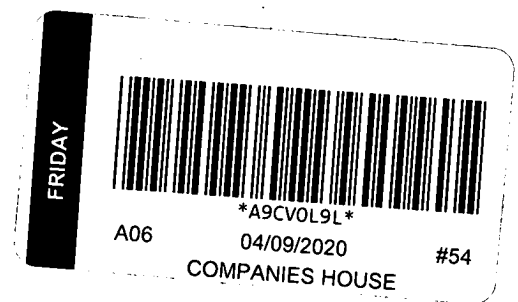


Registered number: 08027386

SCA INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 27 DECEMBER 2019



SCA INVESTMENTS LIMITED

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SCA INVESTMENTS LIMITED

COMPANY INFORMATION

Directors

T Boldt
S Calver
M Evans
D Giampaolo
S Matthews
T Mason
B Macfarlane
S Willson
A Wynn
N Buckle
M Reich

Registered number

08027386

Registered office

Unit 1.8 & 1.9
The Shepherds Building
Charecroft Way
London
W14 0EE

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

SCA INVESTMENTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 27 DECEMBER 2019

The directors present the Strategic Report of SCA Investments Limited (the "Company" or "Gousto") for the 52 week period ended 27 December 2019. The prior year financial statements were for the 52 week period ended 28 December 2018.

Introduction

2019 has been another hugely successful year for the Company.

We have grown turnover by 67%, continued to enhance our best in class customer proposition, and positioned the company for future growth through increasing capacity and raising £30m for further expansion in the coming years.

Business review

2019 reflected another step-change in the Company's journey. Strong turnover growth, another step towards profitability and a cash balance bolstered by a fundraising round, leaves the Company in a financially strong position at year-end.

The 67% growth in turnover from £49m to £83m reflects a continuously growing customer base who are becoming increasingly loyal to the Gousto brand. A satisfied customer base was reflected across numerous market metrics, with a record Net Promoter score of 70 and culminating in Gousto being the most recommended food brand in the UK in a January 2020 YouGov poll.

Several factors stood out as being particularly influential in driving the revenue increase, including:

- A 50% reduction in the amount of plastic in Gousto boxes
- The strategic partnerships with Joe Wicks and Wagamama, further increasing customer choice and reach
- An increase in the number of weekly recipes offered to customers to 50, the most in the marketplace
- Continued investment in the Gousto customer experience, with continued development in its customer platform and up-weighted investment in its customer service function.

Further supporting the turnover growth was the installation of a new production line at the Company's Spalding production facility. The production efficiencies generated by the factory enables gross margins to improve by 0.2% to 50.5%.

Overall the loss for the year after tax improved from £15.6m to £4.8m, which in turn drove an improvement in net cash utilised in operating activities from £(15.2)m to £(9.7)m.

Overall the Company's cash balance improved by £13.3m to £29.8m, underpinned by £30m (£29m after expenses) secured through a fundraising round.

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.

SCA INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 27 DECEMBER 2019

Principal and financial 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.

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 or failure of factory systems)

All of our business is fulfilled from one factory. If we were unable to produce boxes for an extended period, it would adversely impact trade. To mitigate this risk we have business continuity plans in place.

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.

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

We have a fully documented food safety and hygiene system and are BRC certified (grade A).

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

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 key performance indicators

Turnover of £82.5m (2018: £49.3m) was up 67% in 2019 driven by a combination of growth in new customers, loyalty of existing customers and higher average transaction values.

Gross profit as a % of turnover increased from 50% to 51% as the company benefited from production efficiencies and recipe optimisations.

Operating loss as a % of turnover decreased significantly by 1,700bps to 15% of turnover as the Company has been able to drive fixed cost efficiencies as it has scaled.

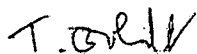
Capex of £6.0m (2018: £6.4m) was invested in operations, data science and technology as the Company continues to invest to future-proof its operation and cement its leadership in the industry.

The net assets position for the Company at the year end was £50.8m (2018: £24.6m).

SCA INVESTMENTS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2019**

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



Director

Date: 20 April 2020

SCA INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 27 DECEMBER 2019

The directors present their annual report and the audited financial statements of SCA Investments Limited (the "Company") for the 52 week period ended 27 December 2019.

Principal activities

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

Results and dividends

The loss for the financial year amounted to £4,813,199 (2018: £15,590,663).

The directors of the Company are proposing no dividends to be paid out (2018: £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
J Coker (resigned 25 March 2019)
D Cruickshank (resigned 31 May 2019)
M Evans
D Giampaolo
J Harley (resigned 31 December 2018)
S Matthews
T Mason
B Macfarlane (appointed 25 March 2019)
S Willson (appointed 1 January 2019)
A Wynn (appointed 12 July 2019)
N Buckle (appointed 25 February 2020)
M Reich (appointed 25 February 2020)

Future developments

Future developments for the Company likely involve the continued development of consumer offerings, both recipe and convenience benefits, underpinned by superior investments in its proprietary technology platforms as well in factory capabilities and capacity.

The long-term plan of the business sees continued double digit growth within its current geographical footprint.

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 2019 was £3.7m (2018: £2.0m).

SCA INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 27 DECEMBER 2019

Employee information

The Company operates a relatively flat operating structure, enabling employees to be closely involved with their function as well as the wider organisation. As part of this structure, procedures exist for employee communication, consultation, training and personal development.

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.

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

The Company is strongly committed to employee share ownership, with 63,314 employee share options exercised during the 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.

Post balance sheet events

On 31 March 2020 the Company issued a further 224,719 of Ordinary J shares to existing shareholders for a consideration of £24,999,988.75. The cash balance was received by 3 April 2020. By 9 April 2020 a further 67,742 of Ordinary J shares were issued to existing and new shareholders for a consideration of £7,536,298, of which £4,036,373 had been received by the company at the date of these financial statements.

The impact of the Covid-19 pandemic has positively impacted the Group's 2020 trading results, with demand exceeding available production capacity. Whilst proudly supporting efforts to feed the nation, we continue to place the highest levels of focus on our employees' and consumers' health and safety and have closely followed all government advice.

SCA INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 27 DECEMBER 2019

Directors' responsibilities statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 United Kingdom Accounting Standards, comprising FRS 102, 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.

Directors' confirmations

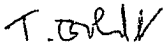
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves 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 by:



Director

Date: 20 April 2020

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 27 December 2019 and of its loss and cash flows for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 27 December 2019; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the period ended 27 December 2019; 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

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

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

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.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 27 December 2019 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 Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

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 received 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
20 April 2020

SCA INVESTMENTS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 27 DECEMBER 2019**

		Year ended 27 December 2019 £	Year ended 28 December 2018 £
Turnover	4	82,525,586	49,283,570
Cost of sales		(40,822,352)	(24,496,858)
Gross profit		41,703,234	24,786,712
Distribution costs		(17,618,893)	(10,834,926)
Administrative expenses		(36,616,957)	(29,500,607)
Operating loss	5	(12,532,616)	(15,548,821)
Share based payments		(2,068,485)	(837,212)
Interest receivable and similar income	9	131,995	18,063
Interest payable and similar expenses	10	(77,046)	(175,571)
Loss before taxation		(14,546,152)	(16,543,541)
Tax on loss	11	9,732,953	952,878
Loss for the financial year		(4,813,199)	(15,590,663)
Total comprehensive expense for the financial year		(4,813,199)	(15,590,663)

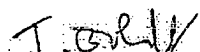
The notes on pages 16 to 32 form part of these financial statements.

SCA INVESTMENTS LIMITED
REGISTERED NUMBER: 08027386

STATEMENT OF FINANCIAL POSITION
AS AT 27 DECEMBER 2019

	Note	27 December 2019 £	28 December 2018 £
Fixed assets			
Intangible assets	12	5,032,198	3,255,294
Tangible assets	13	6,291,605	5,071,738
		<u>11,323,803</u>	<u>8,327,032</u>
Current assets			
Stocks	14	2,297,087	1,513,840
Debtors: amounts falling due after more than one year	15	8,514,761	-
Debtors	15	8,319,278	4,799,215
Cash at bank and in hand	16	29,794,415	16,447,269
		<u>48,925,541</u>	<u>22,760,324</u>
Creditors: amounts falling due within one year	17	(9,435,938)	(6,536,971)
Net current assets		<u>39,489,603</u>	<u>16,223,353</u>
Total assets less current liabilities		<u>50,813,406</u>	<u>24,550,385</u>
Capital and reserves			
Called up share capital	20	3,913	3,178
Share premium account	21	97,536,510	69,556,693
Share based payment reserve	21	1,247,018	665,911
Profit and loss account	21	(47,974,035)	(45,675,397)
Total shareholders' funds		<u>50,813,406</u>	<u>24,550,385</u>

The financial statements on pages 11 to 32 were approved and authorised for issue by the board and were signed on its behalf by:



Director - Timo Boldt

Date: 20 April 2020

The notes on pages 16 to 32 form part of these financial statements.

SCA INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 27 DECEMBER 2019

	Called up share capital £	Share premium account £	Share based payment reserve £	Profit and loss account £	Total shareholders' funds £
At 30 December 2017	2,711	48,236,964	626,114	(30,084,734)	18,781,055
Comprehensive expense for the financial year					
Loss for the financial year	-	-	-	(15,590,663)	(15,590,663)
Total comprehensive expense for the financial year	-	-	-	(15,590,663)	(15,590,663)
Shares issued during the year	467	20,522,314	-	-	20,522,781
Credit relating to equity-settled share based payments	-	-	1,210,846	-	1,210,846
Settlement of employee share schemes	-	797,415	(797,415)	-	-
Lapse of options	-	-	(373,634)	-	(373,634)
Total transactions with owners	467	21,319,729	39,797	-	21,359,993
At 28 December 2018 and 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 year	735	29,007,000	-	-	29,007,735
Re-classification of historical values relating to employees exercising share options	-	(1,027,183)	-	1,027,183	-
Employee share options exercised	-	-	-	1,487,378	1,487,378
Credit relating to equity-settled share based payments	-	-	581,107	-	581,107
Total transactions with owners	735	27,979,817	581,107	2,514,561	31,076,220
At 27 December 2019	3,913	97,536,510	1,247,018	(47,974,035)	50,813,406

The notes on pages 16 to 32 form part of these financial statements.

SCA INVESTMENTS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 27 DECEMBER 2019**

	27 December 2019 £	28 December 2018 £
Cash flows from operating activities		
Loss for the financial year	(4,813,199)	(15,590,663)
Adjustments for:		
Amortisation of intangible assets	1,936,353	1,245,082
Depreciation of tangible assets	1,075,336	649,246
Loss on disposal of tangible assets	-	19,635
Interest paid	77,046	175,571
Interest received	(131,995)	(18,063)
Taxation credit	(9,732,953)	(952,878)
Increase in stocks	(783,248)	(800,520)
Increase in debtors	(3,520,062)	(3,085,428)
Increase in creditors	2,898,968	2,126,696
Corporation tax received	1,218,192	204,730
Share based payment	2,068,485	837,212
Net cash used in operating activities	(9,707,077)	(15,189,380)
Cash flows from investing activities		
Purchase of intangible assets	(3,713,258)	(2,666,252)
Purchase of tangible assets	(2,295,203)	(3,762,678)
Interest received	131,995	18,063
Net cash used in investing activities	(5,876,466)	(6,410,867)

SCA INVESTMENTS LIMITED**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 27 DECEMBER 2019**

	27 December 2019 £	28 December 2018 £
Cash flows from financing activities		
Issue of ordinary shares	29,007,735	20,522,781
Interest paid	(77,046)	(175,571)
Net cash generated from financing activities	28,930,689	20,347,210
Net increase/(decrease) in cash and cash equivalents	13,347,146	(1,253,037)
Cash and cash equivalents at beginning of financial year	16,447,269	17,700,306
Cash and cash equivalents at the end of financial year	29,794,415	16,447,269
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	29,794,415	16,447,269

The notes on pages 16 to 32 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019**

1. General information

The legal form of SCA Investments Limited (the "Company") is that of a private limited company, limited by shares. The entity was incorporated 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 principal activity of the Company is the sale of food recipe boxes.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Going concern

The Company meets its day-to-day working capital requirements through its raising of finance from investors and cash holdings. During the year, the Company raised £29,007,735 through the issue of various classes of ordinary shares to the new investors. The Company's forecasts and projections, taking account of the latest projected financial plan and trading results, show that the Company has sufficient working capital and net assets to meet its obligations as they fall due for the foreseeable future. Further underpinning the Company's ability to continue operating is the receipt of £29m of equity raised from existing shareholders from 3 April 2020 to the date of these financial statements.

The directors have also considered the potential sensitivity resulting from the coronavirus pandemic occurring in 2020, and their 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.

2.3 Turnover

The turnover shown in the Statement of Comprehensive Income represents the value of food recipe boxes provided to customers during the year. Turnover is stated net of discounts, complimentary items and value added tax. Turnover is recognised on delivery to the customer.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019

2. Accounting policies (continued)

2.4 Intangible assets

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. 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

2.5 New recipe development

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

2.6 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 2 - 7 years
---------------------	---------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019**

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase 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.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 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 three 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.

2.10 Financial instruments

The Company is applying section 11 and 12 of FRS 102 in respect of recognition and measurement of financial 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019**

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price. 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.

2.12 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.

2.13 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.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.15 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.

2.16 Interest income

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019**

2. Accounting policies (continued)

2.17 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of 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.

2.18 Current and deferred taxation

The tax expense for the year 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Development expenditure

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 cash generation of the assets, discount rates to be applied and the expected period of benefits.

Useful economic lives of tangible assets

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 13 for the carrying amount of tangible assets, and note 2.6 for the useful economic lives for each class of assets.

Useful economic lives of intangible assets

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 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.

4. Turnover

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	Year ended 27 December 2019 £	Year ended 28 December 2018 £
Depreciation of tangible assets	1,075,336	649,246
Amortisation of intangible assets	1,936,353	1,245,082
Operating lease rentals	<u>2,343,767</u>	<u>1,847,150</u>

SCA INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019**

6. Auditors' remuneration

	Year ended 27 December 2019 £	Year ended 28 December 2018 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	40,900	36,000
Fees payable to the Company's auditors in respect of:		
Taxation compliance services	29,750	7,500
All other services	2,142	2,100
	31,892	9,600

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 27 December 2019 £	Year ended 28 December 2018 £
Wages and salaries	14,183,795	10,450,059
Social security costs	1,556,452	1,104,752
Other pension costs	199,111	92,163
	15,939,358	11,646,974

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 27 December 2019 Number	Year ended 28 December 2018 Number
All Staff	471	326

SCA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 27 DECEMBER 2019

8. Directors' remuneration

	Year ended 27 December 2019 £	Year ended 28 December 2018 £
Aggregate directors' remuneration	<u>487,132</u>	<u>630,148</u>

The highest paid director received remuneration of £237,640 (2018: £230,263).

During the financial year 3 (2018: 3) directors exercised share options. The highest paid director exercised 24,385 share options (2018: 20,208).

9. Interest receivable and similar income

	Year ended 27 December 2019 £	Year ended 28 December 2018 £
Bank interest	<u>131,995</u>	<u>18,063</u>

10. Interest payable and similar expenses

	Year ended 27 December 2019 £	Year ended 28 December 2018 £
Bank interest payable	<u>77,046</u>	<u>175,571</u>

SCA INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019**

11. Tax on loss

	Year ended 27 December 2019 £	Year ended 28 December 2018 £
Corporation tax		
Current tax on losses for the financial year	(1,148,804)	(570,911)
Adjustments in respect of prior periods	(69,388)	(381,967)
Total current tax	(1,218,192)	(952,878)
Deferred tax		
Origination and reversal of timing differences	(9,516,498)	-
Changes to tax rates	1,001,737	-
Total deferred tax	(8,514,761)	-
Total tax	(9,732,953)	(952,878)

The recognition of £8,514,761 deferred tax asset reflects management's assessment that it is probable that 90% of its pool of available tax losses and capital allowances will be utilised against future taxable income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019

11. Tax on loss (continued)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	Year ended 27 December 2019 £	Year ended 28 December 2018 £
Loss before taxation	(14,546,152)	(16,543,541)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(2,763,769)	(3,143,273)
Effects of:		
Expenses not deductible for tax purposes	398,443	171,894
Deferred tax not required	-	2,646,122
Adjustments in respect of prior periods	(69,388)	(381,967)
Effect of research and development tax credit	(494,313)	(245,654)
Tax rate changes	1,001,737	-
Deferred tax previously unrecognised	(7,805,663)	-
Total tax credit for the financial year	(9,732,953)	(952,878)

Factors that may affect future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the Balance Sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the Balance Sheet date, would be to increase the tax credit for the period by £1,001,737 and to increase the deferred tax asset by £1,001,737.

SCA INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019**

12. Intangible assets

	Development £
Cost	
At 29 December 2018	5,362,983
Additions	3,713,257
At 27 December 2019	<u>9,076,240</u>
Accumulated amortisation	
At 29 December 2018	2,107,689
Charge for the year	1,936,353
At 27 December 2019	<u>4,044,042</u>
Net book value	
At 27 December 2019	<u>5,032,198</u>
At 28 December 2018	<u>3,255,294</u>

SCA INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019**

13. Tangible assets

	Plant and machinery £
Cost	
At 29 December 2018	6,364,789
Additions	2,295,203
At 27 December 2019	<u>8,659,992</u>
Accumulated depreciation	
At 29 December 2018	1,293,051
Charge for the year	1,075,336
At 27 December 2019	<u>2,368,387</u>
Net book value	
At 27 December 2019	<u>6,291,605</u>
At 28 December 2018	<u>5,071,738</u>

14. Stocks

	27 December 2019 £	28 December 2018 £
Raw materials and consumables	<u>2,297,087</u>	<u>1,513,840</u>

Stock recognised in cost of sales during the year as an expense was £40,203,514 (2018: £24,057,378).

SCA INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019**

15. Debtors

	27 December 2019 £	28 December 2018 £
Due after more than one year		
Deferred tax asset (see note 19)	8,514,761	-
	27 December 2019 £	28 December 2018 £
Due within one year		
Other debtors	2,707,353	603,696
VAT and other tax recoverable	1,929,393	2,602,667
Prepayments and accrued income	3,682,532	1,592,852
	8,319,278	4,799,215

16. Cash at bank and in hand

	27 December 2019 £	28 December 2018 £
Cash at bank and in hand	29,794,415	16,447,269

17. Creditors: amounts falling due within one year

	27 December 2019 £	28 December 2018 £
Trade creditors	4,607,568	4,065,210
Taxation and social security	468,387	392,236
Obligations under finance lease and hire purchase contracts	-	1,201
Other creditors	136,265	70,207
Accruals and deferred income	4,223,718	2,008,117
	9,435,938	6,536,971

SCA INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019**

18. Financial instruments

	27 December 2019 £	28 December 2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	29,794,415	16,447,269
Financial assets that are debt instruments measured at amortised cost	2,457,649	603,696
	<u>32,252,064</u>	<u>17,050,965</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(8,967,551)	(6,143,534)

Financial assets that are debt instruments measured at amortised cost comprise of other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors and accruals.

19. Deferred taxation

	2019 £
At beginning of year	-
Credited to profit or loss	8,514,761
At end of year	<u>8,514,761</u>

The deferred tax asset is made up as follows:

	27 December 2019 £	28 December 2018 £
Fixed asset timing differences	(663,570)	-
Tax losses carried forward	9,161,477	-
Short term timing differences	16,854	-
	<u>8,514,761</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019

20. Called up share capital

	27 December 2019 £	28 December 2018 £
Allotted, called up and fully paid		
275,282 (2018: 275,282) A Ordinary Shares of £0.001 each	275	275
475,287 (2018: 186,447) B Ordinary Shares of £0.001 each	475	186
64,687 (2018: 64,687) C Ordinary Shares of £0.001 each	65	65
59,754 (2018: 59,754) D Ordinary Shares of £0.001 each	60	60
55,172 (2018: 55,172) E Ordinary Shares of £0.001 each	55	55
208,981 (2018: 208,981) F Ordinary Shares of £0.001 each	209	209
139,913 (2018: 139,913) G Ordinary Shares of £0.001 each	140	140
345,424 (2018: 345,424) H Ordinary Shares of £0.001 each	345	345
589,938 (2018: 589,938) I Ordinary Shares of £0.001 each	590	590
1,698,564 (2018: 1,253,329) J Ordinary Shares of £0.001 each	1,699	1,253
	<u>3,913</u>	<u>3,178</u>

In May 2019 the Company issued 78,508 ordinary shares in class B with nominal value per share of £0.001. The amount paid per share was £0.001.

In June 2019 the Company issued 195,246 ordinary shares in class B with nominal value per share of £0.001. The amount paid per share was £0.001.

In July 2019 the Company issued 445,235 ordinary shares in class J with nominal value per share of £0.001. The amount paid per share was £67.38.

In December 2019 the Company issued 15,086 ordinary shares in class B with nominal value per share of £0.001. The amount paid per share was £0.001.

21. Reserves

Share premium account

Share premium account increased by £27,979,817, reflecting a net £29,007,000 from the issuance of 445,235 of ordinary J shares, offset by a reduction of £1,027,183 relating to the re-classification of historical values relating to employees exercising share options.

Share based payment reserve

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.

Profit and loss account

Profit and loss account decreased by £2,298,638, reflecting the current year loss offset by £1,487,378 in relation to employee share options exercised and £1,027,183 relating to the re-classification of historical values relating to employees exercising share options.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 DECEMBER 2019**

22. 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:

	27 December 2019 Weighted average exercise price (pence)	27 December 2019 Number	28 December 2018 Weighted average exercise price (pence)	28 December 2018 Number
Outstanding at the beginning of the financial year	0.001	207,167	0.001	273,425
Granted during the year	0.001	-	0.001	11,928
Exercised during the year	0.001	(63,314)	0.001	(53,353)
Expired during the year	0.001	(18,499)	0.001	(24,833)
Outstanding at the end of the year	0.001	125,354	0.001	207,167

The fair value of the share options granted during the year is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes.

The total charge for the year was £2,068,485 (2018: £837,212).

23. Commitments under operating leases

At 27 December 2019 and 28 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	27 December 2019 £	28 December 2018 £
Not later than 1 year	2,228,000	1,938,000
Later than 1 year and not later than 5 years	5,474,000	2,819,000
	7,702,000	4,757,000

**NOTES TO THE FINANCIAL STATEMENTS
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24. Post balance sheet events

On 31 March 2020 the Company issued a further 224,719 of Ordinary J shares to existing shareholders for a consideration of £24,999,988.75. The cash balance was received by 3 April 2020. By 9 April 2020 a further 67,742 of Ordinary J shares were issued to existing and new shareholders for a consideration of £7,536,298, of which £4,036,373 had been received by the company at the date of these financial statements.

The impact of the Covid-19 pandemic has positively impacted the Group's 2020 trading results, with demand exceeding available production capacity. Whilst proudly supporting efforts to feed the nation, we continue to place the highest levels of focus on our employees and consumers health and safety and have closely followed all government advice.

25. Ultimate parent undertaking and controlling party

The directors consider that there is no overall controlling party.