Charge for the year	3,285	163	12	3,460
Disposals	-	-	(351)	(351)
At 25 December 2020	**6,439**	**684**	**30**	**7,153**
At 26 December 2020	6,439	684	30	7,153
Charge for the year	6,749	264	-	7,014
Disposals	-	-	-	-
At 31 December 2021	**13,188**	**949**	**30**	**14,167**
Net book value				
At 25 December 2020	8,550	261	1	8,812
At 25 December 2021	17,057	709	1	17,767

The amortisation charge is included within administrative expenditure in the Statement of profit or loss.

Additions have increased significantly in 2021 due to new platform innovation projects undertaken in the year, primarily relating to the customisation of technologies involved in the Clay Lake, Warrington and Thurrock factories.

15. INVENTORIES

	31 December 2021 £000's	25 December 2020 £000's
Raw materials	**8,105**	6,571

Inventories recognised in cost of sales during the period as an expense was £147,145k (2020: £84,771k).

16. TRADE AND OTHER RECEIVABLES

	31 December 2021 £000's	As restated 25 December 2020 £000's
Prepayments	**1,891**	6,307
VAT and other tax recoverable	**4,988**	4,888
Other receivables	**5,907**	4,774
Total trade and other receivables	**12,786**	15,969

17. TRADE AND OTHER PAYABLES

	31 December 2021 £000's	As restated 25 December 2020 £000's
Trade payables	**17,611**	5,398
Other payables	**116**	114
Accruals	**20,154**	12,000
Contract liability	**822**	-
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**38,703**	17,512
Other taxation and social security	**1,715**	908
Total trade and other payables	**40,418**	18,420

18. BORROWINGS

	31 December 2021 £000's	25 December 2020 £000's
Bank loans	**9,838**	-
Total secured borrowings at amortised cost	**9,838**	-
Non-current	**(214)**	-
Current	**10,052**	-

The Company has a Revolving Credit Facility (RCF) of £25,000k. The balance drawn down at the balance sheet date was £Nil.

Secured liabilities and assets pledged as security

Revolving credit facility

Debt held under the Revolving Credit Facility (£Nil as at the period-end) is secured pursuant to two debentures with each of Barclays Bank PLC and HSBC UK Bank plc. The termination date of the agreement is 4 October 2023. The rate of interest for the Revolving Credit Facility is the rate of interest on each Loan for any day during an interest period, being the percentage rate per annum which is the aggregate of the applicable:

(i) Margin; and
(ii) Compounded Reference Rate for that day.

18. BORROWINGS CONTINUED

The margin is 2.6%, subject to adjustment in accordance with the following sustainability criteria:

- The percentage of own brand packaging used by the Company in that Financial Year which is:
  (a) recyclable or reusable as determined on the basis that polypropylene film is deemed to be classified as recyclable at all times; or
  (b) compostable (as classified by the Waste and Resources Action Programme),
- The percentage of Renewable Energy used at each Relevant Operational Site.
- The percentage of full time employees of the Company who are participating in a Charities Aid Payroll giving scheme.

The margin will either be increased or decreased by 0.025%, depending on whether the over-performance threshold (55%) or under-performance threshold (50%) is achieved for each of the above criteria.

Under the terms of the Revolving Credit Facility, the Company is required to comply with the following financial covenants:

(i) Interest cover in respect of any relevant period should not be less than 3.0:1
(ii) Adjusted leverage in respect of any relevant period should not be more than 2.5:1

The Company complied with these covenants throughout the reporting period.

No amount has been drawn-down on the facility as at 31st December 2021. There are professional fees of £214k recognised as a positive loan balance, which will eventually offset the liability when an amount is drawn on the facility.

Asset financing agreement

The Asset Financing Agreement is pursuant to a debenture with HSBC Equipment Finance (UK) Limited. This has been treated as a sale and leaseback transaction in the financial statements, with an effective interest rate of 3.9%. The expiry date of the lease is 30 June 2026.

The lease liability at the balance sheet date is £6,142k.

Trade facility loan

Debt held under the trade facility loan is secured over the fixed assets located at the Thurrock factory site.

The principal value of the loan is £10,000k and interest is payable at a rate of £3.350% per annum over the Bank of England Base Rate.

The maximum loan period is 180 days and the loan balance is £10,052k at the balance sheet date.

Capital risk management

The Company considers its share capital, share premium, borrowings and net cash balance as its capital requiring management.

When deciding on whether and how to raise capital, the Directors consider all relevant factors, including the Company's projected cash flow requirements, the cost of each funding source and the need to maintain investor, creditor and market confidence.

The Company monitors capital on the basis of the Adjusted leverage, being the ratio of total debt to adjusted EBITDA.

19. FINANCIAL INSTRUMENTS

	As at 31 December 2021 £000's	As at 25 December 2020 £000's
Financial assets		
Financial assets measured at fair value through profit or loss	**89,955**	66,841
Financial assets that are debt instruments measured at amortised cost	**5,744**	2,508
Financial liabilities		
Financial liabilities measured at amortised cost	**27,449**	17,286

The Company is exposed to risks in relation to financial instruments, these risks are outlined in the Strategic Report on pages 18 to 27.

Maturity of financial instruments

2021	**Under 1 year £000's**	**1-5 years £000's**	**Over 5 years £000's**	**Total contractual cash flows £000's**
Trade payables	17,611	-	-	17,611
Borrowings	10,000	-	-	10,000
Lease liabilities	11,175	46,417	23,141	80,733
	38,786	46,417	23,141	103,344
2020	**£000'S**	**£000'S**	**£000'S**	**£000'S**
Trade payables	5,398			5,398
Borrowings	-	-	-	-
Lease liabilities	10,229	38,300	30,832	79,361
	15,627	38,300	30,832	84,759

The maturity analysis was not presented in the prior year financial statements and therefore the comparative disclosure has been added above.

The maturity analysis represents undiscounted cash flows only.

20.SHARE CAPITAL

Shares Authorised, Issued and fully paid

	31 December 2021 Number	31 December 2021 £	25 December 2020 Number	25 December 2020 £
A Ordinary shares of £0.001 each				
Entitled to one vote				
At the beginning and end of the period	**275,282**	**275**	275,282	275
B Ordinary shares of £0.001 each				
Ordinary shares to equal voting rights				
At the beginning of the period	**898,139**	**898**	475,287	475
Shares issued	**24,440**	**24**	422,852	423
At the end of the period	**922,579**	**922**	898,139	898
C Ordinary shares of £0.001 each				
Each share is entitled to one vote in any circumstances				
At the beginning and end of the period	**64,687**	**65**	64,687	65
D Ordinary shares of £0.001 each				
Entitled to one vote				
At the beginning and end of the period	**59,754**	**60**	59,754	60
E Ordinary shares of £0.001 each				
Entitled to one vote				
At the beginning and end of the period	**55,172**	**55**	55,172	55
F Ordinary shares of £0.001 each				
Entitled to one vote and shares contain a liquidation preference				
At the beginning and end of the period	**208,981**	**209**	208,981	209
G Ordinary shares of £0.001 each				
Entitled to one vote in all circumstances				
At the beginning and end of the period	**139,913**	**140**	139,913	140
H Ordinary shares of £0.001 each				
Entitled to one vote in all circumstances				
At the beginning and end of the period	**345,424**	**345**	345,424	345
I Ordinary shares of £0.001 each				
Entitled to one vote in all circumstances				
At the beginning and end of the period	**589,938**	**590**	589,938	590
J Ordinary shares of £0.001 each				
Entitled to one vote in all circumstances				
At the beginning and end of the period	**1,984,742**	**1,985**	1,984,742	1,985
K Ordinary shares of £0.001 each				
Ordinary shares with equal voting rights				
At the beginning and end of the period	**148,218**	**148**	148,218	148
L Ordinary shares of £0.001 each				
Each share is entitled to one vote				
Shares issued	**298,596**	**299**	-	-
At the end of the period	**298,596**	**299**	-	-
Total	**5,093,286**	**5,093**	4,770,250	4,770

21. RESERVES

Share premium

Share premium account increased by £68,903k (2020: £56,679k), reflecting £70,000k (2020: £57,923k) from the issuance of 24,440 of ordinary B shares and 298,596 of ordinary L shares (2020: 422,852 of ordinary B shares, 286,178 of ordinary J shares and 148,218 if ordinary K shares) net off by £1,097k (2020: £244k) of costs incurred related to the transaction.

Other reserves

The share based payment reserve represents the equity element of charges made for the fair value of the share options granted, less amounts realised on the issue of options exercised.

Accumulated losses

Profit and loss account decreased by £14,143k (2020: £4,682k) reflecting the current period loss, £946k (2020: £2,818k) in relation to employee share options exercised and £1,528k (2020: Nil) in relation historic movements between the share-based payment reserve and retained earnings not previously reclassified.

22. SHARE BASED PAYMENTS

Enterprise Management Incentive Scheme

The Company operates a share based payment scheme using Enterprise Management Incentive share options. Weighted average remaining contractual life outstanding as at period end was 8 months (2020: 21 months). Options granted, exercised and lapsed in the period were as follows

	31 December 2021 Weighted average exercise price (pence)	**31 December 2021 Number**	25 December 2020 Weighted average exercise price (pence)	25 December 2020 Number
Outstanding at the beginning of the financial period	**0.001**	**49,929**	0.001	125,354
Granted during the financial period	**0.001**	**-**	0.001	-
Forfeited during the financial period	**0.001**	**(7,024)**	0.001	(1,549)
Exercised during the financial period	**0.001**	**(21,845)**	0.001	(73,876)
Expired during the financial period	**0.001**	**-**	0.001	-
Outstanding at the end of the financial period	**0.001**	**21,060**	0.001	49,929

Direct Shares

The Company issued 4,280 of shares to employees and directors under a separate incentive plan (2020: 349,476). Under the plan, the shares will vest provided the employees remain in service for a maximum term of 60 months. The weighted average share price (accounting value) of the shares issued during the period was

£127.92 (2020: £47.68), determined using the valuation metrics of comparable companies, applied to a Black Scholes options pricing model. Weighted average remaining contractual life outstanding as at period end was 27 months (2020: 21 months).

22. SHARE BASED PAYMENTS CONTINUED

	31 December 2021 Number	25 December 2020 Number
Outstanding at the beginning of the financial period	**581,291**	244,777
Granted during the financial period	**4,280**	349,476
EBT Buyback during the financial period	**(3,786)**	(12,332)
Outstanding at the end of the financial period	**581,785**	581,921

Unapproved Options

The Company issued 35,728 of share options to employees and directors under a separate unapproved option incentive plan (2020: Nil). Under the plan, the shares will vest provided the employees remain in service for a maximum term of 48 months. The weighted average share price (accounting value) of the shares issued during the period was £127.92, determined using the valuation metrics of comparable companies, applied to a Black Scholes options pricing model. Weighted average remaining contractual life outstanding as at period end was 25 months.

	31 December 2021 Weighted average exercise price (pence)	31 December 2021 Number	25 December 2020 Weighted average exercise price (pence)	25 December 2020 Number
Outstanding at the beginning of the financial period	**-**	**-**	-	-
Granted during the financial period	**0.001**	**35,728**	-	-
Forfeited during the financial period	**0.001**	**-**	-	-
Exercised during the financial period	**0.001**	**-**	-	-
Expired during the financial period	**0.001**	**-**	-	-
Outstanding at the end of the financial period	**0.001**	**35,728**	-	-

The inputs into the Black Scholes model are as follows:

	Period ended 31 December 2021	Year ended 25 December 2020
Share price	**£168.67**	£67.5
Weighted average exercise price	**£0.001**	£0.001
Expected volatility	**44%**	50%
Expected life	**4 years**	4 years
Risk-free rate	**0.16%**	0.31%

22. SHARE BASED PAYMENTS CONTINUED

Expected volatility is based on similar fast-growing companies in similar industries which indicates that a volatility in the range of 40-50% is appropriate. Given the relatively steady but fast growth rate of the Company, expected volatility is judged to be towards the lower end of this range.

The valuation of the share options is heavily linked to share price. Calculating the Black-Scholes valuation of these share options using a share price/enterprise value of £168.67 per the November 2020 fundraising round, a strike price of £0.001, standard deviation based on recent share prices, time until option exercise at an average of 48 months, and a risk-free interest rate at 0.16% (calculated using daily conventional gilt yields) gives a share option valuation of £127.92 per share option.

The company recognised total expenses of £6,292k and £5,833k for 2021 and 2020 respectively.

23.NOTES SUPPORTING STATEMENT OF CASH FLOWS

	31 December 2021 £000's	25 December 2020 £000's
Cash at bank available on demand	**89,955**	66,841
Cash and cash equivalents in the statement of financial position	**89,955**	66,841
Cash and cash equivalents in the statement of cash flows	**89,955**	66,841

24.PROVISIONS

	31 December 2021 £000's	25 December 2020 £000's
Dilapidations provision	**2,485**	-
Termination benefit provision	**37**	-
	2,522	-
Non-current	**2,485**	-
Current	**37**	-

	31 December 2021 £000's	25 December 2020 £000's
Carrying amount at start of period	**-**	-
Additional provision in period	**2,447**	-
Utilisation of provision	**-**	-
Unwinding of discount	**75**	-
Carrying amount at end of period	**2,522**	-

Dilapidation provision

The Company is required to restore the Warrington factory premises to their original condition at the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. The majority of these costs (£2,968k) have been capitalised as part of the cost of right-of-use assets and are amortised over the term of the lease, whereas the remainder (£219k) is recognised as expenditure in the Statement of profit of loss.

24.PROVISIONS CONTINUED

Termination benefit provision

As a result of the delayed opening of the Thurrock factory, Thurrock employees were offered the opportunity to be redeployed within the Company and relocate to other premises. A proportion of the Thurrock-based employees decided not to relocate to the company's other facilities. At 31 December 2021 redundancy consultation procedures had started. The provision reflects the most accurate estimate as at the balance sheet date.

25.CONTRACTUAL COMMITMENTS

	31 December 2021 £000's	25 December 2020 £000's
Factory repairs	**1,850**	-
	1,850	-
Non-current	**-**	-
Current	**1,850**	-

The Company has contractual commitments in respect of structural repairs required to the Thurrock factory, to ensure the safe occupation of the building. A further amount of £1,650k is also expected to be spent on repairing the factory, however no contractual commitment exists in respect of this amount, as at the balance sheet date.

26.ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors consider that there is no overall controlling party.

27.RECONCILIATION TO UNDERLYING EBITDA

	53 week Period ended 31 December 2021 £000's	52 week Period ended 25 December 2020 £000's
(Loss)/profit from operations	(9,755)	8,333
Depreciation of fixed assets	14,573	5,732
Amortisation of intangible assets	7,014	3,460
Material new business process costs		
Thurrock costs incurred prior to operational go-live	3,700	-
Warrington costs incurred prior to operational go-live	1,991	-
Clay Lake costs incurred prior to operational go-live	-	428
Clay Lake learning curve costs	613	-
Capital structure and investor relation costs	264	199
Events not expected to occur in future periods	1,625	130
Total	**20,025**	**18,282**

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