

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

Audited Final Results for the Year Ended 31 December 2023

Science in Sport plc (AIM: SIS) the premium performance nutrition company serving elite athletes, sports enthusiasts, and the active lifestyle community, announces its audited final results for the year ended 31 December 2023 ("FY23" or the "Period") which show a resilient performance, delivered under challenging circumstances with a new leadership team in place since the final quarter of FY23 driving significant change throughout the business.

The current financial year ending 31 December 2024 ("FY24") is progressing well, with a restructure of the executive and leadership team, a significant operational cost review and rationalisation programme underway to deliver annualised aggregate cost savings in excess of £6m compared to the run rate prior to the leadership changes. Further details of H1 FY24 Trading Performance can be seen in the Group's RNS announcement "**Half Year Pre-Close Trading Update and Executive Appointments**" released on 28th June 2024.

Key Financials	FY23	FY22	Change
Revenue	£62.7m	£63.8m	(1.7%)
Gross Profit	£26.8m	£26.9m	(0.4%)
Gross Margin	42.8%	42.2%	+0.6bps
Trading Contribution	£12.8m	£9.3m	+37.6%
Trading Contribution Margin	20.5%	14.6%	+5.9bps
Underlying EBITDA ^[1]	£2.0m	£(2.7m)	+4.7m
Underlying EBITDA margin	3.2%	(4.2%)	+7.4bps
Adjusted Net Debt ^[2]	£12.8m	£10.9m	£(1.9m)
Loss Before Taxation	£(11.3m)	£(10.6m)	(6.6%)
Loss per share	(6.6p)	(7.9p)	+1.3p

FY23 Highlights:

- Restructure of the executive and leadership team with several senior roles exiting the business.
- Record revenue trading month in March, with April, May, and June all setting records for the respective months demonstrate a strong underlying demand for our products but routes to market have been reviewed and reset to deliver improved profitability margins.
- The Group formed an exclusive partnership in the US with thefeed.com, who are the number one endurance sports nutrition direct to consumer business in the US. With this new partnership we have seen a notable improvement in contribution in this jurisdiction throughout FY23.
- Amazon marketplace sales saw a 13% increase, driven by strong growth from SiS products in the UK and Europe.
- Alongside the leadership changes in Q4 FY24 the Group significantly reduced A&P spend to ensure the business focused on profitability and cash generation rather than short term unsustainable revenue targets.
- A significant number of uncommercial marketing contracts have been exited and further savings will be made throughout 2024. Marketing spend will be aligned to identifiable commercial traction.
- Significant operational cost savings have been extracted under the new leadership in the final quarter of 2023 with an annualised benefit in excess of £6m.
- The Group continue to successfully integrate the state of the art 160,000 square foot manufacturing and logistics facility in Blackburn, Lancashire to one combined supply chain site following launch in 2022.
- Successfully developed a relaunch of the Rego recovery range for Q1 FY24.
- The above actions have largely been implemented from the final quarter of FY23 under the new leadership and have underpinned improvements in profitability in Trading Contribution of £3.5m (+37.6%) and in Underlying EBITDA of +£4.7m year on year. The total operational cost savings are estimated to deliver an annualised benefit in excess of £6m, the majority of which will be delivered from H2 2024 onwards.

A separate H1 FY24 performance and future trading outlook RNS "**Half Year Pre-Close Trading Update and Executive Appointments**" has been released today

Dan Wright - Executive Chairman said:

"The Group has made significant strategic progress with a full business review completed in the year. Whilst the strength of our two core brands, SiS and PhD, is unquestionable, the relentless pursuit of top line growth led to some poor historic strategic decisions and an inflated operating structure.

Since joining the Board in October 2023 and establishing the new leadership team, the immediate focus has been managing cash outflow and stabilising the relationship with our various stakeholders. The prior strategy of aggressive top line growth across all channels and markets has been reset, with the revised model of controlled growth whilst delivering sustainable cash generative profitability at improved margins from a reduced cost base.

To date, a number of significant cost rationalisation actions have been taken, benefitting the final quarter of 2023 and providing a stable platform for 2024 in order for the business to reset. Whilst we anticipate a short term reduction of year on year revenue in FY24, EBITDA performance has continued to strengthen and remains in line with previous expectations.

Underpinning the Group's new operating approach, and at the core of the business, are two very strong brands operating in an expanding marketplace. With confidence in the revised operating model, the new leadership team is taking the opportunity to re-engage with our core customers, shareholders and financing partners. We expect to return to sustained revenue growth in 2025 and beyond and whilst cognisant of the challenges ahead are extremely excited about the opportunity to deliver a profitable and cash generative branded consumer goods business and substantial shareholder value associated with it."

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Notes to Editors

About Science in Sport plc

Headquartered in London, Science in Sport plc is a leading sports nutrition business that develops, manufactures, and markets innovative nutrition products for professional athletes, sports and fitness enthusiasts and the active lifestyle community. The Company has two highly regarded brands, PhD Nutrition, a premium active-nutrition brand targeting the active lifestyle community, and SiS, a leading endurance nutrition brand among elite athletes and professional sports teams.

The two brands sell through the Company's phd.com and scienceinsport.com digital platforms, third-party online sites, including Amazon and ebay, and extensive retail distribution in the UK and internationally, including major supermarkets, high street chains and specialist sports retailers. This omnichannel footprint enables the Company to address the full breadth of the sports nutrition market.

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

SiS, a leading endurance nutrition business founded in 1992, has a core range comprising gels, powders and bars focused on energy, hydration, and recovery. SiS is an official endurance nutrition supplier to over 330 professional teams, organisations, and national teams worldwide. SiS supplies more than 150 professional football clubs in the UK, Europe, and the USA.

SiS is Performance Solutions partner to Ineos Grenadiers cycling team, and Tottenham Hotspur, New York City and CGC Nice football clubs.

For further information, please visit phd.com and scienceinsport.com

**Chairman's Statement
Overview**

2023 has been a challenging year for the Group with a new leadership team in place since the final quarter of the year to 31 December 2023 driving change throughout the Group.

For the year ended 31 December 2023, the Group delivered underlying EBITDA¹ of £2.0m in line with market expectations and despite lower revenues of £62.7m. Statutory loss before tax was £11.3m resulting in an improved loss per share of -6.6 pence. Full details of the Group's financial performance are set out in the Business Review .

The new executive team brings together vast experience across a range of highly relevant sectors. The Group are focused on delivering long term shareholder value via our new strategy outlined below.

Strategy

The Group has made significant strategic progress with a full business review completed in the year. Whilst the strength of our two core brands, SiS and PhD, is unquestionable, the relentless pursuit of top line growth led to some poor historic strategic decisions and an inflated operating structure.

Since joining the Board in October 2023 and establishing the new leadership team, the immediate focus has been managing cash outflow and stabilising the relationship with our various stakeholders. The prior strategy of aggressive top line growth across all channels and markets has been reset, with the model of controlled growth whilst delivering sustainable cash generative profitability at improved margins from a reduced cost base.

To date, a number of significant cost rationalisation actions have been taken, benefitting the final quarter of 2023 and providing a stable platform for 2024 in order for the business to reset.

Key actions, both complete and ongoing, include;

- Restructure of the executive and leadership team with several senior roles exiting the business.
- Marginal revenue channels have been reset and measures implemented to secure and grow the Group's profitable revenue streams. Upon detailed review, a number of overseas distribution agreements were found to be uncommercial and based on prioritisation of revenue growth over profitability. While this will reduce revenues in 2024, we will ensure that our distribution arrangements are a two way partnership whereby the strength of the brand is supported by both parties with measurable deliverables.
- Supplier and operational reviews are underway in conjunction with product inventory rationalisation.
- Whilst brand health is robust, and both brands remain leading in their respective categories, a significant number of uncommercial marketing contracts have been exited in 2023 and further savings will be made throughout 2024. Marketing spend will be aligned to identifiable commercial traction.

¹ Earnings before interest, tax, depreciation, amortisation, loss on disposal of intangible assets, share-based payments, restructuring costs, transition costs, unrealised foreign exchange on intercompany balances and other non-EBITDA one-off costs.

- Significant operational cost savings have been extracted under the new leadership in the final quarter of 2023 and progress in implementing operational efficiencies continues to be made. This is anticipated to generate improved contribution to cashflow and earnings throughout 2024.
- In aggregate this will deliver annualised savings totalling £6m, the majority of which will be delivered in 2024.

Environmental, Social and Governance (ESG)

We are committed to promoting sustainability and responsible business practices both as a Group and through our individual brands. As an industry leader, we have invested in packaging technology and plant to transition all protein powder products into recyclable pouch packaging, a first for the sports nutrition industry globally. Furthermore, our move to a new combined supply chain site in the prior year has seen significant environmental improvements by reducing transport miles, carbon emissions and creating new opportunities for those living and working in Blackburn.

Outlook

Moving forward, we are taking a balanced view on prospects for 2024. Key strategic areas of focus include embedding the new operating model post the recent restructuring; controlled growth over the medium term; and continued margin improvements resulting in cash generation and deleveraging. As a result, whilst we anticipate year on year revenues will reduce, we are targeting a significant improvement of underlying EBITDA and reduction of the Group's Adjusted net debt.

Underpinning the Group's new operating model, and at the core of the business, are two very strong brands operating in an expanding marketplace. With confidence in the revised operating model, the new leadership team are taking the opportunity to re-engage with our core customers, shareholders and financing partners to build the business from a more stable platform and ultimately deliver substantial shareholder value.

Dan Wright
Executive Chairman

Science in Sport Overview

Key Performance Indicators	FY23	FY22	Change
Revenue	£62.7m	£63.8m	(1.7%)
Gross Margin	42.8%	42.2%	+0.6bps
Contribution Margin	20.5%	14.6%	+5.9bps
Underlying EBITDA	£2.0m	£(2.7)m	+£4.7m

Overview

Headquartered in London, Science in Sport Plc ('SiS') is a leading sports nutrition business that develops, manufactures, and markets innovative nutrition products for professional athletes, sports and fitness enthusiasts and the active lifestyle community. The Group has two highly regarded brands, PhD Nutrition ('PhD'), a premium active-nutrition brand targeting the active lifestyle community, and SiS, a leading endurance nutrition brand among elite athletes and professional sports teams.

The two brands sell through the Group's phd.com and scienceinsport.com digital platforms, third-party online sites, including Amazon and eBay, and extensive retail distribution in the UK and internationally, including major supermarkets, high street chains and specialist sports retailers. This omnichannel footprint enables the Group to address the full breadth of the global sports nutrition market, worth \$24.6bn in 2022 and forecast to grow at 5.9% CAGR from 2022 to 2027^[3].

Launched in 2005, PhD is one of the UK's leading active nutrition brands with a reputation for high quality and product innovation. The range comprises powders, bars, and supplements, including the high protein, low sugar range, PhD Smart. PhD brand ambassadors include leading endurance and strength athlete Ross Edgley.

SiS, a leading endurance nutrition business founded in 1992, has a core range comprising gels, powders and bars focused on energy, hydration, and recovery. SiS is an official endurance nutrition supplier to over 330 professional teams, organisations, and national teams worldwide. SiS supplies more than 150 professional football clubs in the UK, Europe, and the USA. Brand ambassadors include the former track cyclist Sir Chris Hoy, an eleven-time world champion and six-time Olympic champion, and Elish McColgan, who won gold in the 2022 Commonwealth Games 10,000 metres.

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

In 2022, the Group opened a state of the art 160,000 square foot manufacturing and logistics facility in Blackburn, Lancashire.

Our Brands

The Group's results and operations are underpinned by our two market leading brands;

PhD

Born from science, with innovation and quality at the core of the brand, PhD is one of the UK's leading active nutrition brands. The PhD brand is established internationally with a strong retail network across the globe which has enabled the Group to grow and develop the brand's exceptional reputation.

Our range of PhD products includes:

- **Diet** - The delicious Diet range combines protein, which is ideal for building and maintaining lean muscle whilst keeping you satiated for longer.
- **Smart** - Consisting of great tasting high protein, low sugar foods, bars and snacks. This includes the Smart Bar, an on-the-go protein hit and the multi-use Smart Protein Powder suitable for cooking.
- **Life** - A range of premium, expertly formulated health optimisation products. From the high in protein, low sugar, plant-based Complete meal solution, and Reset, a night time formula, to Mind, made to support optimal mental performance, this is a range to optimise performance for life.
- **Performance** - expertly formulated to help you perform at your best and optimise your training. From key supplements to aid in strength gains pre and intra workout to replenishment and recovery post workout, to maximise training and hitting goals.

Science in Sport:

Science in Sport is a leading performance nutrition brand with over 330 elite athletes and teams relying on its products for success. The combination of world-class knowledge and scientific formulations ensure the brand provides optimal performance solutions for athletes across the nutritional need states of energy, hydration and recovery.

Our range of SiS products includes:

- **Energy** - Bars, shots, gels and powders to give athletes energy
- **Hydration** - Gels, tablets and powders to keep athletes energised and hydrated
- **Recovery** - Powder range to aid athletes' recovery post-exercise
- **Athlete health** - Vitamins and supplements range designed to support and maintain immune function, digestive health and bone health amongst athletes

Our focus in delivering long term value

As part of the comprehensive review of the business in 2023, the leadership team have outlined six key areas of focus, which will enable the Group to reset in 2024 and deliver long-term value going forward;

1. World-class science

As a world leader in nutritional science and product development, investment in science remains at the core of the business. Quality, efficacy of ingredients and proven product benefits are key principles of both brands.

2. Brand exposure

Both brands command significant share within their respective markets. Science in Sport holds the number one position in UK retail and marketplace channels, with a leading presence globally. PhD is in the top three within the UK retail and marketplace channels and is strongly positioned in the Asia Pacific region. We will continue to grow brand awareness, leveraging our Elite athlete portfolio and scientific credentials, through targeted investment delivering measurable returns.

3. Sales growth

The opportunity for global sales growth is significant, given the strength of the brands and continued positive trajectory of the sports nutrition market. We will deliver this by working with existing and new partners, building profitable long-term relationships in the UK and globally.

4. Financial health

The Group had previously pursued an aggressive growth strategy, while this delivered positive revenue growth it was not cash accretive. The revised strategy is on sustainable profitable cash generation, through delivery of enhanced margins on a lower cost base while deleveraging the business.

5. Operational excellence

With the transition to the manufacturing facility at Blackburn fully completed, optimising the supply chain and manufacturing processes to deliver enhanced margins is the key focus for 2024.

6. High performing team

We are resetting the culture and ways of working; we are creating the conditions where everyone can perform at their best by integrating all aspects of our business and ensuring accountability and product pride across every department.

Our Market and Customers

The global sports nutrition market was worth \$24.6bn in 2022 and is forecast to grow at 5.9% CAGR from 2022 to 2027. Our 2023 revenue of £62.7m (2022: £63.8m) represents a solid foothold in this market but highlights the scale of the opportunity for both brands for significant growth.

Our current revenues are weighted to the UK, representing 56% (2022: 57%) of our total revenue. This is driven through strong distribution through multiple channels of specialist retailers, grocery, Amazon and our own direct channel. The UK is a key market, and we see further opportunities to expand and grow our market share through existing and new customers.

Outside of the UK, representing 44% (2022: 43%) of our revenue, we have several key distribution partners covering multiple geographies. We are in the process of resetting a number of these commercial relationships to ensure strategic alignment, with the objective of delivering mutually beneficial profitable growth and improved margins.

Turnover by geographic destination of sales are analysed as follows:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
United Kingdom	35,302	36,574
Rest of Europe	12,047	11,391
USA	3,548	4,670
Rest of the World	11,774	11,138
Total Sales	62,671	63,773

Our People and Culture

In the current year, and subsequent to the balance sheet date, the business has undergone a significant organisational restructure, with over 20 management roles removed. This has resulted in streamlined reporting lines on a much lower cost base. The new executive and senior management team having the capability and expertise to deliver the new strategy.

Our world class team across all parts of the organisation know the performance nutrition market like no one else. With functional experts in all disciplines, including; science, brand, digital marketing, retail, and supply chain, the Group are well placed to deliver on the plan for 2024.

Our Future

As outlined in the Chairman's Statement, the Group is taking a balanced view on prospects for 2024 with the strategic focus on embedding the new operating model following the recent restructuring; controlled growth over the medium term continued margin improvements resulting in cash generation and deleveraging.

Business Review

The Group delivered £62.7m revenue in the year ended 31 December 2023, down 1.7% on prior year (2022: £63.8m) and underlying EBITDA increased to £2.0m (2022: £2.7m loss) consistent with expectations despite the lower revenue.

	2023 £'000	2022 £'000	Increase/ (decrease)
Revenue	62,671	63,773	(1.7%)
Cost of goods	(35,839)	(36,837)	
Gross profit	26,832	26,936	(0.4%)
Selling & general administration costs	(13,985)	(17,611)	
Trading contribution	12,847	9,325	37.8%
Underlying operating expenses	(10,854)	(12,014)	
Underlying EBITDA	1,993	(2,689)	174.1%
Share-based payment charges	-	(262)	

Share-based payment charges	-	(100)	
Depreciation and amortisation	(6,250)	(4,808)	
Restructuring and one-off costs	(1,975)	(888)	
Loss on disposal of intangible assets	(879)	-	
Transition costs	(2,092)	(1,075)	
Unrealised foreign exchange on intercompany balances	(247)	(99)	
Other items	(283)	-	
Loss from operations	(9,733)	(9,821)	0.9%

Performance in 2023 was driven from growth in the Retail (UK and International) and USA online channels, offset by lower trading in China and in the Digital channel. Our SiS brand delivered annual revenue growth of 15%, with PhD closing 2023 with an annual revenue reduction of 16% compared to the prior year, predominantly due to the interrupted trade in the Chinese markets.

Gross profit for the Group remained consistent with £26.8m recognised in 2023 (2022: £26.9m) with gross margin improving to 43% (2022: 42%). The underlying improvement is better reflected by the significant improvement in trading contribution of 21% (2022: 15%). The trading margin reflects the benefit of the distributor model, particularly in the US, together with the operational efficiencies and cost savings at all levels. The 2023 trading contribution margin percentage achieved the highest levels during Q4 of 2023, giving confidence in further improvements in 2024.

Underlying EBITDA of £2.0m (2022: £2.7m loss) improved year on year through improved margins and ongoing cost efficiencies which remain the focus of the Group moving into 2024. Excluded from underlying EBITDA are one-off costs, principally relating to the organisational restructure, transition costs moving to the internally manufactured protein bars and moving the distributor model in the US.

Revenue

	2023			2022		
	SiS £'000	PhD £'000	Total £'000	SiS £'000	PhD £'000	Total £'000
Digital	4,984	2,325	7,309	8,859	3,618	12,477
Marketplace	6,218	6,835	13,053	6,199	7,851	14,050
China	1,105	2,285	3,390	178	7,031	7,209
USA	3,548	-	3,548	-	-	-
Global online	15,855	11,445	27,300	15,236	18,500	33,736
International retail	8,322	4,257	12,579	6,491	3,904	10,395
UK retail	10,007	12,785	22,792	7,981	11,661	19,642
Retail	18,329	17,042	35,371	14,472	15,565	30,037
Total Sales	34,184	28,487	62,671	29,708	34,065	63,773

Global Online

Global online sales accounted for 44% of total sales (2022: 53%) and decreased 19% to £27.3m (2022: £33.7m). The reduction in our own channel digital sales was driven by lower traffic and saw digital sales decrease 41% year on year to £7.3m (2022: £12.5m) following the conscious decision by the Group to reduce marketing spend in this area whilst focusing on significantly improving contribution on digital sales in 2024 and beyond.

Our Amazon marketplace sales saw a 13% increase, driven by strong growth from SiS products in the UK and Europe. Despite this, weaker US marketplace sales (driven by transition to thefeed.com) saw overall marketplace channel revenues decline to £13.1m (2022: £14.1m).

Our US and China business, combined, has been broadly flat delivering £6.9m (2022: £7.2m). In Q1 of 2023, we formed an exclusive partnership in the US with thefeed.com, who are the number one endurance sports nutrition direct to consumer business in the US. With thefeed.com now partnering for operations and fulfilment of our products in the US to both direct to consumer and marketplace channels we have seen a significant improvement in contribution in 2023. In China, whilst annual revenue slowed due to lower demand in H2, the business is now recovering and we anticipate growth in 2024.

Retail

Retail sales accounted for 56% of total sales (2022: 47%) and delivered another year of annual growth in revenue with total retail sales increasing by 18% to £35.4m (2022: £30.0m) driven from both UK and International sales growth across both brands.

UK Retail delivered another year of solid growth, with sales rising by 16% to £22.8m (2022: £19.6m). Strong performances across numerous retailers saw growth in major grocery accounts (6%), independents (10%) and specialist retailers (30%).

PhD UK retail sales grew again by 10% (2022: 11%). We are the second largest manufacturer on sports nutrition shelves in UK Retail as well as the number #1 manufacturer of lean whey powder and plant-based protein powders.

Science in Sport delivered growth of 25% (2022: 6%) in UK Retail, with our high gross margin gels continuing their consistent growth trend. Science in Sport is still the clear number #1 in endurance nutrition in UK Retail.

International Retail also continued its strong growth, and sales were £12.6m (2022: £10.4m), 21% up on the

prior year. This was achieved with strong growth across multiple geographies and both brands with SiS and PhD international retail achieving sales growth of 28% and 9% respectively.

Profitability

The Group generated a gross profit of £26.8m (2022: £26.9m) with a gross margin of 43% compared with 42% in 2022. Gross margin improvements were driven from efficiencies generated from the new Blackburn facility despite increases in raw material prices and other rising prices.

Trading contribution was £12.8m (20.5% contribution margin) (2022: £9.3m; 14.6% contribution margin). The Group focused on continued cost mitigations from reduced advertising and promotion spend and the benefit of the distributor model, particularly in the US. As a result, selling and administration costs of £14.0m (2022: £17.6m) decreased by £3.6m year on year as management continued to focus on more efficient use of spend to promote profitable growth.

Underlying operating costs decreased by £1.2m year on year. The Group has good levels of visibility on these costs due to them relating to people, premises and related overhead costs with a renewed focus on efficiency of spend. The Group has fixed energy tariffs in place until 2025 for electricity and 2027 for gas.

Underlying EBITDA was a gain of £2.0m, a significant improvement on the loss of £2.7m in 2022. The reported loss before tax is £11.3m, (2022: £10.6m loss). Loss per share improved to -6.6p (2022: -7.9p).

The Group has chosen to report underlying EBITDA as an alternative performance measure. This is adjusted for depreciation, amortisation, loss on disposal of intangible assets, non-cash share-based payments, restructuring costs, transition costs and material one-off costs. The Board believes this provides additional useful information for Shareholders to assess an underlying profit performance more closely aligned to a cash profit value, excluding one-offs. This measure is used by the Board for internal performance analysis. A reconciliation of underlying EBITDA to profit from operations is presented in note 1.3.

Working capital

As at 31 December 2023, the Group held inventory of £6.8m (31 December 2022: £6.6m). Inventory remained consistent as we continued to manage the supply chain tightly to ensure efficient working capital and ensure optimal cover.

The year on year decrease in trade receivables of £3.7m was primarily due to increases in the impairment and credit note provision.

Correspondingly, the year on year increase in trade and other payables of £5.3m, was predominantly due to the increase in the year end invoice financing facility position of £6.3m (2022: £4.5m).

Cash position

The Group ended 2023 with cash of £2.1m (2022: £0.9m) and Adjusted net debt of £12.8m (2022: £10.9m) with headroom in facilities of over £4m. The increase in Adjusted net debt (Adjusted net debt is presented in note 1.3) at the year end was driven by the timing of restructuring payments and working capital outflow associated with the early termination of a marketing partner, both of which will result in significant savings in 2024.

A £7.5m flexible invoice credit facility with HSBC, our principal bankers, was drawn to £6.3m. Additional trade finance facilities of £3.5m were drawn at year-end. Total headroom on the combined facilities including cash was over £4m at the year-end. All banking working capital facilities were successfully renewed to April 2025 as part of an annual renewal cycle, with increases in our invoice financing facility to £8m (2023: £7.5m) and trade finance facility to £4m (2023: £3.5m).

Intangible Assets

Total intangible additions during 2023 were £1.0m (2022: £1.9m), with £0.4m (2022: £1.2m) being on technology spend and £0.6m (2022: £0.7m) on product development. Technology spend relates to continued investment on the warehouse management system and ecommerce platform, and product development spend in relation to a number of elite and commercial products across both brands.

Following a review of capitalised product development costs, there were several products where management were no longer able to justify the carrying value of the asset where products are no longer produced, formula has been superseded or commercial viability no longer exists. As a result, the assets have been disposed of leading to a loss on disposal of £0.9m.

Fixed Assets

Total fixed asset additions during 2023 were £1.1m with a final £1.6m work in progress related to the new bar line delivered in December 2023. This completes the strategic investment cycle of peak cash outflows with the Blackburn investment complete. Capital commitments at the end of 2023 were £nil. Ongoing capital expenditure of fixed assets is anticipated to be in the range of £0.5m to £1m excluding any strategic investment opportunities.

Share-based payments

The Company operates both a Short-Term Incentive Programme ("STIP") and a Long-Term Incentive Programme

("LTIP"). Together, the Share Option Plan ("SOP") was approved by the Remuneration Committee in June 2014 in line with the proposal contained in the Company's AIM Admission document published in August 2013. A LTIP scheme for financial years 2020-2022 is in place.

£nil charge was recognised for the 2023 LTIP and STIP schemes (2022 schemes: £Nil).

Taxation

The tax credit in the year is £Nil (2022: £0.3m charge). The Group has cumulative tax losses of £35.3m (2022: £29.1m), a proportion of which the Group will look to use to cover future profits.

Current Trading and Outlook

Following the strategic, organisational, and operational review in 2023, the Group has begun 2024 with greater clarity and focus in delivering the new operating model. This will be achieved with a lean and flexible cost base which will enable the Group to improve underlying EBITDA and its cash generation in 2024.

In the first quarter of 2024, management have been focused on embedding the new operating model and structure, tightly managing the cost base through cutting spend on non value add activities and exiting uneconomic contracts in marketing and technology while resetting commercial arrangements to deliver appropriate margins. While this will result in a top line reduction in the short-term, the margin improvements and cost reductions will be additive to cash and EBITDA generation.

The Board expects 2024 to be a year of progress as management continues to execute the strategic plan driving a balanced 2024 with the focus on controlled growth.

Dividend Policy

Focusing on de-leveraging of the Group and continual investment in the future growth of the business, the Board is taking a prudent approach to the Group's dividend policy and made the decision not to propose a final dividend for the full year to 31 December 2023 (2022: nil pence per share). It remains the Board's intention to review returns to shareholders when conditions improve and financial performance permits.

Post year-end events

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
	Notes		
Revenue	4	62,671	63,773
Cost of goods		(35,839)	(36,837)
Gross profit		26,832	26,936
Operating expenses	5	(36,565)	(36,757)
Loss from operations	6	(9,733)	(9,821)
<i>Comprising:</i>			
Underlying EBITDA	1.3	1,993	(2,689)
Share-based payment expense		-	(262)
Depreciation and amortisation		(6,250)	(4,808)
Non-recurring costs and other items	6	(5,476)	(2,062)
Finance costs	9	(1,558)	(757)
Loss before taxation		(11,291)	(10,578)
Taxation credit / (expense)	10	12	(332)
Loss for the year		(11,279)	(10,910)
Other comprehensive income			
Cash flow hedges		-	2
Exchange differences on translation of foreign operations		54	(21)
Total comprehensive loss for the year		(11,225)	(10,929)
Loss per share to owners of the parent			
Basic and diluted - pence	11	(6.6p)	(7.9p)

All amounts relate to continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Company number: 08535116		As at 31 December 2023 £'000	As at 31 December 2022 £'000
	Notes		
Non-current assets			
Intangible assets	12	27,042	30,739
Right-of-use assets	20	10,520	10,536
Property, plant and equipment	13	10,000	10,338
Deferred tax	19	19	-
Total non-current assets		47,581	51,613
Current assets			
Inventories	14	6,764	6,638
Trade and other receivables	15	13,812	16,524
Cash and cash equivalents	16	2,144	930
Total current assets		22,720	24,092
Total assets		70,301	75,705
Current liabilities			
Trade and other payables	17	(25,257)	(19,993)
Provision for liabilities	18	(671)	(901)
Lease liabilities	20	(789)	(415)
Asset financing	28	(1,192)	(843)
Hire purchase agreement	27	(82)	(80)
Total current liabilities		(27,991)	(22,232)
Non-current liabilities			
Provision for liabilities	18	(1,059)	-
Lease liabilities	20	(9,903)	(10,261)
Asset financing	28	(2,282)	(2,839)
Hire purchase agreement	27	-	(82)
Total non-current liabilities		(13,244)	(13,182)
Total liabilities		(41,235)	(35,414)
Net assets		29,066	40,291
Capital and reserves attributable to owners of the parent company			
Share capital	21	18,227	17,242
Share premium reserve	23	53,134	53,134
Employee benefit trust reserve	23	(204)	(429)
Other reserve	23	(907)	(907)
Foreign exchange reserve	23	(84)	(138)
Retained deficit	23	(41,100)	(28,611)
Total equity		29,066	40,291

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended Year ended

	Notes	31 December 2023 £'000	31 December 2022 £'000
Cash flows from operating activities			
Loss for the financial year		(11,279)	(10,910)
Adjustments for:			
Amortisation of intangible assets	12	3,827	2,919
Depreciation of right-of-use assets	20	993	963
Depreciation of property, plant and equipment	13	1,430	926
Loss on disposal of intangible assets	6	879	-
Loss on disposal of property, plant and equipment		11	-
Unrealised foreign exchange on intercompany balances		247	-
Interest expense		1,558	757
Taxation	10	(12)	332
Share based payment charge		-	262
Operating cash outflow before changes in working capital		((2,346))	(4,751)
Changes in inventories		(126)	1,809
Changes in trade and other receivables		2,712	(3,737)
Changes in trade and other payables		3,009	(1,970)
Total cash inflow / (outflow) from operations		3,249	(8,649)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,103)	(6,013)
Purchase of intangible assets		(1,009)	(1,941)
Net cash outflow from investing activities		(2,112)	(7,954)
Cash flows from financing activities			
	29		
Gross proceeds from issue of share capital		-	5,000
Share issue costs		-	(371)
(Repayments) / proceeds from asset financing		(208)	2,184
Interest paid on asset financing		(253)	(143)
Proceeds from invoice financing		1,818	4,523
Interest paid on invoice financing		(419)	(119)
Proceeds from trade facility		527	2,733
Interest paid on trade facility		(399)	(53)
Principal repayments of lease liabilities		(306)	(629)
Interest paid on lease liabilities		(436)	(442)
Net cash inflow from financing activities		324	12,683
Net increase / (decrease) in cash and cash equivalents		1,461	(3,920)
Unrealised foreign exchange differences		(247)	-
Opening cash and cash equivalents		930	4,850
Closing cash and cash equivalents	16	2,144	930

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Employee Benefit Trust reserve £'000	Other reserve £'000	Foreign exchange reserve £'000	Cash flow hedge reserve £'000	Retained deficit £'000	Total equity £'000
At 31 December 2021	13,510	51,839	(158)	(907)	(117)	(2)	(17,836)	46,329
Total comprehensive loss for the year	-	-	-	-	(21)	2	(10,910)	(10,929)
Transactions with owners:								
Issue of shares	3,732	1,295	(398)	-	-	-	-	4,629
Issue of shares held by EBT to employees	-	-	127	-	-	-	(127)	-
Share based payments	-	-	-	-	-	-	262	262
At 31 December 2022	17,242	53,134	(429)	(907)	(138)	-	(28,611)	40,291

Total comprehensive loss for the year	-	-	-	-	54	-	(11,279)	(11,225)
Transactions with owners:								
Issue of shares	985	-	-	-	-	-	(985)	-
Share based payments	-	-	225	-	-	-	(225)	-
At 31 December 2023	18,227	53,134	(204)	(907)	(84)	-	(41,100)	29,066

1. Accounting policies

1.1 General information

Science in Sport plc (the "Company" and together with its subsidiaries "SIS" or the "Group") is a public limited company incorporated and domiciled in England and Wales (registration number 08535116). The address of the registered office is 2nd Floor, 16 - 18 Hatton Garden, Farringdon, London EC1N 8AT. The functional and presentation currency is Pounds Sterling and the financial statements are rounded to the nearest £1,000.

The main activities of the Group are those of developing, manufacturing and marketing sports nutrition products for professional athletes and sports enthusiasts.

1.2 Basis of preparation

Whilst the financial information included in this results announcement has been prepared on the basis of UK-adopted International Accounting Standards, it does not contain sufficient information to comply with UK-adopted International Accounting Standards. The financial information contained within this results announcement for the year ended 31 December 2023 and the year ended 31 December 2022 is derived from but does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2022 have been filed with the Registrar of Companies. The auditors' report on the statutory accounts for the year ended 31 December 2023 and the year ended 31 December 2022 is unqualified, does not draw attention to any matters by way of emphasis, and does not contain any statement under section 498 of the Companies Act 2006.

1.3 Use of non-GAAP measures - Underlying EBITDA and Adjusted net debt

The Directors believe that the underlying EBITDA as a measure provides additional useful information for Shareholders on underlying trends and performance. This measure is used for internal performance analysis. Underlying operating profit/(loss) is not defined by IFRS and therefore may not be directly comparable with other companies' adjusted profit measures. It is not intended to be a substitute for, or superior to IFRS measurements of profit.

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

	Year Ended 31 December 2023 (£'000)	Year Ended 31 December 2022 (£'000)
Underlying EBITDA	1,993	(2,689)
Share-based payment expense	-	(262)
Depreciation and amortisation	(6,250)	(4,808)
Restructuring and one-off costs	(1,975)	(888)
Loss on disposal of intangible assets	(879)	-
Transition costs	(2,092)	(1,075)
Unrealised foreign exchange on intercompany balances	(247)	(99)
Other items	(283)	-
Loss from operations	(9,733)	(9,821)

The Directors believe that Adjusted net debt as a measure provides additional useful information for Shareholders on underlying trends and performance. This measure is used for internal performance analysis. This measure is not defined by IFRS and therefore may not be directly comparable with other companies' net debt analysis. It is not intended to be a substitute for, or superior to IFRS measurements.

	Year Ended 31 December 2023 (£'000)	Year Ended 31 December 2022 (£'000)
Adjusted net debt		
Cash and cash equivalents	2,144	930
Invoice financing	(6,341)	(4,521)

<i>invoice financing</i>	(10,341)	(9,323)
<i>Trade facility</i>	(3,260)	(2,733)
<i>Asset financing obligation</i>	(3,474)	(3,682)
<i>Other payables</i>	(1,903)	(877)
Adjusted net debt	(12,834)	(10,885)

2. Financial risk management

The Group's activities inevitably expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk.

It is Group policy not to enter into speculative positions using complex financial instruments. The Group's primary treasury objective is to minimise exposure to potential capital losses.

(a) Market risk

Foreign exchange risk

The Group operates globally with subsidiaries in the USA, Italy and Australia, and therefore there will be risks around foreign exchange rates. Refer to note 16 for analysis of cash balances by currency.

The Group primarily enters into contracts which are to be settled in UK Pounds. However, some contracts involve other major world currencies including the US Dollar, Euro and Australian Dollar.

As of 31 December 2023, the Group's net exposure to foreign exchange risk was as follows:

	Trade receivables £'000	Trade payables £'000	Cash and cash equivalents £'000	Net £'000
AUD \$	11	-	27	38
EUR €	229	(138)	401	492
USD \$	1,144	(107)	271	1,308
NZD \$	3	-	19	22
JPY ¥	-	(21)	-	(21)
Total	1,387	(266)	718	1,839

As of 31 December 2022, the Group's net exposure to foreign exchange risk was as follows:

	Trade receivables £'000	Trade payables £'000	Cash and cash equivalents £'000	Net £'000
AUD \$	5	-	31	36
EUR €	212	(13)	178	377
USD \$	125	-	242	367
NZD \$	-	-	6	6
JPY ¥	-	(24)	-	(24)
Total	342	(37)	457	762

Cash flow and fair value interest rate risk

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

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposure in relation to outstanding receivables. Group policy is to place deposits with institutions with investment grade A2 or better (Moody's credit rating). The Group does not expect any losses from non-performance by these institutions. Management believes that the carrying value of outstanding receivables and deposits with banks represents the Group's maximum exposure to credit risk.

The top 10 customers account for 53% (2022: 49%) of the Group's revenue and hence there is some risk from the concentration of customers, the largest single customer is 16% (2022: 13%) of revenue and is a major international online business. Further disclosures regarding trade and other receivables are included in note 15.

(c) Liquidity risk

Liquidity risk arises from the Group's management of working capital; it is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow.

The Group had trade and other payables at the reporting date of £25.3m (2022: £20.0m) as disclosed in note 17. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000
Trade payables	5,114	-	-	-	-
Accruals	8,728	-	-	-	-
Hire purchase	20	62	-	-	-
Asset financing	366	1,098	1,185	1,295	-
Invoice financing	6,341	-	-	-	-
Trade financing	3,260	-	-	-	-
Lease liabilities	315	884	1,051	3,030	8,434
Total financial liabilities	24,144	2,044	2,236	4,325	8,434

(d) Capital risk management

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

The Group remains funded primarily by equity capital together with working capital facilities and asset finance. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders of the Group and benefits for other Stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's debt and cash position is monitored weekly which ensures these objectives are being met along with other internal metrics.

3. Segmental reporting

Operating segments are identified on the basis of internal reporting and decision making. The Group's Chief Operating Decision Maker ("CODM") is considered to be the Board, with support from the senior management teams, as it is primarily responsible for the allocation of resources to segments and the assessments of performance by segment.

The Group's reportable segments have been split into the two brands, Science in Sport (SiS) and PhD Nutrition. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM as described above. The single largest customer makes up 16% of revenue and is not separately identified in segmental reporting.

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

	2023			2022		
	SiS £'000	PhD £'000	Total £'000	SiS £'000	PhD £'000	Total £'000
Sales	34,184	28,487	62,671	29,708	34,065	63,773
Gross profit	16,565	10,267	26,832	17,383	9,553	26,936
Advertising and promotions	(5,368)	(3,025)	(8,393)	(6,602)	(2,387)	(8,989)
Carriage	(3,173)	(1,909)	(5,082)	(6,356)	(756)	(7,112)
Online selling costs	(434)	(76)	(510)	(1,424)	(86)	(1,510)
Trading contribution	7,590	5,257	12,847	3,001	6,324	9,325
Other operating expenses			(22,580)			(19,146)
Loss from operations			(9,733)			(9,821)

4. Revenue from contracts with customers

The Group operates the primary sales channels shown below, which form the basis on which management monitor revenue. UK Retail includes domestic grocers and high street retailers, Digital are sales through the phd.com and scienceinsport.com platforms, International Retail relates to retailers and distributors outside of the UK and Marketplace relates to online marketplaces such as Amazon and Tmall.

	2023			2022		
	SiS £'000	PhD £'000	Total £'000	SiS £'000	PhD £'000	Total £'000
Digital	4,984	2,325	7,309	8,859	3,618	12,477
Marketplace	6,218	6,835	13,053	6,199	7,851	14,050
China	1,105	2,285	3,390	178	7,031	7,209
USA	3,548	-	3,548	-	-	-
Global online	15,855	11,445	27,300	15,236	18,500	33,736
International retail	8,322	4,257	12,579	6,491	3,904	10,395
UK retail	10,007	12,785	22,792	7,981	11,661	19,642
Retail	18,329	17,042	35,371	14,472	15,565	30,037
Total Sales	34,184	28,487	62,671	29,708	34,065	63,773

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

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
United Kingdom	35,302	36,574
Rest of Europe	12,047	11,391
USA	3,548	4,670
Rest of the World	11,774	11,138
Total Sales	62,671	63,773

5. Operating expenses

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Sales and marketing costs	13,985	17,611
Operating costs	16,330	14,076
Depreciation and amortisation	6,250	4,808
Share based payment charge (1)	-	262
Administrative expenses	22,580	19,146
Total operating expenses	36,565	36,757

(1) Includes associated social security credits/costs of £nil (2022: credits of £218,000)

6. Loss from operations

Loss from operations is stated after charging/(crediting):	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Amortisation of intangible assets	3,827	2,919
Loss on disposal of intangible assets	879	-
Depreciation of right-of-use assets	993	963
Depreciation of property, plant and equipment	1,430	926
Research and development costs	464	249
Grant income in respect of research and development tax credits	(163)	(140)
A&P/Marketing costs	8,393	8,989
Impairment of trade receivables	520	489
Non-recurring costs and other items (breakdown detailed below)	5,476	2,062

Included within the amortisation of intangible assets is £686k (2022: £nil) of accelerated amortisation in relation to the corporate website.

Non-recurring costs and other items deducted in arriving at the Groups underlying EBITDA are analysed below:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Restructuring and one-off costs	1,975	888
Loss on disposal of intangible assets	879	-
Transition costs	2,092	1,075
Unrealised foreign exchange on intercompany balances	247	99
Other items	283	-
Total non-recurring costs and other items	5,476	2,062

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

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Audit services		
- Audit fees in respect of the parent company and consolidation	66	57
- Audit fees in respect of the subsidiary accounts	139	121
Non-audit services		
- Corporation tax compliance	-	18
- Other taxation advisory	-	17
Total fees	205	213

7. Wages and salaries

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

	Year ended 31 December 2023 Number	Year ended 31 December 2022 Number
Sales and marketing	57	56
Manufacturing	146	132
Administration	36	36
Directors	6	5
Total employees	245	229

Their aggregate emoluments were:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Wages and salaries	11,075	9,267
Directors' fees	24	181
Social security costs	1,155	1,048
Pension and other staff costs	310	294
Total cash settled emoluments	12,564	10,790
Share based payments - equity settled	-	480
Share based payments - social security costs/(credits)	-	(218)
Total emoluments	12,564	11,052

8. Directors' and Key Management Personnel remuneration

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

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Directors		
Aggregate emoluments and fees	698	653
Benefits in kind	4	7
Pension contributions	12	12
Total emoluments	714	672
Share based payment remuneration charge: equity settled	-	279
Total Directors' emoluments	714	951

Directors' fees of £24,000 (2022: £39,000) for one Director are paid through a limited company.

During the year, one Director participated in defined contribution pension schemes (2022: none). The number of Directors serving during the year who participated in the long-term incentive programme was 2 (2022: 2). A total of 9,852,866 share options were exercised by 2 Directors in the current year with a total gain of £1,157,712 (2022: none).

The highest paid Director received £278,000 (2022: £554,000) which was made up of salary, share-based payments and benefits in kind.

Directors' emoluments include amounts attributable to benefits in kind comprising private medical insurance on which the Directors are assessed for tax purposes. The amounts attributable to benefits in kind are stated at cost to the Group, which is also the tax value of those benefits.

The aggregate remuneration of members of Key Management Personnel (which includes the Board of Directors and other Senior Management Personnel) during the year was as follows:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Remuneration and short-term benefits	1,188	878
National insurance costs	160	99
Pension	12	-
Compensation loss of office	103	-
Post-employment benefits	-	3
Share based payments	-	167
Total amounts paid to Key Management Personnel	1,463	1,147

9. Finance costs

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Interest expense on lease liabilities	436	442
Interest expense on asset financing	253	143
Interest expense on invoice financing	419	119
Interest expense on trade facility	399	53
Unwinding of dilapidation provision	51	-
Total finance costs	1,558	757

10. Taxation

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Current tax		
Overseas subsidiary taxation	(7)	(332)
Total current tax charge	(7)	(332)
Deferred tax		
Effect of change in tax rates	-	270
Origination and reversal of temporary differences	19	790
Adjustment in respect of prior period	-	(1,060)
Total deferred tax credit	19	-
Total tax credit / (charge)	12	(332)

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

Loss before tax	11,291	10,578
Loss before tax multiplied by a hybrid rate of corporation tax in the UK of 23.52% (2022: standard rate of 19%)	2,656	2,010
Effects of:		
Expenses not deductible for tax purposes	(423)	(366)
Fixed asset differences	6	186
Current year movement in respect of prior periods	22	-
Unrecognised deferred tax asset on losses carried forward	(2,772)	(2,498)
R&D expenditure credit received	38	48
Effect of changes in tax rate	155	357
Excess overseas tax suffered	-	(69)
Other	330	-
Total tax credit / (charge)	12	(332)

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

	2023			2022		
	Before tax £'000	Tax £'000	After tax £'000	Before tax £'000	Tax £'000	After tax £'000
Profit recognised on hedging instrument	-	-	-	2	-	2
Exchange losses on the translation of foreign operations	54	-	54	(21)	-	(21)
Total	54	-	54	(19)	-	(19)

At 31 December 2023 UK tax losses of the Company available to be carried forward are estimated to be £38.6m (2022: £30.5m). The rate of UK Corporation tax increased from 19% to 25% on 6 April 2023, for the financial year ended 31 December 2023 a hybrid rate of 23.52% has been used. Existing deferred tax liabilities had been calculated at the rate at which the relevant balances were expected to be recovered or settled. This rate was 25% and therefore existing deferred tax liabilities have not had to be remeasured.

There are no future factors at the reporting date that are expected to impact the Group's future tax charge. The Group is not within the scope of the OECD Pillar Two model rules.

11. Loss per share

Basic and diluted loss per share is calculated by dividing the loss attributable to owners of the parent by the weighted average number of Ordinary shares in issue during the period. The exercise of share options would have the effect of reducing the loss per share and is therefore anti-dilutive under the terms of IAS 33 'Earnings

per share'.

	Year ended 31 December 2023	Year ended 31 December 2022
Loss for the year attributable to owners of the parent - £'000	(11,279)	(10,910)
Weighted average number of shares	170,123,783	138,860,015
Basic loss per share - pence	(6.6p)	(7.9p)
Diluted loss per share - pence	(6.6p)	(7.9p)

The number of vested but unexercised share options is 2,896,615 (2022: 16,446,937).

12. Intangible assets

	Goodwill £'000	Brands £'000	Customer relationships £'000	Website and software development £'000	Product development £'000	Total £'000
Cost						
At 31 December 2021	17,398	8,957	5,638	5,740	2,309	40,042
Additions	-	-	-	1,195	746	1,941
At 31 December 2022	17,398	8,957	5,638	6,935	3,055	41,983
Additions	-	-	-	443	566	1,009
Disposals	-	-	-	(216)	(1,573)	(1,789)
At 31 December 2023	17,398	8,957	5,638	7,162	2,048	41,203
Amortisation						
At 31 December 2021	-	2,763	1,738	2,930	894	8,325
Charge for the year	-	894	564	1,105	356	2,919
At 31 December 2022	-	3,657	2,302	4,035	1,250	11,244
Charge for the year	-	896	564	1,691	676	3,827
Disposals	-	-	-	(216)	(694)	(910)
At 31 December 2023	-	4,553	2,866	5,510	1,232	14,161
Net book value						
At 31 December 2023	17,398	4,404	2,772	1,652	816	27,042
At 31 December 2022	17,398	5,300	3,336	2,900	1,805	30,739

Following a review of capitalised product development costs, there were several products where management were no longer able to justify the carrying value of the asset where products are no longer produced, formula has been superseded or commercial viability no longer exists. As a result, the assets have been disposed of leading to a loss on disposal of £879,000 which has been recognised in operating expenses.

The brand and customer relationships recognised were purchased as part of the acquisition of PhD Nutrition on 6 December 2018. They are considered to have finite useful lives and are amortised on a straight-line basis over their estimated useful lives of 10 years. The intangibles were valued using an income approach, using the Multi-Period Excess Earnings Method for customer relationships and Relief from Royalty Method for brand valuations.

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The Group has estimated the value in use of PhD Nutrition based on a discounted cashflow model which adjusts for risks associated with the assets. The post-tax discount rate used to measure the CGUs value in use was 11.21% (2022: 9.74%).

The recoverable amount of the CGU has been determined from value in use calculations based on cash flow projections covering a period to 31 December 2028. The forecasts are based on a 3-year, board approved, strategic plan, which forecasts revenue growth ahead of the forecast market growth rate. For the period from 2028 revenue growth rates have been reduced to the forecast average growth rate for the sports nutrition market.

The Board approved cash forecast uses a growth rate of 11.1% for 2024 and 20% for 2025 to 2027. A growth rate of 15% for 2028 has been used which is aligned to long term historic PhD growth rates. From 2028 an annual growth rate of 1.5% is applied into perpetuity.

The key assumptions used in the discounted cashflow model were the discount rate, sales growth and gross margin. Gross margin percentages were based on 2023 actuals adjusted for expected improvements to the manufacturing cycle as well as extra costs around headcount and carriage that are appropriate with the future revenue growth rate.

The discount rate used in the discounted cashflow is based on a WACC analysis which takes into account estimates on the:

- Risk-free rate (rate used is higher than the long-term UK government bond)
- Equity risk premium (this is higher than the average equity risk premium in the UK)
- Size premium (the same value as prior year has been used)

Sensitivity analysis

With regard to the assessment of value in use, a change in any of the above key assumptions could have a material impact on the carrying value of the cash-generating unit.

If any of the following changes were independently made to the key assumptions the carrying amount and recoverable amount would be equal:

- 5% absolute increase in the discount rate; or
- 70% decrease in EBITDA (years 1-5); or
- A combination of 1% decrease in gross margin and 5% absolute decrease in the current revenue growth rate (years 1-5)

13. Property, plant and equipment

	Leasehold improvements £'000	Plant and machinery £'000	Fixture, fittings and computer equipment £'000	Motor vehicles £'000	Capital work in progress £'000	Total £'000
Cost						
At 31 December 2021	663	3,143	2,462	16	2,894	9,178
Additions	3,117	2,269	627	-	-	6,013
Transfers	711	632	-	-	(1,343)	-
At 31 December 2022	4,491	6,044	3,089	16	1,551	15,191
Additions	95	859	149	-	-	1,103
Disposals	(538)	(502)	(644)	(16)	-	(1,700)
Transfers	31	1,520	-	-	(1,551)	-
At 31 December 2023	4,079	7,921	2,594	-	-	14,594
Depreciation						
At 31 December 2021	572	1,774	1,567	14	-	3,927
Charge for the year	184	347	395	-	-	926
At 31 December 2022	756	2,121	1,962	14	-	4,853
Charge for the year	312	681	437	-	-	1,430
Disposals	(538)	(502)	(635)	(14)	-	(1,689)
At 31 December 2023	530	2,300	1,764	-	-	4,594
Net book value						
At 31 December 2023	3,549	5,621	830	-	-	10,000
At 31 December 2022	3,735	3,923	1,127	2	1,551	10,338

Capital Commitments

At 31 December 2023, the Group had £nil of capital commitments (2022: £nil).

14. Inventories

	31 December 2023 £'000	31 December 2022 £'000
Raw materials	1,825	2,455
Finished goods	4,939	4,183
Total inventories	6,764	6,638

There is a provision of £1,505,000 included within inventories in relation to the impairment of inventories (2022: £452,000). The provision relates to the impairment of residual packaging stock following the change in gel machinery and a reduction in the number of active stock keeping units (SKUs). During the year, inventories of £34,334,000 (2022: £36,042,000) were recognised as an expense within cost of sales.

15. Trade and other receivables

	31 December 2023 £'000	31 December 2022 £'000
Trade receivables	12,046	15,274
Less: provision for impairment of trade receivables	(700)	(281)
Trade receivables - net	11,346	14,993
Other receivables	1,408	1,046
Total financial assets other than cash and cash equivalents classified as amortised cost	12,754	16,039
Prepayments and accrued income	1,058	485

Total trade and other receivables	13,812	16,524
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Trade receivables represent debts due for the sale of goods to customers.

Trade receivables are denominated in local currency of the operating entity and converted to Sterling at the prevailing exchange rate as at 31 December 2023. The Directors consider that the carrying amount of these receivables approximates to their fair value. All amounts shown under receivables fall due for payment within one year. The Group does not hold any collateral as security.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging.

The expected loss rates are based on the Group's historical credit losses. The historical loss rates are then adjusted for current and forward-looking information affecting the Group's customers.

At 31 December 2023 the lifetime expected loss provision for trade receivables is as follows:

	Less than 60 days past due	More than 60 days past due	More than 90 days past due	Total
At 31 December 2023				
Expected loss rate (%)	0%	0%	5%	
Gross carrying amount (£'000)	11,493	1,324	702	13,519
Loss provision (£'000)	-	-	35	35
At 31 December 2022				
Expected loss rate (%)	0%	0%	5%	
Gross carrying amount (£'000)	13,271	776	1,227	15,274
Loss provision (£'000)	-	-	66	66

A further provision of £665,000 (2022: £215,000) has been included against specific debts considered impaired.

Movement in the provision in the year	Total
At 31 December 2022	281
Amount utilised in the year	(101)
Additional provision charged in the year	520
At 31 December 2023	700

16. Cash and cash equivalents

	31 December 2023 £'000	31 December 2022 £'000
Cash at bank and in hand	2,144	930
Cash at bank and in hand is made up of the following currency balances:		
British Pound	1,428	551
Euro	399	109
US Dollar	271	235
Australian Dollar	27	29
New Zealand Dollar	19	6
	2,144	930

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

17. Trade and other payables

	31 December 2023 £'000	31 December 2022 £'000
Trade payables	5,114	4,981
Accruals	8,728	7,226
Invoice financing	6,341	4,523
Trade facility	3,260	2,733
Total financial liabilities measured at amortised cost	23,443	19,463
Other taxes and social security	1,814	530
Total trade and other payables	25,257	19,993

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

All amounts shown fall due within one year.

Invoice financing is the amount due to HSBC after drawing down from the £7.5m (2022: £6.0m) flexible invoice credit facility during the year. This facility contains both fixed and floating charges over all the property and undertakings of the parent company. Repayments and draw downs on the facility are a continuous process as and when invoice payments are collected from customers.

Additionally, a £3.5m uncommitted trade facility was entered into during the prior year which is secured on stock. The drawdowns on the trade facility during the year were £527,000 (2022: £2,733,000). Drawdowns on the trade facility are repaid over 90 days from the drawdown.

All banking working capital facilities were successfully renewed to April 2025 as part of an annual renewal cycle, with increases in the invoice financing facility to £8m (2023: £7.5m) and trade finance facility to £4m (2023: £3.5m).

18. Provisions for liabilities

The Group had the following provisions during the year:

	VAT provision £'000	Dilapidations provision £'000	Total £'000
At 1 January 2023	513	388	901
Additions to the income statement	98	731	829
At 31 December 2023	611	1,119	1,730
Due within one year	611	60	671
Due in over one year	-	1,059	1,059

Following an HMRC VAT assessment in the prior year, a small number of Bar products in the PhD range that were previously classed as zero-rated have been assessed by HMRC as standard rated for VAT purposes. The total exposure on these products is £0.6m (2022: £0.5m).

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

A dilapidations provision has been increased during the year in conjunction with the new Blackburn operating site. The estimated cost is expected to bring the property back, at the end of the lease, into the same condition it was in at the start of the lease. There are 13 years remaining on the initial lease term at the yearend. There is therefore uncertainty over the final amount and timing of the cashflows. Management have utilised their best estimate of the future obligation at the yearend and will be engaging an independent surveyor in the year to continue to monitor the appropriateness of the provision.

19. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2022: 25%). Details of the deferred tax asset and liability, amounts recognised in profit or loss and amounts recognised in other comprehensive income are as follows:

Year ended 31 December 2023:	Asset £'000	Liability £'000	Net £'000	(Charged)/ credited to profit or loss £'000	(Charged)/ credited to equity £'000
Accelerated capital allowances	19	-	19	19	-
Available losses	1,786	-	1,786	(365)	-
Other temporary differences	-	-	-	-	-
Business combinations	-	(1,786)	(1,786)	365	-
Net tax assets/(liabilities)	1,805	(1,786)	19	19	-

Year ended 31 December 2022:	Asset £'000	Liability £'000	Net £'000	(Charged)/ credited to profit or loss £'000	(Charged)/ credited to equity £'000
Accelerated capital allowances	-	-	-	71	-
Available losses	2,151	-	2,151	(428)	-
Business combinations	-	(2,151)	(2,151)	357	-
Net tax assets/(liabilities)	2,151	(2,151)	-	-	-

SiS (Science in Sport) Limited has a cumulative assessed tax loss of £38.6m as at 31 December 2023 (2022: £30.5m). The losses are split into pre 1 April 2017 losses of £4.2m (2022: £4.2m) and post 1 April 2017 losses of £34.4m (2022: £26.3m). SiS (Science in Sport) Limited can utilise its assessed tax losses in the coming years against future expected profits. Assessed losses from before 1st April 2017 can only be used against SiS (Science in Sport) Limited profit whereas assessed tax losses from after 1st April 2017 can be used to offset the future profits from SiS (Science in Sport) Limited and PhD Nutrition Ltd profits. Tax losses have not been recognised as a deferred tax asset due to the uncertainty of the timing of recoverability based on recent

recognised as a deferred tax asset due to the uncertainty of the timing of recoverability based on recent results; the Group will continue to assess recoverability.

20. Leases

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

Right of use assets	Land and buildings £000	Vehicles £000	Total £000
Cost			
At 31 December 2021	10,902	14	10,916
Additions	1,041	-	1,041
Disposals	(201)	-	(201)
At 31 December 2022	11,742	14	11,756
Additions - leased assets	325	-	325
Additions - dilapidations provision	655	-	655
Disposals	(3)	-	(3)
At 31 December 2023	12,719	14	12,733
Amortisation			
At 1 January 2021	257	-	257
Charge for period	949	14	963
At 31 December 2022	1,206	14	1,220
Charge for period	993	-	993
At 31 December 2023	2,199	14	2,213
Net book value			
At 31 December 2023	10,520	-	10,520
At 31 December 2022	10,536	-	10,536

Lease liabilities	Total £'000
At 1 January 2023	10,676
Additions	325
Disposals	(3)
Interest expense	436
Lease payments	(742)
At 31 December 2023	10,692
Current	789
Non current	9,903

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

	Between 3					Total £'000
	Up to 3 months £'000	and 12 months £'000	between 1 and 2 year £'000	Between 2 and 5 years £'000	Over 5 years £'000	
At 31 December 2023	315	884	1,051	3,030	8,434	13,714

Short term and low value lease expenses in the year were nil. In the previous year short term leases, classified as operating leases, related to rental property in UK and Italy totalling £120,000.

21. Share capital

	Ordinary 10p shares Number	Ordinary 10p shares £'000
Authorised share capital	221,000,000	22,100
Allotted, called up and fully paid		
At 1 January 2022	135,100,931	13,510
Share issue - 5 May 2022	3,985,477	399
Share issue - 21 October 2022	33,333,333	3,333
At 31 December 2022	172,419,741	17,242
Share issue - 29 December 2023	9,852,866	985
At 31 December 2023	182,272,607	18,227

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

On 29 December 2023, the Company issued and allotted 9,852,866 new Ordinary shares which were used to satisfy the exercise of share options. At 31 December 2023 the Employee Benefit Trust held in reserve

justify the exercise of share options. At 31 December 2023 the Employee Benefit Trust held in reserve 2,045,230 new Ordinary shares of 10p each to be issued as share options (2022: 4,293,194 new Ordinary shares of 10p each).

22. Share options

In June 2014 the Company adopted a Share Option Plan ("SOP"). The key terms of the SOP are substantially the same as set out in the AIM Admission Document which is available on the Group's website. Under the SOP, options to purchase Ordinary shares may be granted by the Remuneration Committee to Directors, Senior Executives and potentially other employees at nil-cost.

To enable the Company to grant nil-cost options it has established an Employee Benefit Trust to purchase, hold and transfer the Ordinary shares pursuant to the options.

The SOP is managed by the Remuneration Committee on behalf of the Company. The Company will grant each participant an option subject to the terms and conditions of each participant's individual option agreement (including performance conditions) and the SOP rules. Each participant may be granted either annual or long term (three- or five-year vesting period) options or both. Annual options may be settled in either cash or shares at the sole discretion of the Remuneration Committee. As at 31 December 2023, 2,045,230 (2022: 4,293,194) shares were held by the Employee Benefit Trust in respect of options awarded to the Directors in respect of previous years. All other annual options have been treated as equity settled options.

In the event that the option holder's employment is terminated before vesting, the option may not be exercised unless the Remuneration Committee so permits. Options expire 10 years from date of grant.

The Board approved an LTIP element of the SOP on 22 September 2016 which relates to revenue growth achievement. This award replaces the existing five-year LTIP, the three-year revenue growth phase of this scheme vested in March 2016 and was then planned to be a profit plan for two years thereafter. Following the raising of additional capital in October 2015, the strategy has continued to be focussed on revenue growth following the completion of the first three years of the previous LTIP.

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

There is no charge for the year relating to employee share-based payment plans. In 2022 the charge was £262,000, which mainly relates to 2021 STIP & LTIP and 2019 LTIP equity settled share-based payment transactions, with social security credits of £218,000.

Options granted during the period

During the year ended 31 December 2023, no options were granted under the short term and long-term incentive plan with regard to performance in the year ended 31 December 2022 or 31 December 2023. All options have a nil exercise price and no market-based performance conditions.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price pence	Weighted average share price at date of exercise pence	Share options Number
Options at 1 January 2022	nil	-	10,820,373
Granted during year	nil	58p	4,037,471
Exercised	nil	50p	(1,276,351)
Forfeited during year	nil	-	-
Outstanding at 31 December 2022	nil		13,581,493
Granted during year	nil	-	-
Exercised	nil	12p	(12,100,830)
Forfeited during year	nil	11p	(629,278)
Outstanding at 31 December 2023	nil		851,385

The exercise price of all options outstanding at the end of the year was nil. The average remaining contractual life for these options as at 31 December 2023 was 0.5 years (2022: 6.4 years). Of the 851,385 outstanding share options at the yearend, 350,835 were exercised following the yearend, 320,751 lapsed following the yearend and 179,799 remained exercisable at the date of signing these financial statements with no further vesting conditions.

23. Reserves

Share premium	Amount subscribed for share capital in excess of nominal value less costs directly attributable to the issue of shares.
Employee Benefit Trust reserve	Shares in the Company held by the Employee Benefit Trust which will be used to settle options held by employees under the SOP.
Cash flow hedge reserve	Gains/losses arising on the effective portion of hedging instruments carried at fair value in a qualifying cash flow hedge. There were no movements in cash flow hedges in the current or prior year. There remains a historic cash flow hedge reserve on the consolidated statement of financial position as a result of previous cash flow hedge accounting.
Other reserve	Arose as a result of applying the principles of reverse acquisition accounting following the demerger of SIS (Science in Sport) Limited from Provexis plc in August 2013 and represents the difference between the capital reserves of Science in Sport plc (the legal acquirer) and those of SIS (Science in Sport) Limited (the legal acquiree).
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

Foreign exchange reserve	Arises on the translation of foreign subsidiaries into Sterling at the year-end date.
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24. Pension costs

The pension charge represents contributions payable by the Group to independently administered funds which during the year ended 31 December 2023 amounted to £310,000 (2022: £294,000). Pension contributions payable but not yet paid at 31 December 2023 totalled £59,000 (2022: £49,000).

25. Related party transactions

IAS 24 'Related Party Transactions' requires the disclosure of the details of material transactions between reporting entities and related parties. Transactions and balances with group companies are eliminated on consolidation and therefore do not need to be disclosed.

There were no other related party transactions during the financial year, nor any balances outstanding at the end of the financial year.

26. Financial instruments

Financial instruments at amortised cost	31 December 2023 £'000	31 December 2022 £'000
Financial assets measured at amortised cost	14,898	16,969
Financial liabilities measured at amortised cost	37,691	33,983

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

27. Hire purchase agreement

	31 December 2023 £'000	31 December 2022 £'000
Current portion of hire purchase obligation	82	80
Long term portion of hire purchase obligation	-	82
Total hire purchase obligation	82	162

28. Asset financing

An asset financing agreement was entered into in 2021 with Lombard Equipment Finance to fund capital expenditure for the Blackburn single site operations facility. The full amount funding has now been received and totals £3,553,000. The Group's obligation is to repay the financing over 60 months, the first repayment occurred in July 2022.

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

	31 December 2023 £'000	31 December 2022 £'000
Current portion of asset financing obligation	1,192	843
Long term portion of asset financing obligation	2,282	2,839
Total asset financing obligation	3,474	3,682

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

	Between 3				Total £'000
	Up to 3 months £'000	and 12 months £'000	between 1 and 2 year £'000	Between 2 and 5 years £'000	
At 31 December 2023	366	1,098	1,185	1,295	3,944

29. Notes to the cash flow statement

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

	1 January 2023 £'000	Cash flows £'000	Non-cash changes £'000	31 December 2023 £'000
Cash and cash equivalents	930	1,461	(247)	2,144
Asset financing	(2,693)	308		(2,385)

Asset financing	(3,002)	208	-	(3,414)
Invoice financing	(4,523)	(1,818)	-	(6,341)
Trade facility	(2,733)	(527)	-	(3,260)
Lease liabilities	(10,676)	306	(322)	(10,692)
Total	(20,684)	66	(1,005)	(21,623)

Non-cash changes in cash are in relation to unrealised foreign exchange differences. Non-cash changes in lease liabilities are in relation to additions and disposals (note 20).

30. Contingent liabilities

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

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

31. Post balance sheet events

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

32. Parent company guarantees

As the ultimate parent undertaking, Science in Sport plc is providing SIS (Science in Sport) (included within these Group consolidated financial statements) with guarantees of its debts in the form prescribed by Section 479C of the Companies Act 2006 ("the Act") such that the subsidiary can claim exemption from requiring an audit in accordance with section 479A of the Act. This guarantee covers all of the outstanding actual and contingent liabilities of this company as at 31 December 2023.

^[1] Earnings before interest, tax, depreciation, amortisation, loss on disposal of intangible assets, share-based payments, restructuring costs, transition costs, unrealised foreign exchange on intercompany balances and other non-EBITDA one-off costs

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

^[3] Source - Euromonitor October 2022

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