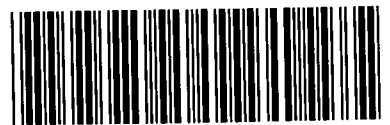


ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 25 December 2020



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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,

2020 was a pivotal year for Gousto. Our team worked tirelessly feeding households across the UK, all while growing our menu to over 50 recipes a week and hitting key sustainability milestones. I'm so thankful for everyone's efforts and proud of all we have achieved.

2020 was also the year Gousto moved into full year profitable growth for the first time. We are winning market share from traditional grocery, and this is just the first taste of what's possible.

As the traditional grocery supply chain is splintered over the next decade, Gousto is well placed to capitalise on the continuing shift in consumer behaviour.

The concept of a supermarket as a one-stop shop for all household consumables is outdated. In the second half of the twentieth century supermarkets went on a growing spree, acquiring thousands of out-of-town stores that are no longer fit for purpose. In the next 10 years many of these stores will become redundant in their current form. Why is this happening? Unlike previous generations, customers now expect more.

The three mega trends' driving consumer demand in Grocery today are:

1. Convenience: Gousto makes the evening meal easier at every stage for our customers. Customers want choice that's relevant to them; an inspired menu personalised to their unique preferences via a recommendation engine. They want to place an order effortlessly from their phone, which then arrives seamlessly to their door with all the ingredients pre measured and ready to go.

2. Sustainability: Every Gousto meal leaves the world better off. 40% of food is wasted in the traditional supermarket supply chain² and this waste makes up 6% of all global greenhouse gas emissions.³ Every Gousto order saves 2kg of food waste and 7kg of CO2 emissions compared to the equivalent supermarket shop, the same amount produced if you were to drive 18 miles.⁴

We are growing sustainably, with purpose. In 2020, we successfully reduced plastic in each order by 50%⁵ and there's so much more we can do. Our dedicated Sustainability team is working flat out to make all Gousto own-brand packaging either recyclable, reusable or compostable by 2022.

3. Health: The future of healthcare and wellbeing will see a continuing shift from reactive medicine to preventive medicine, especially nutrition. This is where Gousto can play a role. Our data-driven menus set baseline standards in 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, plus the ability to customise elements of each meal to healthier options.

In the future, through personalisation and the unparalleled variety inherent in our growing menu, recipes can be grouped into targeted ranges to address specific health issues like obesity, diabetes or hypertension.

Choice is our secret ingredient

Offering our customers more choice is important to us, so families can enjoy meals that truly work for them. There are over 50 recipes to choose from every week on the Gousto menu. This allows us to cater to different tastes and occasions: from family classics and 10 minute meals, through to global cuisines, vegetarian, gluten free and plant based.

Underpinning all of this is data and AI that enables us to offer more meaningful choice for the customer.

We can do this based on what they bought before, what they like and what they've rated well — resulting in a truly personalised meal.

The catalyst for change

In 2020, the nationwide use of ecommerce accelerated, and now makes up 35% of Great Britain's total retail sales.⁶ Grocery remains the least digitally-penetrated major category.⁷ It took 25 years to get to 9% online penetration, yet in 2020 alone this accelerated to 15%.⁸ We believe that this is a permanent structural shift of consumer behaviour to online.

Nearly 500 million evening meals⁹ are eaten each week in the UK and 76% of people cook from scratch each week.¹⁰ We do not intend to change this behaviour, instead we're working to set the evening meal free from the traditional grocery supply chain.

We use software to upgrade both the supply chain and the experience of cooking from scratch, while riding the structural shift from offline to online.

We believe that the one-stop shop model for household consumables in 10 years will not be the supermarket. Instead it will be served through the array of apps on the front page of your phone screen — with the evening meal catered for by Gousto.

In 2020, Gousto's net revenue more than doubled year on year to £189m, and EBITDA margin was 10%. However, Gousto today caters for fewer than 0.2% of UK evening meals consumed, so this is just the beginning.

In 2021 and beyond we will continue to reinvest the cash we generate for the long-term; with the aim of increasing our Grocery market share well beyond what it is today.

We have made huge strides since we started in 2012, but we are only scratching the surface of the opportunity ahead. There will be challenges to overcome and we won't get everything right, but I am confident we have the leading technology, the right team and the core principles in place to achieve our ambitious goals. The mega trends of convenience, sustainability and health are triggering a seismic shift in the grocery market. I'm incredibly excited about the journey Gousto is embarking on, which will see our customers benefit from this shift as we fulfill our vision to become the most loved way to eat at home.



Timo Boldt
Founder & CEO



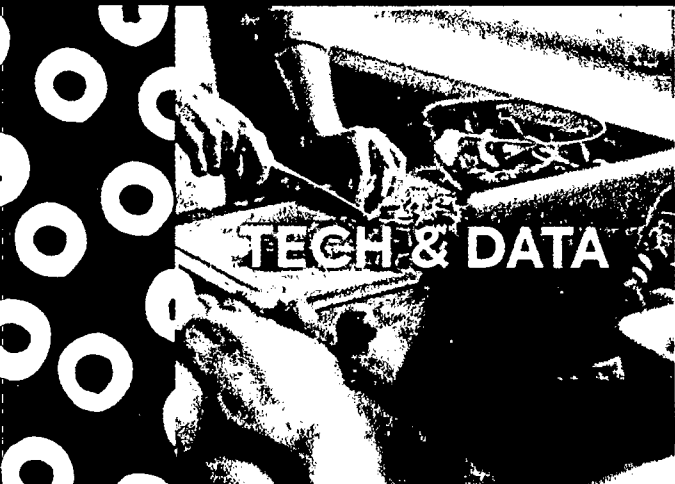
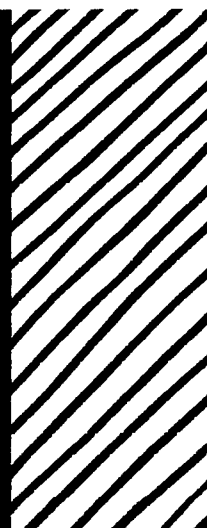
What makes Gousto, Gousto



We are one team of 1,200 passionate people, working towards our vision of becoming the most-loved way to eat dinner. Culture and talent mean the world to us; what makes Gousto special is its people and passion. 94% of staff members are Gousto shareholders.

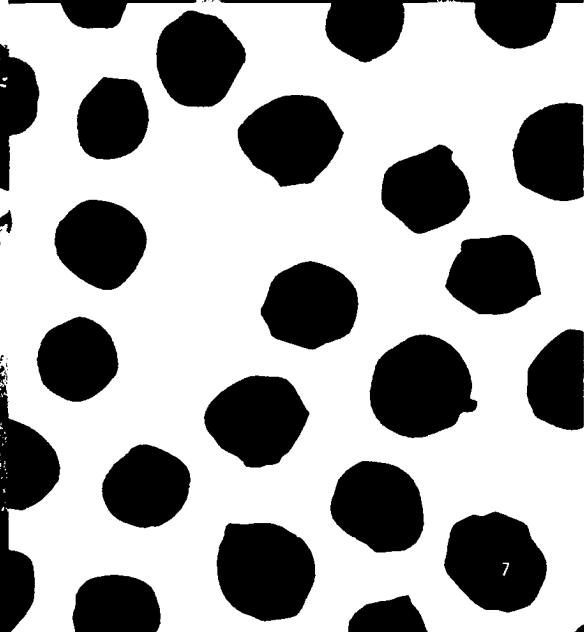
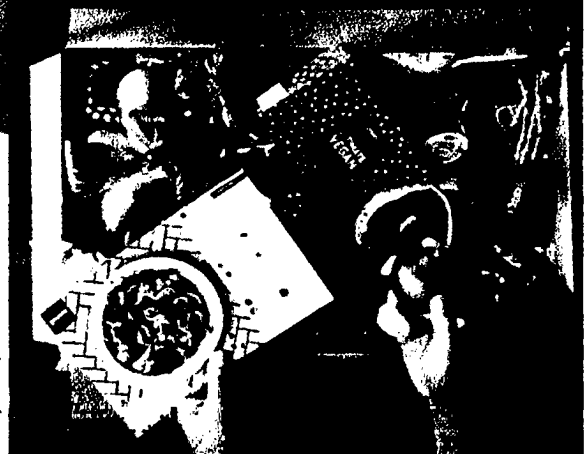


Our purpose is to make a positive difference to our customers and the planet. Customer happiness is the number one metric we obsess over. We think big and make long-term investments to have the greatest impact.



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

The three mega trends affecting grocery today



Gousto makes the evening meal easier at every stage for our customers



2. Sustainability

Every Gousto meal leaves the world better off

The future of healthcare and wellbeing will see a continuing shift from reactive medicine to preventive medicine, especially nutrition, where Gousto can play a role



1. Convenience

Gousto makes the evening meal easier at every stage for our customers

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;¹¹ 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. This has only been possible through targeted investment in tech and data. Representing over 50% of our London Team, 220 full time tech experts 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 bigger and smarter. Today you'll get a choice of over 50 recipes each week - next year you'll see many more. 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, 52%¹² of all Gousto orders are made as a result of an AI recommendation.

Frictionless shopping: Customers can use our mobile app to plan and order their week's meals in just 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.

Value: The price per portion is similar or better to a supermarket meal (£2.98 including free delivery)¹³ with the added value of convenience, quality, inspiration, and cutting out waste.

You can see the success of Gousto's convenience in our Net Promoter Score, a universal measure of customer satisfaction. In 2020, Gousto's score was 70, whilst Tesco's was 29¹⁴ and Spotify's was 54.¹⁵ And we're planning to do much more to improve convenience for our customers, starting with reducing the waiting time between ordering and delivery.

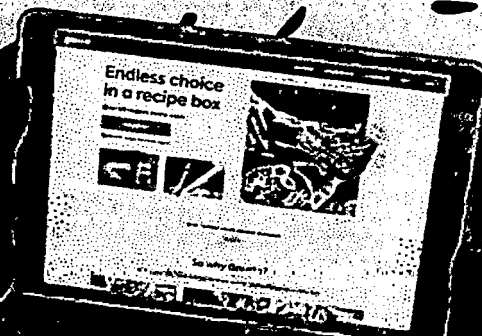
Make no mistake, we are not perfect, and we have a huge amount of work to be done over the next few years, obsessing over advancing the customer experience.

full-time
tech experts

50+ recipes to choose
from every week

of all Gousto orders are
an AI recommendation

70 Net Promoter Score



2. Sustainability

Every Gousto meal leaves the world better off

Traditional Grocery is not environmentally sustainable. Around 40% of food is wasted in traditional supermarket supply and consumption¹⁶ and this waste makes up 6% of all global greenhouse gas emissions.¹⁷ Gousto can help by using our tech and data capabilities to set the evening meal free 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 CO2 emissions. Because our customers are given exact portions with enough shelf life, food waste at home is also reduced from the 17%¹⁸ typical in traditional grocery shopping to almost 0%.

Gousto uses forecasting algorithms to reliably predict supply needs at our manufacturing sites. This means that just 2% of our food inventories are wasted in our facilities, as opposed to around 20% in supermarkets supply chains.¹⁹

The 'last mile', from our factory to customers' doors, is covered by our third-party courier partners. This is significantly more energy efficient than supermarket shopping, whether online or offline. We're working to build even more energy savings into this system through our adoption of a new pioneering concept called Direct Inject. This will skip centralised third party courier depots, going direct to their local depots, to create a supply chain that's even more direct.

We're also continuing to develop proprietary intellectual property. Our award-winning Eco chill box reduces our insulation carbon footprint by 90% and is fully recyclable. This invention has helped us to successfully reduce plastics in each order by 50%²⁰ in 2020, earning us a prestigious SEAL Award for Environmental Initiative.²¹ And we're going even further to improve sustainability.

By 2022 all Gousto own-brand packaging will be either recyclable, reusable or compostable.

Just one Gousto order saves 2kg of food waste²² compared to the equivalent supermarket shop. To put this in perspective, in 2020, ordering from Gousto saved 43,000 wheelie bins of waste, which if laid end to end, would form a bridge long enough to link England with France.

Each Gousto order also saves 7kg of CO2 emissions,²³ compared to the equivalent supermarket shop. The same amount produced if you were to drive 18 miles. So in 2020 alone, ordering from Gousto saved the equivalent of driving 99 million miles, which would get you from Earth to the Sun.

In 10 years, when we look back at traditional grocery, will we think of out-of-town supermarket shopping as being just as out-dated, polluting and unnecessary as, say, inner city coal-fired power stations today? In 1971, Battersea was 1 of 21 coal-fired power stations in Greater London — all now defunct.

Compared to the equivalent supermarket shop in 2020, one Gousto order saved:

2kg Food waste

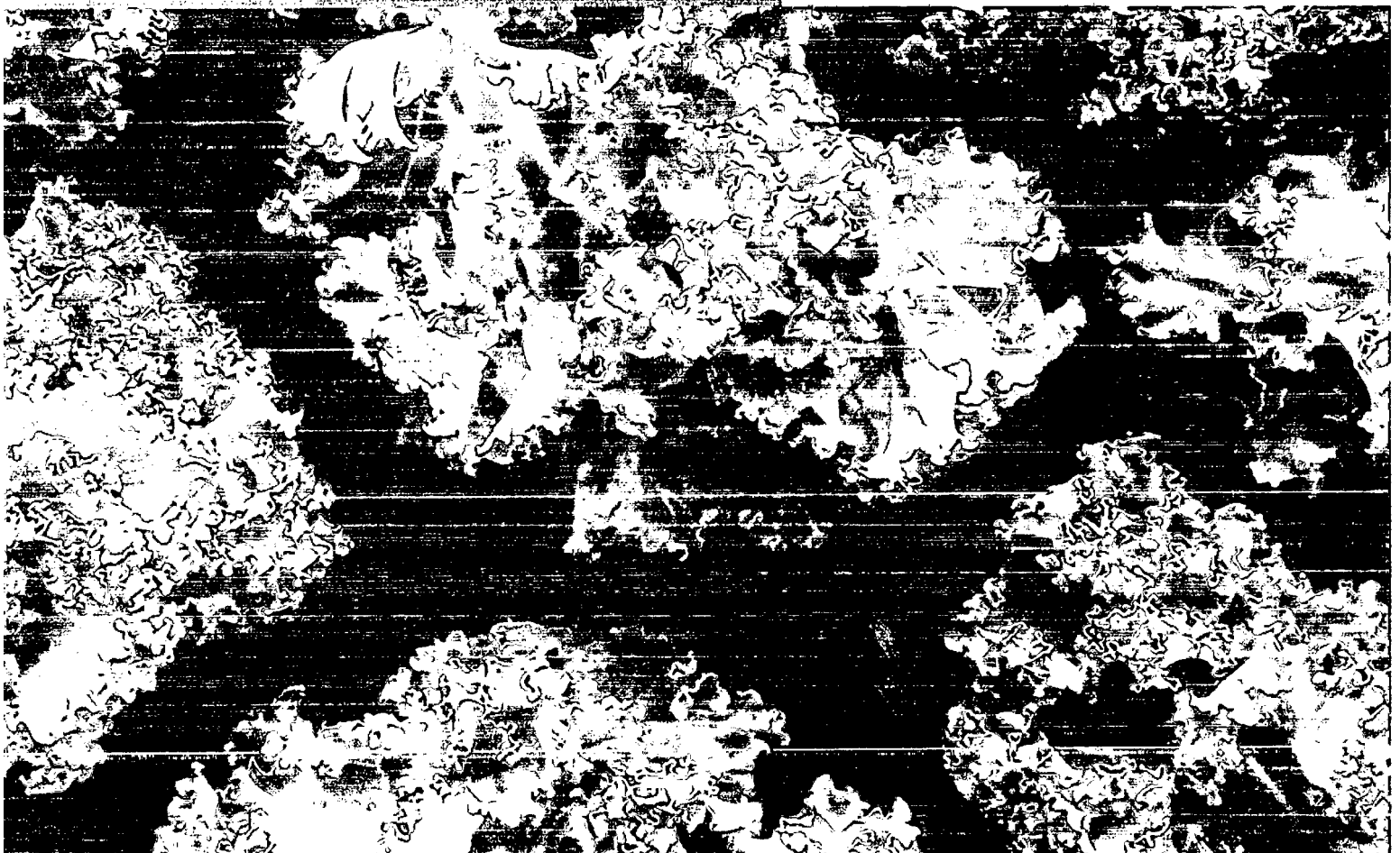
10,000 tonnes in total or the equivalent of 43,000 wheelie bins

7kg CO₂ emissions

39,000 tonnes in total or the equivalent of driving 99 million miles



plastic reduction in every order in 2020



3. Health

The future of healthcare and wellbeing will see a continuing shift from reactive medicine to preventive medicine, especially nutrition, where Gousto can play a role

For the last 50 years people have used reactive medicine to tackle many physical and mental health issues. This method is failing to turn the tide. Healthcare experiences the lowest NPS scores of any sector.²⁴

The next 10 years will see a shift in focus to preventive healthcare, as it is highly effective,²⁵ the primary constituents of which are exercise and nutrition. Since 1993, obesity in adults in England has grown from 15% to 28% and is the cause of many chronic conditions,²⁶ which can be avoided through a better diet. Contributing to our customers' health and wellbeing via preventive nutrition is therefore a long-term opportunity for Gousto.

Traditional grocery outlets are just not equipped to lead change in this area. By leveraging our tech and data, Gousto can build capabilities for our users that could help create positive change in our nation's health.

Our data-driven menus set baseline standards in 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.

In 2020 we made sure that all Gousto recipes contained at least 1 of your 5-a-day, with over half now containing 2 or more of your 5-a-day. We reduced salt, so all core recipes now contain fewer than 3g per portion.

Today, 2 million people in England are currently at risk of developing diabetes.²⁷

In the future, through personalisation and the unparalleled variety inherent in our 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 well beyond today's 50 recipes, so we have work to do to make this a reality, but is a key part of our ambition.

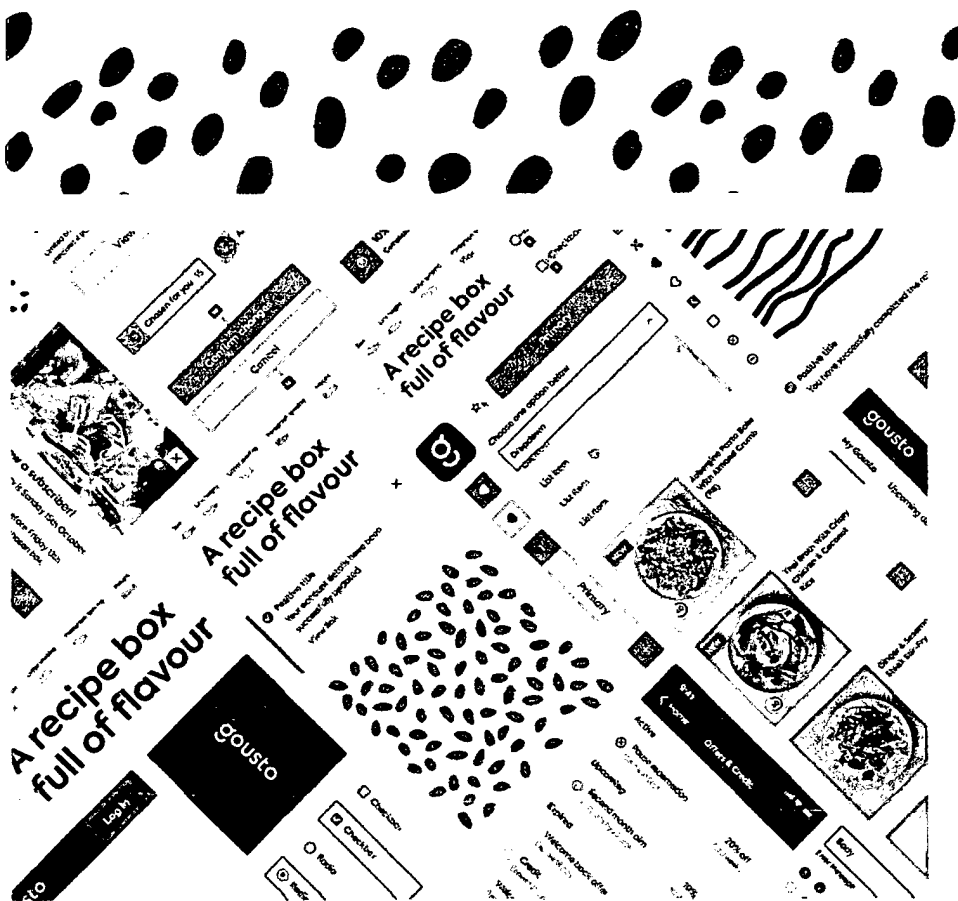
Customisation is another tool at a Gousto customer's disposal. This includes being able to swap out or add in healthier options.

We already have 370,000 potential box combinations per week. The future possibilities of customisation goes far beyond what you see on the face of our menu today.

Could GPs prescribe a Gousto subscription instead of a pill? Today, insurers offer lower health insurance premiums for customers that own a Fitbit and lower premiums to drivers with a device that tracks their driving habits. Could the same be applicable for diabetics that subscribe to Gousto? Will governments, insurers and employers be our future clients?

in every recipe

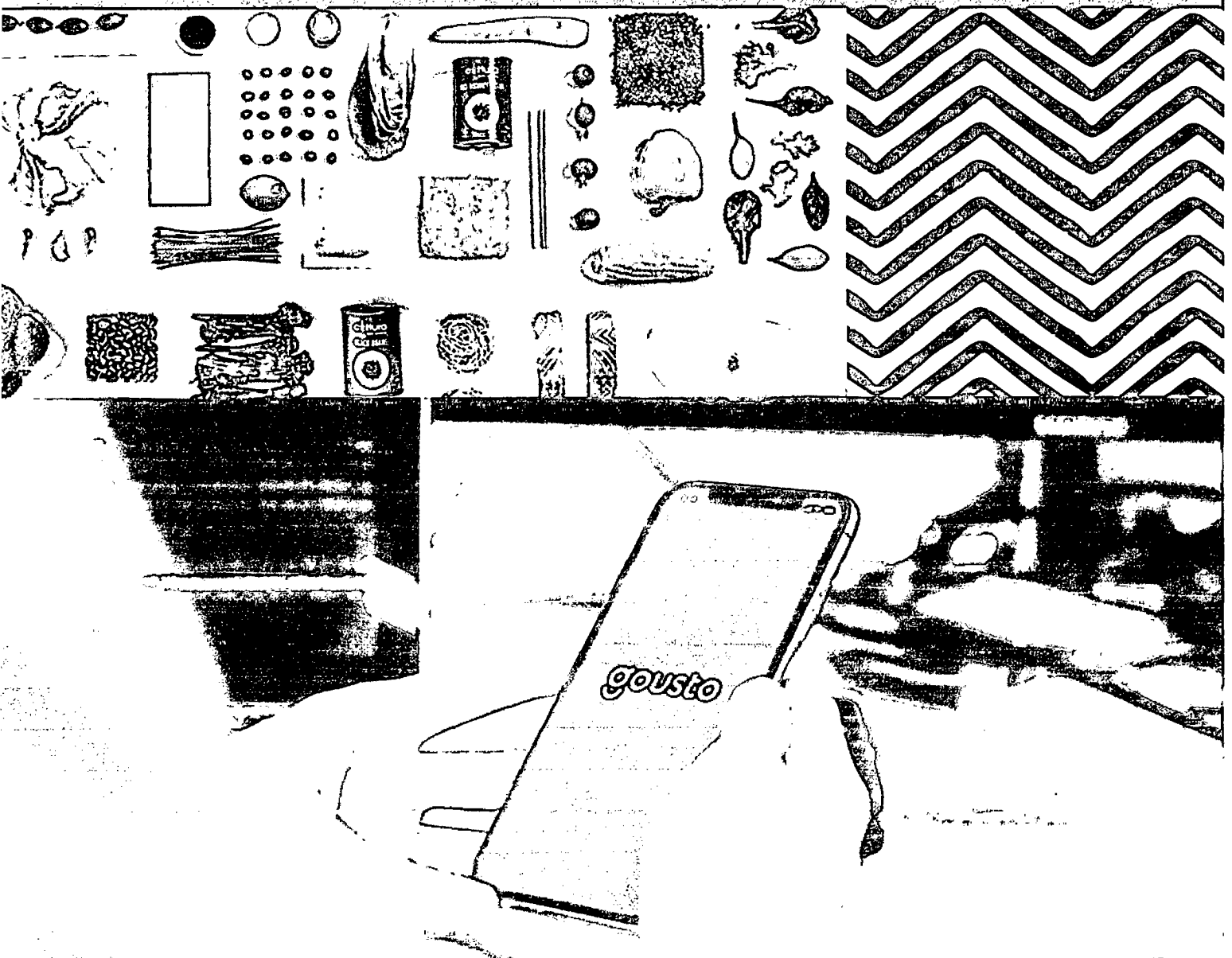
Under 3g
of salt in all
core recipes



people in England
are currently at risk
of developing
diabetes

Audited Financial Statements

for the year ended 25 December 2020



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Company Information

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S Matthews
T Mason
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N Buckle
M Reich

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Strategic Report

The directors present the Strategic Report of SCA Investments Limited (the “Company” or “Gousto”) for the 52 week period ended 25 December 2020. The prior year financial statements were for the 52 week period ended 27 December 2019.

Introduction

2020 was a hugely successful year for the Company, continuing its rapid upward trajectory.

Revenue increased by 129%, underpinned by the Company’s strong customer offerings and a material increase in capacity throughout the supply chain network. The increased scale drove the Company’s first full year net profit and positive cash flow generation from operating activities.

The Company ended the year with £66.8m of cash in the bank and with a new fulfilment centre going live in December and leases signed for two more, it is poised to accelerate towards its mission of being the ‘UK’s most loved way to eat dinner’.

Business review

The Company’s strong 2020 performance began in quarter 1, with its largest ever marketing campaign in January 2020 driving significant revenue growth.

The onset of Covid-19 in the UK towards the end of March meant consumer demand continued to rise. Initially, capacity constraints meant demand far exceeded supply, resulting in the Company limiting sales to a subset of its existing customers.

Investment into the existing Spalding fulfilment centre enabled the Company to service the excess demand towards the middle of the year, and the opening of an additional Spalding fulfilment centre in December, together with leases signed for two more fulfilment centres, leaves the Company well placed to service its growing demand.

Production efficiencies generated through scale and investment, the increasing loyalty of its existing customer base and optimised product and marketing offerings led to the Company’s gross margin improving 3.7% to 54.2%.

The Company’s internal profitability measure, underlying EBITDA, increased from –£9.2m to +£18.2m. This measure is used by the Company’s board to assess performance and aid strategy 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.

In 2020, the Company achieved a higher than originally anticipated EBITDA as a percentage of revenue, due to marketing expenditure being a lower percentage of revenue, as a result of capacity constraints. This demonstrates the business’ capacity for long term profitability. However, the 2020 performance is not necessarily indicative of future strategy and the Company will continue to prioritise revenue growth, through investment in marketing, technology and capacity.

Overall the net result after tax improved from a £4.8m loss to profit of £1.9m, which in turn drove an improvement in net cash utilised in operating activities from £(9.7)m to £15.6m. The positive operating cash flow generation and £57m raised from investors (net of expenses) led to the Company’s cash balance improving by £37.0m from £29.8m to £66.8m, with the majority of the raised funds due to be used to accelerate investment in the Company’s supply chain network and technology teams.

The Company also continued its sustainability focus, undertaking numerous initiatives including:

- Reaching its target of reducing plastic packaging in its boxes by 50%
- Launching a new packaging pledge for all Gousto-branded packaging to be recyclable, compostable or reusable by the end of 2022
- Becoming a certified B-Corp organisation

Covid 19

We recognise the material impact of Covid 19 on all businesses. Whilst the impact has been positive for Gousto's business, we are carefully considering the risks driven by the pandemic and are closely following government advice.

Principal risks and uncertainties

Principal risks

The Company considers changes in consumer preferences as a principal risk, which is reflected in its relentless consumer focus. The Company is constantly changing its consumer proposition including adding new recipe types, reducing plastic in its products and increasing the range of delivery options.

Cyber security

The Company also considers the security of its customer data as a principal risk. Significant investment has occurred in this area, with dedicated resource hired to focus solely on Gousto's cyber security.

Operational failure (e.g. fire, flood, outbreak of Covid-19, or failure of factory systems)

We have expanded our operations and opened a second fulfillment centre in December 2020. Despite this if we were unable to produce boxes from one of the sites for an extended period, it would adversely impact trade. To mitigate this risk we have business continuity plans in place.

Food Safety (e.g. recall due to cross contamination)

As the Company works with food and is reliant on suppliers providing fresh ingredients we have the risk of consumer harm or recall due to cross contamination. In order to mitigate this risk we have a fully documented food safety and hygiene system and are BRC certified (grade A).

Health and Safety (e.g. accident of employee)

As we continue to expand our operations with additional fulfillment centres we carry the risk of endangering the health, safety or wellbeing of our people. In order to mitigate this risk we have a fully documented Health and Safety system and appropriately trained staff.

Systems penetration or failure

All of our business is transacted online. If our website went down for an extended period of time it would adversely impact trade. To mitigate this risk, we have partnered with the world's largest and most trusted web services platform and regularly review penetration risks and mitigations as part of business continuity planning.

Financial risks

Our business operates principally in the United Kingdom. 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 our customer base is very low.

Whilst Brexit and political uncertainty continue to play a part in lowering economic output, the Company is set up well to mitigate any negative impacts as a result.

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. 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. 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.

Liquidity risk

Liquidity risk is the risk that the the Company will not be able to meet its financial obligations as they fall due. The Company utilises deposits with a maximum maturity period of 4 months, 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.

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 impacted by movements in interest rates however, at present these movements are not expected to materially impact the Company. Accordingly any interest rate movements will not materially impact the Company.

Capital risk management

The Company considers its share capital, share premium 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. So far, the Company has considered equity issuances as the most appropriate source for raising capital.

Key Performance Indicators

Revenue of £188.8m (2019: £82.5m) was up 129% in 2020 driven by growth in new customers, loyalty of existing customers and increased capacity within the supply chain.

Gross profit as a % of revenue increased from 51% to 54% as the Company continues to benefit from production efficiencies.

As the Company has continued to scale and drive fixed cost efficiencies, it has moved into an operating profit for the first time this year, generating an £8.3m operating profit (2019: operating loss of £12.5m) with operating profit 4% of revenue.

Other key performance indicators

The Company uses Alternative Performance Measures ('APMs') 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 that can distort users' assessment of business performance and comparability between periods. The alternative measures used are also consistent with those used across the meal-kit 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 relating to:

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

Reconciliation to IFRS measures

	2020	2019
	£m	£m
Operation gain/(loss)	8.3	(12.5)
Add back:		
Depreciation of fixed assets	5.7	1.2
Amortisation of intangibles	3.5	1.7
Capital structure costs	0.2	—
Material new business process costs	0.4	—
Significant non recurring event costs	0.1	0.5
	18.2	(9.1)

Capital structure costs

Gousto incurred £0.1m of legal fees facilitating early shareholders selling their shareholdings to other Gousto shareholders (2019: £Nil). The remaining £0.1m cost relates to Gousto staff costs for an employee focused on fundraising activities.

Material new business process costs

To ensure Gousto's new Clay Lake fulfilment centre was appropriately staffed on opening in December, the Company began recruitment in June 2020. The early recruitment meant that Gousto had excess staff in its Springfields fulfilment centre until the Clay Lake fulfilment centre went live in December. The excess staff costs totalled £0.4m (2019: £Nil).

Events not expected to recur in future periods

Gousto paid £0.1m (2019: £Nil) compensation to another of the landlord's tenants at its Springfield's fulfilment centre to access storage space prior to the tenant's lease ending.

In 2019 Gousto experienced a 2 day downtime at its Springfields fulfilment centre as a result of an exceptional network issue. The downtime caused Gousto to be unable to meet a significant amount of customer orders on time, which caused it to pay £0.4m in customer compensation via cash refunds and account credits. £0.1m of additional labour and delivery costs were incurred in bringing the fulfilment schedule back on track post the downtime.

Section 172 Statement

A director of a Company must act in the 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 (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the Company and its employees;
- the need to foster the Company and Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations and end products on the community and environment;
- the impact on the Company's reputation for adhering to high standard; and
- the need to act fairly as between members of the Company and the Company itself.

Our Purpose

The primary purpose of the Company is to build an amazing product that has a positive impact on people and the planet.

Through innovation, partnership, effective delivery and the collaboration of our people, we constantly strive to provide customers with an amazing customer experience that also leaves the planet better off.

The Board's approach to section 172 and decision making

Collectively the Board of Directors (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 longterm success of the Company 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. The Board meets a minimum of 6 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, 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.

We also have an Audit Committee, a Nominations Committee, a Remuneration Committee and a Risk Committee, comprising of executive directors, non-executive directors 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.

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).

Stakeholder engagement

The Board acknowledges that the long-term success of the Company is dependent on the way it works with several important stakeholders. Key stakeholders are considered in their decision making and in doing so ensure the directors' duty is discharged under section 172 of the Companies Act 2006.

Customers

Customers are at the forefront of Company decision-making, in line with the Company's mission of becoming the UK's most loved way to eat dinner.

We have a dedicated Customer Service team to ensure we have met our customers' needs and expectations. Furthermore, our compliance team ensures that we achieve customer quality requirements and that we conform to all applicable regulatory requirements. Our commercial teams also strive to meet our customers' needs through a broad range of healthy product offerings that are produced in an environmentally sustainable way.

Each team measures their success against this primary objective via a range of processes, which include customer satisfaction surveys and customer site audits.

Monthly KPIs as to our customer satisfaction are disseminated across the business.

Suppliers

Our Supply Chain is characterised by formal contracts ranging from the supply of ingredients and packaging to labour and logistics. We have dedicated teams who continuously engage with suppliers to ensure we build effective relationships.

The Company is committed to maintaining the highest possible standards of integrity and trust in our business relationship with suppliers, and in turn, looks for suppliers and contractors who operate with values and standards like ours. Each prospective supplier is required to meet our ethical trading and security standards before trading can begin.

Employees

The Board recognises that the ability to retain talented and committed employees contributes significantly to the success of the Company and has launched numerous initiatives throughout 2019 and 2020 to further improve the employee experience at Gousto.

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

The CEO, and members of the Senior Leadership Team (SLT), hold quarterly "Superday" meetings where every team in the business presents their key achievements and objectives. These meetings are followed up by "Town Hall" meetings where the SLT present to employees on the performance of the business and discuss the strategy for the year ahead. The Superday and Town Hall meetings also provide an opportunity for employees to ask questions to the 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 HR team, which detail our performance against KPIs and employee engagement.

The Company is also committed to being a Real Living Wage employer by mid-2021.

Finally, the Company is committed to providing employees with an equity stake in the Company. By the end of Quarter 1 2021, a significant proportion of employees will be Company shareholders or holders of share options.

Shareholders

The Company is progressively increasing the proportion of independent non-executive directors 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

Our growing presence allows Gousto to play a part in local communities across the UK and we always aim 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 the provision of grants and mentoring services.

The Company frequently donates meals to local food banks, and carries out fundraising activities for charities such as the Trussell Trust.

Environment

The Company aims to leave the planet better off with every box sold.

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
- Requiring suppliers to evidence their products are sustainably sourced

The Company is committed to further reducing the environmental impact of our 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 2021 and expenditure on major strategic projects, such as:

- The signing of leases for three new fulfilment centres across the UK, together with contracts for new production facilities at these sites.
- The Company's largest ever marketing campaign

The Board also gave their approval for the Company's planned operating procedures throughout the Covid-19 pandemic.

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:



T Boldt
Director

Date: 22 April 2021

Directors' Report

The directors present their annual report and the audited financial statements of SCA Investments Limited (the "Company") for the 52 week period ended 25 December 2020.

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

The profit for the financial year, after taxation, amounted to £1,864,370 (2019: loss £4,813,199). As at 25 December 2020 the Company has net assets of £115,190,367 (27 December 2019: £50,813,406). The main drivers for the increase in the net assets position are the issue of shares in the year and the transition to IFRS. The transition to IFRS has resulted in leases now being accounted for under IFRS 16 and therefore coming onto the Balance Sheet rather than being disclosed off Balance Sheet. This has resulted in an increase in property, plant and equipment of £48.6m and the recognition of lease liabilities of £48.8m (2019: £Nil).

The directors of the Company are proposing no dividends to be paid out (2019: £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

- T Boldt
- S Calver (resigned 7 September 2020)
- M Evans
- D Giampaolo (resigned 12 December 2020)
- S Matthews
- T Mason
- B Macfarlane (appointed 25 September 2020, resigned 15 December 2020)
- S Willson (resigned 15 December 2020)
- A Wynn
- N Buckle (appointed 25 February 2020)
- M Reich (appointed 25 February 2020)

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 £56,679,497 through the issue of various classes of ordinary shares to existing and new investors. Furthermore, at year-end the Company had cash holdings of £66,841,482. 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.

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.

Financial risk management

The financial risks to the Company are discussed in the Strategic Report.

Streamlined Energy and Carbon Reporting

The Company is a purpose driven organisation with a vision that "Every meal leaves the planet better off." We recognise that there are aspects of the business that leave a footprint but are committed to continuous improvement with the ultimate goal being to have a net positive impact on the environment. As this is our first year reporting energy usage and carbon emissions, we are unable to report against a base year or demonstrate change in emissions.

Greenhouse Gas emissions data for period 28 Dec 2019 to 25 Dec 2020

	Global tonnes of CO ₂ e 2020
Scope 1	42
Scope 2	1,065
Scope 3	2.5
Total gross emissions	1,109.5
Carbon offsets	Nil
Green tariff	Nil
Total annual net emissions	1,109.5
Intensity measurement 'Tonnes of CO₂e per £m sales revenue' (Scope 1 + 2)	5.91

We calculate our 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 our head offices and include:

- Scope 1 (Fugitive emissions)
- Scope 2 (Purchase electricity)
- Scope 3 (Business travel)

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

Our total annual energy usage is 4,568,199kWh.

R&D activities

The Company continues to invest in its tech, data and analytics capabilities to further enhance our 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. R&D expenditure in 2020 was £7.2m (2019: £3.7m).

Employee information

The Company operates an equal opportunities employment policy and is opposed to all forms of discrimination. Our selection processes are non discriminatory and always seek to give full and fair consideration to those with disabilities for all vacancies, considering their aptitudes and skills. We have elevated our diversity, inclusion and belonging strategy, with the establishment of surveys with the results shared with all employees and dedicated communication and information pages set up.

In the event of employees becoming disabled, every effort is made to ensure their employment with the Company continues and appropriate training arranged. 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.

Employee engagement is a constant focus. Regular wider meetings are held to present the Company's financial and operational performance and 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. We continue to regularly assess employee satisfaction through surveys every six weeks, with the results shared with employees and discussed at board meetings. 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.

The Company is strongly committed to employee share ownership, with 73,876 (2019: 63,314) employee share options exercised during the period/year.

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.

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 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.



T Boldt
Director

Date: 22 April 2021

SCA INVESTMENTS LIMITED

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 25 December 2020 and of its profit and cash flows for the 52 week period (the "year") 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: the Statement of Financial Position as at 25 December 2020; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year 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.

SCA INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCA INVESTMENTS LIMITED (CONTINUED)

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 year ended 25 December 2020 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.

SCA INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCA INVESTMENTS LIMITED (CONTINUED)

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 , but were not limited to, the Companies Act 2006 and UK tax and pension legislation, GDPR and Health & Safety regulations, 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. 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 posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed included:

- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Review of legal expenses incurred in the period
- Review of minutes of meetings of those charged with governance
- Challenging assumptions and judgements made by management in their significant accounting estimates
- Identifying and testing of journal entries matching certain risk criteria to underlying support

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.

SCA INVESTMENTS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCA INVESTMENTS LIMITED
(CONTINUED)**

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
22 April 2021

Statement of Comprehensive Income

	Note	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Revenue	6	188,790,097	82,525,586
Cost of sales		(86,428,757)	(40,822,352)
Gross profit		102,361,340	41,703,234
Administrative expenses		(53,865,549)	(36,616,957)
Distribution expenses		(40,162,287)	(17,618,893)
Profit/(loss) from operations	7	8,333,504	(12,532,616)
Finance income	10	105,572	131,995
Finance expense	10	(1,530,974)	(77,046)
Share based payments	20	(5,833,094)	(2,068,485)
Profit/(loss) before tax		1,075,008	(14,546,152)
Tax credit	11	789,362	9,732,953
Profit/(loss) for the financial year		1,864,370	(4,813,199)
Total comprehensive income/ (expense) for the financial year		1,864,370	(4,813,199)

The notes on pages 35 to 52 form part of these financial statements.

Statement of Financial Position

	Note	Year ended 25 December 2020 £	Year ended 28 December 2019 £	Year ended 27 December 2019 £
Assets				
Non-current assets				
Property, plant and equipment	12	75,988,173	18,857,898	6,291,605
Intangible assets	13	8,811,662	5,032,198	5,032,198
Deferred tax assets	11	8,240,813	8,514,761	8,514,761
		93,040,648	32,404,857	19,838,564
Current assets				
Inventories	14	6,571,213	2,297,087	2,297,087
Trade and other receivables	15	15,969,011	8,319,278	8,319,278
Cash and cash equivalents	22	66,841,482	29,794,415	29,794,415
		89,381,706	40,410,780	40,410,780
Total assets		182,422,354	72,815,637	60,249,344
Liabilities				
Non-current liabilities				
Lease liabilities	21	39,258,707	9,329,584	-
Current liabilities				
Trade and other payables	16	18,419,955	9,435,938	9,435,938
Lease liabilities	21	9,553,325	3,236,709	-
Total liabilities		67,231,987	22,002,231	9,435,938
Net assets		115,190,367	50,813,406	50,813,406
Issued capital and reserves				
Share capital	18	18,477,171	3,913	3,913
Share premium reserve	19	154,215,149	97,536,510	97,536,510
Other reserves	19	4,262,485	1,247,018	1,247,018
Accumulated losses	19	(43,292,038)	(47,974,035)	(47,974,035)
TOTAL EQUITY		115,190,367	50,813,406	50,813,406

The financial statements on pages 31 to 52 were approved and authorised for issue by the board of directors and were signed on its behalf by:



T Boldt
Director

Date: 22 April 2021

The notes on pages 35 to 52 form part of these financial statements.

Statement of Changes in Equity

	Called up share capital £	Share premium £	Other reserves £	Accumulated losses £	Total shareholders' funds £
At 29 December 2018	3,178	69,556,693	665,911	(45,675,397)	24,550,385
Comprehensive expense for the financial year					
Loss for the financial year	-	-	-	(4,813,199)	(4,813,199)
Total comprehensive expense for the financial year	-	-	-	(4,813,199)	(4,813,199)
Contributions by and distributions to owners					
Shares issued during the financial year	735	29,007,000	-	-	29,007,735
Credit relating to equity-settled share based payments	-	(1,027,183)	-	1,027,183	-
Settlement of employee share schemes	-	-	-	1,487,378	1,487,378
Credit relating to equity-settled share based payments	-	-	581,107	-	581,107
Total contributions by and distributions to owners	735	27,979,817	581,107	2,514,561	31,076,220
At 27 December 2019 and 28 December 2019	3,913	97,536,510	1,247,018	(47,974,035)	50,813,406
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	1,864,370	1,864,370
Total comprehensive income for the financial year	-	-	-	1,864,370	1,864,370
Contributions by and distributions to owners					
Issue of share capital (note 19 and 20)	858	56,678,639	-	-	56,679,497
Settlement of employee share schemes	-	-	-	2,817,627	2,817,627
Credit relating to equity-settled share based payments	-	-	3,015,467	-	3,015,467
Total contributions by and distributions to owners	858	56,678,639	3,015,467	2,817,627	62,512,591
At 25 December 2020	4,771	154,215,149	4,262,485	(43,292,038)	115,190,367

The notes on pages 35 to 52 form part of these financial statements.

Statement of Cash Flows

	Note	25 December 2020 £	27 December 2019 £
Cash flows from operating activities			
Profit/(loss) for the year		1,864,370	(4,813,199)
Adjustments for			
Depreciation of property, plant and equipment	12	5,732,263	1,075,336
Amortisation of intangible fixed assets	13	3,459,730	1,936,353
Finance income	10	(105,572)	(131,995)
Finance expense	10	1,530,974	77,046
Share-based payment expense	20	5,833,094	2,068,485
Tax credit	11	(789,362)	(9,732,953)
		17,525,497	(9,520,927)
Movements in working capital:			
Increase in trade and other receivables		(7,649,733)	(3,520,062)
Increase in inventories		(4,274,126)	(783,248)
Increase in trade and other payables		8,984,017	2,898,968
Cash generated from operations		14,585,655	(10,925,269)
Corporation tax credit received		1,063,310	1,218,192
Net cash generated from/(used in) operating activities		15,648,965	(9,707,077)
Cash flows from investing activities			
Purchases of property, plant and equipment	12	(22,969,303)	(2,295,203)
Purchase of intangibles	13	(7,239,194)	(3,713,258)
Purchase of Right of Use Asset		(797,685)	-
Interest received	10	105,572	131,995
Net cash used in investing activities		(30,900,610)	(5,876,466)
Cash flows from financing activities			
Issue of ordinary shares	18	56,679,497	29,007,735
Interest paid	10	-	(77,046)
Payment of lease liabilities	21	(4,380,785)	-
Net cash from financing activities		52,298,712	28,930,689
Net cash increase in cash and cash equivalents		37,047,067	13,347,146
Cash and cash equivalents at the beginning of year		29,794,415	16,447,269
Cash and cash equivalents at the end of the year	22	66,841,482	29,794,415

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’s principal activity is the sale of food recipe boxes.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with The Companies Act 2006 and International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs). They were authorised for issue by the Company’s board of directors on 22 April 2021.

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) Transition from FRS 102 to IFRS

Adjustments recognised on transition to IFRS from FRS 102

There were no adjustments to prior year figures on transition to IFRS.

At 28 December 2019, the opening date of this financial year, an adjustment was made to the Statement of Financial Position to recognise the right of use asset and lease liabilities that are now accounted for under IFRS 16. The impact on the Statement of Financial Position is shown below:

	As at 27 Dec 2019	IFRS 16	As at 28 Dec 2019
	£	£	£
Property Plant and Equipment	6,291,605	12,566,293	18,857,898
Lease Liability (current)	-	(3,236,709)	(3,236,709)
Lease Liability (non-current)	-	(9,329,584)	(9,329,584)

IFRS 16

The date of initial application of IFRS 16 for the Company is 28 December 2019, the opening date of this financial year.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 28 December 2019.

**28 December
2019**
£

Operating lease commitments at 27 December 2019 as disclosed in the Company's financial statements	7,702,372
Discounted using the incremental borrowing rate at 29 December 2019	7,334,474
Operating lease commitments not started at 29 December 2019	(1,784,438)
Extension options reasonably certain to be exercised	5,701,949
Dilapidations provision	1,170,218
Additional leases capitalised under IFRS 16	144,090
Lease liabilities recognised at 28 December 2019	12,566,293

ii) New standards, interpretations and amendments not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 25 December 2020 reporting period and have not been early adopted 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.

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 £56,679,497 through the issue of various classes of ordinary shares to existing and new investors. Furthermore, at year-end the Company had cash holdings of £66,841,482. 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 goods or services to the customer. The revenue shown in the Statement of Comprehensive Income represents the value of food recipe boxes provided to customers during the year. 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.

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 presented as a separate line in the Statement of Financial Position.

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, unless those costs are incurred to produce inventories.

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 right-of-use assets are included in the 'Property, Plant and Equipment' in the Statement of Financial Position.

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

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the 'other expenses' line item in profit or 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.

3.4 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

3.5 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

3.6 Employee benefits

Contributions from employees to third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost by attributing contributions to the employees' periods of service in accordance with IAS 19 paragraph 70.

3.7 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3.8 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:

Plant and machinery	2 - 7 years
Right of use assets	Lease term

3.9 Intangible assets

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 Income Statement. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

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

3.10 New recipe development

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

3.11 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. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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.

3.16 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way 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.

3.17 Financial liabilities and equity instruments

Financial liabilities

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

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) 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.

3.18 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

3.19 Share based payments

The Company operates a number of equity settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the options 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 Comprehensive Income, with a corresponding adjustment to equity.

3.20 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 Comprehensive Income in the year 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 pound, unless otherwise indicated.

5. 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:

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 3.8 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 in order to calculate this 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. This has been determined internally with the Treasury Yield curves used to adjust the rate depending on the length of the lease. A 0.5% increase in the IBR would increase our interest cost by £0.1m.

6. REVENUE

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

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Sale of goods	188,790,097	82,525,586
Analysis of revenue by country of destination:		
United Kingdom	188,790,097	82,525,586
Timing of revenue recognition:		
Goods and services transferred at a point in time	188,790,097	82,525,586

7. PROFIT/(LOSS) FROM OPERATIONS

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
The profit/(loss) from operations is stated after charging/(crediting):		
Depreciation of property, plant and equipment	5,743,432	1,075,336
Amortisation of intangible assets	3,459,730	1,936,353
Operating lease rentals	-	2,343,767
Inventories recognised in cost of sales	84,770,662	40,203,514
Write-down of inventories	1,548,414	-
Exchange gains	(21,493)	-

8. AUDITORS' REMUNERATION

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	68,000	40,900
Fees payable to the Company's auditors in respect of:		
Taxation compliance services	58,000	29,750
All other services	-	2,142
	58,000	31,892

9. EMPLOYEE BENEFIT EXPENSES

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	26,330,136	14,183,795
Social security costs	1,957,290	1,556,452
Other pension cost	173,709	199,111
	28,461,135	15,939,358

Directors' emoluments

Directors' emoluments were as follows:

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Salary	906,401	487,132
Defined contribution scheme costs	9,739	-
	916,140	487,132

The highest paid director received remuneration as follows:

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Cash remuneration	225,236	237,640
Equity-related compensation	180,743	-
	405,979	237,640

The Director forwent their performance bonus for the year with the funds being used for charitable donations. The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,356 (2019: £Nil).

During the year 3 (2019:3) directors exercised share options. The highest paid director exercised 25,087 share options (2019: 20,208)

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.

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Salary	719,517	392,249
Defined contribution scheme costs	11,169	3,364
	730,686	395,613

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

	Year ended 25 December 2020 Number	Year ended 27 December 2019 Number
Production	377	228
Head office	325	243
	702	471

10. FINANCE INCOME AND EXPENSE

Recognised in profit or loss

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Finance income		
Interest on:		
- Bank deposits	105,572	131,995
Finance expense		
Bank interest payable	-	(77,046)
Interest on lease liabilities	(1,530,974)	-
Net finance (expense)/income recognised in profit or loss	(1,425,402)	54,949

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

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Total interest income on financial assets	105,572	131,995
Total interest expense on financial liabilities	(1,530,974)	(77,046)
	(1,425,402)	54,949

11. TAX CREDIT

11.1 Income tax recognised in profit or loss

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Current tax		
Current tax on profits for the year	(910,384)	(1,148,801)
Adjustments in respect of prior years	(152,926)	(69,391)
Total current tax	(1,063,310)	(1,218,192)
Deferred tax expense		
Origination and reversal of timing differences	1,162,238	(9,516,498)
Adjustments in respect of prior years	101,504	-
Write-downs (reversal of previous write-down) of deferred tax assets	(989,794)	1,001,737
Total deferred tax	273,948	(8,514,761)
	(789,362)	(9,732,953)
Total tax expense		
Tax expense	(789,362)	(9,732,953)
	(789,362)	(9,732,953)

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:

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Profit/(loss) for the year	1,864,370	(4,813,199)
Income tax credit/expense	(789,362)	(9,732,953)
Profit/(loss) before income taxes	1,075,008	(14,546,152)
Tax using the Company's domestic tax rate of 19% (2019:19%)	204,252	(2,763,769)
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	61,762	398,443
Adjustments to tax charge in respect of prior periods	(51,422)	(69,388)
Effects of R&D tax credits	(1,135,048)	(494,313)
Tax rate changes	(989,794)	1,001,737
Deferred tax previously unrecognised	-	(7,805,663)
Amounts not recognised	1,120,888	-
Total tax expense	(789,362)	(9,732,953)

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

Changes in tax rates and factors affecting the future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted at the balance sheet date and therefore no adjustment has been made to deferred taxation balances to account for this change. Had the change been substantively enacted at the balance sheet date, the impact on deferred tax balances would have been to increase the deferred tax asset by £2,602,348.

11.2 Deferred tax balances

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

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Deferred tax assets	8,240,813	8,514,761

	Opening balance £	Recognised in profit or loss £	Prior year adjustment £	Closing balance £
2020				
Property, plant and equipment	663,570	1,306,424	361,188	2,331,182
Short term timing differences	(16,854)	(26,213)	(5,146)	(48,213)
Tax losses carried forward	(9,161,477)	(1,107,767)	(254,538)	(10,523,782)
	(8,514,761)	172,444	101,504	(8,240,813)

	Recognised in profit or loss £	Closing balance £
2019		
Property, plant and equipment	663,570	663,570
Short term timing differences	(16,854)	(16,854)
Tax losses carried forward	(9,161,477)	(9,161,477)
	(8,514,761)	(8,514,761)

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.

12. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery £	Right of use assets £	Total £
Cost or valuation			
At 29 December 2018	6,364,789	-	6,364,789
Additions	2,295,203	-	2,295,203
At 27 December 2019	8,659,992	-	8,659,992
Additions	22,969,303	52,459,528	75,428,831
Disposals	(174,446)	-	(174,446)
At 25 December 2020	31,454,849	52,459,528	83,914,377
Accumulated depreciation			
At 29 December 2018	1,293,051	-	1,293,051
Charge for the year	1,075,336	-	1,075,336
At 27 December 2019	2,368,387	-	2,368,387
Charge for the year	1,859,011	3,873,252	5,732,263
Disposals	(174,446)	-	(174,446)
At 25 December 2020	4,052,952	3,873,252	7,926,204
Net book value			
At 27 December 2019	6,291,605	-	6,291,605
At 25 December 2020	27,401,897	48,586,276	75,988,173

Property, plant and equipment relates to owned assets and right of use assets are leased assets. Within plant & machinery there are £531,000 of £Nil net book value assets that are still in use.

13. INTANGIBLE ASSETS

	Development expenditure £
Cost	
At 29 December 2018	5,362,983
Additions	3,713,257
At 27 December 2019	9,076,240
Additions	7,239,194
Disposals	(350,658)
At 25 December 2020	15,964,776
Accumulated amortisation and impairment	
At 29 December 2018	2,107,689
Charge for the year	1,936,353
At 27 December 2019	4,044,042
Charge for the year	3,459,730
Disposals	(350,658)
At 25 December 2020	7,153,114
Net book value	
At 27 December 2019	5,032,198
At 25 December 2020	8,811,662

14. INVENTORIES

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Raw materials	6,571,213	2,297,087

Inventories recognised in cost of sales during the year as an expense was £84,770,662 (2019: £40,203,514).

15. TRADE AND OTHER RECEIVABLES

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Prepayments and accrued income	6,307,862	3,682,532
VAT and other tax recoverable	4,887,559	1,929,393
Other receivables	4,773,590	2,707,353
Total trade and other receivables	15,969,011	8,319,278

16. TRADE AND OTHER PAYABLES

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Trade payables	5,398,496	4,607,568
Other payables	114,047	136,265
Accruals	11,999,755	4,223,718
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	17,512,298	8,967,551
Other taxation and social security	907,657	468,387
Total trade and other payables	18,419,955	9,435,938

17. FINANCIAL INSTRUMENTS

	Year ended 25 December 2020 £	Year ended 27 December 2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	2,507,699	2,457,649
Financial liabilities		
Financial liabilities measured at amortised cost	17,286,428	8,967,551

The Group is exposed to the risks in relation to financial instruments, these risks are discussed in the Strategic Report on pages 18 to 23.

18. CALLED UP SHARE CAPITAL

Authorised

	25 December 2020 Number	25 December 2020 £	27 December 2019 Number	27 December 2019 £
Shares treated as equity				
A Ordinary shares of £0.001 each	275,282	275	275,282	275
B Ordinary shares of £0.001 each	898,139	898	475,287	475
C Ordinary shares of £0.001 each	64,687	65	64,687	65
D Ordinary shares of £0.001 each	59,754	60	59,754	60
E Ordinary shares of £0.001 each	55,172	55	55,172	55
F Ordinary shares of £0.001 each	208,981	209	208,981	209
G Ordinary shares of £0.001 each	139,913	140	139,913	140
H Ordinary shares of £0.001 each	345,424	345	345,424	345
I Ordinary shares of £0.001 each	589,938	590	589,938	590
J Ordinary shares of £0.001 each	1,984,742	1,985	1,698,564	1,699
K Ordinary shares of £0.001 each	148,218	148	-	-
	4,770,250	4,770	3,913,002	3,913

Issued and fully paid

	25 December 2020 Number	25 December 2020 £	27 December 2019 Number	27 December 2019 £
A Ordinary shares of £0.001 each				
At the beginning and end of the year	275,282	275	275,282	275
B Ordinary shares of £0.001 each				
At the beginning of the year	475,287	475	186,447	186
Shares issued	422,852	423	288,840	289
At the end of the year	898,139	898	475,287	475
C Ordinary shares of £0.001 each				
At the beginning and end of the year	64,687	65	64,687	65
D Ordinary shares of £0.001 each				
At the beginning and end of the year	59,754	60	59,754	60
E Ordinary shares of £0.001 each				
At the beginning and end of the year	55,172	55	55,172	55
F Ordinary shares of £0.001 each				
At the beginning and end of the year	208,981	209	208,981	209
G Ordinary shares of £0.001 each				
At the beginning and end of the year	139,913	140	139,913	140
H Ordinary shares of £0.001 each				
At the beginning and end of the year	345,424	345	345,424	345
I Ordinary shares of £0.001 each				
At the beginning and end of the year	589,938	590	589,938	590
J Ordinary shares of £0.001 each				
At the beginning of the year	1,698,564	1,699	1,253,329	1,253
Shares issued	286,178	286	445,235	445
At the end of the year	1,984,742	1,985	1,698,564	1,699
K Ordinary shares of £0.001 each				
Shares issued	148,218	148	-	-
At the end of the year	148,218	148	-	-

In February 2020 the Company issued 78,217 ordinary shares in class B with a nominal value of £0.001.

In March 2020 the Company issued 116,530 ordinary shares in class B with a nominal value of £0.001.

In March 2020 the Company issued 286,178 ordinary shares in class J with a nominal value of £0.001.

In March 2020 the Company issued 7,940 ordinary shares in class B with a nominal value of £0.001.

In May 2020 the Company issued 53,104 ordinary shares in class B with a nominal value of £0.001.

In June 2020 the Company issued 41 ordinary shares in class B with a nominal value of £0.001.

In July 2020 the Company issued 3,500 ordinary shares in class B with a nominal value of £0.001.

In August 2020 the Company issued 137,826 ordinary shares in class B with a nominal value of £0.001.

In September 2020 the Company issued 3,578 ordinary shares in class B with a nominal value of £0.001.

In October 2020 the Company issued 148,218 ordinary shares in class K with a nominal value of £0.001.

In November 2020 the Company issued 22,116 ordinary shares in class B with a nominal value of £0.001.

19. RESERVES

Share premium

Share premium account increased by £56,678,639, reflecting £56,922,967 from the issuance of 422,852 of ordinary B shares, 286,178 of ordinary J shares and 148,218 of ordinary K shares net off by £244,328 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.

Retained earnings

Profit and loss account increased by £4,681,997, reflecting the current period profit offset by £2,817,627 in relation to employee share options exercised.

20. SHARE BASED PAYMENTS

The Company operates a share based payment scheme using Enterprise Management Incentive share options. Options granted, exercised and lapsed in the year were as follows:

	25 December 2020 Weighted average exercise price (pence)	25 December 2020 Number	27 December 2019 Weighted average exercise price (pence)	27 December 2019 Number
Outstanding at the beginning of the financial year	0.001	125,354	0.001	207,167
Granted during the financial year	0.001	-	0.001	-
Forfeited during the financial year	0.001	(1,549)	0.001	-
Exercised during the financial year	0.001	(73,876)	0.001	(63,314)
Expired during the financial year	0.001	-	0.001	(18,499)
Outstanding at the end of the financial year	0.001	49,929	0.001	125,354

The Company issued 349,476 of shares to employees and directors under a separate incentive plan (2019: 237,454). 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 year was £67.50, determined using the valuation metrics of comparable companies, applied to a Black Scholes options pricing model. Weighted average remaining contractual life outstanding as at year end was 21 months.

The total charge for the year was £5,833,094 (2019: £2,068,485).

21. LEASES

(i) Leases as a lessee

The leases held by the Company are in relation to the London offices and factories the Company leases.

Lease liabilities are due as follows:

	25 December 2020 £
Contractual undiscounted cash flows due	
Not later than one year	10,229,154
Between one year and five years	38,300,469
Later than five years	30,832,767
	<u>79,362,390</u>
Lease liabilities included in the Statement of Financial Position at 25 December	48,812,032
Non-current	39,258,707
Current	<u>9,553,325</u>

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 year in respect of lease payments were £4,380,785. The Company has 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 this practical expedient is £86,799.

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

	2020 £
Interest expense on lease liabilities	1,530,974
Expenses relating to short-term leases	94,000
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-
Depreciation of right of use asset	<u>3,873,252</u>

22. NOTES SUPPORTING STATEMENT OF CASH FLOWS

	25 December 2020 £	27 December 2019 £
Cash at bank available on demand	66,841,482	29,794,415
Cash and cash equivalents in the statement of financial position	66,841,482	29,794,415
Cash and cash equivalents in the statement of cash flows	<u>66,841,482</u>	<u>29,794,415</u>

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors consider that there is no overall controlling party.

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